

COMMISSIONERS OF PUBLIC WORKS
Minutes of March 10, 2011

The regular meeting of the Board of Commissioners of Public Works was held on Thursday, March 10, 2011 at 10:00 a.m., in the Boardroom at 121 West Court Avenue.

In attendance:

Gene P. Hancock	Steve D. Reeves, Jr.	Vicki Knott	Bill Patrick
Michael G. Monaghan	Ken Barnett	Jeff Auman	Stacia May
Henry O. Watts	David Tuck	Jeff Chapman	Chris Trainer
	Carlos Cometto	Jerry Smith	Chris Lindley
	Denise Ogletree	Richard Gentry	Mark Warner
	Eduardo Noriega	George Petersen	Allison Holland
		Jeff Meredith	

I. Chairman Watts called the meeting to order. The invocation was given by Commissioner Hancock.

II. Chairman Watts gave the statement of compliance with the notification provision of the Freedom of Information Act.

III. Business:

A. Chairman Watts presented a recommendation to award the bid to Delta Energy at a cost of \$13,760 for gas supply contract consulting services.

A motion to approve the bid as recommended was made by Commissioner Monaghan, seconded by Commissioner Hancock, and unanimously approved.

B. Chairman Watts presented a request to renew sponsorship of the lion topiary during the Festival of Flowers at a cost of \$2,500.

A motion was made by Commissioner Monaghan, seconded by Commissioner Hancock, and unanimously approved.

C. Manager Reeves reviewed the proposed Gas Rate Stabilization Fund after noting discussions had gone on for some time regarding the funds that are currently in the PGC. He stated that they had previously discussed transferring some amount of that money into a Gas Rate Stabilization Fund. Sheree Brown was then asked to put together a Policy, a Gas Rate Stabilization Rate Tariff, and a Gas Rate Stabilization Fund Resolution. Manager Reeves outlined the basics of the policy that are to establish a

contingency reserve to lessen the impact of increases in cost to CPW, either from an operational standpoint or more specifically, for volatile gas prices as seen from time to time and impact customers in a negative way. He continued that this would allow the Board to use those funds to lessen that impact. He explained that in order to fund the Gas Rate Stabilization Fund, the Policy provides two methodologies; one is a separate rate tariff that would add a small amount to bills in order to fund. Manager Reeves stated that the other methodology would transfer over-recoveries from the PGC into the Fund, which is the methodology being recommended today. He explained that if the Board chooses to adopt the Rate Tariff today, there is currently a "zero" rate in the tariff. They would not be adopting the Rate Tariff but just the methodology of the tariff, and would not be actually be increasing any rates as a result because the rates on the tariff are indicated as "zero". Manager Reeves clarified that the tariff would be effective April 1, 2011, but at a "zero" rate. He then read the *Resolution to Establish a Gas Rate Stabilization Fund* as follows: "Effective April 1, 2011, the Greenwood Commissioners of Public Works have established a Gas Rate Stabilization Fund that can be utilized to pay for unanticipated changes in budgeted costs that may otherwise require additional charges through increased base rates or purchased gas cost charges. The Gas Rate Stabilization Fund will allow the CPW to accrue a contingency reserve to protect rate payers by alleviating or lessening the impact of increases and the costs of operations and the impact of volatile gas supply prices. The Gas Rate Stabilization Fund is applicable to the residential, small commercial, large commercial and firm industrial customers of the CPW's natural gas system. The PGC provides for an annual true-up or down each July based on actual gas costs incurred for the twelve-month period ending June 30 of each year. In the twelve months ending June 30, 2010, the CPW recovered \$1.4 million in excess of its actual gas costs. As of this date, the excess has not been returned to customers through the PGC." Manager Reeves added that as of today, the excess amount had decreased to \$1.168 million. He continued reading the Resolution: "The CPW believes that it would be beneficial to the system's firm-gas customers to utilize a portion of the PGC revenues to fund the Gas Rate Stabilization Fund. The CPW has thus determined that \$1 million of the excess PGC revenues collected in the twelve months ending June 30, 2010 will be utilized for the initial establishment of the Gas Rate Stabilization Fund." Commissioner Monaghan stated that the way it is worded sounds as if it was all collected in one year. Manager Reeves responded that it was the balance as of the end of June; the amount is actually an accrual of what had accumulated over four years. Mr. Patrick stated that the wording could be clarified in the Resolution so that it is the amount that is collected in that year and the previous years. Manager Reeves stated that it should probably state "in the twelve months ending June

