

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY AUGUST 24, 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
Telly Whitfield, Assistant City Manager
Media

Absent: Jimmy Keefe, Cumberland County Liaison

REGULAR BUSINESS

Chairwoman Evelyn Shaw called the meeting of August 24, 2022, to order at 8:30 am.

APPROVAL OF AGENDA

Upon motion by Commissioner Donald Porter, seconded by Commissioner Ronna Garrett, the agenda was unanimously approved.

CONSENT ITEMS

Upon motion by Commissioner Wade Fowler, Jr., seconded by Commissioner Donald Porter, the Consent Items were unanimously approved.

- A. Approve Minutes of meeting of August 10, 2022
- B. Approve bid recommendation to award the contract for the Sewer Main Rehabilitation Project to Insituform Technologies, LLC, Chesterfield, MO, the lowest responsive, responsible bidder, in the total amount of \$2,984,192.80, and forward to City Council for approval.

This project consists of rehabilitating existing concrete, clay, cast iron, and other various sewer mains utilizing a cured-in-place liner.

The Sewer Main Rehabilitation Project will be funded from FY2023 CIP, WS 48 (CPR1000128).

Bids were received June 23, 2022, as follows:

<u>Bidders</u>	<u>Total Cost</u>
* Tri-State Utilities, Chesapeake, VA	\$2,977,063.50
Insituform Technologies, LLC, Chesterfield, MO	\$2,984,192.80
AM-Liner East, Inc., Berryville, VA	\$3,756,558.95

COMMENTS: Notice of the bid was advertised through PWC’s normal procedures on May 23, 2022, with a bid opening date of June 23, 2022. Addendum No. 1 was issued on June 17, 2022, to provide responses to questions from prospective bidders. Addendum No. 2 was issued on June 20, 2022, to provide bidders a certification form regarding any debarment, suspension, or other responsibility matters. The submitted bids were timely opened and evaluated by PWC Water Resources Engineering for this project. **SDBE/Local Participation:** Insituform Technologies, LLC is not a local business and is not classified as a SDBE Minority or Women-Owned business.

*PWC evaluated the submitted bids and determined that Tri-State Utilities, LLC, submitted a non-responsive bid for the subject project and that such bid is not in the best interest of PWC. PWC then evaluated the bid of the next lowest bidder, Insituform Technologies, LLC, and concluded that Insituform Technologies, LLC was the lowest responsive, responsible bidder for the subject project.

C. Adopt PWC Resolution # PWC2022.20 - Resolution to Declare Personal Property as Surplus and Authorize Sale of Property by Sealed Bid

The Fayetteville Public Works Commission (“PWC”) owns equipment that is identified in our inventory as “transformer shipment #635, containing forty (40) transformers, totaling 2,175 kVA” (the “Equipment”). Staff has determined that PWC has no use for the Equipment at this time, and Staff estimates that the value of the Equipment is at least thirty thousand dollars (\$30,000.00). Staff, therefore, requests that the Commission declare this Equipment to be surplus and authorize the sale of the Equipment via sealed bid in accordance with G.S. 160A-268.

COMMENTS: Staff recommends the Commission adopt PWC Resolution # PWC2022.20 to Declare Personal Property as Surplus and Authorize Sale of Property by Sealed Bid.

D. Adopt PWC Ordinance # PWCORD2022-29 – FY2023 Electric & Waste/Wastewater (W/WW) Fund Budget Amendment #2

PWCORD2022-29 is an Electric and W/WW Fund amendment changing the fund balances as follows: The Electric Fund is increasing by \$3,023,200 to \$276.2 million and the W/WW Fund is increasing \$4,625,300 to \$143.7 million.

Within this budget amendment are increases in expenditures referred to as “encumbrance carryforward”. This is a governmental budgeting term that basically means that an expenditure was committed via a purchase order in the prior year’s budget, was not fully completed in the prior year as anticipated, and will be completed in this fiscal year with carryforward funds from the prior year. Section 3 of the Budget Ordinance adopted for FY2023 allows for these carryovers.

Aside from the purchase order encumbrance carryforward, an explanation of amended items is listed below.

ELECTRIC FUND:

- **Electric Fund Revenue:** Total Electric Fund Revenue increased \$3,023,200.
 - o Transfer from Budget Carryover Reserve increased by \$111,400 due to the expected delivery of vehicles that were ordered in FY22.
 - o Total Sales of Electricity decreased by \$508,400 for CP customer revenue. This is the calculated value passed on to CP customers per the true-up portion of their rate. This decrease is offset by increasing the Appropriation from Electric Rate Stabilization Fund and has a zero net effect on Net Position.
 - o Appropriation from Net Position increased by \$2,911,800 due to expenses below.

- Electric Fund Expenditures: Total Electric Fund Expenditures increased \$3,023,200.
 - The impact of the purchase order encumbrance carryforward from FY22 to FY23 was \$1,506,900 as follows. Capital Expenditures increased \$988,200 for capital projects not completed by fiscal year end and Operating Expenditures increased \$518,700 for professional services-related expenses.
 - Operating expenses also increased by \$33,300 due to parking deck fees being moved from W/WW Fund to the Electric Fund.
 - Debt Service increased by \$925,400 due to GASB 87 & 96 lease principal payments for FY23.
 - Capital also increased by \$327,900 as a result of FY22 projects and equipment with an expected delivery or completion date in FY23.
 - Budgetary Appropriations increased by \$229,700 due to the FY22 rollover of unused budgeted legal services into the legal reserve.

