

June 6, 2017

A Special Board meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at Frankfort Plant Board Administration Building, located at 151 Flynn Ave, Frankfort, Kentucky, on Tuesday, June 6, 2016 at 5:00 p.m.

ATTENDANCE:

Ralph Ludwig, Board Chair
Walt Baldwin, Vice Chair
Dr. Scott Green, Secretary/Treasurer
Anna Marie Pavlik Rosen, Board Member
John Cubine, Board Member
James Liebman, Board Attorney
Herbbie Bannister, General Manager
David Billings, Chief Water Engineer
David Columbia, Business Product Specialist
Harvey Couch, Marketing Video Content Coordinator
David Denton, Finance Director
Sharmista Dutta, Water Engineer
Vent Foster, Chief Electric Engineer/Asst. GM Operations
Adam Hellard, Security/Broadband Technology Manager
John Higginbotham, Asst. GM Cable/Telecommunications
Casey Jones, IT Director
Cathy Lindsey, Public Information Coordinator
William Lynn, Executive Assistant
Kathy Poe, Executive Assistant
Hance Price, Staff Attorney/ Asst. GM Administration
Julie Roney, WTP Superintendent
Alan Smith, Water Dist. Supt.
Jeremy Blackburn, Videographer
Alfred Miller, State Journal

AGENDA

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

June 06, 2017 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, 2017.
2. **Conduct a Public Hearing Regarding:** Increasing Water rates. The new water rates are proposed to be effective August 1, 2017.
3. **Conduct a Public Hearing Regarding:** Establishing rates for: (1) Business Telephone Features and (2) Business Telephone Service, Hosted PBX.

BOARD ACTION

Mr. Ludwig called the meeting to order. Mr. Lynn called the roll and noted five (5) board members in attendance. Mr. Ludwig turned the meeting over to Mr. Baldwin.

1. **Conduct Public Hearing Regarding:** Increasing Electric rates. The new electric rates are proposed to be effective July 1, 2017.

This Hearing will come to order. My name is Walt Baldwin; 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, 2017. 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 19, 2017. 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. Foster explained the history of FERC and the formulated rate. He stated that Kentucky Utilities had announced that it would be conveying a 7.08% rate increase to all of its wholesale customers including projected ash pond cleanup costs effective July 1, 2017. 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. Foster explained the increase would be a 100% pass-through, no part of the increase goes to FPB for operations.

There were no public comments received.

Mr. Cubine addressed Mr. Denton in regards to the ash pond cleanup and fees. Mr. Denton stated that FPB would pay fees for the ash pond cleanup for the first three years of the new budget. Mr. Cubine asked if there were options to defer payments for the ash pond. Mr. Denton stated it could be extended, but would like to keep KU rates as close to termination of the contract as possible. Mr. Cubine asked how much ash pond added to the rate increase from KU and asked for clarity on KU and ash pond. Mr. Foster stated the EPA was now looking closer into ash pond cleanup. Since FPB used some of the older power plants for power supply, FPB must pay a portion of the ash pond cleanup.

Ms. Rosen asked if the fee would continue after termination with KU. In response to Ms. Rosen, Mr. Foster stated that once FPB terminates with KU, FPB can longer be charged for any cleanup after May 2019.

2. Conduct a Public Hearing Regarding: Increasing Water rates. The new water rates are proposed to be effective August 1, 2017.

This Hearing will come to order. My name is Walt Baldwin; 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 August 1, 2017. 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. 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 increase will be about 4.8% overall. The rate impact will be \$1.90 monthly for the average residential class customer and \$6.00 monthly for the average commercial class customer.

Mr. Baldwin asked if there were any comments. There were no public comments.

3. **Conduct a Public Hearing Regarding: Establishing rates for: (1) Business Telephone Features and (2) Business Telephone Service, Hosted PBX.**

This Hearing will come to order. My name is Walt Baldwin; 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 Establishing of rates for: (1) Business Telephone Features and (2) Business Telephone Service, Hosted PBX to be effective August 1, 2017 or as soon thereafter as can be completed. 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. Couch and Mr. Columbia will provide a summary of the details.

Mr. Couch explained there were no public comments.

Mr. Columbia explained FPB has received requests for additional features from Business Telephone customers. The added features will enhance FPB's business telephone service and give customers more options. FPB looks to also add Hosted PBX. Hosted PBX is an internet based phone service solution that will help small business get big business features, and allow big business to control their phone service and costs more efficiently. Mr. Columbia listed the new features and explained all features are optional.

Mr. Cubine asked if the rates were generated by Big River or by FPB. In response to Mr. Cubine, Mr. Columbia stated the rates were retail rates by FPB with the help of Big River. Mr. Cubine wanted to clarify that the new features and services would not change the rates of current customers. Mr. Columbia stated all new features were optional and would not affect current rates. Mr. Cubine asked if the proposed rates were competitive with other providers. In response to Mr. Cubine, Mr. Columbia responded that he believed they were more than competitive rates. In response to Mr. Cubine, Mr. Columbia stated that no additional costs would incur, and that the services would be added revenue. Mr. Columbia further stated that he had several businesses that have these features with other providers and new businesses had requested the additional features.

In response to Mr. Baldwin, Mr. Columbia stated he asked Big River for a list of features not currently offered by FPB that were available. In response to Mr. Cubine, Mr. Columbia stated the proposed features would be every feature available to FPB to offer to customers.

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





ATTEST: