

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
SEPTEMBER 25, 2020

Pursuant to Governor Lee's Executive Order 60, 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 was made available at www.clevelandutilities.com within two business days of the meeting.

The following were present through teleconference: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Councilman David May, Jr., Cleveland Utilities Board; Eddie Cartwright, Cleveland Utilities Board; Debbie Melton, Cleveland Utilities Board; Tim O. 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, Walt Vineyard delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

COVID-19 Update

- A preconstruction meeting was held on September 24 for the lobby renovations. Bids will be opened on October 13.
- In reference to the recent hurricanes impacting the Gulf Coast, CU did receive a mutual aid request from the Tennessee Valley Public Power Association (TVPPA). Due to the current COVID-19 conditions and the heavy workload on CU's system, staff felt it would be best to not commit internal operational crews in the recovery efforts. However, CU was able to support the endeavor through current tree contractor, ABC Professional Tree Services. They were able to release some of their crews for tree trimming needs in the affected areas. Those crews have returned to perform full duties on CU's system.

Public Power Week

Public Power Week is October 4-10, 2020. This event is celebrated nationally every year by not-for-profit, community-owned electric utilities that take pride in providing safe, reliable, and affordable electricity to their local communities. CU's celebration will look a little different this year since no public events can be held, but the typical advertisements, notices and social media posts will be made to promote and bring awareness to public power.

Columbus Day Holiday

Cleveland Utilities will be closed on Monday, October 12, in observance of Columbus Day. The Call Center will be open and regular emergency/standby services will be maintained 24/7.

CONSENT AGENDA

Councilman David May, Jr., moved to approve the following items from the Consent Agenda. The motion was seconded by Eddie Cartwright and unanimously passed.

- A.** Approval of the minutes from the regular meeting held on August 28, 2020.

B. Approval of the following written Financial, Electric, and Water & Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division August 2020** - During August, the cost of purchased power as a percentage of retail sales was 73.7 percent and can be compared to the budgeted percentage of 76.1 percent for FY 2021. The results for August are electric sales revenue of \$9,457,034, which was offset by a purchased power expense of \$6,968,155. This resulted in an operating margin of \$2,488,879. This is compared to a budgeted margin of \$2,352,502. Operating expenses for August were \$1,729,206. This is compared to a budgeted operating expense of \$1,833,238. These revenue numbers were driven by a customer base of 32,162. The net income for the month was \$928,650 and can be compared to a budgeted net income of \$696,310.
2. **Water Division August 2020** - For August, water sales revenue was \$1,535,372. This is compared to the budgeted amount of \$1,577,070. Other revenue sources contributed an additional \$181,395. These revenue numbers were driven by a customer base of 32,629. Operating expenses for the month were \$1,337,761. This is compared to the budgeted amount of \$1,404,923. The division recorded an operating income of \$379,006, which is compared to a budgeted operating income of \$322,259.
3. **Wastewater Division August 2020** - For August, wastewater treatment revenue was \$1,182,151. This is compared to the budgeted amount of \$1,187,703. Other revenue sources contributed an additional \$92,242 for the month. These revenue numbers were driven by a customer base of 19,620. Operating expenses for the month were \$1,027,846. This is compared to the budgeted amount of \$1,072,170. The division recorded an operating income of \$246,547, which is compared to a budgeted operating income of \$207,856.

ELECTRIC DIVISION

1. An update was reported for the Cherokee Gateway Substation Project:
Electrical Control Building: The building is still under construction at the factory. There are no known delays at this time, and delivery is expected in October.
Power Transformers: Delta Star was able to outfit the transformers in August, which included inspecting and installing miscellaneous items not shipped on them such as radiators and cooling fans. The only remaining item is to add oil in the radiators, which Delta Star will be returning in September to finish.
Lightning Protection: The poles for the lightning protection devices were delivered in August. CU crews began assembling the poles and devices the first part of September. However, full assembly is on hold until a representative from Lightning Eliminators arrives to provide special direction for completion, which is scheduled for September 9 and 10.
Steel Structure: Operations began fabrication of the structure in August and completed approximately 25 to 40 percent of the process. However, an issue with the steel was discovered by CU crews. Substation Engineering, the structure design company, took responsibility for the mistake and is providing replacement steel. The new pieces should arrive in early September. No major delays are expected from this issue.
Underground Cable & Pole Risers: Engineering has continued working with suppliers to review options for the termination of the underground cables for the substation. Personnel selected the TYCO terminators for the underground 69 kV cable. This is the same terminator used at the Chatata Creek Substation in 2011, which has not been used on CU's system since then. Therefore, engineering has requested TYCO to provide a quote for training/supervision for installation of the terminators on the 69 kV cable. The sales representative for TYCO is also

assisting with obtaining other material needed to support the cable on the pole. The details are being finalized, and the material will be ordered in September.