WATER/WASTEWATER FUND:

- W/WW Fund Revenue: Total W/WW Fund Revenue increased \$4,625,300.
 - Transfer from Budget Carryover Reserve decreased by \$78,900 due to equipment that was expected to be received in FY23 but was instead received in FY22.
 - Appropriation from W/WW Net Position increased by \$4,704,200 due to expenses below.
- W/WW Fund Expenditures: Total W/WW Fund Expenditures increased \$4,625,300.
 - The impact of the purchase order encumbrance carryforward from FY22 to FY23 was \$1,538,600 as follows. Capital Expenditures increased \$1,144,700 for capital projects not completed by fiscal year end and Operating Expenditures increased \$393,900 for professional services-related expenses.
 - Operating expenses also decreased by \$33,300 due to parking deck fees being moved from W/WW Fund to the Electric Fund.
 - Debt Service increased by \$925,400 due to GASB 87 & 96 lease principal payments for FY23.
 - Capital also increased by \$2,023,600 as a result of FY22 projects and equipment with an expected delivery or completion date in FY23.
 - Budgetary Appropriations increased by \$171,000 due to the net effect of the FY22 rollover of unused budgeted legal services into the legal reserve, and the reduction of Appropriation to W/WW Net Position to zero.

Staff recommends the Commission adopt the above budget ordinance amendment PWCORD2022-29.

E. Adopt PWC Capital Project Fund Budget Ordinances - PWCORD2022-30 thru PWCORD2022-33

The following ordinances will be effective upon adoption:

- PWCORD2022-30 amends the budget ordinance for the Electric Rate Stabilization Fund (ERSF). The ERSF will transfer \$508,400 to the GF to pay for the CP true-up to customers.
- PWCORD2022-31 amends the Annexation Phase V, Areas 22-23 CPF to reallocate surplus Series 2021 bond proceeds to Annexation Phase V, Areas 32-34 CPF and true-up interest and transfers to actual.
- PWCORD2022-32 amends the Annexation Phase V, Areas 32-34 CPF for additional proceeds to be received from the Series 2021 bonds.
- PWCORD2022-33 amends the Annexation Phase V Reserve to true-up the transfer to the Annexation Phase V Areas 22-23 CPF.

Staff recommends the Commission adopt the above budget CPF ordinance amendments.

END OF CONSENT

CUSTOMER SATISFACTION SURVEY RESULTS

Presented by: Bevan Grice, Director, Customer Services
Tim Veitengruber, Escalent Energy Director

Mr. Bevan Grice introduced Mr. Tim Veitengruber of Escalent. Mr. Grice stated PWC will take the results of the customer survey, and make improvements where we can in these areas in an attempt to be the best utility in the area.

Mr. Veitengruber stated Escalent administered online surveys using residential customer emails supplied by PWC. Baseline surveys were conducted in September 2021. Recent tracking wave was conducted in June 2022. He stated there were approximately 40 total performance questions of which 35 are benchmarked against other utility survey results from Escalent’s Cogent Syndicated Utility Trusted Brand & Customer Engagement Study. The remainder of survey corresponds to previous PWC survey topics or other ad hoc topics of interest such as Customer Service Interactions, Communication Preferences, PWC Advertising and News Awareness, e-Bill Adoption, Renewable Energy, Solar and EVs, etc.

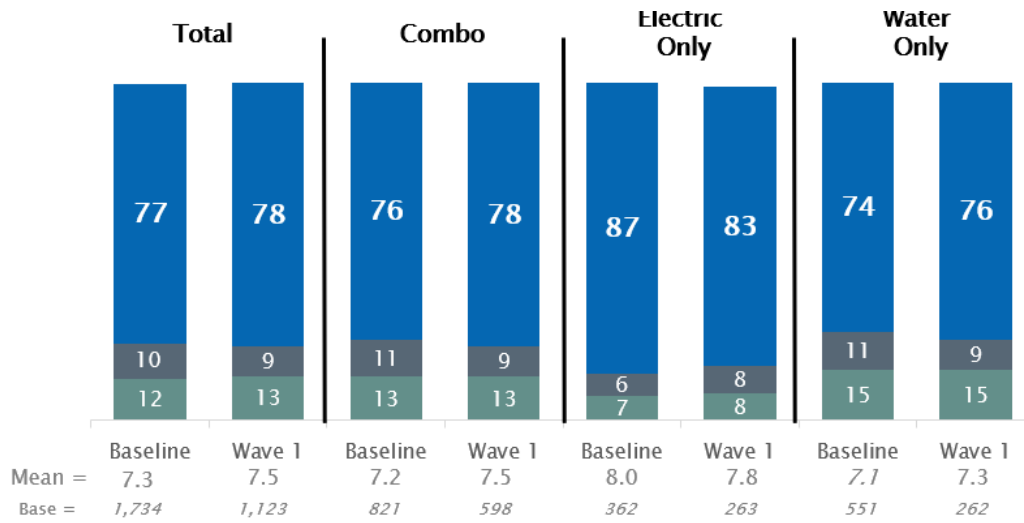
Below are the utilities Escalent is benching PWC against:

Top Performing Customer Satisfaction Utilities Selected

	Residential (16)	Electric (16)	Municipal Utility (11)	Water (7)
Austin Energy	X	X	X	X
Colorado Springs Utilities	X	X	X	X
CPS Energy	X	X	X	
Duke Energy Carolinas	X	X		
Duke Energy Progress	X	X		
Florida Power and Light	X	X		
FPL Northwest FL (<i>Gulf Power</i>)	X	X		
JEA	X	X	X	X
Kentucky Utilities	X	X		
Los Angeles Department of Water & Power	X	X	X	X
Nashville Electric	X	X	X	
OUC	X	X	X	X
Salt River Project	X	X	X	X
Seattle Light	X	X	X	
SMUD	X	X	X	

Note: Additional comparison made to 26 total South Electric Regional Benchmarking Utilities that includes only Electric Utilities from Texas to Virginia.

Overall Satisfaction with PWC



■ Total satisfied (%6-10) ■ Neutral (%5)
 ■ Total dissatisfied (%0-4) ■ Don't know

Residential Benchmarking results – Overall Satisfaction

	Number of Utilities	Baseline		Wave 1	
		PWC Rank	PWC Quartile	PWC Rank	PWC Quartile
Electric Utilities	16	14	4	11	3
Municipal Utilities	11	10	4	8	3
Water Utilities	7	6	4	5	3
Southeast Electric Utilities	26	23	4	18	3

Residential Strengths and Opportunities

- Scores improved for PWC across nearly all benchmarked measures, while scores for the benchmarking peer group utilities are generally stable or have moved lower in 2022.
- PWC is a 1st quartile performer on 24 of 35 benchmarking measures compared to the Residential/Electric Utility peer group.

Strengths

- Electric Reliability
- Customer Service
- Billing
- Energy Conservation
- Customer Communications
- Community Support

Top 5 Characteristics of an Ideal Utility

- Reliable service
- Easy to deal with
- Customer-focused
- Helping me save money
- A great value

Opportunities

- High and Increasing Rates – Offers reasonable rates for service(s) provided, Monthly bill amount is manageable
- Customer Opinions of PWC and Comments from others about PWC are mostly positive (Overall favorability)
- Water Quality and Cleanliness – Smell and Taste
- Environment – Supports environmental causes and Seeks ways to protect the environment

Mr. Grice stated PWC has implemented Apogee videos for our customer bills. It is a customer education piece. He stated the responses have been 98% positive. That is one of the tools we are implementing that we believe will move the needle. We just need to educate the customers about our rates. We have some of the best rates in the region.

Ms. Ball stated Mr. Grice and his team took the write-in comments from the customers and personally responded to each of them.

Ms. Justice-Hinson stated the video explanations that we have implemented through Apogee also have a survey at the end and request customer contact information so we can contact customers who have issues.

Commissioner Fowler stated he found interesting the customer survey responses regarding increased rates. He stated he assumed it was from water because we have not increased electric rates in some time. Additional discussion ensued.

SMALL LOCAL SUPPLIER (SLS) PROGRAM UPDATE

Presented by: Candice Kirtz, Director of Supply Chain

Ms. Candice Kirtz, the Director of Supply Chain provided the Commission with an update of the SLS Program, as well as an Industry Day debrief.

Ms. Kirtz introduced Ms. Nikole Bohannon, the SLS Program Manager. Ms. Bohannon is a former procurement advisor and has worked for PWC for 5 years. Ms. Kirtz also introduced Ms. Gail Battle, who is the new local vendor analyst. Ms. Battle has worked in local government, and has worked as a public budget and evaluation analyst in her prior role. Ms. Kirtz stated we have a great team, and she is excited about the things they accomplish together for our small local business community.

Ms. Kirtz stated the purpose of the SLS Program is to

- ▶ Support local utilization
 - Strategic priority for economic development
 - Bid debriefs
 - Specification/material review input
- ▶ Encourage capacity development
 - SBTDC MOU effective July 2022
 - Workshops and networking events
 - NAICS matching
- ▶ Offer procurement opportunities
 - 30 Under 30 List

Support Local Utilization – Updates

Ms. Kirtz stated in efforts to support local utilization the SLS Program Resolution was approved. They began engaging internal SLS training, to include cost center-specific meetings with departments regarding their local vs. non-local spend. The SLS Spend Dashboard is available in Sisense which provides information on local spend. The purchasing website was also updated which includes the SLS directory.

Encourage Capacity Development – Updates

Ms. Kirtz stated staff has completed the MOU with the Small Business Technology Development Center (SBTDC). The MOU was effective in July 2022. Staff hosted Virtual How to Do Business with PWC mini-workshops in partnership with the SBTDC. Also, the ‘How to Do Business with PWC’ booklet was updated and is available online. It was also handed out at the Industry Day event.

Offer Procurement Opportunities – Updates

Ms. Kirtz stated the SLS Department completed the following:

- ▶ Potential SLSs identified
- ▶ SLS applications processed
- ▶ SLS certification form designed
- ▶ Procurement Needs list revised
- ▶ 30 under 30k list provided to departments
- ▶ Upcoming opportunities list was shared with our Small Local Suppliers

Small Local Supplier Expectations

Ms. Bohannon stated the following related to our expectations from SLS participants.

