

PUBLIC WORKS COMMISSION  
MEETING OF WEDNESDAY OCTOBER 11, 2023  
8:30 AM

Present: Donald L. Porter, Chairman  
Christopher G. Davis, Vice Chairman  
Ronna Rowe Garrett, Secretary  
Richard W. King, Treasurer

Others Present: Timothy L. Bryant, CEO/General Manager  
Mitch Colvin, Mayor  
Adam Lindsay, Assistant City Manager  
Lashelle Pulliam, Interim City General Counsel  
Deno Hondros, City Council Liaison

Absent: Chancer McLaughlin, Hope Mills Interim Town Mgr.  
Jimmy Keefe, Cumberland County Liaison  
Media

**ADMINISTER OATH OF OFFICE:**

Mayor Mitch Colvin administered the Oath of Office to Richard W. King as Commissioner of the Fayetteville Public Works Commission. Commissioner Richard King was appointed Commissioner of the Public Works Commission by the Fayetteville City Council, October 9, 2023.

**I. REGULAR BUSINESS**

Chairwoman Ronna Rowe Garrett called the meeting of October 9, 2023, to order at 8:33 am.

**Election of Officers for Fiscal Year 2023-2024**

Commissioner Christopher Davis motioned to elect the following slate of officers. The motion was seconded by Commissioner Donald Porter, and unanimously approved.

❖ Chairman	Commissioner Donald L. Porter
❖ Vice Chairman	Commissioner Christopher G. Davis
❖ Secretary	Commissioner Ronna Rowe Garrett
❖ Treasurer	Commissioner Richard W. King

**APPROVAL OF AGENDA**

Commissioner Christopher Davis motioned to approve the agenda. The motion was seconded by Commissioner Ronna Rowe Garrett and unanimously approved.

**II. CONSENT ITEMS**

Commissioner Garrett motioned to approve the Consent Items. Motion was seconded by Commissioner Davis, and unanimously approved.

- A. Approve Minutes of meeting of September 27, 2023
- B. Approve the lease of Suite 101-A of the R.C. Williams Building to Edward D. Jones & Co., LB, D/B/A Edward Jones (“Lessee”). The initial term of the lease is 5 years. Lessee has agreed to an annual rent rate of \$25,200.00.
- C. Adopt PWC Resolution – PWC2023.37 – Resolution to Accept an Amended State Loan Offer Under the NC Water Revolving Loan and Grant Act of 1987

In September 2023, the North Carolina Department of Environmental Quality (DEQ) offered PWC an amendment to increase the State Loan for the Big Rockfish Sanitary Sewer Outfall Project by \$5,000,000 for a total loan value of \$31,187,999 to the terms of 20 years, 1.06% interest and 2% closing fee. 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 the Commission adopt PWC Resolution – PWC2023.37 accepting the State Revolving Loan Offer for the Project and requests the City of Fayetteville to adopt the same.

- D. Adopt PWC Resolution – PWC2023.38 – Resolution to Accept an Amended State Loan Offer Under the NC Water Revolving Loan and Grant Act of 1987

In September 2023, the North Carolina Department of Environmental Quality (DEQ) offered PWC an amendment to increase the State Loan for the Big Rockfish Sanitary Sewer Outfall Lift Station Elimination Project by \$430,000 for a total loan value of \$6,685,105 to the terms of 20 years, 0% interest and 2% closing fee. 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 the Commission adopt PWC Resolution – PWC2023.38 accepting the State Revolving Loan Offer for the Project and requests the City of Fayetteville to adopt the same.

END OF CONSENT

### III. GENERAL MANAGER REPORT

#### Safety

Mr. Timothy Bryant, CEO/General Manager stated the team continues to work safely. The team is working safely internally and outside in the community. Several divisions are celebrating 365 days of no-time losses. They are the Customer Care Division, and the Administrative Division.

We are in the midst of celebrating Fire Prevention Awareness Week. Mr. Bryant encouraged everyone to be aware of all things related to fire prevention. Now is the time to make your plans at home relative to fire alarms as we transition to the fall and winter season. It is never too early to begin planning.

## Our People

Mr. Bryant stated we finished a great Customer Service Week last week. Our theme was Team Service, focusing on celebration, collaboration, creativity, caring about the community and celebrating wins. Several of our officers recorded videos as well as made in-person overtures to our team members, celebrating their great work in our customer service arena.

