

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES BOARD**  
**AUGUST 27, 2021**

*A regular meeting of the Board of Public Utilities was called to order at 12:30 p.m. in the Tom Wheeler Training Center (TWTC).*

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; and Debbie Melton, Cleveland Utilities Board. Others in attendance were Tim O. Henderson, President/CEO; Greg Clark, Wastewater Collections Manager; John Corum, Administrative Services VP; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Nathan Vann, Safety Director; and Allen Mincey, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Nathan Vann delivered the invocation.

**MANAGER'S UPDATE AND ANNOUNCEMENTS**

**COVID-19 Update**

CU has pivoted back to stricter COVID-19 measures due to the increase of cases in the community. Overall, the organization has done very well with managing through the challenging pandemic and continuing to follow CDC recommendations.

**Labor Day Holiday**

Cleveland Utilities will be closed on Monday, September 6, in observance of Labor Day. The Call Center will be open and regular emergency/standby services will be maintained 24/7.

**20 Under 40 Recognition**

Nathan Vann will be recognized as one of the 20 outstanding community members up to the age of 40 by the *Cleveland Daily Banner* this Sunday. Henderson advised Vann has been purposeful with enhancing his education as he just began a doctorate program at the University of Tennessee, Knoxville. CU is proud of Vann and appreciative for his contributions to the organization and community.

**Paul Huff Parkway Vehicle Accident Power Outage Report**

An overview was provided for the tractor-trailer accident that occurred on Paul Huff Parkway on Sunday, July 25, at approximately 12:30 p.m., leaving 854 customers without power. Electric VP Jimmy Isom reported the details and presented a slideshow with pictures. He informed that temporary isolation switches were installed on both sides of the damaged pole to isolate the section and power was restored to 61 customers at 3:27 p.m. and 739 customers at 4:32 p.m. Due to the location of the damaged pole and feeds to the Target complex on the north side of Paul Huff and the hotels/businesses on the south side, power was unable to be restored to the final 54 customers until replacement of the pole at 12:18 a.m. It's important to note there were significant delays before CU was given proper clearance by authorities to enter the scene to begin the work.

Most of CU's line crews along with personnel from substation, safety, warehouse, and other standby areas were dispatched to work this outage. Additionally, a crane truck & operator from the Water Division assisted with lifting and setting the steel replacement pole. Isom mentioned that some other comparable utilities to CU don't have the personnel, training or equipment to work transmission, and they often rely on contractors to perform work of this magnitude. The benefit of CU having these capabilities and resources is faster power restoration when faced with this kind of situation.

Isom and Henderson added they were both very proud of all the employees involved and the team effort. Henderson communicated the efforts done daily to ensure equipment is available for unforeseen and rare events are important.

### **CONSENT AGENDA**

Eddie Cartwright made a motion to approve the following items from the Consent Agenda. The motion was seconded by Debbie Melton, and the Utility Board voted unanimously to approve the consent agenda.

- A. Approval of the minutes from July 23, 2021.
- B. Recognition of the Auditor Engagement Letter
- C. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