- ▶ Self-certify as an SLS
- ▶ Utilize iSupplier to maintain their business information
- ▶ Respond to PWC end-user quote requests
- ▶ Attend outreach events
- ▶ Ask questions
- ▶ Provide feedback
- ▶ Complete surveys

SLS Program Staff Expectations

- ▶ SLS Program recruitment
- ▶ Increase the participation of SLSs
- ▶ Business site visits
- ▶ Identify and mitigate procurement barriers
- ▶ Identify partners
- ▶ SLS Matchmaking
- ▶ Advanced planning w/ procurement
- ▶ Analyze spend data
- ▶ Prepare spend reports for departments and divisions
- ▶ Complete the business resource mapping assignment in partnership with the Fayetteville Cumberland Economic Development Corporation (FCEDC)

Future Action Items

- ▶ Event surveys and follow-ups
- ▶ Review minority spend
- ▶ Identify tracking metrics for subcontractor spend
- ▶ Contractor Round Table in partnership with FSU
- ▶ Incorporate SLS provisions in the procurement standardized templates
- ▶ Incorporate Disparity Study recommendations to program
- ▶ Identify SLS spend goals

Industry Day Debrief

There were 93 Event Registrations which included, General Services Providers, Professional Services Providers, Inventory & Apparatus, Materials, Supplies Suppliers, Electric & Water Construction Contractors (Primes & Subs), and Fleet Dealers.

There were 22 new vendor registrations and 20 new SLS certifications

Ms. Bohannon listed the SLSs that were certified prior to the Industry Day Event. She stated some of these vendors are vendors we have been doing business with for a number of years such as Billy Bill Grading, Fleming & Associates, A-1 Supply Company, Gill Security Systems, and Hope Mills Saw & Mower. We also have a few new suppliers such as Yellow Crayons.

- ▶ A Doorway 4 You, LLC
- ▶ A-1 Supply Company
- ▶ Billy Bill Grading Company, Inc
- ▶ Brantley Electronics of Fay, Inc
- ▶ Fleming & Associates, PA
- ▶ Gill Security Systems
- ▶ Hope Mills Saw & Mower
- ▶ Job Designs, Inc
- ▶ M&E Contracting, Inc
- ▶ Seegars Fence Company of Fayetteville
- ▶ Sidebotham Substation Services
- ▶ Tew Tile & Carpet Co., Inc.
- ▶ Triangle Print Source, LLC
- ▶ Williams Printing & Office Supply
- ▶ Williams Office Environments, Inc.
- ▶ Yellow Crayons

Statistics and Future Goals

Ms. Bohannon stated for FY22 there was \$100,405,337 total spend, with \$10,364,681 being spent locally. This spend equates to an overall 10.35% local spend for FY22.

Current July data for FY23 supports that there was a total spend of \$5,395,563, with \$590,563 spent locally, and \$2,407 spent with certified small local suppliers.

To date we have 310 local suppliers and 16 certified small local suppliers. We are currently working through the vendor registrations and SLS certification forms received from Industry Day, so we expect to see an increase for this data.

FY22 Spend	
% Local Spend	10.35%
Local Spend	\$10,364,681
Total Spend	\$100,405,337

Local Suppliers
310

FY23 Spend – July Only	
Small Local Supplier Spend	\$2,407
Local Supplier Spend	\$590,563
Total Spend	\$5,395,563

Small Local Suppliers
16

Following the presentation, staff entertained questions/comments from Commissioners.

Commissioner Ronna Garrett congratulated staff on the success of the program to date. She asked if PWC supplies education on Mentor-Protégé JV (Joint Venture). Ms. Bohannon stated these are topics in our workshops, and our partner SBTDC will educate them for the additional resources that are out there. Ms. Kirtz stated we will also receive input from contractors when they are looking for small businesses and minority businesses to utilize for joint partnerships.

Commissioner Garrett also asked for clarification on staff’s definition of minority. Ms. Kirtz stated it describes Woman Owned Business, Economically Disadvantaged, etc., It is a distinguisher. Additional discussion ensued.

Commissioner Fowler stated that marrying small suppliers and contractors with primes is important. Also, we were working on laying out projects and he hopes we are still doing it so contractors can build capacity to do bigger jobs. Ms. Fritzen stated one of the reasons we picked this time to do the Industry Day in early was for that exact reason so we could highlight the projects we plan to do in this fiscal year. Additional discussion ensued.

Commissioner Porter stated this is a program that was just started when he came on board, and he commends staff for the manner in which they have tackled this. He suggested that this briefing be given to the City/Council.

Commissioner Shaw asked who determines and what determines who can become an eligible SLS. Ms. Kirtz responded that they have to be small, and we are utilizing the SBA size requirement to determine if they are a small business or not. They also have to be local, so they have to be within the Fayetteville metropolitan statistical area which are Cumberland, Hoke, and Harnett counties. They also have to provide a good or service that PWC buys. We verify their eligibility before we provide them with a certification.

Commissioner Shaw also asked if PWC has a percentage of businesses that have gone through the certification process that have either been awarded a contract or utilized by the various departments. Ms. Kirtz responded

out of the current sixteen SLSs that have been certified, (not including 20 that were certified at Industry Day) three of them have been utilized as of July. Commissioner Shaw also asked if there is a follow-up with the department heads to the spend report that is issued, in particular, if the report does not indicate there has been minimal activity. Ms. Kirtz responded yes. The report Ms. Bohannon prepares is based on encumbrances below \$30,000. That report shows the department heads the suppliers they have utilized with the dollar value, and how many of them were local. We let them know their percentage of local utilization. She then uses that list to prepare the 30 under 30 list. We will also compare the actual spend monthly or quarterly. Commissioner Shaw asked once the spend report has been shared and reviewed with the managers, and there has not been any progress what is the next step? Ms. Fritzen stated Ms. Kirtz meets with her weekly and these issues as well as others are discussed, and a course of action will be mapped.