## Community Engagement

He stated we concluded Public Power Week last week with an outstanding PWC Day. We had a lot of engagement from our community. Several news and media outlets were present and attended. He stated he cannot say enough about the team who made PWC Day as well as Public Power Week a huge success.

## Future Events

Save the Date for the UW Campaign Meal Packing event on October 31<sup>st</sup> @ 10:30 am.

Save the Date for November 9<sup>th</sup>, PWC will hold a Veterans' Day Breakfast @ 7:30 am. We will recognize our PWC employees who are veterans.

## Overall

Everything continues to run well. We are moving our major projects forward, as we at PWC continue to deliver safe, reliable, and cost-effective water, sewer, and electric service for our customers.

Regarding bond rating activities, agency announcements are ongoing and everything is going well. We received great feedback from the rating agencies thus far.

## IV. COMMISSIONER/LIAISON COMMENTS

### **City Council Liaison Deno Hondros**

City Council Member Hondros congratulated the Commission on the election of new officers. He also congratulated Commissioner Richard King on his appointment to the PWC Board.

### **Commissioner Richard King**

Commissioner King stated he is glad to be here, and to be part of the team. We will see if we can help to push the City of Fayetteville into the next millennium, he said.

Commissioner Porter thanked Commissioner King for bringing his family. He stated he knows he consulted with them before taking on this position.

### **Commissioner Christopher Davis**

Commissioner Davis welcomed Commissioner King to the team. He is looking forward to doing some great work for the City in this region.

## **Commissioner Ronna Rowe Garrett**

Commissioner Garrett welcomed Commissiong King and thanked him for bringing his family as well, as it is a team sacrifice and commitment.

Commissioner Garrett thanked the Mayor again, stating it is true that there has been great communication and relationship over the last year she has been the Chair. She also thanked the staff for how supportive they have been. She stated every Chair has their challenges, because you don't know what the future holds, whether locally, internationally, or even personally. The staff has been committed to her success, as have the other commissioners, and it has been phenomenal. She went on to say the staff wants to see you successful. There is no one working against you. They are working only to hold you up in success. She genuinely appreciates that, and she thanked the staff again.

## **Commissioner Donald Porter**

Commissioner Porter introduced our new Interim City Attorney, Ms. Lashelle Pulliam. He afforded her the opportunity to introduce herself to the Commission.

### **V. PRESENTATION BY GDS ASSOCIATES**

Presented by: Chris Dawson, GDS Associates  
Robert Taylor, GDS Associates

Mr. Bryant introduced Mr. Chris Dawson and Mr. Robert Taylor with GDS Associates. He stated they will present to the Commission an update of the Integrated Resource Plan.

Mr. Dawson stated he recalls doing a number of these presentations in front of Ms. Shaw. He welcomed Commissioner King, and congratulated Chairman Porter. He stated we will discuss an update to the Integrated Resource Planning effort.

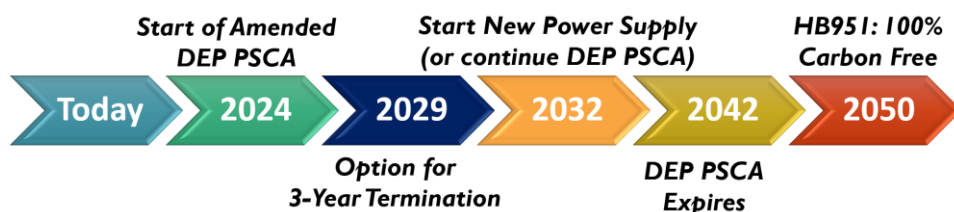
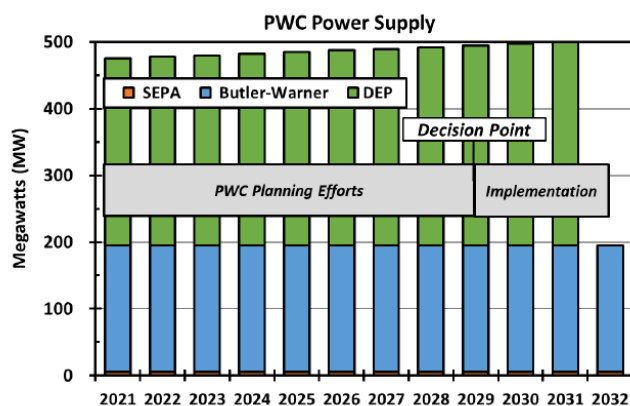
Mr. Dawson stated they will highlight what they presented in August 2022, and the updates that have been made and why. There will be a closed session and they will stop to transition into it when needed.

