

GREENVILLE UTILITIES COMMISSION  
WORKSHOP SESSION  
GREENVILLE, NORTH CAROLINA  
Monday, January 22, 2024

The Board of Commissioners of the Greenville Utilities Commission met in a Workshop Session at the Hilton Greenville on January 22, 2024 at 9:00 a.m. with the following members and others present, and Chair Peter Geiger presiding.

Commission Members Present:

Peter Geiger	Mark Garner
Lindsey Griffin	Dillon Godley
Ferrell L. Blount III	Michael Cowin
Tommy Stoughton	

Dr. Wanda D. Carr was absent.

Commission Staff Present:

Tony Cannon, General Manager/CEO	Amy Wade
Phil Dixon	Steve Hawley
Chris Padgett	Scott Farmer
Jeff McCauley	Ken Wade
Anthony Miller	Lou Norris
John Worrell	Jonathan Britt
David Springer	Kyle Brown
Andy Anderson	Anthony Whitehead
Scott Mullis	
Richie Shreves	

Others Present:

Roy Jones, Kathy Moyer, and Andy Fusco, Electricities; Tim Blodgett, Missouri River Energy Services; and Les Robinson, City Council Liaison

INTRODUCTIONS:

Having a quorum present, Chair Geiger called the workshop session to order. General Manager/CEO Tony Cannon provided a safety brief should there be an emergency. He stated that this workshop will provide the Board an opportunity to review their statutory duties and fiduciary responsibilities to GUC and its customers. Senior management was available for any questions.

Mr. Chris Padgett, Assistant General Manager/CAO, provided an overview for the day and introduced Mr. Roy Jones, CEO of Electricities. Mr. Jones began his presentation by providing a General Electric Industry overview

**ELECTRICITIES UPDATE: OVERVIEW OF INDUSTRY TRENDS AND WHOLESALE POWER ISSUES**

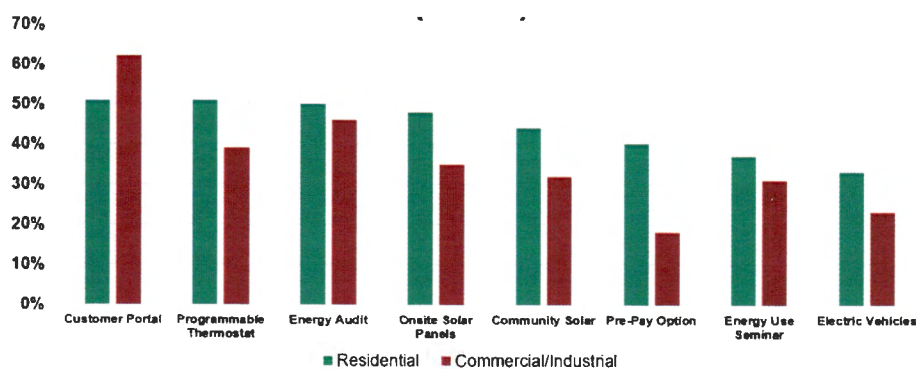
Mr. Jones noted that customer expectations have changed since the pandemic. Many national customer trends apply to GUC's customer base. The public power communities survey for 2023 show that customers have a diverse set of needs, are connected to devices, can communicate from home more, and do not require personal interaction. Customers want more control over their rates. They want to understand the different options available and make decisions that fit their needs.

Customer Segment Description from ElectriCities Survey (2023) (overall satisfaction approximately 75%)

- **Energy Indifferent (15% of customers):** Generally older, mostly concerned about reliability and convenience. Not terribly concerned about energy efficiency or environmental impacts.
- **Moveable Middle (16% of customers):** Concerns include reliability and affordability. This segment is interested in predictable costs and more rate options.
- **Tech Savvy (46% of customers):** Reliability and value are most important, but more emphasis on technology-focused programs also exists. These customers want a variety of options, and they prefer to manage decisions and usage on their own.
- **Green Innovators (23% of customers):** Reliability, value, and environmental impact are key attributes. Similar to Tech Savvy customers, Green Innovators are independent, but focused on the environment.

Programs Wanted by N.C. Public Power Customers (2023)

- The programs wanted by N.C. Public Power customers range from Customer Portal to Electronic Vehicles and customers expect public power to have these services.
- These customer expectations should be reviewed to determine what can be tackled in 3 to 5 years or what programs can be moved down the road and look at the impact on revenue streams.



From a technology perspective the GRID is changing. In the past there was a traditional power grid (one-way power system) and is emerging toward an energy cloud (two-way power flow). Grid Edge Technology includes Smart Homes, residential solar capacity that has grown 800% since 2013, Electronic Vehicles (EV), and the number of connected devices in American homes are increasing.