Commissioner Shaw stated she is pleased with the progress of the program. She asked if there is a plan for a ‘stakeholders’ meeting. Ms. Kirtz replied they have not done so yet, but they will place it on their action items. Commissioner Shaw stated this type of meeting gives the supplier/vendor to understand what our goals are and our desired outcomes.

Commissioner Fowler asked why Sampson and Robeson counties are not included. Ms. Ball stated when we established the program, we defined the metropolitan statistical area as the definition of local.

Commission thanked staff for their diligence and look forward to the next update.

STRATEGIC PRIORITIES UPDATE – UPDATED INTEGRATED RESOURCE PLAN

Presented by: Jonathan Rynne, Chief Operations Officer, Electric
Chris Dawson, GDS Associates
Robert Taylor, GDS Associates

Mr. Rynne stated we began this process about a year ago. We partnered up with GDS to assist us in looking at all the elements of Integrated Resource Planning. In March we discussed what the IRP would be. Mr. Rynne stated Mr. Dawson is here and Mr. Taylor is on virtually to discuss the conclusion the study and look at trying to predict in the future what PWC needs to do to position ourselves to make the most of our generation resources at Butler Warner; the opportunities we have in our power supply contract; and to be prepared for the next evolution of possible termination in our contract with DEP; what does that look like, and what should we be doing right now to prepare for it.

Mr. Dawson stated we have had a couple of updates with the Commission as we have proceeded through this process. Mr. Dawson stated for today’s conversation it would be helpful to talk about where we have been and what has brought us to this point in the Integrated Resource Plan Effort.

PWC had a 5 year option to terminate DEP PSCA which had to be exercised in 2019. Over 18 months, PWC investigated and evaluated power supply alternatives for post-2024 power supply arrangements.

That effort led to renegotiated DEP PSCA.

- Initial cost reductions (2021 – 23)
- ROE Favored Nations
- Extended/increased BWGP credits / benefits
- 3 Year Termination Option (effective 2032)
- Utilization of DSM / DR programs

Since then, what has changed?

- COVID-19
- Supply Chain Constraints
- Fuel & Commodity Prices
- Inflation / Interest Rates
- HB 951 / Inflation Reduction Act
- Capacity Shortages?

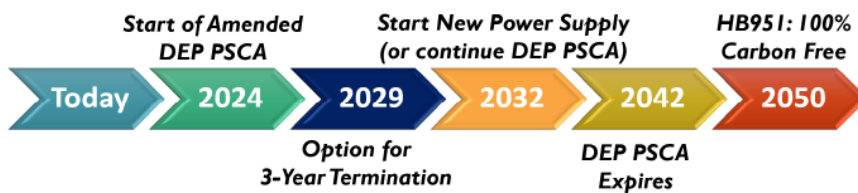
What is an Integrated Resource Plan?

An IRP is a holistic planning tool used by electric utilities. It is a road map for future decisions, which provide guidance on criteria for future decisions. It incorporates feedback from various stakeholders, and evaluates resources under different scenarios

An IRP is not a conclusion for a specific resource portfolio. It is not a “one-off” study, nor is it a prediction of the future

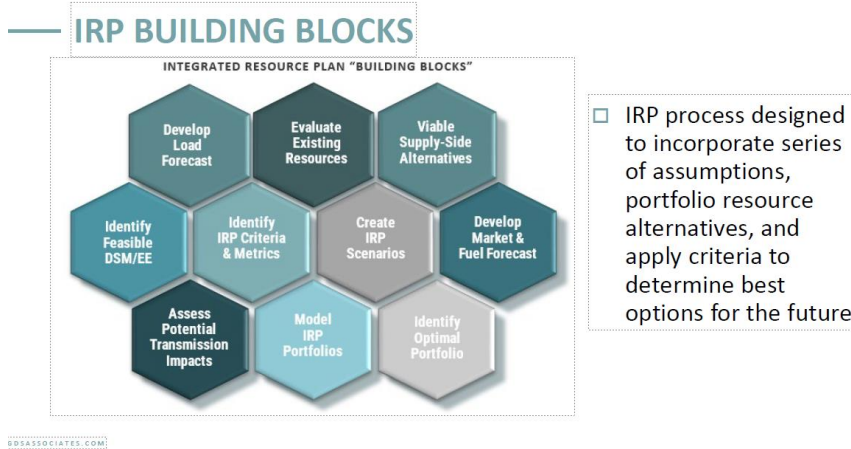
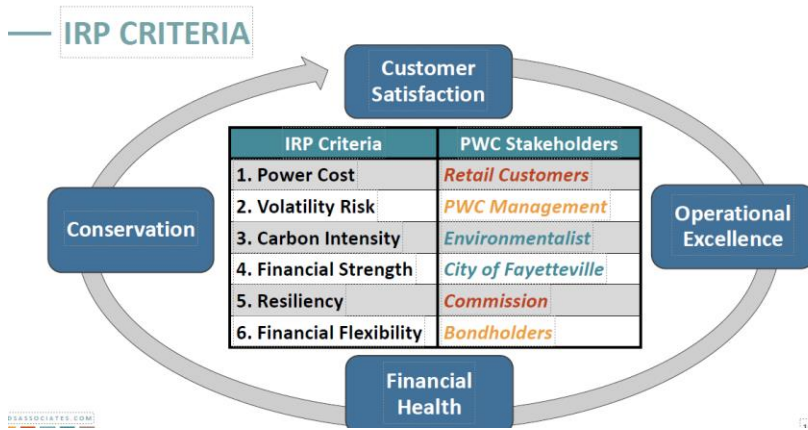
Why is PWC Conducting an IRP?