### **2017 – 2019: EVALUATING DEP ALTERNATIVES**

- PWC had 5-year option to terminate under its Power Supply Coordination Agreement (PSCA) with Duke Energy Progress (DEP); had to be exercised in 2019
- Over 18 months, PWC investigated and evaluated power supply alternatives for post-2024 power supply arrangements
  - Robust quantitative and qualitative analyses
- Effort led to renegotiated PSCA with DEP:
  - Initial cost reductions (2021 – 23)
  - Return on Equity (ROE) Favored Nations
  - Extended/increased Butler-Warner Generating Plant (BWGP) credits/benefits
  - 3 Year Termination Option (effective 2032)
  - Utilization of Demand-Side Management (DSM) / Demand Response (DR) programs

### **WHY IS PWC CONDUCTING AN INTEGRATED RESOURCE PLAN (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?



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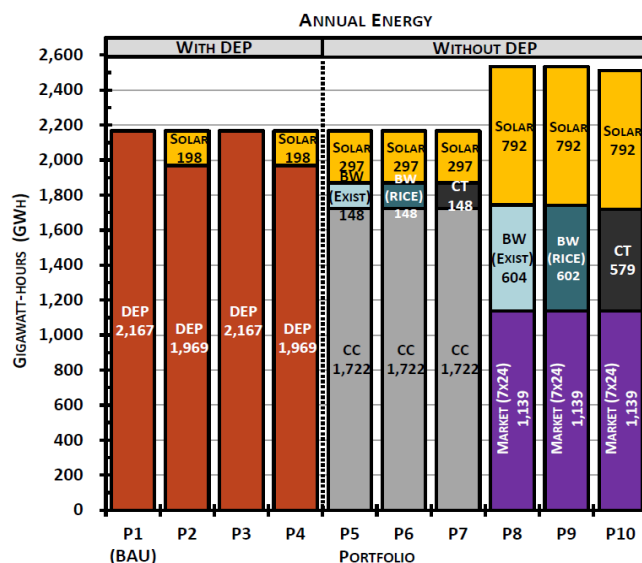
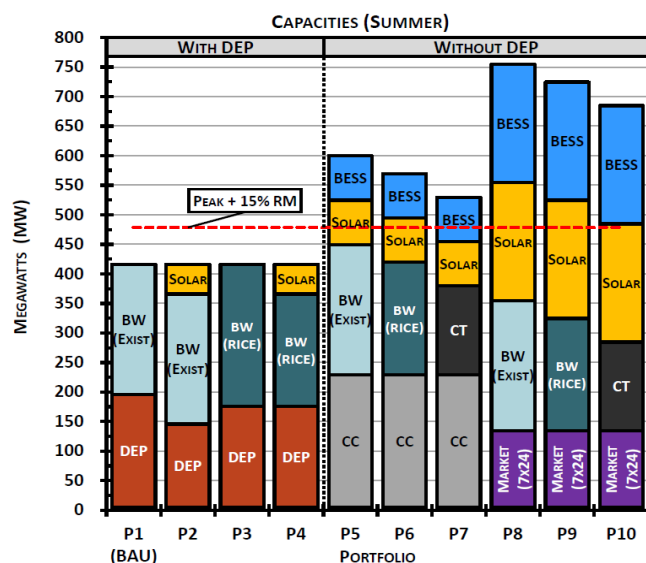


BWGP = Butler-Warner Generating Plant; DEP = Duke Energy Progress; DR = Demand Response; DSM = Demand-Side Management; IRP = Integrated Resource Plan; PSCA = Power Supply Coordination Agreement; SEPA = Southeastern Power Administration

Mr. Dawson stated there is legislation that is driving toward a carbon-free electric generation resource production and by 2050 we will be carbon-free. Which means that it impacts PWC, and DEP, while we are under the agreement with them. . What DEP does directly impact, more or less, PWC. So, if they are 50% carbon-free, so will we.

