

May 24, 2016

A Special Board meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at Farmers Bank and Capital Trust, located at 125 W. Main Street, Frankfort, Kentucky, on Tuesday, May 24, 2016 at 5:00 p.m.

ATTENDANCE:

Ralph Ludwig, Board Chair
Rick Pogrotsky, Vice Chair
Dr. Scott Green, Board Secretary/Treasurer
Walt Baldwin, Board Member
Anna Marie Pavlik Rosen, Board Member
James Liebman, Board Attorney
Herbbie Bannister, General Manager
David Billings, Chief Water Engineer
Bill Briscoe, Water Distribution Superintendent
Katrina Cummins, Asst. Finance Director
David Denton, Finance Director
Vent Foster, Asst. GM Operations/Chief Electric Engineer
John Higginbotham, Asst. GM Cable/Telecom
Kathy Poe, Executive Assistant
Hance Price, Staff Attorney/Asst. GM Administration
Chris Riddle, WTP Superintendent
Julie Roney, Asst. WTP Superintendent
Alan Smith, Asst. Water Dist. Superintendent
Glenn Waldrop, Public Information Officer
Dave Pike, Media Services
Brad Bowman, State Journal

AGENDA

The Agenda for the Board Meeting was received and entered into the Minute Book as follows:

MAY 24, 2016 5:00 p.m. SPECIAL BOARD MEETING AGENDA

1. **Conduct Public Hearing Regarding:** Increasing Electric rates. The new electric rates are proposed to be effective July 1, 2016.
2. **Conduct a Public Hearing Regarding:** Increasing Water rates. The new water rates are proposed to be effective July 1, 2016.
3. **Action Item:** Consider the Establishment of fees for: (1) Residential Telephone package and (2) Business Telephone package, (3) Acceptable Use Unlimited Long Distance Plans Policy.

BOARD ACTION

Mr. Ludwig called the meeting to order. Ms. Poe called the roll and noted five (5) board members in attendance.

1. **Conduct Public Hearing Regarding:** Increasing Electric rates. The new electric rates are proposed to be effective July 1, 2016.

This Hearing will come to order. My name is Rick Pogrotsky; I have been requested by the Board to conduct this Hearing. With me today are Board Members and Staff of the Frankfort Electric and Water Plant Board. We are here to receive comments

regarding the new proposed electric rates to be effective July 1, 2016. This Public Hearing was advertised in accordance with the Regulations for Public Notification.

To conduct this hearing in an organized fashion, we ask that you register with the Secretary if you wish to speak.

This Hearing will be conducted informally and voluntarily by the Frankfort Electric & Water Plant Board in order to accept comments on the above item. Both oral and written comments will be accepted. Any and all persons present who wish to make a statement will be afforded an opportunity to do so. If you have a written statement to accompany your oral presentation, a copy of the written statement should be provided to the Board prior to your presentation. Oral presentations should be limited to no more than 3 minutes. If necessary, I will interrupt and request the presentation to be completed due to this time limit. I may ask questions of any person presenting oral comments where it is necessary to clarify the nature or substance of the comments.

The Board reserves the right to answer questions at a later date. It is the job of the Board to fairly consider various points of view and information. We want public input and involvement and I hope you do not find our standard procedures restrictive.

Additional oral comments and written comments will be accepted and considered if they are submitted no later than the end of normal business hours on Monday, June 20, 2016. To submit a comment, please contact FPB at 352-4372, or on our website www.fpb.cc.

Before we open the floor for comments, Mr. Foster will provide a summary of the details.

Mr. Ludwig called the public hearing to order and asked for public comment.

Mr. Foster explained the history of FERC and the formulated rate. He stated that Kentucky Utilities had announced that it would be conveying a 10.3% rate increase to all of its wholesale customers effective July 1, 2016. Mr. Foster further advised that FPB would need an additional 2.81% increase to meet its internal fixed costs. He advised that pursuant to the most recent electric cost of study report, the actual percent increase would factor out differently for each customer class. He further explained percentages for the various rate classes based on the 2013 cost of service study.

