

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
JUNE 26, 2020

Pursuant to Governor Lee's Executive Order 34, 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. An audio recording of this meeting was made available at www.clevelandutilities.com within two business days of the 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; Melody Carroll, General Accounting Manager; John Corum, Administrative Services VP; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Walt Vineyard, Executive VP; and Larry Bowers, *Cleveland Daily Banner*.

Following the Pledge of Allegiance to the American Flag, Craig Mullinax delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Independence Day Holiday

Cleveland Utilities' offices will be closed Friday, July 3, 2020, to observe Independence Day. The Call Center will be open and regular emergency and standby services will be maintained.

Achievement of 1,000,000 Safe Hours in Electric and 250,000 in Water/Wastewater

Henderson reported on some significant safety milestones of 1,000,000 safe work hours without a lost-time accident achieved by Electric Division employees and 250,000 hours by Water Division employees. This is a remarkable accomplishment in the safety arena. Henderson commended Corum and the Safety Department for facilitating and making safety a top priority as well as the employees for working safely.

Lobby Modifications Evaluation & Update to Application for Service Process

CU's lobby is still closed to the public for walk-in services. The drive-thru and other means are being utilized to conduct the necessary customer interactions. Staff is being mindful of how employees and the public are protected in the lobby reopening process, particularly with the increase of COVID-19 cases in the area. Therefore, an architect has been engaged to evaluate potential modifications and look towards a more permanent solution that would enable the appropriate protection not only for this pandemic but any similar ones in the future.

In addition, CU modified the process concerning applications for service this week. Documentation is no longer required for a customer's rights to occupy a property. This change will aid the customer service team in being able to process applications quicker as well as remove frustration from customers who have had to make multiple trips to obtain the previously required documents necessary to proceed with beginning service. The feedback from both employees and customers surrounding this change has been great.

CONSENT AGENDA

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

- Approval of the minutes from the regular meeting held on May 22, 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 July 2016 through July 2020 was reviewed. For the month of July, the residential retail electric rate will change to 9.734 cents per kilowatt-hour, an increase of 0.76 percent over June's rate of 9.661 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 FCA along to its consumers.
2. The May 2020 financial and statistical statements were presented to the Utility Board. During May, the cost of purchased power as a percentage of retail sales was 71.9 percent and can be compared to the budgeted percentage of 77.5 percent for FY 2020. The results for May 2020 are electric sales revenue of \$6,961,208 which was offset by a purchased power expense of \$5,000,352. This resulted in an operating margin of \$1,960,856. Operating expenses for the month were \$2,084,672. This is compared to a budgeted operating expense of \$1,856,246. These revenue numbers were driven by a customer base of 32,037. The net income for the month was \$42,180 and can be compared to a budgeted net loss of \$27,537.
3. For May 2020, water sales revenue was \$1,221,413. Other revenue sources contributed an additional \$167,633 for the month. Operating expenses for May totaled \$1,313,982. These revenue numbers were driven by a customer base of 32,468. The division recorded an operating income of \$75,064, which is compared to a budgeted operating income of \$116,334.
4. For May 2020, wastewater treatment revenue was \$1,002,811. Other revenue sources contributed an additional \$75,792 for the month. Operating expenses for May were \$1,009,201. This is compared to the budgeted amount of \$1,051,821. These revenue numbers were driven by a customer base of 19,504. The division recorded an operating income of \$69,402, which is compared to a budgeted operating income of \$103,897 for the month.

Electric Division

1. The Cherokee Gateway Substation Project is progressing. The following update was provided:
Electrical Control Building: Keystone/VFP has begun manufacturing the control building. Engineering has been working with Keystone's project engineer to review and finalize drawings for the building which is estimated to arrive in early October.
Power Transformers: Manufacturing of the two power transformers has been completed at the factory, and the units are currently being testing. If all goes well, they are set to arrive at the substation site on July 8 and 9. Due to travel restrictions from COVID-19, engineering will be reviewing the test results in CU's office and performing visual inspection by video conference where needed.
Lightning Protection: The equipment from Lightning Eliminators has arrived and currently being stored in the Harrison Building. As a reminder, this is the first substation to utilize these products. The specialty poles on which the devices will be mounted are expected to arrive mid-July. Lightning Eliminators will send a team to Cleveland to assist with the installation towards the end of July.
Site work: Operations began installing the conduit for the underground 69 kV cable and the 13 kV underground circuits in May, and the work was completed the first of June. Substation