Mr. Dawson explained the chart below, which is a series of ten resource portfolios. The chart on the left reflects the capacity quantity of the different resource portfolios. The chart on the right is the energy make-up of those same resources under the ten resource portfolios and how much of that is being used to serve our total energy requirements.

## IRP PORTFOLIO SUMMARY (2033)



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BAU = Business As Usual; BESS = Battery Energy Storage System; BW = Butler Warner Generating Plant; CC = Combined Cycle; CT = Combustion Turbine; DEP = Duke Energy Progress; EXIST = Existing; RICE = Reciprocating Internal Combustion Engine; RM = Reserve Margin

Capacity is the need to serve the highest one-hour peak demand during the year.

## — IRP PORTFOLIO SCORECARD

Portfolio	Criteria (Weighting)						Wghtd Portfolio Score
	Power Cost (35%)	Volatility (15%)	Carbon Intensity (15%)	Financial Strength (10%)	Resiliency (15%)	Financial Flexibility (10%)	
1 – Business As Usual (BAU)	2	2	2	0	2	2	1.8
2 – BAU Plus Solar	2*	2	2*	0	2*	2	1.8*
3 – DEP with BW (RICE)	0	2	2	2	2	0	1.1
4 – DEP with BW (RICE) Plus Solar	1	2	2	2	2	0	1.5
5 – CC   BW (Exist)   Solar   BESS	2	0	0	0	0	2	0.9
6 – CC   BW (RICE)   Solar   BESS	0	0	0	2	0	0	0.2
7 – CC   CT   Solar   BESS	1	0	0	1	0	1	0.6
8 – 7x24   BW (Exist)   Solar   BESS	1	1	1	0	1	2	1.0
9 – 7x24   BW (RICE)   Solar   BESS	0	1	1	2	1	0	0.7
10 – 7x24   CT   Solar   BESS	1	1	2	1	0	1	1.0



\* Ranked higher.

BAU = Business As Usual; BESS = Battery Energy Storage System; BW = Butler Warner Generating Plant; CC = Combined Cycle;

CT = Combustion Turbine; DEP = Duke Energy Progress; EXIST = Existing; IRP = Integrated Resource Plan; RICE = Reciprocating Internal Combustion Engine

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Mr. Dawson stated the scorecard above was based on the criteria that is important to PWC. He stated they used the input of all our stakeholders. They considered what is most important to our retail customers, businesses, the city council, the utility commission, and our bond financiers. What they agreed on are the six points above, and they gave a weighting to each. Mr. Dawson stated each resource portfolio was then scored.

## — IRP CONCLUSIONS



### CONCLUSIONS

1. DEP will meet 70% carbon reduction by 2030; AND 100% is 28 years away
2. No MAJOR investment or power supply decisions required today
3. Opportunities to further reduce PSCA cost now

### RECOMMENDATIONS:

1. Continue investments in BWGP;
2. Implement effective DSM/DR programs;
3. Pursue maximum PSCA compliance resources;
4. Evaluate DEP PSCA and post-2032 alternatives in 2027/28



BWGP = Butler-Warner Generating Plant; DEP = Duke Energy Progress; DR = Demand Response; DSM = Demand-Side Management; IRP = Integrated Resource Plan; PSCA = Power Supply Coordination Agreement

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## REASONS FOR 2023 IRP UPDATE

