

September 20, 2016

A 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, September 20, 2016 at 5:00 p.m.

ATTENDANCE:

Ralph Ludwig, Board Chair
Rick Pogrosky, Vice Chair
Dr. Scott Green, Secretary/Treasurer
Walt Baldwin, Board Member
James Liebman, Board Attorney
Herbbie Bannister, General Manager
Harvey Couch, Marketing and Video Coordinator
David Denton, Finance Director
Sharmista Dutta, Water Engineer
Monique Gilliam, Customer Service Director
Mark Harrod, Asst. Electric Superintendent
Ryan Henry, IT Technician
John Higginbotham, Asst. GM Cable/Telecommunications
Casey Jones, Asst. IT Director
Kim Phillips, Safety Director
Hance Price, Staff Attorney/ Asst. GM Administration
Kathy Poe, Executive Assistant
Chris Riddle, WTP Superintendent
Julie Roney, Asst. WTP Superintendent
Dianne Schneider, HR Director
Alan Smith, Water Dist. Superintendent
Glenn Waldrop, Public Information Officer
Zach Hubbard, Cable 10 Videographer
David Columbia, Cable 10 Videographer
Gayle Deaton, State Journal Reporter
John Painter, nFront Consulting, LLC
Fred Haddad, Jr., nFront Consulting, LLC

AGENDA

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

SEPTEMBER 20, 2016 BOARD MEETING AGENDA

1. **Action Item:** Consider Approving Minutes for the August 16, 2016 Board Meeting.
2. **Action Item:** Accept Electric, Water and Cable Financial & Statistical Data for August 2016.
3. **Informational Item:** Public Comment Period.
4. **Informational Item:** Departmental Reports:
 - Website Customer Comments
 - Cable Dept.
 - Customer Service
 - Electric Dept.
 - SEPA
 - KyMEA

- Safety
 - Water Distribution
 - Water Treatment Plant
 - Administration Building
5. **Action Item:** Consider Award of Bid Invitation #1625 for three 15kV outdoor circuit breakers to Siemens Industry Inc. in the Amount of \$42,075.
 6. **Action Item:** Consider Award of Bid Invitation #1627 for Battery Operated Tools to Stuart C. Irby Company in the Amount of \$23,442.
 7. **Action Item:** Consider Re-Appointment of John Paul to Cable Advisory Committee.
 8. **Action Item:** Consider Approving NBA-TV Amendment.
 9. **Action Item:** Consider Approving Changes to Water Tariff for Mobile Home Parks.
 10. **Action Item:** Consider Approving Changes to Electric Net Metering Tariff.
 11. **Action Item:** Consider Amendments to the Job Classification and Compensation Plan to Re-classify Two Positions in Finance: the Accounts Payable Specialist and the Work Order Coordinator Positions.
 12. **Action Item:** Consider approval of the Call Monitoring for Quality Assurance Policy.
 13. **Action Item:** Consider Changing Cycle Billing Implementation Date.
 14. **Action Item:** Consider Revising the Open Source Policy and including it in the Procurement Policy.
 15. **Informational Item:** Update regarding Customer Service Transaction Survey.
 16. **Old & New Business:**
 17. **Informational Item:** General Manager's Comments.
 18. **Request Permission to have Chair call for a Closed Session** pursuant to KRS 61.810(1)(c) for the discussion of proposed or pending litigation against or on behalf of FPB; KRS 61.810(1)(f) for discussions which might lead to the appointment, discipline, or dismissal of an individual employee; and KRS 61.810(1)(b) for the discussion of the future acquisition or sale of real property.
 19. **Closed Door Session:**

BOARD ACTION

Mr. Ludwig called the meeting to order. Ms. Poe called the roll. She noted four (4) Board members in attendance and noted Member Rosen absent.

1. **Action Item:** Consider Approving Minutes for the August 16, 2016 Board Meeting.

Mr. Pogrotsky moved to approve the minutes for the August 16, 2016 Board Meeting. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

2. **Action Item: Accept Electric, Water and Cable Financial & Statistical Data for August 2016.**

Mr. Denton discussed the statement of net position for the period ending August 30, 2016. He explained a change in estimation and noted that revenues were slightly increased due to the hot dry weather.