- crews also began the ground grid installation in May. The areas where the conduits entered the substation were installed first so the ground grid would not be disturbed in the future.
2. The preliminary site grade design for the Lang Street Substation Upgrade Project has been completed. CU is working with the consultant on the switching design for the three incoming 69 kV circuits and have landed on a design to provide the most flexibility. All three circuits will terminate into a steel box structure with a series of six sets of gang-operated switches which will allow multiple combination of feeds in and out. The grading is anticipated to begin in late summer or early fall.
 3. In reference to the Lang Street to District transmission line upgrade, the steel poles have been delivered and staged at the District Substation property in preparation for construction to begin. The remaining material has arrived and construction is scheduled to begin Monday, June 29.
 4. In late May, engineering was contacted by the electrical contractor for the Remember Me Assisted Living Facility with the desire to begin installation of the electrical conduit. Engineering released a work order for installation of the electric primary and transformer for the complex so that operations would have a guide to inspect the electrical conduit. The contractor also decided to use the first transformer in the complex for the temporary power. Installation of the conduit will be done as the foundation pad for each building is completed.
 5. A work order was released to repair a 69 kV switch that failed on Hardeman Lane resulting in a brief outage on May 19. The switch was found to be arcing by a passing customer, and emergency switching was done to remove the switch from service. One switch was replaced and returned to service. The sales representative for S&C (the company from which the switch was purchased) was contacted to evaluate the failed switch. The decision was made to have the switch shipped to S&C for examination and repair at their facility.
 6. The week after the initial tornado damage in April, the original East Cleveland 69 kV feed was returned to normal. Five poles had to be replaced and several spans of conductor had to be repaired and restrung.
 7. Annual spring cleaning was completed for the TOSHA and DIC Safety Audits. CU is still awaiting the results from the TOSHA inspection. The trucks were inspected, the written safety programs were reviewed, and a couple of field inspections with line crews were conducted. The DIC audit came back very positive with only a few minor recommendations.
 8. A report was presented regarding traffic lighting:
 - A work order was released to install radar detection at the intersection of Freewill Road and Candies Lane. This replaces the last of the failing Peek Video Detection and will reduce a high number of maintenance calls that occurred over the last year. The radar detection will also provide increased performance during fog events.
 - The firmware was upgraded in 11 traffic controllers along some of the busiest corridors. This will enhance function and reliability of these controllers. Staff has been diligent in upgrading these units as time permits. The work was performed after-hours to minimize liability while the intersection was in flashing operation.

Water Division

1. A meeting has been scheduled in July with ABS Consulting for the Process Safety Management and Risk Management Plan (PSM/RMP) Compliance Audits Study at the Water & Wastewater Administration Office.
2. Last week, Wright Industrial began work on the headworks piping modifications at the WWTP.

3. The contractor started the Cleveland Filter Plant (CFP) HVAC improvements on June 15.
 4. CTI completed the backwash catchtank preliminary engineering report update for the CFP.
 5. The CFP Painting Project is anticipated to begin in August following the completion of the HVAC improvements.
 6. Hampton Backhoe has completed the Clingan Ridge Drive Water Line Extension Project. CU is awaiting the final invoice.
 7. Hampton Backhoe will be completing the following Water Distribution Projects:
 - Harrison Pike water main extension comprising 200 feet of 6-inch water main.
 - Baugh Springs Road water main extension consisting of 350 feet of 6-inch water main.
 - Moore Circle Road water main extension with a scope of 125 feet of 6-inch water main.
 8. Hampton Backhoe will be completing the North Lee Elementary sewer relocation. The project will entail 287 feet of 8-inch sewer main.
 9. S&ME will be performing capacity analysis studies for the Dalton Pike and Spring Branch areas.
 10. Hampton Backhoe will be the contractor for the Pleasant Grove Road sewer main extension. The contract amount of the project is \$21,650.
 11. Engineering is reviewing the following plans:
 - Dashwood Subdivision off Angie Lane near the Weeks Drive Tank. The project scope includes 1,790 feet of 8-inch PVC sewer, 1,911 feet of 6-inch water main and one water booster pump station. BHK Property Investments is the developer.
 - Stone Creek Subdivision, Phase 5, on Finnell Road consisting of 500 feet of 2-inch PVC force main and 506 feet of 6-inch DIP water main. Epperson Homes is the developer.
 12. The following developments under construction have been completed:
 - Unity Subdivision, Phase 2, on Blythe Ferry Road. The development contains 16 units and 419 feet of 8-inch sewer main.
 - Savannah Avenue Apartments on Pryor Road comprising 24 units and 400 feet of 6-inch DIP water main.
 13. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - Westco has completed clearing approximately 30,350 feet (5.75 miles) of sewer easements. A total of 2,000 feet was cleared this month.
 - In reference to the Basin 10A-8 Phase 2 Rehabilitation, the dig contractor has completed all 205 service lateral rehabilitations, performing cleanup and paving. CIPP lining is complete. Manhole rehabilitation continues. A total of 80 manholes of the 113 have been completed.
 14. The Meter Department set 38 meters through May 2020 compared to 40 for May 2019 and 40 for May 2018. Of the 38 sets, 24 were single family homes, 8 were apartments, 4 were townhomes, and 2 were commercial.
 15. The total amount of rainfall recorded at the CFP as of June 23, 2020, was 1.39 inches for the month. A total of 45.16 inches has occurred this calendar year (15.23 inches above average).
- Approval of the Property and Casualty Insurance renewal for fiscal year 2021 through the Distributors Insurance Company (DIC) Program in the amount of \$1,019,268. DIC is a wholly-owned subsidiary of TVPPA. Arthur J. Gallagher is the program manager.