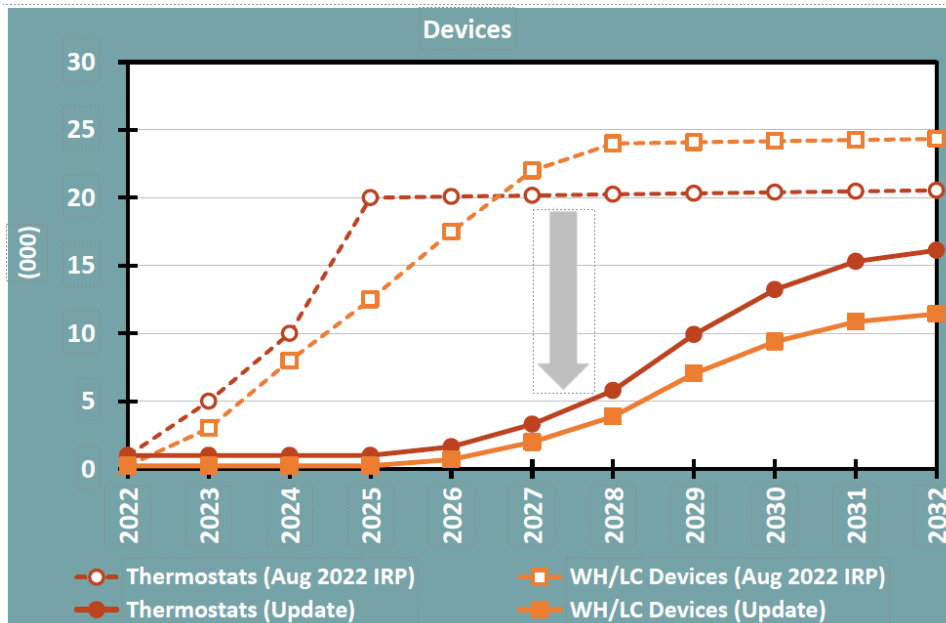
Mr. Dawson stated spoiler alert - GDS is not recommending any different paths forward than what they recommended in August 2022.

- DSM program growth projections

- LOWERED growth projections from the Aug 2022 IRP study for certain DSM programs (smart thermostats and water heater/load control) to be more in line with industry experience
- INCREASED Solar PV (“Compliance Resources” under the PSCA)
  - Portfolios 1 and 3 increased to reflect PWC’s current compliance solar expectations (none assumed in Aug 2022 IRP)
  - Portfolios 2 and 4 reflect maximum Compliance Resources allowed under PSCA (10% of retail sales)

