

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**JANUARY 24, 2020**

*The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.*

Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Joe Cate, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Debbie Melton, Cleveland Utilities Board; Tim Henderson, President/CEO; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Jimmy Isom, VP Electric; Craig Mullinax, VP Water and Wastewater; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Jamie Creekmore, Customer Relations Supervisor; Kenny Longley, Electric Engineering Manager; Nathan Vann, Safety Supervisor; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Kenny Longley delivered the invocation.

**MINUTES OF JANUARY 3, 2020**

On motion by Vice Chairman Eddie Cartwright and seconded by David May, Jr., the Board of Public Utilities voted to approve the January 3, 2020, minutes as written.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**Presidents' Day Holiday**

Cleveland Utilities will be closed Monday, February 17, to observe the Presidents' Day Holiday. The Call Center will be open and regular emergency/standby services will be maintained.

**Annual Awards Luncheon**

Cleveland Utilities Annual Awards Banquet is scheduled for Tuesday, March 3, at 11:30 a.m. to honor employees with awards for years of service and perfect attendance. The banquet will be held in the Tom Wheeler Training Center.

**DIVISION REPORTS**

**Financial**

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of February 2016 through February 2020 was reviewed. For the month of February, the residential retail electric rate will change to 9.348 cents per kilowatt-hour, a decrease of 2.15 percent over January's rate of 9.553 cents per kilowatt-hour. This rate change is driven by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA Fuel Cost Adjustment to its consumers.
2. The December 2019 financial and statistical statements were presented to the Utility Board. During December, the cost of purchased power as a percentage of retail sales was 74.3 percent. This can be compared to the budgeted percentage of 77.5 for FY 2020. The results for December 2019 are electric sales revenue of \$8,102,186, which was offset by a purchased power expense of \$6,018,373. This resulted in an operating margin of \$2,083,813. Operating expenses for the month were \$1,767,714. This is compared to a budgeted operating expense of \$1,835,695. These revenue numbers were driven by a customer base of 31,820. The net income for the month was \$497,813 and can be compared to a budgeted net income of \$125,165.

3. For December 2019, water sales revenue was \$1,173,830. Other revenue sources contributed an additional \$124,190 for the month. The division serviced 32,272 customers. Operating expenses for December totaled \$1,328,150. This is compared to the budgeted amount of \$1,253,461. The division recorded an operating loss of \$30,130 and can be compared to a budgeted operating income of \$26,189.
4. For December 2019, wastewater treatment revenue was \$1,035,049. Other revenue sources contributed an additional \$88,107 for the month. The division serviced 19,344 customers. Operating expenses for the month were \$1,086,043 and can be compared to a budgeted amount of \$1,023,777. An operating income of \$37,113 was recorded and can be compared to a budgeted operating income of \$72,824 for the month.

### **Electric Division**

Jimmy Isom reported on the following:

1. Electric Division personnel recently visited the Electric Power Board (EPB) of Chattanooga to investigate the use of lightning eliminator equipment for protection against lightning strikes at their substations and downtown fiber/dispatch control center main communications tower. Personnel also participated in a webinar which explained in detail how the technology works. Several pictures and a video were shown. A purchase order for this equipment to be installed at Cherokee Gateway and Lang Street Substations will be presented as a new business item.
2. Engineering has completed the design for the final phase of the Lang Street to District Substation Transmission Line Replacement Project. Delivery of the transmission poles is scheduled for April 5, 2020.
3. Engineering released a work order to install the electric service for the Agora Apartment/Commercial Building at 1<sup>st</sup> and Edwards Streets NE. An existing transformer located in front of the building currently serving several other buildings will be upsized to handle the extra capacity of the Agora. CU crews will install two sets of #500 MCM copper wire from the transformer to a new secondary bus cabinet near the front of the Agora. The contractor will connect their service to the secondary cabinet. The expected total demand of the building is approximately 200 kW. There will be 28 meters on the building to serve 19 residential/apartments, 6 small commercial offices, and 3 larger commercial restaurant/stores. The electric service is expected to be connected by the end of February.
4. Engineering released a work order to convert three spans of overhead primary to underground along 1<sup>st</sup> Street NE west of Edwards Street. This project will help increase the aesthetics of the downtown area and make room for the balcony expansions on the 1<sup>st</sup> Street side of the Agora Building. The project was worked in conjunction with Public Works who installed the required conduit. Public Works was able to cut the blacktop and place the conduit under the edge of the road. CU crews then pulled in the underground primary lines and removed the overhead utility lines. Spectrum and the city each had a communication line attached to these poles. This project is now complete.
5. Engineering released a work order to connect a temporary service for the construction of the new ELXR Package Store on Inman Street. The contractor will be providing a load report for the new building, and the layout for the permanent electric service will be determined in the near future. Cleveland Utilities will be completing the design for the permanent electric service so it can be easily incorporated into the future Downtown Revitalization Project.
6. Engineering has been working with an engineering firm concerning building upgrades at Black Fox and North Lee Elementary Schools. It appears the existing electric facilities will be utilized

to serve the new electric loads. The Black Fox addition had a graded slope which was going to expose an existing underground primary electric feed. Cleveland Utilities provided a labor estimate to rework the feed. After reviewing the options, the project engineer decided to leave the underground line at the existing location and build a short retaining wall in front of the line.