- Maximize current options under PSCA
 - DSM / DR programs
 - BWGP capacity benefits vs alternatives
 - Compliance resources
- Value of 2029 PSCA termination option?
- Evaluate potential resource alternatives
 - Before 2032 and after 2032
 - Update DEP PSCA power cost projections
- Implications of carbon-free transition?



PWC’s Objectives

- PWC Strategic Priorities
 - Financial Health
 - Conservation
 - Operational Excellence
 - Customer Satisfaction
- Strategic Plan Stakeholders
 - Retail Customers
 - Bondholders
 - Commissioners
 - City of Fayetteville
 - PWC Management & Employees



Mr. Dawson stated the preferred IRP outcome is to present preferred options and provide direction over the next 5-7 years. To identify path forward that provides a balance of risk / reward for the benefit of PWC stakeholders, and to communicate plan to PWC stakeholders

The preferred IRP outcome is continuous improvement

- Need flexibility to evolve and adapt to future changes (e.g. technology, regulatory, commodity)
- Update / reassess every 3 – 5 years to continuously evaluate risks / rewards and new opportunities

IRP Scenarios

- IRP relies on assumptions and assumptions are wrong ...
 - World has changed dramatically over the past; will continue to do so in the future
- Assess portfolios under different IRP scenarios
 - Scenarios with varying future assumptions
 - Helps “future proof” resource decisions

“Business-As-Usual” Scenario

- Represents the world as we know it today, and includes:
 - Minimal load growth
 - Mid-range electric vehicle (EV) penetration
 - Current generation technologies at expected cost
 - Expectations for fuel prices and regulations

Accelerated Technology Scenario

- Represents higher economic growth, higher penetration of clean technology, and includes:
 - Higher EV penetration
 - Higher demand-side program growth
 - Current generation technologies at lower cost
 - Lower natural gas prices

Increased Regulation Scenario

- Represents increased regulations and more adverse business environment, includes:
 - Higher EV penetration
 - Higher demand-side program growth
 - Current generation technologies at higher cost
 - Higher natural gas prices; Carbon tax

Scenario Summary

Scenarios	Demand Side Program Growth	Electric Vehicle (EV) Sales	Supply Side Option Costs	Natural Gas Prices	Regulations	Carbon Tax
Business-As-Usual (BAU)	BAU	BAU	BAU	BAU	BAU	N/A
Accelerated Technology	Higher	Higher	Lower	Lower	BAU	N/A
Increased Regulation	Higher	Higher	Higher	Higher	Higher	Yes

Butler-Warner

- Evaluate BWGP investments vs. replacing with new generation
 - Continue simple-cycle operation
 - Retire plant for alternative generation
 - Natural gas fuel supply issues?
- BWGP Qualitative Value
 - Resiliency and reliability benefits?
- Projected O&M & Capital Expenses
 - 2022 – 2026: Major turbine overhauls /HRSG replacement
 - 2030 – 2034: Repeat scope of work

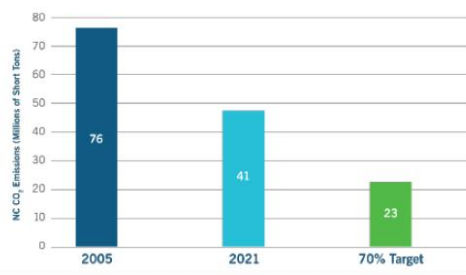
DUKE CARBON EXPOSURE

(BASED ON DUKE ENERGY'S MAY 2022 CARBON PLAN)

Figure 3-6: Portfolio 1 Summary

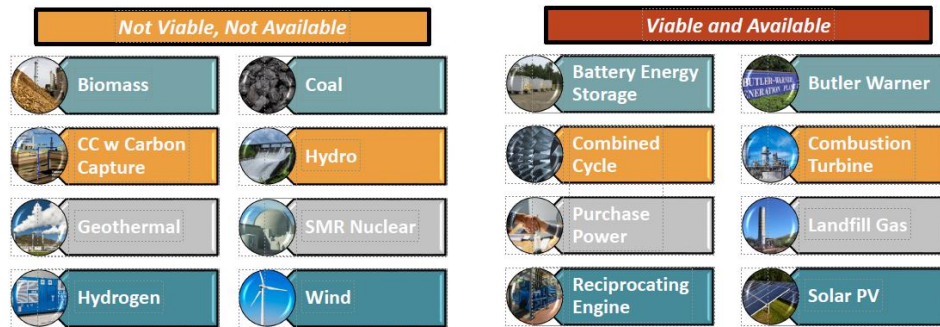


Figure 2: North Carolina CO₂ Emissions Baseline, Progress and 70% Reduction Target

