

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
MAY 1, 2020

Pursuant to Governor Lee's Executive Order 16, the Board of Public Utilities met at 12:30 p.m. electronically through teleconference. In light of COVID-19 and to help prevent its spread and in order to protect the health, safety and welfare of the public, there was not a physical location for this meeting.

The following were present through teleconference: 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, Administrative Services VP; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; and Tim Siniard, *Cleveland Daily Banner*.

Following the Pledge of Allegiance to the American Flag, Jimmy Isom delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Coronavirus COVID-19 Update

CU is continuing to operate in the same manner as the last month and a half. In an effort to reduce the spread of COVID-19, some telework is occurring, crews are rotating on different time schedules and dispatching from different areas, employees are adhering to social distancing, good hand hygiene (washing hands thoroughly and often) is being encouraged, etc. CU was blessed with a donation of hand sanitizer from Beiersdorf. Henderson recognized Councilman May for helping in facilitating this effort. Cleveland Utilities will continue with the lobby closure to walk-in services until at least mid-May, and this will continue to be assessed. The drive-thru hours are still being extended from 7 a.m. to 7 p.m. and has been working very well.

CU/TVA Community Care Fund Donation

CU has partnered with TVA to participate in their COVID-19 Community Care Fund to award \$30,000 to the United Way of the Ocoee Region. TVA has designated \$2 million in matching funds across the Valley, and all local power companies that buy power from TVA are eligible to apply. The program is community-focused, so TVA allocations are based on the size of the local power company to ensure fairness to all residents and communities. CU's allocation was \$15,000. The United Way (UW) of the Ocoee Region's Ocoee Connect Program will be facilitating disbursement of the funds. They currently administer CU's Project Round-Up Program, and these programs are very similar.

Henderson, Ryan Leister (TVA) and Stephanie Linkous (UW) met with Mix 104.1 this past Wednesday to promote the program. The funds are available now and will be very impactful for customers. Henderson stated he is proud of how TVA has stepped up to help during these unique times. The shared mission of both organizations is to serve the people of the Valley to make life better.

Power Restoration Report

A portion of Cleveland Utilities' service territory was hit by the storm system that moved through on Easter weekend. The damage was extensive. Around 40 poles were broken, two transmission lines were affected, multiple trees were on lines as well as damage to other equipment. There were approximately 7,000 customers without service in the early morning hours of April 13. By the end of the day, power was restored to roughly 5,400 customers. The number of outages was reduced to 750 by the end of the day on Tuesday and 180 on Wednesday evening. Full power restoration was completed at 2:30 a.m. on Thursday, April 16, to all customers who could be reconnected. There

were around 33 customers who could not receive service due to structural or electrical damage at their residences. Crews from Bristol Tennessee Essential Services, Loudon Utilities, Morristown Utilities, and Oak Ridge Electric Department rendered aid. Henderson advised CU was very appreciative of the help and stated this is a prime example of how public power works together. CU understands the importance of the assistance and, likewise, sends help to other areas when able.

American Public Power Provider (APPA) Reliable Public Power Provider (RP3) Diamond Level Designation

Cleveland Utilities has been designated as a diamond level “reliable public power provider” by APPA. This “RP3” designation certifies that CU has demonstrated leading practices in reliability, safety, workforce development, and system improvement. A monumental amount of work and information goes into the application process for this award, and receiving the diamond level, which is a perfect score, is an honor. CU is proud to achieve this prestigious designation and meet high industry standards.

APPA 2019 Safety Award of Excellence

CU received an award of excellence from the APPA for an outstanding safety record in 2019. Henderson advised this recognition speaks well of the Administrative Services team and the safety leadership at CU.

Memorial Day Holiday

Cleveland Utilities’ offices will be closed Monday, May 25, 2020, to observe Memorial Day. The Call Center will be open and regular emergency and standby services will be maintained.

CONSENT AGENDA

On motion by David May, Jr., and seconded by Debbie Melton, the Utility Board voted unanimously to approve the following items from the Consent Agenda.

- Approval of board meeting minutes from the regular meeting held March 20, 2020.
- Approval of the following written Financial, Electric, Water & Wastewater Division Reports.

