



# News Release

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## FOR IMMEDIATE RELEASE

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### CITY STAFF PRESENTS UTILITY UNDERGROUNDING PROPOSAL

*City staff provides status report on franchise agreement and underground conversion*

**GREENVILLE (SC)** City staff presented a proposal for undergrounding of utilities at this afternoon's City Council work session. The presentation included a status report on efforts to date, outlined the process for project selection and provided a timeline for implementation of the program.

In May 2008, City Council voted to increase the electric franchise fee paid by Duke customers in the city from 4% to 5%, with the increase dedicated to funding a program to convert overhead power lines to underground. One-half of that increase will be used to match Duke's contribution of one-half percent of its gross revenue from the sale of electric power within the city limits. The other half will be used to cover other costs related to the program. The increased fee rate went into effect on October 1, 2008 and it is expected to result in an additional \$1.2 million in revenue per year.

The City's Reliability Improvement Program (RIP) is the direct result of a recommendation made in the 2006 Ice Storm Recovery Report. A Utility Advisory Committee established in 2007 recommended that the City develop a practical and financially sustainable method for making improvements to the reliability of electrical service and in 2008, development of the program began, including criteria, processes and procedures.

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The proposed selection process is designed to be application-driven, with neighborhoods submitting applications for the City's consideration. Applications will be ranked and scored according to the program criteria and neighborhood meetings will be held for the highest ranking projects to present conceptual layouts. Field meetings will also be held with utility providers to discuss any potential problems and with property owners to inform them of the anticipated impacts on their properties. For those projects ready for design, the program manager will prepare preliminary cost estimates and will consult with the City's Office of Management & Budget to select projects that will fit within the budget cycle. Subsequent phases will include project design and construction and a primary component of each phase of the program will be continued communication and coordination with neighborhood residents.

Once the City and Duke complete their negotiations and details of the RIP have been finalized, the program manager will be responsible for implementing the program. The City expects to begin its initial public awareness and education phase in May and hopes to select and initiate the first RIP project in mid-to-late summer. Because of the complexity of the issues surrounding the conversion of overhead lines to underground, project selection and prioritization will be supported by a data-based process. Community participation will play a large role in the project selection process, as will issues such as tree interference, construction costs and proximity to existing underground installations. Challenges include coordination with other utilities with lines on Duke-owned poles, availability of right-of-way and unknown conditions of underground facilities.

"Extensive thought and research have gone into development of this program, and we have taken great care to make what is an inherently complex issue as straightforward as possible," said City Manager Jim Bourey. "Our overriding goal is to work with Duke to improve the reliability of the power distribution system serving our city residents and to do it in a cost-effective, efficient and timely manner."

Staff also briefed City Council on the status of the renegotiation of the City's franchise agreement with Duke Energy. In October 2008, City Council extended the City's franchise agreement with Duke Energy to February 2009 to allow time for its recently-hired consulting firm, Lloyd, Gosselink, to provide input to them for negotiation of a new agreement. Since then, the City has also hired a Utility Program Manager and discussions with Duke have been ongoing. The recommendation was made tonight to extend the franchise agreement through April 2009 to allow the City and Duke to continue working through some of the more complex issues such as the underground conversion program, which is new territory for Duke, and other long-standing issues such as tree-trimming standards; relocation of power lines and streetlight inventory, repair and billing.

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