

**MINUTES**  
**UTILITIES COMMITTEE MEETING**  
**MARCH 23, 2009—5:45 PM**  
**CITY COUNCIL CONFERENCE ROOM—2<sup>ND</sup> FLOOR, CITY HALL**

Committee Members Present: Walker Reid, Chairman  
Councilman Keith Tidwell

Other Council Members Present: Councilman Dale Burkett

The Utilities Committee met on Monday, March 23, 2009 at 5:45 PM in the Council Conference Room located on the 2<sup>nd</sup> Floor at City Hall, 181 S. South Street, Gastonia, North Carolina. Chairman Reid called the meeting to order.

**Item 1: Proposed Modification to the Wholesale Purchase Power Cost Adjustment Rider**

Chairman Reid recognized Mr. Ed Miller, Director of Electric Utilities, for the purpose of staff's presentation.

Mr. Miller stated staff recommends that Council adopt a formal policy to pass through the wholesale cost of energy increases as they occur to the City's ratepayers by adjusting the existing Wholesale Power Cost Adjustment Rider. The reasons for the proposed adjustment are as follows:

- Higher than anticipated capital additions at the Catawba Nuclear Station
- Interest earnings that are lower than expected
- Zero load growth experienced by all nineteen cities

Due to these three items in combination, the wholesale impact was originally estimated to be 5.3% for Gastonia. Staff met with ElectriCities to discuss rates and recommended that ElectriCities consider financing the capital debt for the Catawba Nuclear Station. This recommendation was accepted as well as taking the City's surplus energy sales credit for a two-year period instead of the typical three-year period. This would reduce the rate adjustment from 5.3% to 4.3%.

**Committee Recommendation:**

The Committee voted unanimously to recommend that Council approve the recommendation for the Wholesale Power Cost Adjustment Rider to all metered electric rates with the effective date of July 1, 2009.

**Item 2: Proposed Implementation of the Renewable Energy Portfolio Standard Extra Facility Charge**

Mr. Miller stated Staff recommends the adoption of the Renewable Energy Portfolio Standard Extra Facility Charge that will be adjusted as implemented by ElectriCities. This rider will offset pass-through costs for renewable energy programs as mandated by the North Carolina State Legislature. The rider is based on customer account instead of energy, which would not place an

unfair burden on our industrial and large-commercial customers. The cost would be \$.52 per residential customer, per month. Commercial customers would be charged \$2.60 per customer, per month; and industrial customers would be charged \$26.04 per customer, per month.

**Committee Recommendation:**

The Committee voted unanimously to recommend to Council approval of the adoption of the Renewable Energy Portfolio Standard Extra Facility Charge effective July 1, 2009.

**Item 3: Proposed Territory Agreement Between the City of Gastonia and Rutherford EMC**

Mr. Miller displayed an aerial photograph of Gaston County indicating the city limits of Gastonia, including the two recently annexed satellite properties. The City of Gastonia has been in prolonged and protracted negotiations with Rutherford EMC since 2004 in an effort to define territorial rights. On March 6, 2009, City staff, along with representatives from ElectriCities and their legal counsel, met with Rutherford EMC in a negotiated mediation to reach an agreement.

An agreement has been reached that staff is recommending to Council. The agreement between the City of Gastonia and Rutherford EMC defines specific future electric service rights in and around most of the territory surrounding Gastonia. Even though this proposal does relinquish some potential service rights, it also gains service rights in other areas.

**Committee Recommendation:**

The Committee voted to unanimously to recommend Council approve the proposed territory agreement between Rutherford EMC and the City of Gastonia.

**Item 4: Other Business**

Mayor Jennie Stultz advised the Committee that due to economic conditions, ElectriCities has cancelled their annual meeting. In lieu of the annual meeting, ElectriCities will conduct a one-day workshop in Raleigh.

With no further business, the meeting was adjourned.