

COMMISSIONERS OF PUBLIC WORKS
Minutes of February 14, 2008

A regular meeting of the Board of Commissioners of Public Works was held on Thursday, February 14, 2008, at 10:00 a.m., in the Boardroom at 121 West Court Avenue.

In attendance:

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| | Steve D. Reeves, Jr. | Jeff Chapman | Lee Roper |
| Gene P. Hancock | Ken Barnett | Jeff Auman | Stacia May |
| Michael G. Monaghan | Jeff Meredith | Curtis Burnett | Chris Trainor |
| Henry O. Watts | Denise Ogletree | Carlos Cometto | |
| | Ken Whittle | | |

- I. Chairman Watts called the meeting to order. The invocation was given by Kenneth Barnett.
- II. Chairman Watts gave the statement of compliance with the notification provision of the Freedom of Information Act.
- III. New Business:
 - A. Chairman Watts opened the floor for discussion of Piedmont Natural Gas. Manager Reeves reported on a notice of intent to expand services to include plumbing and installation of natural gas appliances in the upstate that was received through a representative of Piedmont Natural Gas. He added that they simply wanted us to be aware of what they are doing and why. He stated that an intense advertising campaign would begin and pointed out that CPW consumers would see those advertisements and could call them for services. Manager Reeves expressed that it was not necessarily a bad thing for CPW in that it adds another source for people to have gas appliances installed. He stated that they would probably do some piping but had indicated no interest in competing with our piping program. He added that in many cases, CPW offered free piping and Piedmont Natural Gas does not. Manager Reeves reiterated that this was not necessarily a negative. Commissioner Monaghan asked for clarification on their program. Manager Reeves explained that Piedmont Natural Gas would actually sell and install gas appliances. Commissioner Monaghan asked if they would be selling gas furnaces. Mr. Barnett stated that he understood they would sell and install those appliances. Mr. Whittle commented that he had never known of a gas company to sell furnaces. Normally, they would limit their sales to water heaters, grills, ranges, and dryers. Commissioner Hancock stated that Piedmont Natural Gas used to sell everything, including furnaces and boilers at one time,

and then got out of the business. Chairman Watts asked if they sold only gas items. Mr. Whittle responded that was correct. Commissioner Monaghan asked if they would be competing with retail stores. Manager Reeves then referred to the e-mail notice stating that they would install equipment such as water heaters, grills, gas lights, industrial and commercial piping, adding that CPW does not do industrial or commercial piping. He noted that the e-mail said nothing about sales, just installation. Mr. Barnett added that the guy did not make it clear whether the company would actually stock and sell those things, or if they would make arrangements with retail stores like Lowe's to carry some items. Mr. Whittle noted that most gas companies had gotten out of the retail sale business. Chairman Watts inquired about CPW's territory. Manager Reeves responded that we serve gas customers as far up as Ware Place and some into Anderson. The Commissioners agreed that it should not be a problem given that the appliances are put on our system and we get the sales. Mr. Whittle asked if the rebates would still apply. The Commissioners determined that the rebates would apply since they would be on our system regardless of who does the installation. Mr. Barnett noted that the only danger would come from overlapping service territory where people get used to seeing the Piedmont Natural Gas service; we may lose a few customers in those areas because that relationship gets established. Since there is no service territory assignment, they have every right to go out and do that. Chairman Watts noted that no action was necessary.

- B. Chairman Watts recalled that Manager Reeves was authorized some time ago by the Board to maintain a balance of \$250,000 in the health insurance account, and noted a contribution of \$107,675.26 from CPW to maintain that balance. Manager Reeves stated that the total amount needed was \$147,500.36 with the balance of \$39,825.10 coming from Metro.

IV. Other Business:

1. Manager Reeves noted a request from Jeff Meredith to consider the bids opened earlier for light fixtures and poles at Greenwood Promenade. He stated that staff recommended acceptance of the low bid from Wesco in the amount of \$11,916.62 for fourteen (14) poles and lights.

A motion to accept the low bid was made by Commissioner Monaghan, seconded by Commissioner Hancock, and unanimously approved.

2. Manager Reeves presented a recommendation for concrete pedestal bases for lights at two schools with the low bid coming from Line Equipment Sales Company in the amount of \$32,367.50. Chairman Watts inquired as

to whether the work would be completed before the start of school, and Mr. Meredith responded that it would.

A motion to accept the low bid was made by Commissioner Hancock, seconded by Commissioner Monaghan, and unanimously approved.