#### **FINANCIAL REPORT**

1. **Electric Division June 2021** - During June, the cost of purchased power as a percentage of retail sales was 73.3 percent and can be compared to the budgeted percentage of 76.1 percent for FY 2021. The results for June are electric sales revenue of \$9,217,555, which was offset by a purchased power expense of \$6,759,170. This resulted in an operating margin of \$2,458,385. This is compared to a budgeted margin of \$2,040,077. Operating expenses for June were \$1,588,692. This is compared to a budgeted operating expense of \$1,879,477. These revenue numbers were driven by a customer base of 32,351. The net income for the month was \$1,056,384 and can be compared to a budgeted net income of \$323,911.
2. **Electric Division Fiscal Year 2021** - The results for FY 2021 are electric sales revenue for the year of \$98,357,656, which was offset by a purchased power expense of \$71,322,321. This resulted in an operating margin of \$27,035,335. This is compared to a budgeted margin of \$23,993,836. Operating expenses for FY 2021 were \$20,855,372. This is compared to a budgeted operating expense of \$22,245,485. The net income for FY 2021 was \$8,244,644; this can be compared with a budgeted net income of \$3,686,645. This variance was driven by the additional credits received via the TVA Pandemic Relief Credit, aided in reduced expenditures due to timing across fiscal years.
3. **Electric Division July 2021** - During the month of July, the cost of purchased power as a percentage of retail sales was 73.3 percent and can be compared to the budgeted percentage of 74.1 percent for FY 2022. The results for July are electric sales revenue of \$9,994,482, which was offset by a purchased power expense of \$7,323,537. This resulted in an operating margin of \$2,670,945. This is compared to a budgeted margin of \$2,262,735. Operating expenses for the month of July were \$1,858,561. This is compared to a budgeted operating expense of \$1,867,745. These revenue numbers were driven by a customer base of 32,429. The net income for the month was \$992,184; this can be compared with a budgeted net income of \$542,703.
4. **Water Division June 2021** - For June, water sales revenue was \$1,517,923. This is compared to the budgeted amount of \$1,512,666. Other revenue sources contributed an additional \$195,579. These revenue numbers were driven by a customer base of 33,060. Operating expenses for the month were \$1,416,898. This is compared to the budgeted amount of \$1,424,933. The division recorded an operating income of \$296,604, which is compared to a budgeted operating income of \$231,713.

5. **Water Division Fiscal Year 2021** - The results for FY 2021 are water sales revenue of \$16,738,567. Other revenue sources contributed an additional \$2,071,348. Operating expenses for FY 2021 were \$16,422,956. This is compared to a budgeted operating expense of \$16,560,435. The net income for FY 2021 was \$2,911,696, which can be compared to a budgeted net income of \$2,101,409.
6. **Water Division July 2021** - For July, water sales revenue was \$1,601,898. This is compared to the budgeted amount of \$1,664,719. Other revenue sources contributed an additional \$160,474 for the month. These revenue numbers were driven by a customer base of 33,130. Operating expenses for the month were \$1,428,460. This is compared to the budgeted amount of \$1,483,510. The division recorded an operating income of \$333,912, which is compared to a budgeted operating income of \$336,759.
7. **Wastewater Division June 2021** - For June, wastewater treatment revenue was \$1,173,074. This is compared to the budgeted amount of \$1,144,397. Other revenue sources contributed an additional \$89,685 for the month. These revenue numbers were driven by a customer base of 19,893. Operating expenses were \$1,155,272. This is compared to the budgeted amount of \$1,103,168. The division recorded an operating income of \$107,487, which is compared to a budgeted operating income of \$129,929.
8. **Wastewater Division Fiscal Year 2021** - The results for FY 2021 are wastewater treatment revenue of \$13,416,621. Other revenue sources contributed an additional \$1,145,582. Operating expenses for FY 2021 were \$12,573,643. This is compared to a budgeted operating expense of \$12,938,635. The net income for FY 2021 was \$2,796,250; this can be compared to a budgeted net income of \$1,647,770.
9. **Wastewater Division July 2021** - For July, wastewater treatment revenue was \$1,162,466. This is compared to the budgeted amount of \$1,162,006. Other revenue sources contributed an additional \$77,178 for the month. These revenue numbers were driven by a customer base of 19,928. Operating expenses for the month were \$1,019,347. This is compared to the budgeted amount of \$1,096,602. The division recorded an operating income of \$220,297, which is compared to a budgeted operating income of \$147,959.

## **ELECTRIC REPORT**

1. The ongoing Cherokee Gateway Substation Project is nearing completion. CU engineering programmed the SCADA system for the substation in July, which will show any alarms that might occur in the substation and the status of breakers and relays. It will also send a text to notify the appropriate personnel. In early August, a third party began testing equipment to ensure all connections are correct. The goal is to energize the substation by the end of August.
2. An update was provided for the Lang Street Substation Upgrade Project:  
Breakers – Approval drawings for both the 13 & 69 kV breakers have been sent to engineering for review. There were a few small items that required correction. The vendor corrected them quickly, and the drawings were then approved. The manufacturing of the breakers was able to begin on schedule.  
Steel Structure – Engineering has been receiving approval drawings from Substation Engineering for equipment that makes up the steel structure package (switches, structures, etc.). There were a few small items that needed to be corrected, and the vendor was willing to make the requested changes. Engineering is continuing to review drawings and work with the vendor so the manufacturing process stays on schedule.