Mr. Ludwig moved to accept the Electric, Water and Cable Financial & Statistical Data for August 30, 2016. Mr. Pogrosky seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

3. **Informational Item: Public Comment Period**

Mr. Ludwig opened the floor for public comment. There was no one from the public who wished to address the Board.

4. **Informational Item: Departmental Reports:**

KyMEA: Mr. John Painter of nFront Consulting reviewed a presentation regarding the meeting of the Renewable Resources Stakeholder Advisory Panel held on the afternoon of September 20, 2016. The presentation is attached and incorporated as a part of the minutes of this meeting.

Mr. Painter noted that the purpose of the meeting was to receive input on certain key questions which would impact the consideration of renewable resources by KyMEA and by FPB. He noted the attendees as Joel Fischer, Andy McDonald, William May, Robert Roach, Terri Bradshaw, Carmen Inman, John Dunn, and Joe Dunn. He further noted that there were several invitees which were unable to attend but the hope was that those invitees would be able to attend the next meeting.

Mr. Painter discussed the Agenda. He stated that there were no general public comments and explained the manner in which the meeting was conducted. He acknowledged that there was a discussion which included an overview of FPB and KyMEA and the manner in which each entity services the community. He further acknowledged that they discussed the incorporation of renewables in KyMEA's portfolio of resources and potential technologies which were under consideration.

Mr. Painter explained the breakdown and structure of FPB's electric power customer base. He further explained the types of renewable resources being considered by KyMEA and the manner in which that energy would be transmitted to the FPB system. He further explained the cost analysis for the various renewable resources.

He advised that the panel was divided into two groups and discussed the following questions:

What is the level of interest in Frankfort for supplying some portion of electric energy needs from renewable resources?

Answer: Mr. Painter stated that both panels agreed that the level of interest in renewables in Frankfort is low to moderate when they look at the community as a whole. Some indicated that interest may increase if educational efforts were increased to raise awareness of renewables and their benefits. Both panels agreed that cost would be a concern for many electric customers.

Should we focus on using renewables to serve all the customers, not only in Frankfort, but of the agency; or only those customers that express the desire to be served by or voluntarily participate in renewable resources?

Answer: Mr. Painter stated that both panels agreed that if there was a noticeable price difference, that the focus should be only for those customers who express an interest to be served by renewables. If there was little to no cost difference, then it would be beneficial for the entire community. One panelist noted that KyMEA or FPB

could make a policy decision to utilize a certain amount of renewables even if it would increase the cost of power.

How much of a price difference may be acceptable? For all customers? For only those customers requesting renewables?

Answer: Mr. Painter advised that if for all customers, one panel felt like more information from the community was needed in order to make a determination. He advised that the other panel felt that a rate change would have to be zero or at least very insignificant for it to be well received in the community. Mr. Painter further advised that only for those customers who request renewables, one panel felt that they did not have enough information to answer, and the other panel felt like few would sign up for a price increase to have a few renewables. Mr. Painter explained a discussion with the panels regarding community solar projects. He further noted that the cost of renewables was coming down and that interest in renewables was expected to increase over time.

Mr. Painter noted that there would be some renewable options that would be comparable enough in cost to deserve some consideration.

Mr. Painter explained that another topic discussed was conservation and efficiency. He stated that one panelist felt that additional efforts in this area were needed. Mr. Painter stated that the panelist noted that a reduction in usage would offset the higher cost of renewables to help lower the overall electric costs for the community as a whole. Mr. Painter noted that large power and commercial customers were currently working on conservation and efficiency programs.

Mr. Painter noted that a second meeting was tentatively planned for November 15, 2016. He further noted that additional efforts would be made to expand attendance and participation.

In response to Mr. Baldwin, Mr. Liebman stated that he would review and research the appropriateness of the meeting held to discuss renewables and follow up with the Board.

In response to Mr. Baldwin, Mr. Painter advised that the consultants would make the same presentation to the KyMEA Board at its next meeting. He noted that KyMEA and the consultants would continually research and review options for renewables, and that there could be some renewable options to consider without having a significant impact on power costs.

Mr. Painter further explained the reasoning for the methods and wording of questions asked to the panels. He noted that the consultants believe the KyMEA Board and FPB's Board would have some interesting information to consider and think about within the next couple of months.

Website Customer Comments: Mr. Couch stated that there were no (0) website customer comments since the last Board meeting.

Cable: Mr. Higginbotham explained graphs and numbers provided to the Board.