30, 2010, and the preceding years” if that is correct. Manager Reeves continued reading the Resolution: “The CPW has thus determined that \$1 million of the excess PGC revenues collected in the period ending June 30, 2010 will be used for the initial establishment of the Gas Rate Stabilization Fund. The remaining \$400,000 (which has now decreased to \$168,000) in excess PGC revenues collected in the twelve months ending June 30, 2010 will be added to the gas costs recovered through the PGC in the twelve months ending June 30, 2011 for purposes of determining the true-up or true-down that will be applicable beginning in July 2011.” Commissioner Monaghan stated that he would like to see the true-up or down reflected somewhere so that if it is under-recovery, we are reimbursed, and if over, it goes into the fund. Manager Reeves stated that if it is over-recovery, then it would be at the discretion of the Board to decide what to do with those funds. Mr. Patrick stated that at least for several years, that is how it should be done. Commissioner Hancock commented that there might be \$200,000 to \$300,000 in added gas costs with no way to handle it other than to raise rates. This would be used for that purpose rather than raising rates. Mr. Patrick stated that one of the factors here is with the true-up or down to be done at the end of June; it is important to do it over a twelve-month period so that if you do need to make some refunds you would make it over the succeeding twelve-month period, not at one time, so that customers with varying uses in varying parts of the year get it on a relatively equal basis. Commissioner Monaghan stated that the purpose is for the Board to minimize any rate increases over the years as much as possible. Manager Reeves noted that typically a spike is seen in prices around winter; this would allow the Board to utilize this funding to lower that impact on the customers as they see fit. Chairman Watts asked if the amount would be capped at \$1.5 million; Manager Reeves responded that the cap is currently set by the Policy at \$1.5 million, but we are only funding initially with \$1 million.

A motion to approve the Gas Rate Stabilization Policy, the Gas Rate Stabilization Resolution, and the Gas Rate Stabilization Rate Tariff was made by Commissioner Monaghan, seconded by Commissioner Hancock, and unanimously approved.

IV. Other Business:

1. Manager Reeves informed the Commissioners of a request for matching funding of a CDBG project on Bell Circle. This started with Metro looking into putting in sewer; then there was an issue with whether there was water availability and there was not. Manager Reeves noted a small amount of cost involved. Mr. Chapman explained that Bell Circle is located past the COC,