3. Manager Reeves noted there was nothing new with annexation. He reported that Mr. Gentry had recently run a new advertisement and that another on the services provided would begin.
4. Manager Reeves informed the Commissioners that CPW had placed second in the 2007 South Carolina Municipal Insurance Trust Safety Contest for Division IV. He reminded them of an increase in the worker's compensation rate as a result of 2006 claims. He continued that this award is a good indicator for 2007. Chairman Watts commended staff for their attention to safety.
5. Manager Reeves provided copies of a recent quarterly rate survey from SCAMPS showing CPW with the lowest electrical rates in the state. Mr. Auman asked for an electronic version for the website. Mr. Meredith responded that he would provide that for Mr. Auman.
6. Manager Reeves acknowledged a request from Mr. Auman. Mr. Auman reminded the Commissioners that Brad Jeffares with GST Consulting would be at the next meeting to make a presentation and give an update. He stated that in the meantime, there was an urgent project need in the gas department. He added that GST had already started work in anticipation of approval so as not to get behind. He presented a second less urgent request pertaining to the annual meter survey adding that it could wait until the next meeting, but someone was available to start immediately. Manager Reeves noted a "not to exceed" cost of \$7,500 on the first gas application project; Mr. Auman added that the cost just to get started on the meters for the second project was \$4,500; the annual part was a lot more and a full presentation would be done at the next meeting.

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

7. Manager Reeves referred to a request from the Board to be apprised of potential industrial clients. He commented that several were in negotiation through the Partnership but were still in question so far as what it does for CPW with water, gas or electric sales. Mr. Barnett stated that at this time those could only be addressed in general terms. Commissioner Monaghan commented on the need to maintain a certain

amount of confidentiality for those people coming in. Mr. Barnett continued that they do not have specific numbers yet. He stated that Greenwood was one of four sites in the running with Project Phoenix who would be a fairly sizeable user of water for steam and gas. He continued that there are supposed to be four phases and by the time phase IV is reached, the gas use would be such that they may need to put another line out to where they are. Manager Reeves asked if they would become one of the top two gas users. Mr. Barnett stated that by phase IV they would be within the top three or four and could possibly be close to the top two. Chairman Watts shared a primary concern was with being able to handle the demands of new industries. Commissioner Monaghan suggested that discussion continue during *Executive Session* because these companies may not want the publicity until they are ready to make an announcement. Mr. Patrick stated that it would be appropriate to continue discussion during *Executive Session*.

8. Commissioner Monaghan asked about the last time an annual physical inventory was done. Ms. Ogletree responded that it was done on the last business day of the month, December 28, and the auditors were present. She added that staff also does semi-annual spot checks. Commissioner Monaghan expressed the need to continue with annual formal physical inventories.
9. Commissioner Monaghan inquired about the status of propane gas sales. Mr. Whittle responded that the propane gas was still being moved; 90% of the upfront money had been received with about nine truckloads left. He added that they were waiting on the cost from a company with a compressor so that all of the tanks can be emptied and the vapor turned back into liquid, which would give us another 18,000 gallons that would otherwise have to be burned off and lost. Chairman Watts asked about the sale of the tanks. Mr. Whittle responded that they were still working on the bid request and it had not gone out for bids yet.
10. Commissioner Monaghan inquired about the current situation with running electric lines at the Wilson Creek Wastewater Plant. Manager Reeves responded that the issue had been dead for some time and recalled that when they last looked into it, they found that CPW would lose a substantial amount of money to serve them. Mr. Meredith added that was if we had the lines on site and did not include the capital cost to get there. He noted that it was a few years ago so the numbers could be different now. He pointed out that with the industry changes in that area, and if there were other properties that would come into the city that we could serve, it might make it more feasible. He added that a different rate design in that particular rate schedule could have also changed the numbers. Commissioner Hancock stated that as soon as the upgrades to the sewer

plant were complete, gas lines would need to be run to convert heaters to natural gas.

11. Commissioner Monaghan inquired about the piping policy for installing a gas furnace. Manager Reeves responded that there is no charge for a furnace over 50,000 btu's if there is also a gas hot water heater. There would be a charge of \$120 for each appliance piped if there were just a furnace. Chairman Watts asked about a limit on the distance. Manager Reeves responded that instead of measuring distance, they just charge \$120 per unit. He explained that with the distance from the road they are talking about something different. That would be considered a service line rather than piping. Piping is from the meter to inside of the house. He added that the first 100 feet of service line cost \$0.50. Commissioner Monaghan asked about an increase. Mr. Whittle noted that the increase was with new construction; the first 400 feet is free and \$0.50 per foot thereafter.

V. Executive Session

A motion was made by Commissioner Monaghan, seconded by Commissioner Hancock, and unanimously approved to go into *Executive Session* to discuss economic development, legal and contractual matters.

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

Approved: _____, 2008

Secretary