Grading – The grading contractor is set to begin the first week of September.

3. The new Wendy's on Stuart Road has been under construction for several months, but substantial progress has been made over the past few weeks. Engineering released a work order to connect the electric service for the building in July. The 75 kVA pad-mount transformer at the site was installed a few months ago so it could be used for temporary construction service. Based on other local Wendy's restaurants, the expected electric demand is 70 kW. The only work required by CU crews in July was to connect the service to the transformer and setup the new CT meter.
4. At the first of the year, Cleveland State Community College (CSCC) planned a project to convert a section of the 13.2 kV distribution line near the new Health Science Building on their campus to underground. When CSCC agreed to commit to pay the estimated cost to convert the line to underground, CU engineering began ordering the equipment for the project. Equipment included #500 copper wire and a special pad-mounted metering cabinet (this will be the first on CU's system). The last of the needed material for the project arrived in July. Cleveland State has hired their own contractor to install the underground conduit along Adkisson Drive for the portion of line that will be converted to underground. The contractor began work in July and all conduit is anticipated to be installed by the end of August. Once complete and the concrete pad for the meter cabinet is poured, CU crews will begin work at the site. Engineering released the work order for the project in July.
5. A representative from engineering toured the Okonite cable manufacturing facility in Orangeburg, South Carolina, in July. CU purchases most of the high voltage underground cable used on the system from this company. The tour was very educational, and it was great to see that CU purchases a high-quality underground cable. CU engineering anticipates seeing very few failures due to manufacturing defects because of the high quality of the wire.
6. Engineering released a work order for Phase II of the double conductor for SC-624 along South Lee Highway. The project will require replacement of the transmission conductor from the twin pole structure near the APD-40 off ramp to South Lee Highway north to Pleasant Grove Place SW. An estimated 1,200-foot section of conductor on SC-614 as well as a 5,514-foot section of conductor along SC-624 and 25 transmission poles will be replaced as part of the project. The replacement of #795 All Aluminum Conductor (AAC) with parallel #556 AAC increases the transmission system capacity in anticipation of load growth. The estimated cost of the project is \$716,089.54.
7. Cleveland Utilities continues to work with Massey Electric on permanent service for the PIE Center. The east and west transformer locations have been completed with all secondary conductors connected in the secondary cabinets at each location. Currently, the concrete pad has been poured for the north transformer location, and all conduits have been installed to the meter centers. Also, conduits have been installed in the turn-up location where a new sector will sit once the remaining overhead lines along Parker Street are converted to underground primary. Massey Electric is in the process of rerouting the temporary service panels to feed from the south transformer. Cleveland Utilities will then be able to pull all the remaining poles and secondary left on the PIE Center property and begin the process of converting the overhead lines along Parker Street to underground. This is expected to begin in August.
8. A report was presented for traffic lighting:
  - CU engineering issued a work order to replace the traffic signal heads and rewire the intersection at Paul Huff Parkway and Hickory Grove. A study was also performed to

evaluate the possibility of allowing the eastbound left turn to operate permissively as opposed to protected-only. The new signal head will operate as a flashing yellow arrow during low volume periods (typically at night) and will remain protected-only during the higher volume periods. The westbound left turn does not meet the sight distance requirements and will remain protected-only at all times.

- The Traffic Signal Coordinator upgraded the firmware on all the traffic controllers along Paul Huff Parkway from GreenWave 3.25 to GreenWave 3.31. A firmware upgrade requires the intersection to be placed in flashing operation. The work was performed during late night hours to lessen the impact to the public.

