

COMMISSIONERS OF PUBLIC WORKS
Minutes of April 9, 2009

A regular meeting of the Board of Commissioners of Public Works was held on Thursday, April 9, 2009, at 10:00 a.m., in the Boardroom at 121 West Court Avenue.

In attendance:

	Steve Reeves	Denise Ogletree	Bill Patrick
Michael G. Monaghan	Ken Barnett	Carlos Cometto	Mark Warner
Henry O. Watts	Vicki Knott	Jeff Chapman	Vickie Gorham
	Jeff Auman	Curtis Burnett	Richard Gentry
	Jerry Smith	Brian Ward	

- I. Chairman Monaghan called the meeting to order. The invocation was given by Ken Barnett.
- II. Chairman Monaghan gave the statement of compliance with the notification provision of the Freedom of Information Act.
- III. New Business:
 - A. Manager Reeves recalled previous authorization given by the Board to disburse up to \$20,000 in matching funds to United Ministries for the CPW Cares Program. After noting a fairly small amount sent to United Ministries at this point, he asked for direction with the remaining balance in excess of \$15,000. He recalled that in previous years the Board had authorized that the balance be sent to United Ministries in a lump sum. Chairman Monaghan inquired as to how the money sent is used; Manager Reeves responded that CPW restricts what United Ministries can do; it has to be used for CPW utility bills and they must provide a report on the accounts paid. Chairman Monaghan asked if a report would be received on how the balance is used and if the money is tracked to be sure everything balances out. Manager Reeves replied that written guidelines were provided to them in the past outlining how the funds are to be used. Commissioner Watts asked about the procedure to pay the bills. Ms. Gorham responded that the checks are sent directly to CPW; United Ministries calls in a pledge to pay on a customer's account, and then sends a United Ministries check for a designated account made payable to CPW. Commissioner Watts asked how often they can help a particular person; Manager Reeves responded that would typically be their rule; however, we ask them specifically to cover a person more than once. Chairman Monaghan asked if there might be a more efficient way, for example,

United Ministries has a credit of \$15,000; the people are screened by them and the person is given a voucher, we credit the bill rather than having them send us the money. He added that if we send them \$15,000 and are not watching closely, it could be used on different projects. Manager Reeves stated that United Ministries had provided a report in past years showing the accounts helped; those should add up to the amount of money received. Commissioner Watts expressed that the money would have been put to better use during the colder winter months, noting that there is not as much need with approach of the warmer months. Manager Reeves stated that if we are going to run into this every year, they may want to consider sending the lump sum up front in the late fall sometime prior to the start of the winter months to use throughout the winter season. Chairman Monaghan suggested deferring the amount until November of this year. Ms. Gorham noted that there are still quite a number of bills owed because the February bills that were due at the end of March were still large amounts. Chairman Monaghan suggested that they go ahead and do as they had in the past, and then look into implementing a voucher system rather than giving the money to United Ministries. Manager Reeves suggested that be revisited later in the year before the 2009/2010 winter season. Chairman Monaghan continued that in that way, the money stays in our bank; the customer brings in a voucher from United Ministries for a designated payment amount to CPW rather than what essentially amounts to us giving them a check and them turning around and giving us a number of checks back. Commissioner Watts asked about the increments the money is given after noting that it appeared we had only given them \$3,000 so far. Manager Reeves responded that just over \$15,000 is left; over \$4,000 was contributed to the CPW Cares Program, for which matching amounts were also sent. Chairman Monaghan suggested exploring other ideas in order to have a larger pot of money available, and referred to a program in Connecticut where someone actually goes out and solicits donations from corporate sponsors and foundations.

A motion was made by Chairman Monaghan to transfer the balance of funds designated for the CPW Cares Program to United Ministries; the motion was seconded by Commissioner Watts, and unanimously approved.

- B. Manager Reeves presented an example of the proposed signage for the front of the administration building where the GMD sign was removed. He noted clear vinyl with the appearance of glass etching to match the glass on the other side is being proposed. Mr. Cometto added that the

insignia would go on the inside of the glass plate. The Commissioners were in agreement to proceed with the sign as proposed.

IV. Other Business:

1. Manager Reeves informed the Commissioners of the receipt of the IS audit results, and suggested that the firm present that report to the Board. He noted that it would likely take around 45 minutes at a regular meeting or a special called meeting. Chairman Monaghan suggested the first meeting in May. Mr. Auman pointed out that a portion of the report dealt with security issues, and suggested that at least that part may need to take place during *Executive Session*. Chairman Monaghan stated that they could have the regular meeting and then ask them to remain for *Executive Session*.
2. Manager Reeves informed the Commissioners of an invitation to the SCAMPS Legislative Reception on April 28, adding that they would leave Greenwood at around 3:00 p.m. He asked the Commissioners to let him know if they planned to attend in order to RSVP for everyone.
3. Manager Reeves presented a request to consider bids opened earlier for 6 and 8-in. water meters. Based on staff's review of the bids received, he recommended the low bid of \$21,208.47 from Carolina Meter.