7. Engineering was contacted by Cleveland State's electrical contractor about a second temporary electric service for construction needs at the new nursing building site. The permanent electric service for the new building will be connected to the existing underground power across Adkisson Drive. Cleveland State owns all electric facilities behind the primary switch cabinet, and it will be their responsibility to install the primary underground feed and transformer.
8. A report was presented regarding traffic lighting:
  - Engineering issued a work order to install Ethernet communications at two intersections along APD-40. Engineering then completed the work to remove the serial modems and install Ethernet switches at APD-40 & Refreshment Lane and APD-40 & Westland Drive. This leaves four corridors with 29 controllers on the serial network, whereas six corridors with 39 controllers have been converted to Ethernet.
9. Copies of site plans and plats reviewed during December were available for viewing.

### **Water Division**

Craig Mullinax reported on the following:

1. ABS Consulting has completed the Piping and Instrumentation Diagram (P&ID) Development Study for the Wastewater Treatment Plant (WWTP), Cleveland Filter Plant (CFP) and Hiwassee Utilities Commission (HUC). CU has received the final digital diagrams for all three sites. This is the first of three studies they will be conducting for the facilities. Next, they will work on the Process Safety Management and Risk Management Plan (PSM/RMP) Compliance Audits followed by Process Hazard Analysis (PHA) Revalidations.
2. Bids for the HVAC improvements at the CFP were opened on January 16. This project will be presented for consideration under new business.
3. CTI Consultants will be preparing a backwash catchtank preliminary engineering report for the CFP.
4. Hampton Backhoe will be the contractor for the 20<sup>th</sup> Street Water Main Relocation Project approved by the Utility Board last month in the amount of \$70,880. The project is a challenging one due to some conflicts and the presence of rock.
5. Hampton Backhoe will be extending 700 feet of 6-inch water main on Patterson Road SE. The project includes customer participation.
6. Hampton Backhoe completed the installation of an estimated 390 feet of 8-inch and 6-inch DIP water main on Old Mouse Creek Road. Sampling is underway. Paving and cleanup work remains to be done.
7. The Tennessee Department of Environment and Conservation (TDEC) has approved the water and sewer plans for the Veterans Home. Bids are scheduled to be opened on February 7.
8. Cummings Power South will be installing a new emergency transfer switch at Chatata Creek Pump Station. The existing switch is approximately 25 years old. New switches use smart technology to transfer load from the generator to public power systems. Cummings has expert experience with CU's systems and performs quarterly preventive maintenance.

9. Engineering is reviewing plans for Arbor Hills Townhomes. The project scope is 1,900 feet of 6-inch PVC/DIP water main, 200 feet of 2-inch PVC water main, 1,600 feet of 4-inch force main, 3,680 feet of 8-inch gravity main and a sewer pump station. CU is working with the developer, Rob Renner, on the pump station design, which will be submitted to TDEC for their review and approval.
10. Hampton Backhoe has completed the relocation of 375 feet of 16-inch ductile iron sewer line for the Lee University Track. The water line relocation remains.
11. An update was provided for the following developments under construction:
  - Hampton Backhoe has completed the installation of 341 feet of 8-inch gravity sewer main for The Farm Subdivision on North Lee Highway.
  - Plans for the Timber Ridge Subdivision were approved and awaiting the installation of 871 feet of 8-inch gravity sewer main and 665 feet of 6-inch water main.
12. An update was provided for the ongoing Wastewater Rehabilitation Project:
  - The contractor is continuing to perform pre-CCTV work for the Basin 10A-8 Phase 2 Rehabilitation. The dig contractor began point repairs and installation of cleanouts. Lining is scheduled to begin next week.
  - In reference to the Sycamore Drive and East Keith Street SSES Project, manhole inspections in Sycamore are complete. East Keith manhole inspections are ongoing. Additionally, nighttime flow isolations are continuing.
13. The Meter Department set 41 meters through December 2019 compared to 29 for December 2018 and 24 for December 2017. A total of 233 meters have been set this fiscal year for an average of 39 sets a month. Of the 41 meter sets, 16 were single family homes, 8 were apartments, 13 were townhomes and 4 were commercial.
14. The total amount of rainfall recorded at the CFP as of January 23, 2020, was 5.93 inches for the month.
15. Henderson noted CU has begun very purposefully communicating the Water Loss Program prior to the April launch.

## **NEW BUSINESS**

### **Safety Internal Performance Measures (IPM's) for 2019**

President/CEO Henderson began by emphasizing the importance of CU's ongoing safety program. He noted the safety team has been working diligently to enhance safety through a higher level of education/training and commitment to the *Safe at Work!* Initiative. Additionally, Safety Supervisor Nathan Vann is a certified OSHA Trainer.