The triplex 500 MCM 15 kV cable for the 13 kV feeders was scheduled to arrive in August, but there was a delay and delivery is now expected in October. The site is not ready for the cable, and the delay is not expected to impact the project timeline.

2. There are no new updates since the last report for both the Lang Street Substation Upgrade Project and the Lang Street to District transmission line upgrade.
3. Site work for the Graystan Square Development on Paul Huff Parkway is still underway. Engineering met with the site contractor concerning relocation of the down guys interfering with the grade work. It was determined the down guys will be temporarily relocated in September and then reinstalled after the grade is finished. The developer will be paying for the work. Engineering also met with the contractor responsible for installation of the electric conduit for the development. CU was informed the developer has purchased the large lot behind the five original lots to expand the development. Conduit will be installed to provide electric service to the newly purchased property, which is expected to take several weeks.
4. Engineering has begun working with the contractor for Project Hawk at Spring Branch Industrial Park. In August, the contractor applied for a temporary service for multiple job site trailers. The contractor installed a single 400 amp, single phase temporary pole and will connect multiple job trailers to the one service. The contractor also stated another temporary service will be needed closer to the construction site. Engineering released a work order to install a temporary 50 KVA transformer at the site to provide service to the job trailer temporary pole and a future temporary service at the building site. The contractor paid for the installation and removal of the transformer.
5. Engineering began working with Duracell and their contractor in early 2020 regarding a building expansion. Duracell decided to purchase a 2000 KVA, 277/480 volt transformer from CU and pay to install the underground primary from the existing switchgear to the transformer. In late August, Duracell requested for the transformer and primary be installed; therefore, a work order was released and installation is expected in early September.
6. A climate controlled storage facility is being built at 1600 Stuart Road NE. The installation will require the replacement of a 45-foot wood pole and a new 50 KVA overhead three-phase transformer station at an estimated cost of \$10,825.82.
7. The new package store being constructed at 2325 Georgetown Road NW will require the replacement of an existing 45-foot wood pole, installation of underground primary and a new 75 KVA pad-mount transformer. The estimated cost of the project is \$26,182.68.
8. The Veterans Home Project at 1940 Westland Drive SW will require the installation of underground primary and two 750 KVA pad-mount transformers in the estimated amount of \$45,585.66.
9. Engineering has released a work order to provide temporary service to the Crown Automotive Dodge, Chrysler, Jeep Dealership site on Village North Boulevard. A total of 230 feet of #1/0 underground primary and a new 225 KVA 277/480 volt, three-phase, pad-mount transformer to be used for the permanent service will be installed. The electrical contractor will be installing their own 277/480-120/208 stepdown transformer to serve the site with the correct temporary voltage.
10. Permanent service was provided to two package stores located at 1708 Wildwood Avenue and 2248 Dalton Pike.
11. A report was provided for traffic lighting:

- The traffic controller at Candies Lane & Freewill Road was replaced after several reports the signal was holding too long. The SDLC port was damaged on the other controller resulting in the detection going into failsafe mode.
- Changes were made to the signal timing to reflect the new school zone demands at Cleveland Middle School. The AM plan was updated due to a larger portion of the traffic coming to and from Paul Huff Parkway.
- The PM plan was changed at the intersection of Ocoee & 25th for traffic at Ocoee Middle School since a larger portion of the volume is now traveling westbound. Subsequent observations have shown improvements in traffic flow at the intersection.
- Current database logs were collected for several intersections along Paul Huff Parkway, Keith Street, and 25th Street.

WATER & WASTEWATER DIVISION

1. The Process Safety Management and Risk Management Plan Compliance Audit final reports for the Wastewater Treatment Plant (WWTP) and Cleveland Filter Plant (CFP) have been received and are being reviewed by CU staff. The deadline is October 15.
2. CU is awaiting the final reports for the Process Hazard Analysis (PHA) Revalidation for the WWTP and CFP.
3. The headworks piping modifications at the WWTP are in progress; the piping is complete and heat tracing remains.
4. Jacobs is preparing the Risk & Resilience Assessment (RRA) and Emergency Response Plan (ERP) for the CFP. CU is waiting on the audit report.
5. In reference to the 2010/2012 Benton Pike/Durkee Road Annexation Project, 20 of the 33 easements have been acquired.
6. CU's attorney is working on two eminent domain cases for the 2019 Hensley Road Annexation Sanitary Sewer Extension Project.
7. Engineering is reviewing the following plans:
 - Dashwood Subdivision off Angie Lane near the Weeks Drive Tank. The project scope is 1,790 feet of 8-inch PVC sewer, 1,911 feet of 6-inch water main and 1 water booster pump station. CU is working with the developer and their engineer.
 - Magnolia Landing (4 lots) on North Ocoee Street consisting of 192 feet of 8-inch gravity sewer.
 - Spring Creek Ridge Development (Cross Creek Court) containing 23 townhome lots, 727 feet of 6-inch water main, and 935 feet of 8-inch gravity sewer main.
8. The following developments are now under construction:
 - Arbor Hills Townhomes which consists of 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. Rob Renner is the developer.
 - Stone Creek Subdivision, Phase 5, on Finnell Road. The project scope is 500 feet of 2-inch PVC force main and 392 feet of 6-inch DIP water main. Epperson Homes is the developer, and Hampton Backhoe is the contractor.
9. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - Phase 1 of the Basin 10A-8 Rehabilitation and Basin 64-14A SSES Project has been completed and will be closed out.