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

4. Manager Reeves noted a proposal for a natural gas light tariff. They had found a number of customers that are not metered where there is a flat rate and those would need to go up. He added that Mr. Smith could provide the justification and a decision was not necessary today. Chairman Monaghan suggested that they first talk with Mr. Warner during *Executive Session*, and then return to open session for Mr. Smith's report. Mr. Gentry reported that they were about one week away from submitting an application for a CDBG grant. He noted an interesting teleconference with Cisco's grant department on ideas for putting something together. Mr. Auman commented that Cisco makes network switches and had contacted him regarding their grant department. To a certain extent, they will help us look for grants fitting our entity. If we need help applying for those grants, they will do that for a fee. He stated that we would know more once we get the report.

V. Executive Session

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

The meeting returned to open session. Manager Reeves referred to the discussion of changing the natural gas light tariff mentioned earlier. Mr. Smith then provided background information after noting that Allison Holland had discovered a number of customers with customer-owned gas lights that are being under-recovered. There are eight customers with customer-owned gas lights; four are metered separately with the gas light being the only thing on that meter, and four are not metered at all and those are estimated. He stated that they were put onto an electric light rate which was meant to approximate the cost to operate gas lighting. Mr. Smith continued that was some time ago and the spread between electric and gas had since changed; now those on the electric light rate are being substantially under-recovered. Chairman Monaghan asked what happened when gas purchases come nearer to market price. Mr. Smith responded that nothing happened because these are based on the electric rate. Chairman Monaghan noted that gas prices were higher when this was done but had since come down to \$3. Mr. Smith stated that spread would come in a little bit; but that will not be the case in a couple of months. Still, even if you normalize it, we are still under-recovering and it should be addressed. He continued that metered applications are billed on the regular residential rate now. Chairman Monaghan noted that there are all kinds of gas lights and referred to the eight gas lights in his community. Mr. Smith responded that he was not talking about a gaslight in a backyard; they are addressing lights on a separate service such as homeowners' associations. He continued that at current prices, the electric light rate is a substantial under-collection and about \$300 per month under-collection. He noted one customer operating gas lights who is not billed at all. Mr. Patrick stated that was in violation of the bond covenants. Mr. Smith referred to a sheet showing a proposed tariff that would make the rate structure consistent with the cost to serve; that would incorporate additional facilities charges per fixtures for applications of more than three light fixtures; and that would incorporate a modest discount for metered customers. He stated that one objective is to get unmetered customers onto a separate meter so they can meter accurately; otherwise, they have to estimate usage. Chairman Monaghan asked if those customers could be forced to have a meter. Mr. Barnett stated there is an alternative and there is a difference in the rate for metered versus unmetered. Manager Reeves stated that an alternative would be to establish a flat rate that is so high they

would insist it be metered. Mr. Patrick stated that if you were going to do that, why not just say they are going to be metered or cut them off. Chairman Monaghan asked if they were only talking about four places; Mr. Smith responded that was correct. Chairman Monaghan asked how difficult it is to put in meters. Mr. Smith responded that it is not very difficult in most cases; however, there is one application where the lights are spread throughout the neighborhood where it would be a little more complicated. Mr. Barnett stated the difficulty there would be with how the light system is laid out and connected back, but it can be done. Chairman Monaghan stated that the fluctuation of the price of gas is incorporated into the rate then; now you are just trying to make the rate big enough to be safe. Mr. Smith stated that one of the benefits of the new rate is that it uses the PGC/PDC structure for all other rates. Right now, the estimate for the electric light rate means it is always under-recovered; it is just a question of by how much. Mr. Smith referred to the last item stating that because the accounts are indexed to the electric light rate, the gas usage is not accounted for, and so this tariff would make that gas usage part of the accounting system. The way it is now increases our unaccounted for gas. He explained that would encourage unmetered customers to install proper metering because there is a discount to capture; it encourages new developments that want to incorporate district-type gas lights throughout the neighborhood to configure the system so that it can be metered properly. Mr. Patrick asked about meter charges; Manager Reeves stated that currently there are no meter charges, other than the \$35 to turn gas on. Commissioner Watts noted that charge would be on us; Chairman Monaghan added they should not have a complaint with putting in a meter. Mr. Patrick noted they would just be charged for the gas they use. Mr. Smith continued by providing a rate structure comparison with the current residential rate for metered customers, which has a \$10 per month facilities charge and \$0.20 per 100 cubic feet for the first 500, and about a 60% discount on volume on the gas light rate. He stated that the impact would be painful for unmetered customers who would see an increase in cost of between 60% and 160% due to the removal of the under-collection; metered customers would see a reduction of approximately 5% to 10%. He stated that there would be a negative impact for the unmetered customers and a positive impact for the metered customers. Mr. Smith stated that with that there is the risk that some customers may decide to turn gas lights off rather than pay higher bills. Mr. Patrick pointed out that is not much risk if money is being lost now. Mr. Smith stated that in cases such as with a customer who was paying nothing, their cost is going to go from zero to roughly \$36 per month; with another example that has a current cost of \$45 per month, the new cost would be \$117, which is a pretty substantial increase. Chairman Monaghan inquired about having a meter point. Mr. Smith shared concern with one site