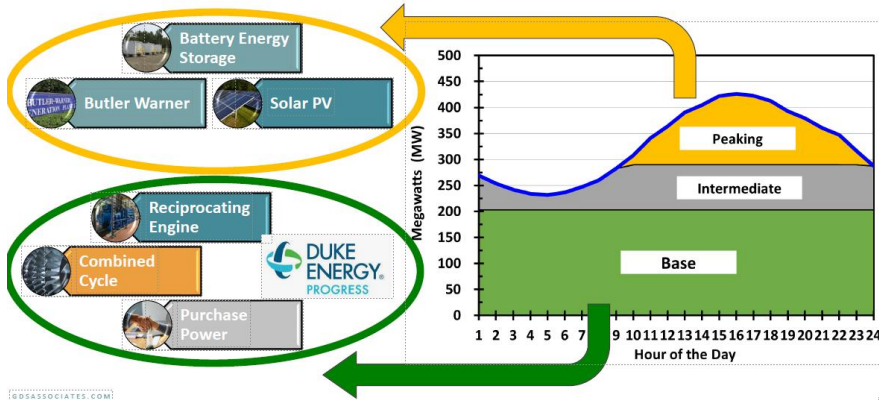


Supply Side Alternatives

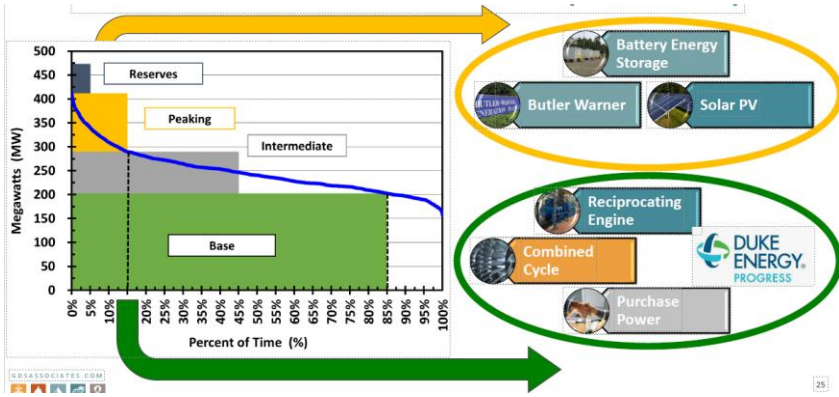
- Identify resource alternatives that can effectively serve PWC's load



Serving Load & IRP Resources (Daily)



Serving Load & IRP Resources (Annually)



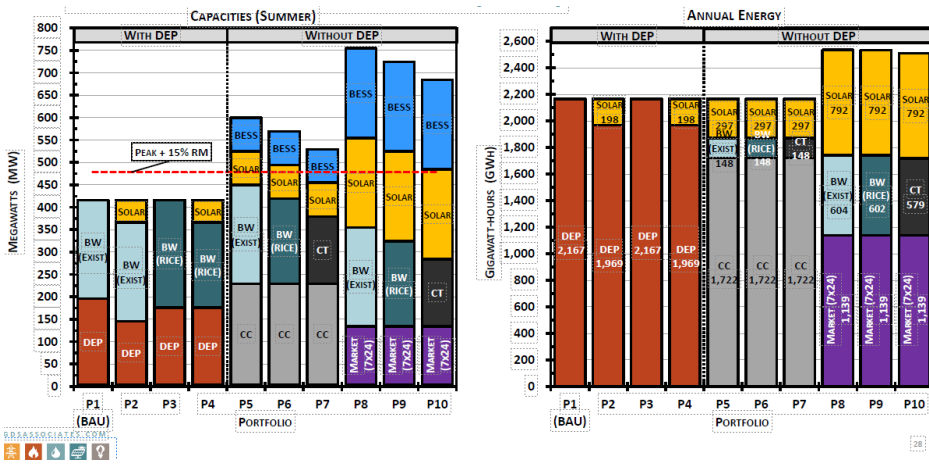
Cost of Supply Side Alternatives

Alternative	Project Costs		Sources	Resource Type
	Capital (2022 \$/kW)	O&M (2022 \$/kW-yr.)		
Battery Energy Storage System (BESS)	\$1,300	\$28	AEO; NREL	Reserves / Peaking
Butler-Warner	\$125	\$29	PWC	Peaking
Combined Cycle	\$1,100	\$36	AEO; Lazard; NREL	Base / Intermediate
Combustion Turbine	\$900	\$19	AEO; Lazard; NREL	Peaking
Reciprocating Engine	\$1,500	\$23	S&P	Peaking
Solar PV (Community)	\$1,300	\$14	Lazard	Peaking
Solar PV (Utility Scale)	\$1,200	\$20	AEO; Lazard; NREL	Peaking







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IRP Portfolio Summary (2033)



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IRP Portfolio Evaluation

Portfolio Legend		2024 – 2032	2033-2043
1 - Business as Usual (BAU)			
2 - BAU Plus Solar			
3 - DEP with BW (RICE)			
4 - DEP with BW (RICE) Plus Solar			
5 - CC BW (Exist) Solar BESS	New Resources		 New Resources
6 - CC BW (RICE) Solar BESS			
7 - CC CT Solar BESS			
8 - 7x24 BW (Exist) Solar BESS			
9 - 7x24 BW (RICE) Solar BESS			
10 - 7x24 CT Solar BESS			

Mr. Dawson stated where we sit today, we have no major capital investments that we need to be made. We do have opportunities.