Customer Service: Ms. Gilliam reviewed and discussed graphs presented to the Board. She announced that April Rhodes was the new customer service supervisor and explained upcoming training for meter readers.

Electric Dept.: Mr. Harrod explained graphs for the electric department on reliability.

SEPA: Mr. Bannister explained SEPA graphs. He noted a profit for the month of July.

Safety: Ms. Phillips noted no (0) OSHA recordable and one (1) vehicle minor accident.

Water Distribution: Mr. Smith noted three (3) main breaks, four (4) outages, and four (4) new services.

Water Treatment Plant: Mr. Bannister acknowledged the upcoming retirement of Chris Riddle and made a presentation regarding Mr. Riddle's career with FPB.

Mr. Riddle stated that FPB produced more than 261 million gallons of potable water for the month of August for an average daily production of 8.4 million gallons per day.

Administration Building: Ms. Dutta explained the status of construction on the new administration building.

5. **Action Item: Consider Award of Bid Invitation #1625 for three 15kV outdoor circuit breakers to Siemens Industry Inc. in the Amount of \$42,075.**

Staff prepared an invitation for three new 15kV circuit breakers for Bendix substation. The invitation was publicly advertised and sent to nine vendors. Two responses were received. After reviewing all the bids, staff recommends awarding to Siemens Industry, Inc. in the amount of \$42,075. Siemens submitted the lowest bid and met the specifications.

The low number of responses was anticipated by staff for this bid. Currently Siemens and ABB are the only manufacturers that offer a breaker with a magnetic actuator, which is included in the specification. It is the opinion of the electric department that magnetically actuated breakers are a necessary restriction as they require far less maintenance than their alternative.

This equipment purchase is necessary to replace existing breakers that have exceeded their expected useful life. This purchase is included in the 2016-2017 Capital Budget, line 290. The amount included in the budget for this project is \$84,700.

Mr. Carter explained bid specifications, vendors and responses received. He stated that the item was included in the current budget.

Mr. Pogrotsky moved to award bid invitation #1625 for three 15kV outdoor circuit breakers to Siemens Industry, Inc. in the amount of \$42,075. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

6. **Action Item: Consider Award of Bid Invitation #1627 for Battery Operated Tools to Stuart C. Irby Company in the Amount of \$23,442.**

Staff prepared a bid invitation for the purchase of battery operated tools. These tools are used for daily operations in the electric department. The electric industry has been going to battery operated tools rather than manual ones for quite some time. The battery operated tools are more ergonomic resulting in less shoulder injuries. Employees using manual squeeze on tools have to use strength to make a six-ton crimp while battery operated tools use a motor. The invitation was sent to six vendors with five responses received. Stuart C. Irby Company offered the lowest bid and had an acceptable delivery time.

\$124,000 is included for this purchase (and others) in the current budget. This can be found on page 21, line 380 titled "Equipment Purchases".

Mr. Harrod explained bid specifications, vendors and responses. He stated that the item was included in the current budget.

Dr. Green moved to award bid invitation #1627 for battery operated tools to Stuart C. Irby Company in the amount of \$23,442. Mr. Pogrotsky seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

7. **Action Item: Consider Re-Appointment of John Paul to Cable Advisory Committee.**

Staff recommends the re-appointment of John Paul to a second three-year term on the Cable Advisory Committee, through September 18, 2019. The Committee Bylaws specify members can be reappointed for an additional term. Mr. Paul has indicated a willingness to continue to serve on the committee. Mr. Paul has been a significant contributor to the committee during his first term. He currently serves as the committee's vice-chairperson. Over the past three years, the Advisory Committee has dealt with multiple major network renewals and Mr. Paul's experience and knowledge of the subscriber base and programming agreement structure will be valuable as FPB faces upcoming renewals.

Mr. Couch reiterated the recommendation to re-appoint John Paul to the Cable Advisory Committee for a term ending September 18, 2019. Mr. Pogrotsky moved to approve the re-appointment of John Paul to the Cable Advisory Committee. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

8. **Action Item: Consider Approving NBA-TV Amendment.**

Staff recommends approval of the NBA-TV amendment. This amendment extends our current direct agreement to a term through September 30, 2019. The rate reset and annual increases are within budgeted parameters. NBA-TV is a Preferred Cable channel, which exists on channel 150 and in HD on 650 and programs live NBA/WNBA/Euro league regular season and playoff games, summer leagues, daily highlight shows, player drafts, and all-star competitions. No additional carriage requirements obligations are included in this agreement. The Assistant GM for Administration has reviewed the agreement and it meets with his approval.