### **WATER & WASTEWATER REPORT**

1. The Cherokee Gateway Boulevard Water Storage Tank Project is nearing completion. Fencing and access road paving remain to be done.
  2. Wright Industrial Group has primed/painted 164 fire hydrants during this period.
  3. The Rakestraw Road water main extension is complete. Hampton Backhoe installed 160 feet of 6-inch water main.
  4. In reference to the 2019 Prospect/Hensley Road Annexation Sanitary Sewer Extension Project, all the pipe has been installed. Cleanup, testing and re-paving remains.
  5. The following developments are now under construction:
    - Falcon Crest Phase 3 - the development includes 21 lots and 2,425 feet of 6-inch water main. 4 Star LLC is the developer.
    - Miller's Landing on North Lee Highway comprising 66 residential lots, 70 feet of 8-inch water main, 2,294 feet of 6-inch water main, 185 feet of 2-inch water main and 2,434 feet of 8-inch gravity sewer. Riverstone Construction, LLC, is the developer.
  6. An update was provided for the ongoing Wastewater Rehabilitation Project:
    - In reference to the Phase 3 Rehabilitation Project, the contractor has completed 1,219 feet of mainline rehabilitation, renewal of 18 service laterals, 35 manhole rehabilitations and 4 cleanout installations during this period.
    - CU crews are installing 330 feet of sewer main due to conflicts with storm drainage for the 20<sup>th</sup> Street Sewer Improvements Project.
  7. The Meter Department set 30 meters through July 2021 compared to 31 for July 2020 and 52 for July 2019. Of the 30 sets, 17 were single family homes, 9 were townhomes, and 4 were commercial.
  8. The total amount of rainfall recorded at the CFP as of August 19, 2021, was 6.68 inches for the month. A total of 45.28 inches has occurred this calendar year and can be compared to 59.53 inches for the same period in 2013 (largest rainfall totals thru August 1996-2021) and 18.68 inches in 2007 (lowest rainfall totals thru August 1996-2021).
- D. Approval of a purchase order to Cleveland Utilities OPEB c/o First Horizon Bank in the amount of \$712,157 for the annual funding of CU's Other Post-Employment Benefits (OPEB) Trust. This is the fourth contribution to the trust. As of the end of this funding, CU will be at almost 25 percent of CU's total OPEB liability. Stinnett commended the board for establishing and setting up the funding for the trust.

- E. Approval of a purchase order to Power Supply Company in the amount of \$54,525 for 43,620 feet of 556 all aluminum conductor to replenish stock.
- F. Approval of a purchase order to Pen Gulf in the amount of \$95,500 for the rehabilitation of Spiral Lift Pump No. 204 located at the WWTP. The project scope consists of the removal of the torque tube, sandblasting and recoating the tube and reinstallation. Additional work consists of touching-up coatings on the other five (5) torque tubes and grout repair of the concrete troughs. The project is budgeted for FY 2022 in the amount of \$90,000. Pen Gulf submitted the low bid.
- G. Approval of a purchase order to Jet-Vac Equipment Company, LLC, in the amount of \$245,642.96 for the purchase of a new 800-HF ECO Jetter Truck. The truck will be used to clean sewer collection pipes as required by CU's CMOM program with TDEC. The truck was budgeted for FY 2021 in the amount of \$150,000. Additional funding will come from the budget in FY 2022.
- H. Approval of a purchase order to Hampton Backhoe Service, LLC, in the amount of \$54,420 for the installation (excluding materials except for gravel and paving) of approximately 650 feet of 12-inch ductile iron pipe (DIP) water main along 20<sup>th</sup> Street between Carolina Avenue and just east of Greenwood Avenue. The existing water main is in conflict with the City's proposed sidewalk and storm drain. The estimated cost of the project including materials is \$90,933. This project is not budgeted.

**OTHER BUSINESS**

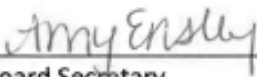
**Future Board Meeting Dates**

Future scheduled board meeting dates at the TWTC are as follows:

Friday, September 24, 12:30 p.m.

Friday, October 22, 12:30 p.m.

There being no other business, Councilman David May, Jr., made a motion to adjourn the meeting. Joe Cate seconded the motion, and the board unanimously voted to adjourn the meeting at 1:03 p.m.

  
 Board Secretary

  
 Board Chairman

9-24-2021  
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 Date