Vann began by expressing appreciation to the board members and leadership for their support of the safety program. The approach taken in the safety arena is one of continuous improvement. He then presented the overall results for the 2019 Safety Internal Performance Measures (IPM's):

- *OSHA Recordable Incident Rate* (a mathematical calculation that describes the number of employees per 100 full-time employees that have been involved in a recordable injury or illness) – a combined total of 0.48 companywide; 0.81 for the Electric Division; and 0.00 for the Water/Wastewater Divisions. Vann noted per the DEKRA study, the all-industry Serious Injuries and Fatalities (SIF) exposure rate is 25 percent. The electric utility sector has a 38 percent SIF exposure rate, and water has one of the highest SIF exposure rates at 42 percent.
- *DART Rate* (a mathematical calculation that describes the number of recordable incidents per 100 full-time employees that resulted in lost or restricted days or job transfer due to work-

related injuries or illnesses) – a total of 0.48 companywide; 0.81 for the Electric Division; 0.00 for the Water/Wastewater Divisions.

- *Lost-Time Case Rate* (a mathematical calculation that describes the number of lost time cases per 100 full-time employees in any given time frame) – a total of 0.00 companywide; 0.00 for the Electric Division; 0.00 for the Water/Wastewater Divisions.
- *Vehicle Accident Rate* (a mathematical calculation that describes the number of accidents per million miles driven) – a total of 3.67 companywide; 8.66 for the Electric Division; 0.00 for the Water/Wastewater Divisions.

Everyone applauded the efforts of the water/wastewater personnel for achieving a perfect safety record in 2019.

The following data went into the calculations:

- A total of 1,162,366 consecutive hours have been worked companywide without a lost-time injury (LTI). Electric Division employees contributed 971,946 of those hours, with the last lost-time injury occurring on November 19, 2015. The Water Division has reached 190,420 hours, with the last lost-time injury occurring on December 7, 2018.
- A total of 428,078 cumulative hours were worked company-wide in 2019. 117 employees in the Electric Division worked 246,442 hours, and 82 employees in the Water Division worked 181,636 hours.
- In addition, a total of 817,102 cumulative vehicle miles were driven by employees in 118 vehicles during the year. 346,457 miles were driven by Electric Division employees and 534,006 miles by Water Division employees.

The below table provides a comparison summary of the IPM data for the last four years:

Year	OSHA – RIR	DART	LTCR	VAR
2016	1.53	0.51	0.00	6.78
2017	4.04	2.53	1.01	2.29
2018	2.88	2.40	0.48	2.25
2019	0.48	0.48	0.00	3.67

In closing, Vann stated he researched back to the early 2000’s, and there has not been a year where there was only one recordable. All in all, 2019 was an excellent year regarding safety. Less people got hurt, the injuries were less severe, and CU is making great progress in the bulk of the categories. Henderson applauded Corum, Vann and Hunt for the work they do in their roles. He said, “We run the full gamut of exposure to hazards, and it is paramount to maintain the safety presence at all times.”

**Approval of Purchase Order to Lightning Eliminators & Consultants, Inc.**

On motion by David May, Jr., and seconded by Joe Cate, the Utility Board voted to approve a purchase order to Lightning Eliminators & Consultants, Inc., in the amount of \$63,039.60 for lightning protection at Cherokee Gateway and Lang Street Substations. Cherokee Gateway Substation is under construction near the new Spring Branch Industrial Park. Lang Street Substation is scheduled to be

upgraded in the near future. This company offers a solution that deters lightning from striking the substation offering better protection to the equipment inside the substation. The pricing includes the supply of all protection devices, mounting hardware, engineering and deployment. CU was able to save \$5,754.40 by purchasing both systems at the same time. The poles on which the devices will be mounted will be purchased separately. This equipment has been highly recommended by the engineers at EPB in Chattanooga. The purchase is sole source, and the equipment is budgeted.

**Approval of Purchase Order to Interstate Mechanical Contractors, Inc.**

On motion by Vice Chairman Eddie Cartwright, and seconded by Debbie Melton, the Utility Board took action to approve a purchase order to Interstate Mechanical Contractors Inc., in the amount of \$194,200 for HVAC improvements at the Cleveland Filter Plant. The project includes the removal of existing rooftop HVAC units, exhaust fans, ductwork, louvers, and air terminals. It also includes the removal of several existing windows for the installment of new louvers in their place. A new variable refrigerant flow (VRF) energy recovery HVAC system will be installed for the office areas in conjunction with a ducted energy recovery ventilation (ERV) system. The attic will be fitted with motorized dampers and ventilation fans. New exhaust fans and motorized louvers will be installed throughout the building. The project is budgeted for FY 2020.

**FUTURE BOARD MEETING DATES**

Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

Friday, February 28, 2020, 12:30 p.m.

Friday, March 20, 2020, 12:30 p.m.

Friday, April 24, 2020, 12:30 p.m.

Friday, May 22, 2020, 12:30 p.m.

Amy Ensley  
Board Secretary

[Signature]  
Board Chairman

2-28-2020  
Date