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Commissioners
Eugene G. Gibson - Chairman
Jeffery M. Howell
Perry J. Williams

Michael Richard, P.E.
General Manager

MINUTES OF THE MEETING OF THE COMMISSIONERS OF PUBLIC WORKS

May 8, 2018

Meeting Location: 301 McCall Street, Greer, SC 29650

SPECIAL WORK SESSION

Greer Commission of Public Works met in **Special Session** with Chairman Eugene G. Gibson presiding. The Commissioners of Public Works assembled for their regular meeting at 10:00 AM in the boardroom of the administrative and operations complex.

Commissioners present were: Chairman Eugene G. Gibson, Commissioner Jeffery M. Howell, and Commissioner Perry J. Williams.

Others present: General Manager Mike Richard, Operations Manager Marc Regier, Engineering and Planning Manager Mark Harvey, Gas Operation Manager Rob Rhodes and Secretary to the Board Fredia Snow. Reno Deaton with Greer Development was also present.

The Greenville News, The Greer Citizen, Greer Today and the Spartanburg Herald Journal were notified of the meeting by email on April 23, 2018 at 4:21 PM.

Mr. Gibson called the **Special Session** to order at 10:00 AM.

INVOCATION

Mr. Gibson offered the invocation.

PRESENTATION OF PROPOSED EXTENSION POLICY

Mr. Richard started his presentation explaining that the Water/Sewer Extension Policy had already been approved and since he wants one extension policy for all utilities, he has added Natural Gas and Electric for discussion.

Mr. Richard further explained that currently for Gas, the only policy we have is the cost of a service line over 200' which is in the Customer Service Policy. We also have a rebate program for Gas. As for Electric, we do not have an existing policy; however, we are following certain procedures.

For Electric, Mr. Richard is proposing that we do a 50/50 split with the Developer and CPW. Tony Farr did several estimates taking into consideration our new parameter of putting everything in conduit and came up with a cost of approximately \$2000 per lot for Residential. For Commercial, we will extend 250' primary and all footage after that will be paid by the customer. Mr. Richard indicated that he wanted to keep the policy concise and then opened the floor for discussion and direction.

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Mr. Howell asked what Duke was doing which Mr. Richard stated they have some extension fees; however, not a lot of specific information on their website. Mr. Richard further explained that we are spending \$13M a year on capital improvements which may take years to get back. We are not doing that well on Net Return and not wanting to raise rates for our growth, Mr. Richard would like to see new growth pay for itself.

Mr. Gibson then asked what the co-ops were doing. Mr. Richard indicated that Blue Ridge has an extension policy and that our proposed policy was fashioned after Easley; however, some of the wording is different as well as the numbers. Easley gives \$4500 per lot which has had no impact as they are not spending that much. Mr. Regier added that the concept is a lot like the concept of capacity fees. Mr. Howell asked what the structure would be and how it would impact existing projects which Mr. Richard replied that we would need a transition; therefore, would start with new project. He also stated that across the country developers pay for 100% of the cost and do the work for high growth areas. Mr. Regier added that new growth currently costs us more money because we must buy more allocation from PMPA. We will go up to 350K this year based on our new growth.

There was discussion regarding the possibility of phasing in the 50/50 proposal policy which Mr. Regier stated that we do not want to phase in for too long of a period because the developers will go ahead and put in transformers, etc. even if they are not ready to develop at no cost to them so we will absorb the cost. Mr. Gibson suggested that we discuss the Gas extension proposal.

Mr. Richard stated that Gas was more difficult; however, after doing some research, he suggested that we go to an allowance program based on load which would offset the customer's cost. Mr. Rhodes will do a cost estimate for the entire development and look at the load on the appliances the customer is willing to install. We now have contractors installing our Gas service and the average cost is slightly above \$500 which Mr. Rhodes said we cannot do it in-house for that cost. If the appliances we recommend are installed, it could be a wash. If there are developments where we must extend the main, then there will be some cost involved. The allowances are lower than the current rebate program which is \$400 each for water heater and furnace; however, some appliances have been added to help with our load. This will be for all new development and customers; however, the rebate program will be for existing customers switching over to Gas. The Non-Residential is the same idea; but, instead of having set numbers, we will have a formula where the Net Revenue, which currently has been calculated to be \$.421 per therm, will be divided by Cost-of-Service Factor which is a payback that needs to be determined by the Board. The Net Revenue will change after each audit; however, the Cost-of-Service Factor should not. Also, this will require that we have a contractual agreement with every Gas customer because if they don't install the recommended appliance, we must get our money back.

Mr. Gibson suggested that we call it Length of Payback and rather than use Net Revenue that we use a percentage. The formula would be used for Commercial only which Mr. Williams indicated that the best thing we can do is run a Gas line for someone at no cost because they will be a good customer forever and we have more Gas than we can burn. There was a very long discussion on whether to give the allowance before the appliances were installed because if the recommended appliances were not installed, the customer would need to pay us back and some developers will come and go before installation. Mr. Richard explained that we could give a rebate after the home was inspected; however, that would require the customer pay the actual cost of the installation up front which could possibly deter growth of our system. It was decided to table the discussion and Mr. Richard would work on the Gas Extension Policy.

Mr. Richard then asked Mr. Regier to discuss some situations that has been brought to their attention which they think needs to be addressed.

Mr. Regier started his presentation explaining that we have overhead to underground conversions that we charge \$85 for the first 100 feet and \$.87 for each additional foot; however, we do not have a policy. The cost for conversions is \$500 - \$1000 and in the downtown areas, an average of \$500. Mr. Regier said he understood that in the past there was a push to clear up the airspace; however, wanted to know if the Board wanted to continue to subsidize. Mr. Williams stated he wanted to see a policy developed with recommended fees and asked if there were any benefits to us to have service ran underground which Mr. Richard said there were O&M reductions.

The next item was yard lighting which Mr. Regier explained that currently we charge \$150 along with \$65 for additional pole and a per foot charge that is significantly subsidized. It cost us \$10 - \$12 per foot to directional bore to install a light. There is a mobile home park that has requested lighting on their private roads which they will spend about \$5000 - \$6000 and we could spend about \$40,000. Mr. Regier added that he believes the concept for the yard lights was for individuals to place one light in their yard for security. Mr. Williams wanted to know what their monthly bill would be which Mr. Regier explained it will depend on the size light; however, approximately \$200 a month. Mr. Gibson stated that this does not come under the definition of a yard light and the cost would be negotiated. Mr. Williams added that this example would be considered street lights. Mr. Regier continued by saying that another place you could run into this issue is with Commercial because with the Developers, it will be handled with the Electric Extension Policy. Mr. Howell indicated that lighting needs to be addressed and CPW needs to provide certain services as economically as possible; however, CPW needs to be ran as a business and not lose money. Therefore, he stated that we need to adjust these prices or in the end, we will need to raise rates. Mr. Richard said his concern was the manpower, which is half of our lineman doing lighting work, because now it is so attractive to take advantage of our lighting offer. Mr. Regier stated there is a \$50 LED conversion charge and again felt that this was for your typical yard light; however, now we have customers wanting to convert street lights which are a \$1,000 unit and often is an unbudgeted cost. He added that we were doing installation of parking lots which has been stopped; however, some of the existing customers want to convert to LED. Mr. Regier said the payback is around ten (10) years plus and asked the Board if they were comfortable with getting the charge closer to the actual return on investment is? Mr. Richard added that they may look at a policy that is graduated based on LED wattage. Also, we are getting out of the leasing business except for the City.

Mr. Regier informed the Board that the relocation of utilities at Village of Pelham will cost \$600,000 which the hospital is paying for. Mr. Richard added that his opinion is that we require payment upfront for everyone except the City and asked if everyone agreed? The Board stated that they assumed we were getting paid up front which Mr. Regier said there are times that we invoice the customer after the work has been completed.


ADJOURNMENT

With no further business, Perry Williams made a motion to adjourn and Jeff Howell seconded. The vote tally was as follows: Gibson, yes; Howell, yes; Williams, yes. The motion carried and the **Special Session** adjourned at 12:04 PM.

Respectfully Submitted,



Eugene G. Gibson, Chairman
Board of Commissioners



Fredia M. Snow, Secretary
Board of Commissioners