Financial

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of May 2016 through May 2020 was reviewed. For the month of May, the residential retail electric rate will change to 8.876 cents per kilowatt-hour, a decrease of 0.18 percent over April’s rate of 8.892 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 March 2020 financial and statistical statements were presented to the Utility Board. During March, the cost of purchased power as a percentage of retail sales was 71.3 percent and can be compared to the budgeted percentage of 77.5 percent for FY 2020. The results for March 2020 are electric sales revenue of \$7,210,959 which was offset by a purchased power expense of \$5,139,928. This resulted in an operating margin of \$2,071,031. Operating expenses for the month were \$1,983,746. These revenue numbers were driven by a customer base of 31,939. The net income for the month was \$258,481 and can be compared to a budgeted net income of \$144,792.
3. For March 2020, water sales revenue was \$1,141,403. Other revenue sources contributed an additional \$132,479 for the month. Operating expenses for March totaled \$1,388,739. These

- revenue numbers were driven by a customer base of 32,348. The division recorded an operating loss of \$114,857, which is compared to a budgeted operating income of \$47,105.
4. For March 2020, wastewater treatment revenue was \$1,007,953. Other revenue sources contributed an additional \$103,856 for the month. Operating expenses for March were \$1,042,063. This is compared to the budgeted amount of \$1,037,596. These revenue numbers were driven by a customer base of 19,417. The division recorded an operating income of \$69,746, which is compared to a budgeted operating income of \$87,454 for the month.

Electric Division

1. The Cherokee Gateway Substation Project has been delayed due to the heavy rains experienced over the past month. The contractor for the concrete pads will start as soon as there is a break in the weather. The control building bids are in and the associated purchase order is being presented under today's consent agenda for consideration of approval. CU has purchased several control buildings from this company in the past and are pleased with the quality of their product. The power transformers are scheduled to be delivered at the end of June.
2. The preliminary site grading design for the Lang Street Substation Upgrade Project has been completed, a soil sample test is being obtained and personnel have been working with a consulting firm on a new design for the incoming 69 kV circuit feeds. This station is a little different in that it has three different feed combinations providing a lot of flexibility. The original system was built in the 50's, and the switch structures are outdated and in need of being upgraded with new devices that are more reliable and safer to operate. Staff is looking at utilizing either 69 kV breakers, 69 kV air break switches with interrupters or a combination of both. Site grading is anticipated for late summer or early fall.
3. The revised contracts for the Highway 60 Road Widening Project have been received from TDOT. Due to the street lighting being left off the original project scope by TDOT, the street lighting and the electric utility relocation were separated into two contracts. Once the executed contracts are received, Cleveland Utilities will place the order for the new steel pole structures requested by TDOT and previously approved by the Utility Board. This request was made due to anticipated long delivery times that could delay the project if ordered by the contractor after the letting of the project which is presently set for December 11. The poles are scheduled to be delivered 16 to 18 weeks after final approval drawings. The consulting firm hired by Cleveland Utilities is presently negotiating and purchasing utility easements for this project.
4. The Joint-Use Pole Count Project has been completed. It began on March 2, and was completed on March 20. The count inventories every pole in CU's service area and determines the pole owner and every utility with an existing attachment on the pole. This count is conducted every five years and a representative from each of the utilities (CU, AT&T, and Spectrum) participates in the count. Every pole is physically visited in the field and all parties agree on the attachments at each location. These records are located and tracked by CU's GIS mapping system and can be referenced at any point if questions arise. Cleveland Utilities owns 17,943 poles (90 percent) with the remaining 1,977 poles (10 percent) owned by AT&T. Yearly rental fees are due to the pole owner and those amounts are determined in the joint-use attachment contracts between each utility.

5. Engineering released a work order to provide permanent underground service to Home Goods at 300 Paul Huff Parkway. The service required approximately 120 feet of primary conductor and a 300 KVA pad-mount transformer to serve the anticipated load of 160 KW. Several other smaller shops will also be served out of the newly installed transformer as they are completed.
6. In early April, engineering released a work order to connect the electric service for the ELXR Package Store at 640 Inman Street NW. CU crews will be installing approximately 50 feet of #350 aluminum triplex down the existing utility pole on the corner of the property to a secondary pedestal. The electrician will install the service wire from the building to the pedestal. An existing overhead 25 KVA transformer on the pole will be upsized to a 37.5 KVA transformer to add extra capacity for the new service. The new building will have a 400 amp service, and the expected demand is 27 kW.
7. Engineering met with the contractor at 1401 South Lee Highway to discuss plans for service to an HVAC dealer, which will require a pole-mount transformer station to be installed and connected to a customer-owned underground service.
8. Engineering completed the following for traffic lighting:
 - Eight service orders were released to change the operation of the intersections during flashing mode. This safety project was based on several research papers which determined it was safer to operate in an all red flash when the traffic volumes were high and all approaches acted as a main street. It was also recommended where site distance restrictions exist. The reduction in the crash rate during flashing mode averaged 30% in the studies.
 - Several Peek traffic controllers were changed out to bring their software up to date. The controllers are typically changed, as opposed to updating in the field, to minimize the time the intersection is in flash. There are other brands of controllers capable of performing this upgrade without going into flashing mode and can even perform this from a remote command at a designated time.
 - The firmware was updated on all Wavetronix Matrix radar sensors connected to the Ethernet network. The sensors not connected will need to be updated manually in the field. This will take considerably more time to drive to each intersection and setup for the upgrades.