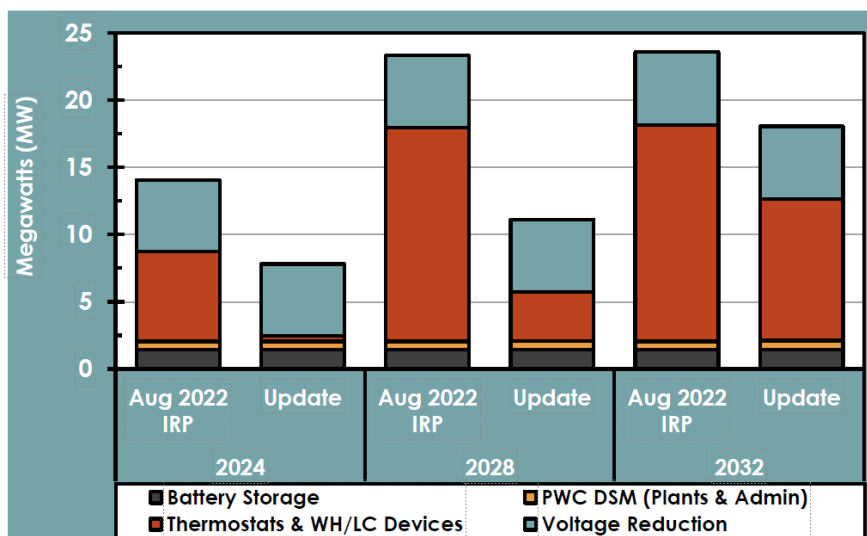
## DSM PROGRAM CHANGES

### Projected DSM (Thermostats & Water Heater/Load Control) Penetration



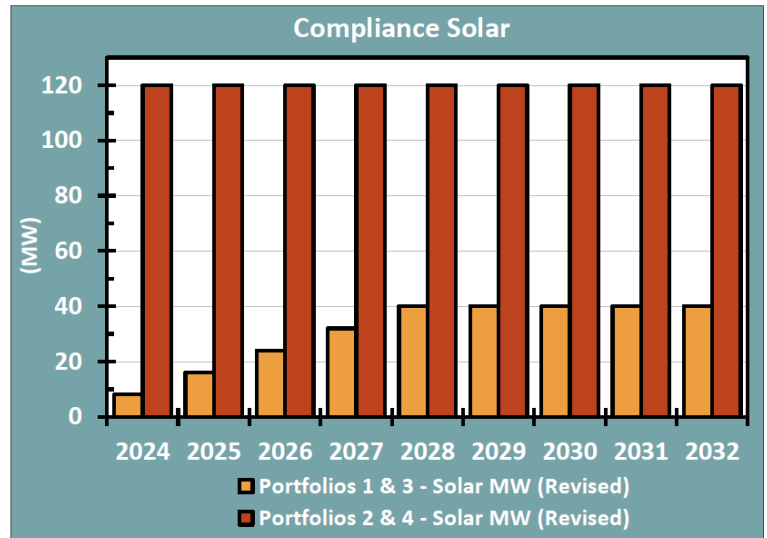
## IMPACT OF DSM CHANGES (Summer Only)

### ➤ Capacity / Demand Reductions By Program



## CHANGES IN COMPLIANCE SOLAR

- **Solar Project Type**
  - Change from 1-axis tracking to fixed-tilt panels
    - **Lower generation (20% CF vs 23%)**
- **Portfolios 1 & 3**
  - Aug 2022 IRP: None
  - Update: Reflect PWC's current plan for growing Compliance Solar
    - **40 MW by 2028**
- **Portfolios 2 & 4**
  - Maximum Compliance Solar permitted under PSCA (10% of retail energy)
  - Update: Increases from 100 MW to 120 MW (based on lower capacity factor)



Commissioner Garrett thanked GDS for the presentation and the analysis. She stated over the last couple of years in which she has been on the Commission they have had a lot of discussion regarding the Butler Warner Plant. She asked for a deeper dive to discuss critical decision points and recommendations aligned with these recommendations.

Commissioner Davis stated he is in alignment with Commissioner Garrett. The term community solar is getting louder and louder, and it is not going anywhere. He is interested to see how it reflects on our objectives and what we are doing. It is not just terminology. It appears to be a multiplier in terms of capacity.

Commissioner Porter asked about the potential 2032 termination date, and when we should begin to decide. Mr. Rynne stated we will need to decide in 2029 if we want to make a major change in our power supply contract. But we do not want to wait until 2029 to try to figure out what we want to do, so this is an iterative process, and we will track what is going on in the power supply market. We will keep an eye on what is going on so we can make the best decision possible.

## VI. CLOSED SESSION PURSUANT TO 143-318.11(A)(1) TO PREVENT THE DISCLOSURE OF CONFIDENTIAL INFORMATION SUBMITTED TO FAYETTEVILLE PUBLIC WORKS COMMISSION BY A PRIVATE PERSON PURSUANT TO GS 132-1.2

Commissioner Ronna Rowe Garrett motioned to enter Closed Session pursuant to 143-318.11(A)(1) to prevent the disclosure of confidential information submitted to Fayetteville Public Works Commission by a private person pursuant to GS132-1.2. Motion was seconded by Commissioner Christopher Davis, and unanimously approved at 9:19 am.

There being no further discussion, upon motion by Commissioner Ronna Rowe Garrett, seconded by Commissioner Christopher Davis, and unanimously approved, the Commission returned to open session at 9:52 am.

## VII. REPORTS AND INFORMATION



The Commission acknowledges receipt of the following reports and information.

- A. PO Report – August 2023
- B. Utility Payments by Payment Type – September 2023
- C. Personnel Report - September 2023
- D. Career Opportunities
- E. Approved N.C. Department of Transportation Encroachment Agreement(s):
  - Encr. 18290 – Install 3-Phase Underground Feeder Tie @ SR1400 (Cliffdale Rd), nr. SR1593 (Hoke Loop Rd)
- F. Actions by City Council during the meeting of September 25, 2023, related to PWC:
  - Adopted – Resolution for Tentative Award of Bid Contract for Big Rockfish Outfall
  - Adopted – Resolution Approving PWC Series 2023 Bond Order
  - Approved - Bid Recommendation – Switch, 69KV, 1200A, Vertical Break
  - Approved - Lease of Suite 303 of RC Williams Building.

#### VIII. ADJOURNMENT

There being no further discussion, upon motion by Commissioner Christopher Davis, seconded by Commissioner Ronna Rowe Garrett, and unanimously approved, the Commission adjourned at 9:54 am.