- Approval of a purchase order to ABC Professional Tree Services, Inc. in the amount of \$440,000 for the projected removal and hourly rate costs for the third year of CU's vegetation management program with ABC. These projected expenses are expected to be incurred during the period of July 2020-June 2021 and were estimated using the previous year's invoices. ABC was awarded CU's three-year vegetation management contract in July 2018 and was the lowest overall bid.
- Approval of a purchase order to ABC Professional Tree Services, Inc. in the amount of \$180,000 for transmission line right-of-way (ROW) clearing per the contracted rates. ABC will utilize their fecon machine to clear the transmission line ROW and apply herbicide spray to the transmission line ROW and substations to be scheduled in the fall of 2020 and spring of 2021. These rates have already been bid and approved during the contractor selection process at the July 2018 Utility Board Meeting as noted above.
- Approval of a purchase order to Irby Utilities in the amount of \$69,500 for 2,000 feet of #500 MCM copper underground 15 kV triplex cable for the Cherokee Gateway Substation. Irby Utilities submitted the lowest bid for this budgeted item.
- Approval of a purchase order to Waypoint Business Solutions, LLC, in the amount of \$104,603.44 for equipment for Phase 2 of the Network Upgrade Project. The items are budgeted and being purchased through a State of Tennessee Contract.
- Approval of a contract with Jacobs Engineering Group, Inc., in the amount of \$132,193. Jacobs will assist Cleveland Utilities with preparation of a Risk and Resilience Assessment (RRA) and Emergency Response Plan (ERP) in accordance with the regulatory requirements and schedule described in the America's Water Infrastructure Act (AWIA) of 2018. The RRA's replace the vulnerability assessment (VA) previously conducted in accordance with the Public Health Security and Bioterrorism Preparedness and Response Act of 2002. The project must be completed and submitted to the USEPA by June 30, 2021. The project is budgeted for FY 2021.
- Approval for Amendment No. 3 of an Agreement for Engineering Services with Consolidated Technologies, Inc., dba CTI Engineers, Inc., in the amount of \$102,060 for bid and award services, construction administration, SRF loan assistance services, geotechnical services, and for resident project representative services. The project is for the installation of a 0.5 million gallon water storage tank to serve the Spring Branch Industrial Park. This project is budgeted for FY 2020 and FY 2021.
- Approval for Task Order 10 of a Master Services Agreement with Stantec Consulting Services Inc., in the amount of \$59,200 for detailed design, bidding phase services and construction administration support for the extension of 3,400 lineal feet of 8-inch water line to serve the recently annexed Hensley Road project. The project is budgeted for FY 2021.
- Approval of a contract with S&ME, Inc., in the amount of \$86,675 for pump station evaluation, surveying, easement preparation, permitting, design, bidding, and construction administration for the installation of 6,500 lineal feet of 8-inch PVC sewer force main to serve the Spring Branch Industrial Park. This project is budgeted for FY 2021.

- Approval of a purchase order with Brenntag Mid-South in the amount of \$286,851.25 for the annual purchase of chlorine gas and sulfur dioxide. Chlorine will be used at the Cleveland Filter Plant, Waterville Springs, and Wastewater Treatment Plant as a disinfectant for both potable water and wastewater. Sulfur dioxide will be used to remove the chlorine at the Wastewater Treatment Plant.
- Approval of a purchase order to WESCO Distribution in the amount of \$69,125 for the purchase of 770 water 3.0 pit modules with in-line NICOR connectors and cover lid kits. These items are required for AMR/AMI meter sets and for inventory. The items are sole source and are budgeted for FY 2021.
- Approval of a purchase order with Kendall Electric, Inc., in the amount of \$74,250 for the purchase of a new Allen Bradley Motor Control Center (MCC) for the WWTP south blower building. The replacement is due to age of 33 years and a recommendation from MESA for arc flash issues and a recommendation for replacement. The MCC replacement is sole source and budgeted for FY 2021.
- Approval of a purchase order with Hampton Backhoe Service, LLC in the amount of \$402,560 for the installation of 1,467 lineal feet of 12-inch PVC sewer main and 11 manholes. The project replaces an existing 8-inch sewer main along 9th Street and Hardwick Street SE. This project helps address the overflow at Manhole 71-65 and the moratorium we have had for several years. The project is budgeted for FY 2020 and FY2021.

OTHER BUSINESS

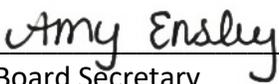
Future Board Meeting Dates

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

Friday, August 7, 2020, 12:30 p.m.

Friday, August 28, 12:30 p.m.

Friday, September 25, 12:30 p.m.


Board Secretary


Board Chairman

8-7-2020
Date