Mr. Jones noted that as the EV market share grows, electric utilities must include this new load in capacity distribution system design, and rate design. Demand and use will continue to go up to provide what customers need.

Workforce Diversity

Mr. Jones talked about the makeup of the different generational groups in the workforce and noted that 55% of North Carolina’s K-12 student population and 24% of electric utility workforce are people of color. It is important to look at the utility workforce skillset requirements and find a way to bridge the gap in education and training to recruit qualified candidates. Students in high school do not know what they want to do, and it is important to identify students early, even in middle school, so they can see a future in the utility field and see the importance of a career in public power. This can be a challenge and add pressure to Human Resources and the budget.

BREAK 10:03 a.m. – 10:16 a.m.

N.C. Carbon Plan (HB 951)

Mr. Jones resumed his presentation and discussed the potential impacts of Duke Energy Progress’ (DEP) carbon plan.

The House Bill 951 places carbon dioxide reduction requirements on DEP with 70 percent reduction from the 2005 levels by 2030 and 100% percent reduction by 2050. This law does not apply to Dominion, public power, or cooperatives.

This bill directly impacts North Carolina Eastern Municipal Power Agency (NCEMPA) with the power supply costs under the NCEMPA Full Requirements Power Purchase Agreement (FRPPA) and impacts transmission costs under the Open Access Transmission Tariff (OATT).

#### NCEMPA Power Supply Updates:

Mr. Jones discussed a recent FRPPA dispute involving the use of batteries for peak shaving. Based on industry practices NCEMPA determined that battery storage could be considered demand side management and demand response resources under the FRPPA. DEP disagreed and filed with FERC a proposal to modify the formula of how NCEMPA gets billed every month and put a cap on the value. A settlement was reached and approved in 2023 and he shared the settlement impact to GUC.

Mr. Jones shared a few of the wholesale rate pressures which include True-up charges, DEPs costs impact of the carbon plan and potential operating merger of Duke Energy Progress and Duke Energy Carolinas expected in 2027-28.

He wrapped up the industry update and there was discussion on planning for future changes and communicating to customers.

Mr. John Worrell Director of Electric Systems, and Kyle Brown, Planning Engineer for Electric, updated the Board on GUC's Peak Shaving Generator Plant project. Mr. Brown shared that GUC staff have evaluated the construction of a new Peak Shaving Generation Plant with a capacity up to 20 MW total. He shared the two options. After review, it was determined best to connect to MacGregor Downs distribution substation. This will require an upgrade/expansion to the substation. The lead time is approximately 24 months to implement. It was the consensus of the Board to continue with this project.

#### NCEMPA Rider

Mr. Cannon discussed a NCEMPA Rider No. 1-22 related to the 2022 FRPPA true-up costs. This Rider will be billed over 24 months effective April 2024 through March 2026. He shared that all 32 NCEMPA members would be dealing with the same True-up and that GUC's Residential Electric Bill Comparison would still be under the Median. After much discussion, it was the consensus of the Board to move with using the PPA to collect funds for Rider No. 1-22.

LUNCH BREAK 12:00 p.m. - 12:15 p.m.

Next, Mr. Cannon introduced Water Resources Director David Springer and Water Quality Manager Mr. Anthony Whitehead to talk about PFAS regulatory impacts and cost.

#### **WATER RESOURCES UPDATE:**

Mr. Whitehead provided an update on PFAS (Per-and polyfluoroalkyl substances). He stated that PFAS is a group of chemicals used to make coatings and products that resist heat, oil, stains, grease, and water. The Environmental Protection Agency (EPA) plans to regulate PFAS.

In 2016, GUC's water treatment plant started testing for PFAS. If the EPA approves the new regulation, it will change the way PFAS is measured, and this would increase the costs to treat biosolids and/or effluent discharge to remove PFAS.

The next steps are for the EPA to finalize the PFAS regulation within this year and Mr. Whitehead shared the three options GUC could apply to remove PFAS. The final regulation of compliance will determine the next steps for GUC, and the EPA will usually allow three years to become compliant.

Break 1:02 p.m. – 1:20 p.m.

## PUBLIC POWER GOVERNANCE BEST PRACTICES

The workshop resumed, and Mr. Padgett introduced Mr. Tim Blodgett, Vice President of Member Services and Communication with Missouri River Energy Services, to provide a governance workshop session on Public Power Governance Best Practices. Mr. Blodgett introduced himself and asked all the commissioners to do the same.

### Governing Body's Role and Purpose:

Mr. Blodgett stated governance is defined as the process by which a governing body, in partnership with management determines the direction and goals of the organization, assures goals are achieved, meets legal and fiduciary responsibilities, continually improves the organization, and provides accountability to the owners. The governing body should have a good answer and positive image when communicating to others sharing the value. There should be continuity among board members promoting a collectiveness. Team building is critical.

The fundamental role and duty of an organization's Board members is to collectively oversee and strategically direct the organization. A Board sets strategic direction, oversees and supports management, and is the ultimate decision-maker. The CEO manages day-to-day activities.

Mr. Blodgett talked about how much involvement is too much or too little and good governing bodies focus more on the Ends and less on the Means. Governing boards should have a clear sense of the purpose of the organization and a unified view of its future direction. Governing boards should have an effective working relationship with the CEO, that results in the successful implementation of policy direction and goals. Individual board members should be interested, engaged, effective and meet their fiduciary responsibilities.

### Effective Governance

Effective Governance is meeting legal/fiduciary duties, setting strategic direction, monitoring performance, assuring effectiveness of chief executive, and assuring effective board performance.

The members should participate as part of their legal and fiduciary duties in decisions on behalf of the organization by exercising independent judgement and making efforts to become familiar with the relevant facts. Members must set aside their own interest. Members should honor the terms and conditions of the organization's mission, bylaws, and policies.

Mr. Cannon noted that changes were made to the agenda item sheet from input at the last workshop session to tie back the strategic objectives of the organization for projects and initiatives to help board members and staff.

Mr. Blodgett talked about the duty of reasonable care where Board members should act in good faith and with the degree of care an ordinarily prudent person would exercise under similar circumstance. They should attend meetings, obtain knowledge by reviewing briefing materials, participate in discussion, oversee organization performance, rely on internal and external experts, adhere to Board policies and procedures, and avoid micromanaging and/or abdication.

After much discussion, Mr. Blodgett indicated there will be a short break and he will resume his presentation.

BREAK 2:40 p.m. – 2:50 p.m.

Mr. Blount left the meeting.

Mr. Blodgett resumed the workshop presentation and talked about the duty of loyalty where members should act in good faith and with the highest interest of the organization in mind, avoiding actual and apparent conflicts of interest.

Mr. Cannon discussed the open meetings and freedom of information and noted that Bylaws, Conflict of Interest Policy, Whistle-blower Policy, and Code of Conduct policy help protect the organization and avoid liability. Mr. Dixon stated that these policies are currently in place and reviewed by the Board annually. The mechanics of a board meeting should respect the time of the Board members and the agenda materials should contain the appropriate level of detail.

Mr. Blodgett shared that the Board's role with strategic direction is to approve organization's long-term business plan and periodically review and update it. Valuable Board members respect the staff, stay informed and read materials. It is best to educate customers and be proactive. It is important to communicate GUC's value by educating the community.

Mr. Blodgett stated that it is the Board's role to review key performance indicators to determine the effective operation of the organization and protect and enhance the owner's asset. The collective Board shall be a financial steward for owners, align operations with strategic direction and identify key performance indicators to assure organization is effectively managed. There was discussion on GUC's key performance indicators that are reported out each month. Mr. Cannon noted that there has been a shift, and these goals may be updated.

The Board shall take the necessary steps to assure effectiveness of hiring its 1 employee, the General Manager/CEO. The Board is responsible for providing the General Manager/CEO with the direction, resources, and authority needed to successfully lead the organization. They are also responsible for focusing on priorities and establishing measures to determine effective performance of the General Manager/CEO.

The Board should develop criteria for both CEO and board-specific assessment of performance. There was discussion on the CEO performance evaluation process. Mr. Blodgett noted best to provide one collective evaluation instead of 8 different evaluations. Chair Gieger noted that GUC has a combined process, and it works well. There was discussion on a Board self-evaluation to help promote the understanding of roles and responsibilities and to clarify what members expect from the group. GUC commissioners do complete self-evaluations every few years and Mr. Cannon shared the process of the six orientation sessions that the commissioners participate in.

SUMMARY AND TAKE-AWAYS:

In summary, Mr. Padgett wrapped up the meeting and thanked the guest speakers for their attendance. He shared the value of public power must be communicated to the community. The strategic plan should always be at the forefront when making decisions.

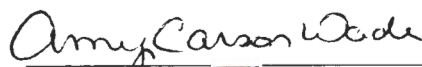
There was some discussion from the commissioners on the great presentations. There was discussion using other resources to help GUC design and implement a public campaign with regards to the potential new EV rates.

Mr. Cannon noted that GUC's customer satisfaction survey will be conducted in May 2024 and the results will be provided when complete.

ADJOURNMENT:

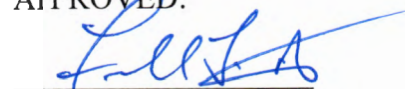
With there being no further business, it was the consensus of the Board to adjourn the meeting at 3:50 p.m.

Respectfully submitted,



Amy Carson Wade, Executive Secretary

APPROVED:



Ferrell Blount III, Secretary

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