where it might be complicated by having to put in a number of meters, but metering service is always better than non-metered. If we want to go that direction, they have the resources to make that happen. Manager Reeves referred to the location with a number of meters, because you have a number of lights. He asked if those would be aggregated into one bill to keep them from paying the minimum on each light. Mr. Smith stated the tariff included an option for negotiating a special rate above ten fixtures. Mr. Barnett noted that depending on the situation, rather than CPW having the cost of each individual meter there, because of the cost of the meter and the cost of keeping up the meter, it may actually be less expensive in the long run to figure a way to bring their piping back to a point or two. We absorb the cost of that versus the cost of all the different meters and wind up with one meter fee as opposed to trying to aggregate them. Chairman Monaghan inquired about the location; Mr. Smith responded that it is in Ninety Six. Mr. Patrick suggested that if they could be trusted to leave the lights on consistently, you could meter one or two of the lights and if there are seven, then multiply. He pointed out that some people might say that if they are going to meter my front light, then I'll cut that one off 70% of the time. Mr. Smith noted that most of them burn 24 hours per day; however, there is at least one with photo cell control and electronic ignition, so it does not. Mr. Barnett stated that the other part of trying to bring it back to a meter point is that what we are maintaining gets a lot simpler to that one meter point. Every one of those connections ends to our pipeline; we maintain up to a certain point and we can bring all of that back to a place. Chairman Monaghan suggested going with Mr. Patrick's idea of metering just one light and then multiply by however many lights. Mr. Barnett stated that is an option, but the point is since there are not meters on those other lights, our responsibility goes a little further than normal based on how we are doing things now. Mr. Smith stated that you would enter into issues such as a light that goes out and is not working, or if they shut it off; they could complain that we are charging for a light that is not being used. Chairman Monaghan asked how these lights are configured, and whether they are street lights throughout a neighborhood, or to light a sidewalk to a house. Mr. Smith responded it is both. Ms. Ogletree added that Cary Bishop had explained that the main line belongs to us as well as a portion of the line that goes to the light, but the rest belongs to the customer. That brings up the question of which side is the customer's and which is CPW's side when we go out to work on the lines and who maintains them. Mr. Smith stated that he was not sure where the ownership changed, but they are customer-owned lights. Ms. Ogletree responded that there is a regulator on each block; Mr. Smith stated that it depends on how it is piped, but there is actually of couple of different ways to do it. Some neighborhoods will have an open flame in a lantern type light; others have about eight or so

lights distributed that are in between two duplexes with a lantern. Chairman Monaghan asked if the one that is the problem was a community system of lights rather than individual homeowners. Mr. Smith responded that it is a district system. Chairman Monaghan asked why just one light could not be metered if that is the case. Mr. Barnett responded that you could, but from an operational side it is the definite cut-off with where we maintain to that meter, that is where it is regulated; when it is unmetered, each of those lights still has a regulator to it and it is not on the mainline but off the mainline with a service line running to it. We maintain at least up to the regulator, wherever that may be. It is just that many more spots on that system that we are maintaining. Currently, we are maintaining all of that. Chairman Monaghan asked if the only change would be putting a meter on one light and then charge according to the meter times the number of lights. Mr. Auman stated that the other thing is with what was said about one light being out, they might complain that they were charged for that light. Manager Reeves suggested getting a cost estimate to run the service line from one meter to all of them. If it is a couple hundred dollars, then it might make sense; if it is several thousand, we may want to leave it. Chairman Monaghan asked if the procedure would be to write these people a letter telling them we will put meters in; Manager Reeves stated that could be done and they would also try to make face-to-face contact with them. Mr. Patrick stated that for those already on the meters, it is not an issue for them and you do not have to give them the discount either. Mr. Smith stated that it is better to move to metering rather than to tolerate non-metering. Commissioner Watts asked about the total number of customers; Mr. Smith responded there are eight in total; four of those are already metered and four are not. Manager Reeves noted that a motion would be needed to adopt this as a rate tariff. Mr. Patrick stated that you would have an amendment to the rate tariff to meter all lights rather than charge at the electric rate. Manager Reeves noted there is a rate differential with a lower rate; Mr. Patrick stated that if you are going to meter them all, why is the tariff even necessary. It would seem that if you are going to meter them all, there would not be any to which this applied. Mr. Smith stated that metered customers are currently being billed the residential rate; this would give them the opportunity to go on the gas light rate which has a 5% to 8% discount. Manager Reeves noted it is not the meters to the house they would be metered by; these are stand alone lights. Mr. Auman noted it would not be a residential meter anymore; it is specifically for gas lights and there has to be a tariff to charge. Mr. Patrick asked for clarification in order to understand whether this tariff was to be used for everything that is metered. Manager Reeves responded that was the intent of what was being proposed. Ms. Ogletree asked if Mr. Patrick was asking why you would discount and why it would be different than the residential rate. Mr. Patrick stated that his