Mr. Pogrotsky noted that additional oral comments and written comments will be accepted and considered if they are submitted no later than the end of normal business hours on Monday, June 20, 2016. To submit a comment, please contact FPB at 352-4372, or on our website www.fpb.cc.

Dr. Green reiterated that FPB had not instituted an internal rate increase for electric services since 2009 other than the pass through from Kentucky Utilities. Mr. Denton further noted that there was not another FPB electric rate increase in the proposed five (5) year plan.

2. **Conduct a Public Hearing Regarding: Increasing Water rates. The new water rates are proposed to be effective July 1, 2016.**

This Hearing will come to order. My name is Rick Pogrotsky; I have been requested by the Board to conduct this Hearing. With me today are Board Members and Staff of the Frankfort Electric and Water Plant Board. We are here to receive comments regarding the new proposed water rates to be effective July 1, 2016. This Public Hearing was advertised in accordance with the Regulations for Public Notification.

To conduct this hearing in an organized fashion, we ask that you register with the Secretary if you wish to speak.

This Hearing will be conducted informally and voluntarily by the Frankfort Electric & Water Plant Board in order to accept comments on the above item. Both oral and written comments will be accepted. Any and all persons present who wish to make a statement will be afforded an opportunity to do so. If you have a written statement to accompany your oral presentation, a copy of the written statement should be provided to the Board prior to your presentation. Oral presentations should be limited to no more than 3 minutes. If necessary, I will interrupt and request the presentation to be completed due to this time limit. I may ask questions of any person presenting oral comments where it is necessary to clarify the nature or substance of the comments.

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Before we open the floor for comments, Mr. Billings will provide a summary of the details.

Mr. Ludwig opened the hearing for public comment and there was no one from the public in attendance. He noted that additional oral comments and written comments will be accepted and considered if they are submitted no later than the end of normal business hours on Monday, June 20, 2016. To submit a comment, please contact FPB at 352-4372, or on our website www.fpb.cc.

Mr. Billings discussed the cost of service study results for allocations and revenue requirements. He explained rate increases necessary for the 16-17 fiscal year and projected increases necessary for the five (5) year plan. Mr. Billings further explained changes in the current rate structure and design, the addition of a new industrial rate class, the change to a flat rate design and explained the dollar increases for residential, commercial, and industrial customers.

3. **Action Item: Consider the Establishment of fees for: (1) Residential Telephone package and (2) Business Telephone package, (3) Acceptable Use Unlimited Long Distance Plans Policy.**

Staff recommends the Board approve establishing the services, fees and policies for these products. As FPB transitions from local switching to Big River Telephone in June 2016, existing customers will have a choice to upgrade their a la carte services to a telephone package that includes long distance minutes. New customers subscribing to FPB Telephone service after transition to Big River Telephone will be required to subscribe to one of these packages. FPB does not currently offer an unlimited long distance calling plan so an Acceptable Use Unlimited Long Distance Plan Policy needs to be established in order to offer the plan. Detail regarding the tariff additions is included in the detail section of the board package. On April 19, 2016, the Board approved the public meeting notice and that hearing was conducted on May 17, 2016 with no public feedback received.

Mr. Higginbotham explained that there would be no changes for existing customers unless the customer requested to change even if an existing customer moves to a new address. He explained filing and requirements with the Public Service Commission and that the new package rates would be effective as close to July 1, 2016 as possible.

In discussion, Mr. Higginbotham explained price comparisons for other companies' telecom services in surrounding communities.

Mr. Pogrotsky moved to approve the establishment of fees for: (1) Residential Telephone package and (2) Business Telephone package, (3) Acceptable Use Unlimited Long Distance Plans Policy. Mr. Ludwig seconded. Ms. Poe called the vote by member and the motion passed unanimously.

With no further business to discuss, Dr. Green moved to adjourn. Mr. Pogrotsky seconded. Mr. Ludwig called for the vote and the motion passed unanimously. The meeting adjourned.



CHAIRMAN



ATTEST: