GREENVILLE UTILITIES COMMISSION
WORKSHOP SESSION
GREENVILLE, NORTH CAROLINA
Friday, January 17, 2025

The Board of Commissioners of the Greenville Utilities Commission met in a Workshop Session at the Brook Valley Country Club located at 311 Oxford Road, Greenville, North Carolina, on January 17, 2025, at 8:30 a.m. with the following members and others present, and Chair Lindsey Griffin presiding.

Commission Members Present:

| | |
|---|---|
| Lindsey Griffin | Justin Fuller |
| Mark Garner | Dr. Wanda D. Carr |
| Ferrell L. Blount III | Dillon Godley |
| Peter Geiger | Michael Cowin |

Commission Staff Present:

| | |
|---|---|
| Tony Cannon, General Manager/CEO | Amy Wade |
| Phil Dixon | Steve Hawley |
| Chris Padgett | Ken Wade |
| Jeff McCauley | Colleen Sicley |
| John Worrell | Scott Farmer |
| David Springer | Durk Tyson |
| Andy Anderson | Lou Norris |
| Scott Mullis | Kathy Howard |
| Richie Shreves | Jonathan Britt arrived 9:45 am |

Others Present:

Josh Lewis with Greenville Eastern North Carolina Alliance (GENCA).

CALL TO ORDER:

Having a quorum present, Chair Griffin welcomed all to the second day of the GUC Board of Commissioners Workshop Session.

Mr. Chris Padgett, Assistance General Manager/Chief Administrative Officer, provided a safety brief and overview for the day and introduced Mr. Josh Lewis with GENCA.

**ECONOMIC DEVELOPMENT UPDATE**

Mr. Lewis began his presentation by providing some background information on the GENCA. He reviewed its mission and vision.

Mission: The Greenville ENC Alliance will market the region to support new and existing businesses while maximizing opportunities for investment, job creation, and economic growth.

Vision: The Greenville ENC Alliance will be a catalyst to support a vibrant business environment that fosters prosperity, growth, and investment in our communities.

He shared the long-term goals of the organization as well as its strategic plan goals for fiscal year 2024-2025. Recent campaign includes 115-120 private sector investors.

Strategic Plan Goals FY 2024-2025:

1. Enhance economic performance and opportunity by announcing at least two projects that create 500 jobs and $300 million capital investment (Prosperity)

2. Enhance the recognition and reputation of Greenville - Pitt County as a great place to live (Promotion)

3. Obtain greater collaboration on core economic development initiatives with partners (Partnership)

4. Become a known and recognizable leader of economic development in the Greenville - Pitt County MSA (Innovative EDO)

5. Begin to analyze and track key economic indicators and benchmarks (Long-term Vision)

He shared a chart with the historical and projected growth rates noting that Greenville Metropolitan Area (MSA), outpaced current peers' historical average growth rates but trailed aspirational peers. Over the next 10 years, it is expected the Greenville MSA to trail both groups. To close the growth gap with the top quartile of our fastest growing peers, 4,775 - 6,647 additional new jobs will be needed. A consistent string of economic development project wins in target industries can help close this gap. With the growth comes need for more housing and GENCA is working with housing developers and the City.

Mr. Lewis noted that the product inventory for new ventures has been used up and there is a need to create more attractive sites and buildings. His team has worked collaboratively with the County of Pitt, the City of Greenville, and Greenville Utilities Commission to identify potential sites.

Original goals from 2019 were implemented and since July 1, 2020, there have been 22 economic projects and noted two recent successful projects: Boviet Solar and Nipro. Both projects are estimated to be much larger than the original numbers showed.

There was discussion about the increase in North Carolina growth since the pandemic and how the Greenville MSA can capture some of this movement. Data illustrates that Greenville is growing. The City is advocating with the State for possible funding for infrastructure. The Greenville MSA is the 12th largest economy in the State of North Carolina and there is a need to communicate this achievement for job growth.

Closed Session:

Mr. Phillip Dixon, General Counsel, stated that the Board of Commissioners should consider entering Closed Session pursuant to the following statute.