thought is that if you are sitting in a house with a gas light in your back yard, and the gas comes through your meter, and your neighbor is sitting over there with one at the street that the gas does not come through his meter, but he's paying on the electric gas rate, why would the neighbor not pay the same thing as the one pays in their backyard. Mr. Smith responded that if the neighbor's light is on his service, then he would not be affected by this; it is only for homeowner associations. Mr. Patrick continued that for example, if you put a meter at the front of Lodge Grounds, why would Lodge Grounds not pay the same rate for the gas used as an individual homeowner is paying for the gas used. Mr. Smith responded that unit operates 24/7; whereas, an individual's meter only comes to life when the hot water comes on, or a dryer, or heater. Manager Reeves pointed out that if someone has a gas light in their back yard that burns 24/7 and is paying a higher rate than the homeowners association would be charged on a separate meter, then what is the justification for having an individual come through the residential meter in a backyard and you live next door and put your gas light on a separate meter so you get a cheaper rate. Mr. Smith responded that is to get people to put meters on district lights. Mr. Patrick stated that you would not be giving them an option or trying to encourage them to put them on, you would be saying that if someone has a gas light, CPW is going to pay the cost of putting in a meter and charge you on the regular residential gas tariff for that gas. Chairman Monaghan stated that may be some incentive to encourage installation of gas lights in subdivisions. Mr. Smith stated they were trying to encourage anything new to be metered. Mr. Barnett clarified that everyone seems to agree that anything new put in or existing needs a meter; there is no need for an incentive to encourage people to be metered because CPW is going to say they are going to be metered. The question is do we go with the proposed rates, but since a meter is going to be required anyway, why do we give a break on that. Mr. Smith responded that it is because of the profile. Ms. Ogletree stated that they are assuming then that nobody else is going to put in the photo cell lights; suppose they were all photo cell lights. Mr. Smith stated that then they do not have that profile. Mr. Patrick stated that if there were a straight meter and a straight rate to encourage people to put photo cell lights in; that ought to be good. Manager Reeves noted that before bringing it back before the Board, they would get together a cost estimate to run the line to all the lights, and would also show the cost were they on just a regular residential gas rate without adopting a new rate tariff. Chairman Monaghan stated he would be opposed to giving a break on a gas light if it would be put into subdivisions to encourage more gas usage. It may encourage more subdivisions to put in common gas lights if the incentive is for that rather than for the meters. Manager Reeves stated that if you choose to do that, rate tariffs need to be adopted. He added that both options would be provided.

Commissioner Watts stated concern with the idea of gas lights burning 24 hours and wasting gas, even though it may be good for CPW to sell gas, it is not good to waste gas. Mr. Patrick stated that it is the same concept as with whether or not you want customers to have good insulation in their homes because you can sell more electricity or gas if they don't. Mr. Barnett commented that it is the customer's choice as to what type of light to buy; they can buy a light that burns 24 hours because there is no way of turning it on or off, or they can pay for a more expensive light with a photo cell. Mr. Smith noted that the customer buys the gas lights and puts them in on their own; if we adopt this tariff we would at least put things in place to encourage metering. Ms. Ogletree suggested they might also consider incentives for subdivisions rather than discounting the rate. Chairman Mongahan agreed that was a good idea, adding that it could be similar to what was done with furnaces. Mr. Patrick suggested it be done up front, one time only. Mr. Barnett stated they could look at the usage with lights and come up with something based on that. Manager Reeves stated that more information would be put together for consideration.

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

Approved: _____, 2009

Secretary