- In reference to Basin 10A-8 Phase 2 Rehabilitation Project, a punch list of items has been prepared for the contractor to complete and close out the project. Work began this week and is expected to take two to three weeks.
- CU crews have raised 25 manholes for the Sycamore Drive and East Keith SSES Project.
- The 9th Street Sewer Replacement Project is progressing. Hampton Backhoe has installed 1,100 feet of main. The project is anticipated to last two more weeks.
- Plans and specifications have been compiled for the next Rehabilitation Project, Phase 3. A pre-bid meeting is scheduled for October 9, and bids will be received on October 16.

10. The Meter Department set 40 meters through August 2020 compared to 27 for August 2019 and 22 for August 2018. Of the 40 sets, 32 were single family homes, 3 were townhomes and 5 were commercial.

11. The total amount of rainfall recorded at the CFP as of September 23, was 3.48 inches for the month. A total of 60.85 inches has occurred this calendar year (17.62 inches above average).

- C. Approval of a purchase order to Irby Utilities in the amount of \$60,248 for 12 TripSavers (electronic overcurrent protection devices) manufactured by S&C. CU has had several of these devices in the field for three years. They have proven to reduce the number of permanent power outages and improve reliability in the areas they have been installed. A bid request was sent to five suppliers, and Irby Utilities submitted the sole quote. The equipment is budgeted for FY 21.
- D. Approval of a contract with CSL Services, Inc., in the amount of \$115,500 for long-term flow monitoring of 19 flow meters, which includes annual maintenance, data collection and reporting. Flow monitoring is a tool used to help determine where inflow is occurring and if you are eliminating that flow. CU has been under contract for the last six years with CSL Services, Inc. Their annual unit prices have remained the same for the last six years. The monitoring is budgeted for FY 2021 in the amount of \$115,000.
- E. Approval of a resolution authorizing the Cleveland Board of Public Utilities to proceed with eminent domain proceedings against the property owners' Candace Cash and Cody Cash. The easement is required so a gravity sanitary sewer main can be constructed across the Cash property as part of the 2019 Hensley Road Annexation Sanitary Sewer Extension Project.

NEW BUSINESS

Approval of Resolution – CU Pledging to Hold Retail Electric Rates Steady Through June 2023

Vice Chairman Joe Cate made a motion to approve a resolution pledging to hold CU's retail electric rates steady through the period ending June 2023. Debbie Melton seconded the motion, and it unanimously passed.

On August 27, 2020, the Tennessee Valley Authority (TVA) Board of Directors approved a Pandemic Relief Credit for all of the customers TVA serves to further extend support due to unprecedented challenges created by the COVID-19 Pandemic. This credit offers local power companies a 2.5 percent wholesale base rate credit, which will begin in October 2020 and extend over a 12-month period. CU will utilize this credit to forego projected retail electric rate increases of 1.5% in FY 21, 0.0% in FY 22, and 2.0% in FY 23. This will complete a four year period without retail electric rate

increases. The resolution states the commitment may only be modified in those cases where an unforeseen event would threaten the financial stability of Cleveland Utilities in its core mission of providing safe and reliable electric service.

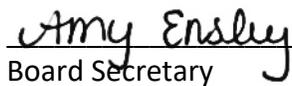
TVA's Fuel Cost Adjustment (FAC), which increases or decreases monthly, will continue to be a pass-through to CU customers.

Henderson commended TVA for recognizing the challenges the pandemic has created and its decision to provide relief funds across the Valley. He also stated CU staff evaluated the options thoroughly and felt like this decision was the best way to make an impact in giving back the revenues TVA has set aside. Although TVA's credits are only for a 12-month period; staff felt comfortable in recommending the commitment to hold rates steady through June 2023 due to CU's current financial stability.

OTHER BUSINESS

Future Board Meeting Dates

The next scheduled board meeting date is Friday, October 23, at 12:30 p.m.


Board Secretary


Board Chairman

10/23/2020
Date