across from Westview Middle School, and would include Bell Circle and Holmes Street. It initially started as a grant application from USDA, who came to us indicating that there were contaminated wells. It turned out that the water samples collected were actually surface water samples with no indication of well contamination. They are proceeding with trying to protect the surface water and went through Metro to get these septic tanks off and onto public sewer. CDBG wanted to get four homes that are not currently served by CPW water on at the same time, so an estimate was provided. Mr. Chapman noted that the County will be the applicant, but will not put up any funds. We would apply with CPW doing the labor in-kind, so the match would be our labor, and the grant would be for materials. Manager Reeves added that materials are estimated at around \$14,000, and labor at \$18,000. They will allow the in-kind provision of the labor as our match. Commissioner Monaghan asked if that meant CPW would spend \$18,000 for four houses that are not in the City; Manager Reeves responded that was correct. Mr. Patrick stated that it is not a 50/50 match; we are providing all labor and they provide money for materials. Commissioner Monaghan asked about annexation. Mr. Chapman responded that when they went through the initial USDA grant, they talked with them about annexing so we could run the water; at that time, some homes were interested and some were not. Commissioner Monaghan stated that he had no interest in doing it unless they annexed. Chairman Watts asked if our employees would do the work during down time. Mr. Chapman responded that available crews would be scheduled around our priorities. The CDBG has indicated that our project alone is not very strong; that is why they are trying to tag it on with the Metro project. He continued that it may have some bearing on Metro getting the grant if they choose to do the project without us. Commissioner Monaghan asked Mr. Chapman to find that out; Commissioner Hancock asked that they go back to the homeowners again about annexation. If they want it, there is probably no option but for them to come into the City. Mr. Chapman stated that CDBG has indicated that there is not a strong likelihood of getting it, but the local COG office is trying to put it on the "ready to go" list. Commissioner Monaghan asked if there are timing issues; Mr. Chapman responded that they started back in January and had then come back this week stating that they needed an answer quickly. He pointed out to them that CPW had heard nothing since January. After they found out that the County would not be contributing anything, they were then told that CPW could not commit to the project without Board approval. Chairman Watts expressed agreement with the project, but noted that the other two Commissioners did not appear to agree with him. Mr. Barnett pointed out that they are running up against a deadline to apply for the projects. Commissioner Monaghan requested more information. Mr. Patrick suggested that part of that information might

include how long they have to do the work if they plan to do it during so called "down time". Commissioner Hancock stated that the whole thing needed to be tied together, sewer with the water, adding that the collection system was a problem for Metro. Mr. Chapman stated that she is trying to write it as one grant for water and sewer. Commissioner Hancock stated that she has to get enough money to put in a collection system there. Commissioner Monaghan asked how many years it would take to recover the \$18,000; Manager Reeves stated that it would probably take thirty to forty years. Commissioner Monaghan commented that Mr. Chapman should tell them that it would be more palatable to them were they to come into the City. Chairman Watts noted that they are on gas already, so they would only be looking at electric load. Mr. Patrick pointed out that it would also lower the water rate, so you would recover costs less quickly.

2. Manager Reeves presented an award for the South Carolina Municipal Insurance Trust Occupational Safety Contest for 2010 where CPW placed third in the utility division. Ms. Knott added that \$500 was also received for safety equipment.
3. Mr. Warner reported on attending the South Carolina Department of Commerce Rural Summit in Newberry, where both Governor Haley and Secretary Hitt were in attendance to outline economic development in rural counties. He stated that the main focus was on communities revitalizing their downtown areas and having the infrastructure in place for water, sewer, and gas. He commented that we are in good shape by having plenty of capacity out there already. He noted that one out of every five jobs in the state is in a rural county. Mr. Warner reported that the Upstate Alliance held their annual meeting the day before. He noted that he was working on getting Secretary Hitt to attend a Partnership Board meeting, possibly in July.
4. Chairman Watts noted that Mr. Meredith's report showed damage to a pole at the new library. Mr. Meredith responded that it had only been up about three days when a car ran into it; we are paying for it at about \$2,500 for the pole without labor. They are pursuing recovery from insurance, but found out that the car may have been stolen.
4. Mr. Gentry reminded the Commissioners of the meeting in Promised Land that evening. Chairman Watts noted only four propane conversions were shown in the gas incentive report; Mr. Gentry responded that they hoped to change that, starting in Promised Land. He added that they continue to look for propane tanks while out driving around. Chairman Watts asked about damage collections shown in the gas department report. Mr. Noriega stated

that every time someone runs over a meter or cuts a service line, they send them a bill. That reflects the amount sent out and how much is being collected; the collection process was started back up again late last year. Mr. Noriega added that he works closely with Vickie Gorham to be sure bills go out on time, and that they are being called if they do not pay. After that, the normal collection process is followed.

V. Executive Session:

A motion was made by Commissioner Hancock and seconded by Commissioner Monaghan to go into *Executive Session* for a contractual matter; the motion was unanimously approved.

VI. With no further business, the meeting was adjourned.

Approved: _____, 2011

Secretary