Mr. Dawson stated we recommend continuing what you are doing with Butler-Warner. It is clear that it is the best choice for at least the next 10 years. Implement the DSM/DR programs that PWC has already been evaluating and plans to rollout. Some have already been initiated. Maximize your compliance resources that are available to you under your current agreement with DEP. It provides benefits to PWC to help further reduce cost under that agreement.

He stated this type of effort is done on an on-going basis. Considering seven years from now when you need to give the three year termination notice, or not, the next best time to evaluate that decision is about four to five years from now, starting in 2027 you will want to undergo a very similar effort.

Mr. Dawson responded to questions from Commissioner Fowler regarding megawatts in scenarios 6-10. Commission thanked GDS for the presentation.

GENERAL MANAGER REPORT

Duke Energy

Ms. Ball stated PWC was noticed on Friday that Duke will file at FERC to consolidate their DEP and DEC systems.

Part of the Inflation Reduction Act does provide Public Power access to investment and production tax credits that the industry has not been able to access. This may have an impact on the analysis as we go into closed session and discuss that. It is a big win for public power. Less than one percent of public power owns renewable resources, and it is largely because of this tax loophole that public power has been excluded from does present a real opportunity to buy down the costs that we can self-build and operate.

Water/Sewer Line Construction Program

FTCC has completed their Water and Sewer Line Construction Program and the first classes begin September 12th.

Water to Grays Creek

Ms. Ball stated she received a message from the County relative to Grays Creek. They are seeking additional grant funds to support Phase One of providing water to the schools. The County noticed Ms. Ball that they would like to include the bulk water agreement in their grant application. Ms. Ball stated we do not have a bulk water agreement with the County. They are referencing an old tri-party agreement that involves RC Williams. There are some wholesale water provisions that were included at that time. Ms. Ball stated PWC has worked diligently to try to get an agreement with Grays Creek and we have hit roadblock after roadblock with the County. We are working with our technical teams trying to be a good partner to help design the system to what they need.

New Commissioner Appointment

Ms. Ball stated we have an appointment for a new commissioner upcoming soon. The City has the Appointments Committee meeting planned for August 29th.

COMMISSIONER/LIAISON COMMENTS

No Commissioner Comments

Council Member Deno Hondros introduced himself to the Commission. Council Member Hondros was recently sworn in and is representing District 9. He stated he is a Fayetteville native and a PWC customer for almost 46 years. The Commission welcomed Council Member Hondros.

REPORTS AND INFORMATION

The Commission acknowledges receipt of the following reports and information.

- A. Monthly Cash Flow Report - July 2022
- B. Recap of Uncollectible Accounts – July 2022
- C. Customer Payments by Payment Type – July 2022
- D. Investment Report - July 2022
- E. Purchase Orders – July 2022
- F. Position Vacancies
- G. Financial Statement Recaps –
 - Electric – July 2022
 - Water/Wastewater – July 2022
- H. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. # 19673 – install 12” RJDI sewer main @ SR1112 (Stoney Point Rd.) and SR1108
 - Encr. # 19674 – install 8” RJDI sewer main @ SR1112 (Stoney Point Rd.) and SR1109
- I. Actions by City Council during the meeting of August 8, 2022, related to PWC:
 - Approved Bid Recommendation - Teardrop Light Fixtures
 - Approved Bid Recommendation - Primary Cable 1/0 AL & 750 MCM AL
 - Approved to Adopt Phase 5 Annexation Area 32 East Section II Preliminary Assessment Resolution and Set Public Hearing

CLOSED SESSION PURSUANT TO NORTH CAROLINA GENERAL STATUTES SECTION 143-318.11(A)(1) TO PREVENT THE DISCLOSURE OF CONFIDENTIAL INFORMATION SUBMITTED PURSUANT TO SECTION 132-1.2 THAT IS NOT CONSIDERED A PUBLIC RECORD.

Commissioner Wade Fowler motioned to enter Closed Session pursuant to North Carolina General Statutes Section 143-318.11(A)(1) to prevent the disclosure of confidential information pursuant to Section 132-1.2 that is not considered a public record following a 10 minute break. Motion was seconded by Commissioner Donald Porter, and unanimously approved at 10:08 am.

Following discussion, Commissioner Wade Fowler motioned to return to open session, seconded by Commissioner Ronna Garrett at approximately 10:45 am.

CLOSED SESSION PURSUANT TO NORTH CAROLINA GENERAL STATUTES 143-318.11(A)(6) TO DISCUSS PERSONNEL MATTERS

Commissioner Wade Fowler motioned to enter Closed Session pursuant to NCGS 143-318.11(a)(6) to discuss Personnel Matters. Motion was seconded by Commissioner Donald Porter, and unanimously approved at approximately 10:46 am.

Following discussion, Commissioner Ronna Garrett motioned to return to open session, seconded by Commissioner Donald Porter at approximately 11:10 am.

ADJOURNMENT

There being no further discussion, upon motion by Commissioner Ronna Garrett, seconded by Commissioner Donald Porter, the Commission adjourned at approximately 11:10 a.m.