> N.C.G.S. 143-318.11(a)(4) To discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body, including agreement on a tentative list of economic development incentives that may be offered by the public body in negotiations.

Upon motion by Mr. Godley, seconded by Mr. Fuller, the Greenville Utilities Board of Commissioners unanimously agreed to enter Closed Session at 8:59 a.m. for such purpose.

There being no further business to come before the Board of Commissioners in Closed Session, upon motion by Mr. Godley, seconded by Mr. Cowin, the Board of Commissioners unanimously agreed to return to Open Session at 9:35 a.m.

Josh Lewis and Kathy Howard left the meeting.

BREAK 9:35 a.m. - 9:50 a.m.

Jonathan Britt arrived at the meeting.

**TECHNOLOGY UPDATE: ADVANCED METER INFRASTRUCTURE (AMI)**

Mr. Andy Anderson, Director of Information Technology, provided an overview of the GUC Meter History.

- Beginning of Electrification
  - 1905 – 1910's – GUC electric customers charged by the number of light bulbs
- Traditional Manual Meter Reading
  - 1910's – 2004 - Meter Readers physically read each meter

- Automated Meter Reading (AMR) – *One-way communication*
  - 1986 – large-scale deployment by Duke Energy
  - 2005 – deployed by GUC

- Advanced Meter Infrastructure (AMI) – *Two-way communication*
  - 2006 – large-scale deployment by Pacific Gas & Electric
  - 2009 – DoE Smart Grid Investment Grant Program
  - 2012 – Duke began transitioning in North Carolina
  - 2025 - 72% of US electric meters are AMI

Mr. Anderson talked about the AMI network types including point to point, mesh, and cellular. The smart meters are deployed at a customer's premise, data is transmitted in set interval and real-time, there is two-way communication, and control of the meter.

Mr. Anderson discussed how the data flow works with AMI on existing systems and new systems, and there is a need to move forward with the implementation of AMI.

- Many vendors are phasing out AMR technology (becoming more challenging to source)
- Residential Load Management System (Beat the Peak) coming to end of life – substantial investment and opportunity to expand and enhance
- Changing Customer Needs / Expectations
  - Many customers want to more actively monitor and manage their energy and water to see usage
  - Improved outage management and communication
  - Emerging Technologies (EV's, rooftop solar, smart homes, etc.)
  - Time-of-Use rates to incentivize customers to consume off-peak
- Almost ¾ of meters nationally are AMI – falling behind industry standard (Mr. Cannon added that some delay is intentional to allow time to apply for federal grant money.)

Next, Mr. Padget shared the primary challenge of implementing AMI is cost. In 2021, the AMI business case was estimated to cost $53 million. In 2024, a committee was assembled to develop an AMI Deployment Plan. This team took the original 2021 business case and updated it. The biggest modification to the plan was to utilize GUC employees in lieu of contractors and move implementation from 5 years to over 9 years. This will allow the use of GUC employees and spread cost over time.

The meter cost has increased approximately $4-$5 million due to inflation. And the updated business case cost with full implementation of AMI for Electric, Gas, and Water Services is $49 million in capital expense. A consultant will need to be engaged, and vendor sourced for the product to refine the cost in more detail. Savings over 9 years is estimated at $2.9 million and ongoing savings from implementation is anticipated to be $700,000 a year. This does not include load control.

Project deployment plan over 9 years:
- Year 1: select vendor, product, public information campaign
- Year 2 thru 9: deploy meters

The plan will average 12.5% meter installments each year, about 18,000 meters a year for 8 years, for a total of 145,000 total meters. Mr. Padgett reviewed the funding options with pay as you go cash and a $10 million bond for electric meters with a 15 year pay period.

A monthly AMI charge would be implemented for residential customers in year 1.

| | FY26 | Typ. Res. Bill Impact |
|---|---|---|
| **Electric*** | **$3.25** | **2.9%** |
| **Water** | **$1.10** | **2.8%** |
| **Gas** | **$0.85** | **0.8%** |
| **Total** | **$5.20** | **2.0%** |

* Electric Typical Residential Bill Impact does not include Rider No. 1

Water and Gas AMI charge would stay constant and then drop. Electric would increase over time and then remain through 9 years to pay off the debt service. After 9 years the charge will be removed from the customer's bill.

There was conversation on timing and best way to move forward with this project.

**FINANCE UPDATE: BUDGET**

Mr. Cannon reminded the Board that Mr. Roy Jones talked about purchased power costs yesterday and shared that this year is the last year with 7.6% rate reduction when the defeasement debt rolls off. The purchase power cost has changed for July 1, 2025, to 7.3% rate reduction from the original projection of 7.6%.

Due to pressure on wholesale power costs, the projections for cost of power for 2026-2029 have increased and there will be some budget challenges. The 4-Year Purchased Power cost projections increased $36.6M, or 6.9%, from the FY25 financial plan to the current FY26 DRAFT Financial Plan.

| | FY26 | FY27 | FY28 | FY29 | TOTAL |
|---|---|---|---|---|---|
| FY25 Financial Plan | $131.7M | $128.2M | $132.1M | $137.0M | $529.0M |
| FY26 DRAFT Financial Plan | 140.0M | 138.8M | 142.0M | 144.9M | 565.6M |
| $ Increase | 8.3M | 10.6M | 9.9M | 7.9M | 36.6M |
| % Increase | 6.3% | 8.3% | 7.5% | 5.8% | 6.9% |

Note: Costs include Rider No. 1 (1-22, 1-23, 1-24)

Budget Challenges:

- Electric Fund Compound Annual Growth Rate (FY18-FY24)
  - Margin 0.5%
  - Operations 5.8%
  - Capital Outlay 8.2%
  - Debt Service 8.4%
- Spring 2025 Revenue Bond Issuance ($67.44M)
  - $16M more for Electric projects than was included in the FY25 Financial Plan
  - Impact is an additional $1M in debt service beginning in FY26

Potential revenue from the two new economic development projects, Boviet Solar and Nipro, were not included in the budget. The expense to get them online (generators and transformers) are included, but not revenue.

The AMI implementation plan is not included in this year's budget. Mr. Cannon noted that even without implementing AMI, there will still be a 1.4% rate increase for Electric. Costs, including wholesale power, are continuing to increase.

Mr. Cannon suggested adopting the proposed plan. Rate Change Impacts on Typical Residential Bills:

| Utility | $ Bill Increase | % Bill Increase | Including AMI Charge | | |
|---|---|---|---|---|---|
| | | | Total $ Bill Increase | Total % Bill Increase | AMI Charge |
| Electric | $1.69 | 1.4% | $4.94 | 4.1% | $3.25 |
| Water | $0.00 | 0.0% | $1.10 | 2.8% | $1.10 |
| Sewer | $3.05 | 6.5% | $3.05 | 6.5% | $0.00 |
| Gas | $3.95 | 3.8% | $4.80 | 4.6% | $0.85 |
| **Total** | **$8.69** | **2.8%** | **$13.89** | **4.5%** | **$5.20** |

Mr. Cannon noted there are only 14,000 customers out of 175,000 customer connections that have all four utilities, and this project will impact only a small portion of GUC's customer base.

Mr. Cannon next reviewed long-term financial forecast.

There was much discussion about the budget and AMI project. Mr. Garner stated he is concerned about implementing a new technology over a nine year period. Since costs continue to rise, it would be less expensive to implement now versus waiting to a later date. Mr. Geiger supported Mr. Garner's comments. After much discussion, it was the consensus of the Board to move forward now with the implementation of AMI and to include it in the budget plans.

**Chair General Discussion:**

In summary, Chair Griffin wrapped up the meeting and thanked the guest speakers for their attendance. There was discussion among the Board members on the workshop presentations.

ADJOURNMENT:

With there being no further business to conduct, Chair Griffin adjourned the meeting at 11:16 a.m.

Respectfully submitted,

Amy Carson Wade

Amy Carson Wade, Executive Secretary

APPROVED:

Ferrell Blount III, Secretary

--This page is intentionally left blank--