Water Division

1. The LED lighting project at the Wastewater Treatment Plant (WWTP) is 100 percent complete.
2. In reference to the HVAC Improvements Project at the Cleveland Filter Plant (CFP), work has been postponed due to COVID-19. A new date is in the process of being established.
3. Tech Coat, Inc., has completed the rehabilitation of filters 3 & 4 at the CFP.
4. Bids for the painting of various rooms at the CFP are due on May 19.
5. The Industrial Development Board (IDB) is planning to meet in May to transfer the property for the Cherokee Gateway Water Storage Tank. The lone easement has been acquired.
6. Hampton Backhoe has completed the Patterson Road SE Water Line Extension Project.
7. The Bigsby Creek Water Main Extension Project is complete. Hampton Backhoe installed 210 feet of 6-inch PVC/DIP.
8. Stantec will be working on the design for the 25th/Peerless Water Main Relocation Project consisting of approximately 150 feet of 12-inch DIP water main.

9. The Spring Branch Water Main Extension Project will comprise an estimated 1,050 feet of 6-inch PVC water main connecting two dead-end mains. Stantec will be completing the design, construction administration and easement preparation.
 10. Hampton Backhoe will be installing 155 feet of 8-inch sewer main for the Quail Ridge Sewer Main Extension to Anatole Pump Station Project.
 11. Engineering approved plans for the Tasso Lane Liquor Store Project which includes 100 feet of 6-inch DIP water main.
 12. Hampton Backhoe has completed the installation of 1,222 feet of 6-inch water main, two fire hydrants, and 1,208 feet of 8-inch gravity sewer main for Quail Ridge Subdivision on North Lee Highway.
 13. Hampton Backhoe has completed the installation of 500 feet of 6-inch water main and 500 feet of 8-inch gravity sewer main for the Lakeside Cottages @ The Farm (Phase 2) on Tasso Lane east of North Lee Highway.
 14. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - In reference to the Basin 10A-8 Phase 2 Rehabilitation, CIPP lining continues this month. Lining of service laterals and manhole rehabilitation continues. There are five main line liners left to be installed.
 15. The Meter Department set 26 meters through March 2020 compared to 45 for March 2019 and 54 for March 2018. A total of 333 meters have been set for FY 2020. Of the 26 sets, 23 were single family homes, 2 were townhomes and 1 was commercial.
 16. The total amount of rainfall recorded at the CFP as of April 29, 2020, was 7.01 inches for the month (1.75 inches above the monthly average). A total of 35.96 inches has occurred this calendar year, which is 15.46 inches above average. The current projected annual total for 2020 is 107.88 inches.
- Approval of a purchase order to Keystone Electrical Manufacturing Company in the amount of \$194,975 for the electric control building for Cherokee Gateway Substation. The control building provides a climate-controlled area for vital components such as the control batteries and transformer protection relays. The building will be constructed of concrete and capable of withstanding severe winds from storms, providing a secure place for these critical substation components. The bid price includes the manufacturing of the building, installation of the relays, batteries, and other required equipment, and delivery of the building to the substation site. Keystone submitted the low bid meeting CU's minimum specifications.
 - Approval of a purchase order to Hampton Backhoe Service, LLC in the amount of \$50,910 for the installation of 450 lineal feet of 8-inch ductile iron water main. The project will connect the waterlines located along Keith Street (18") and Peerless Road NW (12"). The project is budgeted in FY 2020.
 - Approval of a purchase order to Hampton Backhoe Service, LLC in the amount of \$71,445 for the installation of 550 lineal feet of 8-inch ductile iron water main. The project is necessary due to the City of Cleveland's sidewalk and storm drainage project extending along Norman Chapel Road from Peerless Road NW. There are underground conflicts between the storm drainage system and the existing waterline. The project was not budgeted but will be funded from the Miscellaneous Waterline Extension Account.

- Approval of a purchase order to Tech Coat, Inc. in the amount of \$76,600 for the rehabilitation of Filter No. 3 at the Cleveland Filter Plant. The project was required due to the failure of a bearing connected to a surface wash arm and a supply waterline. This project consists of the repair of a portion of the filter underdrain system and replacement of the filter media. The project was not budgeted, but will be funded from the Miscellaneous Cleveland Filter Plant Account.

OTHER BUSINESS

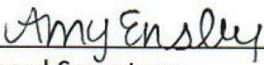
Future Board Meeting Dates

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

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

Friday, June 26, 2020, 12:30 p.m.

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



Board Secretary



Board Chairman

5-22-2020

Date