

MINUTES OF  
HYDRO-ENERGY ASSOCIATION OF THE CAROLINAS, INC.

MAY 3, 1984

A meeting of the Board of Directors of the Hydro-Energy Association of the Carolinas, Inc. was held on May 3, 1984 at 1:30 PM at the Holiday Inn in Charlotte, North Carolina.

Present were: Charles Pickelsimer, Joe Ellen, Joe Neisler, Bruce Radford, Charles Mierek, Tim Lamb, Ronnie Powers, Ralph Walker, and Kathy Dority. Also present was Mr. Tom Eller, the Association attorney for North Carolina.

The purpose of this meeting was to allow Mr. Eller to address the Board, make recommendations to the group, and allow the group to take action on Mr. Eller's recommendations.

The following is a summary of the main points made by Mr. Eller:

Upon the request of Charles Mierek Mr. Eller went to the "Certification" hearing in North Carolina for oral arguments on the Certificate of Public Convenience and Necessity. The main idea he came away with was that small hydro is not a competitive threat to the utilities, but the large cogenerators and hydro stations are. Therefore, Mr. Eller suggests that some sort of classification system to distinguish between large and small sites should be established. Mr. Eller said that he would contact the

hairman of the North Carolina Utilities Commission and request that the upcoming North Carolina hearings be postponed so that he can draw up orders presenting a classification system. This classification system will set a capacity of 5 megawatts as the dividing line between a "small and large" site.

Mr. Eller recently represented a group in the North Carolina hearings on the proposed five year reevaluation and repricing of interconnect fees by Duke Power. He thinks that they were successful in knocking out Duke's proposal, but no change in the current interconnect structure was made. Mr. Eller stated that the Commission was not very receptive to changing interconnect fees. He feels that South Carolina can be successful in defeating Duke on the same proposed interconnect repricing.

Mr. Eller stated that he did not expect to be able to raise avoided cost rates in North Carolina. He says that the utilities will be asking that rates be lowered based mainly on cancelled nuclear plants and revised load forecasts. CP&L for example has reduced its long term rates by approximately 15%. Mr. Eller feels that we will be going against the utilities to keep rates from being lowered, but that chances of actually raising them are slim. He did state that he felt our chances in South Carolina were better for raising rates, as they are even lower in South Carolina than North Carolina. However, he said that we would have a tough time getting long term contracts in South Carolina, as the utilities are strongly

opposed to them.

Mr. Eller stated that the Association basically has three alternatives where the utilities are concerned:

1. Take what crumbs we can get.
2. Get iron clad legislation in South Carolina regarding rates, and get revisions made to the legislation in North Carolina.
3. Go to the federal courts. This is premature because we have not exhausted all remedies in the states' jurisdiction.

Mr. Eller warned the group about "economists", and expressed his opinion that they could hurt more than help us. He would prefer to have a "good ole boy" from within the state, that knows the Commission members, to testify about the effect the utility's position is having on his hydro business. This individual would not get too technical, but would have a basic understanding of avoided cost, etc. Mr. Eller stressed that he did not want economists who were not of his choosing pushed on him.

Mr. Eller pointed out that the Association's major concern at this point is the Certificate of Public Convenience and Necessity, as those hearings will be held very soon. The avoided cost rate hearings will not take place until the fall, and therefore our focus at this time should not lie with rates.

Mr. Eller pointed out that something should be done about the Association's Corporate Charter - it needs to

be reworded. Also, By-Laws should be written and should include how dues are to be paid. He said that he would prefer us to have John Bowen in South Carolina handle these legal matters.

Mr. Eller stated that he had never seen any association that could keep two states together, and he recommended that we divide the Association and set the two states up separately.

Mr. Eller gave his legal fees as follows:

|                                |                 |
|--------------------------------|-----------------|
| First year retainer            | \$5,000         |
| In office hours                | \$ 100 per hour |
| Out of office hours            | \$ 150 per hour |
| Plus expenses (such as travel) |                 |

The annual retainer would include meeting with the Association not more than quarterly, attending some hearings, keeping the Association abreast of pertinent occurrences, etc. It would not cover special projects such as preparing a case for the upcoming hearings in North Carolina.

Mr. Eller estimated that his fees for representing us in the North Carolina avoided cost hearings would be approximately \$20,000 to \$25,000.

Mr. Eller would operate by doing an analysis when necessary in a situation, and then presenting that analysis to the Association's executive committee. The committee would then decide what action should be taken, and Mr. Eller would give an estimate of his cost in this action.

Mr. Eller made it clear that he would be glad to represent individuals within the Association, but this would be separate from the Association and he would be paid for his services by the individual. He also mentioned that individuals should not take action which might affect the Association such as going directly to a utility without first informing the Association and Eller or Bowen.

After Mr. Eller's talk, the board members agreed to divide into two groups by state and discuss how to structure the separation of the states and raising funds. It was agreed upon by all members to divide into a North Carolina and South Carolina Association. South Carolina will send all dues collected from North Carolina to Ronnie Powers, North Carolina's Treasurer. Mr. Eller will be asked to contact John Bowen to set up two different Associations, write By-Laws, etc. We will follow the recommendation of our attorneys as to how to separate the two states and yet still be part of the same group.

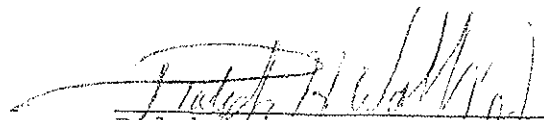
North Carolina will have another meeting soon to elect all officers, assess dues, etc. South Carolina will meet next week for the same purpose, and to review the progress made toward the May 30 hearing. Ralph Walker will contact John Bowen about his billing structure to determine how quickly funds must be raised.

There being no further business, the meeting was adjourned at 5:45 PM.

Attest:

Respectfully submitted,

  
Kathy C. Dority

  
Ralph H. Walker, Jr.  
Secretary-Treasurer

## RESOLUTION

SINCE THE ELECTRIC POWER FACILITY IS AN INTEGRAL PART OF THE TOWN'S FISCAL OPERATIONS AND THE BONDED INDEBTEDNESS OF THE POWER FACILITY HAS BEEN PAID OFF IN PRIOR YEARS, IT IS THE DESIRE OF THE TOWN COUNCIL - SUBJECT TO THE APPROVAL OF THE LOCAL GOVERNMENT COMMISSION - TO CHANGE THE FISCAL YEAR ENDING OF THE ELECTRIC POWER FACILITY FROM APRIL 30 TO JUNE 30 TO FACILITATE FINANCIAL REPORTING BY HAVING ALL FUNDS INCLUDED WITHIN THE ANNUAL BUDGETING PROCESS.

THE AFOREMENTION ELECTRIC POWER FACILITY FUND WILL BE MAINTAINED AS A PROPRIETARY ENTERPRISE FUND OF THE TOWN AND WILL BE COMBINED WITH ALL TOWN FUNDS UNDER REPORTING REQUIREMENTS AS DESCRIBED BY THE NATIONAL COUNCIL ON GOVERNMENTAL ACCOUNTING AND APPLICABLE PRONOUNCEMENTS OF THE LOCAL GOVERNMENT COMMISSION AND STATE STATUTES.



Charles F. Hicks, Mayor



Bonnie D. Nelson, Town Clerk

Adopted May 29, 1984