Mr. Couch discussed specifics of the agreement and stated that costs were within budgeted parameters.

Mr. Ludwig moved to approve the NBA-TV Amendment. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

9. **Action Item: Consider Approving Changes to Water Tariff for Mobile Home Parks.**

The existing Frankfort Plant Board water tariff regarding mobile home parks (Section IV.4) needed minor language revisions subsequent to the installation of new water mains and individual meters for the mobile home park on Holmes Street.

The proposed policy allows for either individual meters or a master meter, at the discretion of the FPB. Discretion is necessary due to the fact that there will be mobile home parks supplied under both situations.

As a matter of course, copies of the proposed tariff were made available at our downtown office, the service center, and were placed on our website. In addition, a public hearing was conducted at our regular Board meeting on August 16th, 2016. To date, no oral or written comments have been received.

Staff recommends the Board approve the proposed tariff regarding mobile home parks.

Ms. Dutta reiterated specifics of the water tariff changes to incorporate language to allow individual metering for mobile home parks. She noted that the public meeting was held and that no negative comments were received.

Dr. Green moved to approve changes to the water tariff for mobile home parks. Mr. Baldwin seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

10. **Action Item: Consider Approving Changes to Electric Net Metering Tariff.**

The existing Frankfort Plant Board electric net metering tariff (Section III.12) needed minor language revisions subsequent to a customer request asking for reconsideration of the requirement for the customer to own the equipment.

The proposed policy effectively removes the ownership requirement of the existing policy and allow for net metering for those customers that either own the equipment or lease from others.

As a matter of course, copies of the proposed tariff were made available at our downtown office, the service center, and were placed on our website. In addition, a public hearing was conducted at our regular Board meeting on August 16th, 2016. To date, no oral or written unsupportive comments have been received.

Staff recommends the Board approve the proposed tariff regarding electric net metering.

Mr. Carter reiterated specifics of the electric tariff changes to allow for net metering for customers whom either own or lease from others. He noted that the public meeting was held and that no negative comments were received.

Mr. Baldwin moved to approve the changes to the electric net metering tariff. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

11. **Action Item: Consider Amendments to the Job Classification and Compensation Plan to Re-classify Two Positions in Finance: the Accounts Payable Specialist and the Work Order Coordinator Positions.**

The Finance Department elected not to fill a Senior Accountant position vacated July 2015 (approximate salary of \$54,400). Instead, the department's remaining employees absorbed the duties and responsibilities of this position.

There is now a vacancy in the Accountant I position (proposed new title of Accounts Payable Specialist) as the employee previously in the position has been promoted to fill the Customer Service Supervisor position. The department has taken this opportunity to review and update the job descriptions of all positions in the department. As a result of this review, staff recommends a change in the grade classification of two positions: Accountant I and Work Order Coordinator.

The changes made in the positions' requirements, duties, and responsibilities impact the pay grades assigned based on the FPB Compensation & Job Classification plan. A copy of the organizational chart, revised list of authorized positions, and updated job descriptions are included in the detail pages for this Board item.

1. Work Order Coordinator Position:

Staff asks the Board to consider approving the reclassification of the Work Order Coordinator position from grade 105 to grade 107 based on changes in the position description's requirements, duties and responsibilities.

Additional responsibilities include handling cash receipts for Dark Fiber, Ethernet, and Wholesale HICAP billing; collections for these services; processing customer return payments and preparing monthly account reconciliations. The experience requirements have increased from 12-18 months to 2 years.

Based on an evaluation of the updated job description, the new pay grade for the position is 107; with a pay range of \$19.29 to \$24.12 per hour (the current pay grade is 105). The grade change will result in a promotion and 10% pay increase for the employee currently in the position.

2. Accounts Payable Specialist Position:

Staff asks the Board to consider approving the reclassification of the Accounts Payable Specialist Position (former title Accountant I). The education requirements for the position changed from Bachelor's degree in Accounting or Finance to High School Graduation or equivalency, with college courses in Accounting preferred. Based on the updated job description, the changes will result in the pay grade decreasing from grade 106 (pay range of \$18.18 to \$27.27 per hour) to 104 (pay range of \$15.95 to \$23.92 per hour).

Ms. Schneider advised that Staff reviewed all job descriptions in the Finance Department as workloads and job duties have changed due to the absorption of job duties from vacant positions in the department. She further explained details of the new job descriptions for the Work Order Coordinator and the Accounts Payable Specialist positions.

Mr. Pogrotsky moved to approve amendments to the job classification and compensation plan to re-classify two positions in Finance: the Accounts Payable Specialist and the Work Order Coordinator positions. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

12. **Action Item: Consider approval of the Call Monitoring for Quality Assurance Policy.**

In 2012 the Frankfort Plant Board upgraded its internal telephone systems to the current ShoreTel system. This phone system has numerous capabilities, one of which is the call monitoring feature, which is currently not being used. Staff believes that the use of the feature for quality assurance and training purposes will allow supervisors, managers and department heads to gain greater insight into how we are performing and what our customers are experiencing when contacting FPB departments via phone.

The goals of the call monitoring policy are to improve customer service; assess and improve processes; create visible accountability for performance; maintain quality standards; improve efficiency and productivity; create a record of transactions to demonstrate compliance; and improve training with respect to service calls. Staff intends to use call monitoring to provide feedback, coaching and training and for setting and evaluating performance standards, in an effort to improve overall efficiency and enhance the customer experience.

Staff has researched other utilities and call center policies and has created a policy and tracking and evaluating tool that will allow FPB to capture areas of excellence and identify areas for improvement. Staff recommends approval of the Call Monitoring for Quality Assurance Policy.

Ms. Gilliam explained the goals, benefits and improvements planned with the implementation of call monitoring. She advised that the current phone system had the capability and there would be no cost to implement the service. She further explained the policy developed.

Dr. Green moved to approve call monitoring for quality assurance. Mr. Baldwin seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

13. **Action Item: Consider Changing Cycle Billing Implementation Date.**

At the June 21, 2016 FPB Board meeting, the Board voted and directed staff to begin implementation of cycle billing in November/December 2016. The staff is committed to implementing the program, and has completed making the necessary changes to systems and processes in order to incorporate the addition of a new cycle into daily operations. The implementation of cycle billing provides benefits to both our customers and FPB, however the implementation at the November/December

timeframe also creates risks for FPB. During the implementation and testing process, staff has become aware of several major issues that require review.

- Large power/industrial customer notification is not sufficient to allow our customers proper lead time to make significant financial decisions that impact how they do business.
- FPB does not have sufficient time to properly communicate with key accounts that have multiple accounts that will be split between the 2 cycles. From the attached chart, note that 9 of the 10 key accounts will move to the new cycle and 2 of those 9 will have their accounts split between the 2 cycles.
- Water district customer notification is not sufficient to allow our customers adequate time to make significant financial decisions that impact how they do business. Nor does it allow them sufficient time to make proper and adequate notification to their customers that also rely on FPB's services.
- The average FPB residential customer bill is approximately \$258, those customers being moved to the new billing cycle will have a bill due from their old cycle on Nov. 15th and then another bill, on average \$258, due on Dec. 1st to begin their new cycle, that could cause significant financial impact. Half our customer base would be paying two full FPB bills over a 15-day period right in the middle of the holiday season. This could lead to many customers having to decide on paying FPB twice or buying gifts for family.

Adjusting the timeframe of cycle billing implementation provides the following benefits to FPB and its customers:

- Customers will be receiving bills that are historically the lowest of the year.
- We will avoid impacting customers during the major holiday season.
- Customers will have the benefit of additional household budget planning time and the possibility of income tax returns.
- Allows FPB time to make proper notification and communication to our key account (large power) customers.
- Allows our water district customers time to make proper notification to their customers that will also be impacted by the implementation of cycle billing.
- Allows FPB staff to comfortably accommodate the increase in customers that have questions and concerns, and those in need of arrangements, once we have relocated to the new administration building.

As indicated this change would be a major blow to ALL customer classes impacted. Staff realizes that the impact will be felt by our customers regardless of the timeframe in which it takes place, however the impact is more significant at the originally proposed time. Staff recommends that the target date for cycle billing implementation be changed from November/December 2016 to April/May 2017.

Frankfort Plant Board Top 10 Accounts					
Customer	Address	# of Accounts	Cycle 1	Cycle 2	Total Electric Revenue
Business Customer #1 *		47	19	28	\$6,096,578.57
Business Customer #2		5	5	0	\$2,793,308.00
Business Customer #3		2	2	0	\$2,498,820.09
Business Customer #4		1	1	0	\$1,950,693.05
Business Customer #5		21	0	21	\$1,167,230.41
Business Customer #6		11	11	0	\$1,007,810.02
Business Customer #7		2	2	0	\$479,010.59
Business Customer #8		4	4	0	\$413,904.42

Ms. Gilliam explained that system changes were complete and described several major issues and obstacles discovered while working through the cycle billing implementation process. She advised that there would be a significant financial impact for half of the customer base at the holiday season. She explained the

benefits to the community and to FPB by waiting to implement this change until the April/May billing cycles. Ms. Gilliam acknowledged that the impact would be felt by customers regardless of when implementation happened. She further noted that customer bills would be lower in the Spring, that customers will have additional budgeting time and that many customers could utilize tax refunds to help offset the financial impact.

After a brief discussion, Dr. Green moved to change cycle billing target date from November/December 2016 to April/May 2017. Mr. Pogrotsky seconded. Mr. Baldwin stated that he would have preferred the entire committee had met to discuss and better understand the issues. Mr. Ludwig stated that a change in time was not material and that a couple more months delay would not be detrimental to the project.

Ms. Poe called the vote by member and the motion passed with a 3-1 vote. Dr. Green, Mr. Pogrotsky and Mr. Ludwig voted "Yes" and Mr. Baldwin voted "No".

14. **Action Item: Consider Revising the Open Source Policy and including it in the Procurement Policy.**

FPB's Procurement Policy (Policy #16) provides Staff with purchasing procedures and guidelines. It defines multiple purchase classifications that each have their own qualifications and requirements, including guidance as to when it is appropriate to present a purchasing recommendation to the Board for approval.

The newly adopted Open Source policy directs staff (when purchasing software/hardware) to analyze open source alternatives and present this analysis to the Board without providing any price points, emergency provisions, or other exceptions. Without these guidelines, Staff is required to present all software/hardware purchases to the Board for a purchase approval, even when the existing Procurement Policy does not require it. Staff feels this would create lengthy delays in deploying solutions to staff and could become a burden to the Board's time.

Staff understands the intent of the Open Source policy is to ensure consideration of Open Source software when making software recommendations to the Board for larger scale projects. In conditions where Staff is required to present a software purchase recommendation to the Board, as directed by the Procurement Policy, Staff could perform an internal analysis of an Open Source alternative (when available) during the evaluation phase. Staff is already performing analysis on multiple products during this phase, and feels that adding an Open Source option in these instances would not make the process prohibitive.

With that in mind, Staff recommends that the Open Source policy be revised and incorporated into Frankfort Plant Board's Procurement Policy as proposed below:

Current Open Source Policy

When considering new software/hardware systems, Staff will research and consider open source alternatives. Prior to new software/hardware system implementation, an analysis to consider open source alternatives will be presented to the Board. Prior to license renewals, a high level survey will be conducted and those results presented to the Board.

Recommended Language to Supersede and Replace the Current Open Source Policy to be included in the Procurement Policy – (p. 8 of the Procurement Policy)

The Department Head or designated representative desiring a purchase of new software will research and consider an Open Source alternative (where available) to be included in the selection process mentioned above. Staff shall not eliminate any software option solely based on its status as proprietary or "Open Source". The current Open Source Initiative (<http://opensource.org>) definition of "Open Source" and "Approved Open Source Licenses" shall be used in these circumstances.

The Assistant GM-Administration has reviewed the Policy alterations and it meets with his approval.

Staff asks the Board to MOVE that we supersede and replace the current Open Source Policy with the recommended language and include it in the Board's Procurement Policy.

Mr. Jones explained excessive constraints with the newly adopted open source policy. He explained the benefits of moving the language into the Procurement Policy. Mr. Jones reviewed and explained the language included in the Procurement Policy and the manner in which the change will be beneficial to FPB.

In response to Mr. Baldwin, Mr. Jones explained the process of Board oversight with the policy change within the Procurement Policy. He further explained that Staff had already held back on purchases due to the restrictiveness of the procurement policy. Mr. Bannister further explained concerns with purchase of software and hardware and further explained the restrictiveness for the entire company.

Mr. Baldwin stated that he felt the recommended changes went too far the other direction. Mr. Bannister reiterated that Staff felt the currently policy is exceedingly restrictive. Mr. Jones reiterated that with the RFP process, purchases made within the procurement policy would continue to come to the Board for approval.

Mr. Pogrotsky called for the question.

Mr. Baldwin moved to not adopt the revised open source policy. Mr. Ludwig twice asked if there was a second. With no response, Mr. Ludwig stated that the motion died for lack of a second.

Dr. Green moved to consider revising the open source policy and include it in the procurement policy. After discussion, Dr. Green withdrew his motion.

Dr. Green moved to supersede and replace the current Open Source Policy with the recommended language and include it in the Board's Procurement Policy. Mr. Pogrotsky seconded. Ms. Poe called the vote by member and the motion passed with a 3-1 vote. Dr. Green, Mr. Pogrotsky and Mr. Ludwig vote "Yes" and Mr. Baldwin voted "No".

15. **Informational Item: Update regarding Customer Service Transaction Survey.**

At the July 19, 2016 board meeting, the Board approved the contract with Comer Research Consultants to complete a six-month transaction survey to measure the overall performance of the members of the Customer Service Department. This survey will assist in determining how well the staff is meeting the expectations of the FPB customers with regard to delivering "good customer service". The survey will further assist in better understanding customers' pain points when it comes to customer service and assess whether those are issues directly impacted by, and/or attributed to the Customer Service Department.

Staff has met with Leanna Comer of Comer Research and completed the initial draft of questions to be included in the survey and that document is attached. To ensure that the survey will garner the desired data, staff is requesting that the Board review the intended questions and provide any necessary feedback.

Ms. Comer has provided some explanation and clarification for some of staff's immediate concerns.

- Survey should take about 8 minutes to administer.
- 1-7 rating scale has been chosen because it allows for more gradation in the analysis of responses. Prefer 1-7 scale over 1-10 because people are often reluctant to give a 10 (equates with perfection) but will give a 7.

- Included some questions about FPB, overall, to provide a broader view of what “customer service” means to people and how those expectations may or may not be impacted by the customer service department.

Following the Board’s review and input of the draft questions, a final draft will be completed and submitted to FPB. Comer Research and Oppenheimer Research will begin telephone polling and use of the transaction survey on October 3, 2016.

Ms. Gilliam explained the progress of the Customer Service Survey to the Board. She explained the questions and ratings as well as the manner in which the survey would function. Ms. Gilliam stated that Ms. Comer had encouraged the Board members to communicate through Ms. Gilliam with comments, questions or suggestions regarding survey questions by Friday, September 23, 2016. She advised that once the report was complete, Ms. Comer would present the report and findings to the Board and Staff.

16. **Old & New Business:**

Mr. Pogrotsky requested to address the Board and the public. He made a farewell presentation and expressed his appreciation to Staff, management and employees of FPB for their hard work and dedication to the community.

17. **Informational Item: General Manager’s Comments.**

Mr. Bannister stated that he was reviewing the 5 and 10 year strategic plans and that Staff would be presenting those to the Board for review soon.

18. **Request Permission to have Chair call for a Closed Session** pursuant to KRS 61.810 (1)(c) for the discussion of proposed or pending litigation against or on behalf of FPB; KRS 61.810 (1)(f) for discussions which might lead to the appointment, discipline, or dismissal of an individual employee; and KRS 61.810(1)(b) for the discussion of the future acquisition or sale of real property.

Mr. Ludwig requested permission to go into a closed session. Mr. Pogrotsky moved to go into a closed session. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed unanimously.

19. **Closed Door Session:**

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





ATTEST:

***Report to the FPB and KyMEA Board
regarding Meeting of the
FPB Renewable Resource
Stakeholder Advisory Panel***

*Stakeholder Meeting held on September 20, 2016
from 9:00 AM to 11:30 AM
Salato Wildlife Education Center
Conference Room
#1 Sportsman's Lane
Frankfort, KY*

September 20, 2016

Advisory Panel Attendees

(Other Members of the Community Planned to Attend, but Encountered Conflicts)

Attending Panel Members	Affiliations
Joel Fischer	Citizen South Frankfort Neighborhood Association
Andy McDonald	Envision Franklin County
William May	Mayor, City of Frankfort
Robert Roach	Frankfort City Commissioner
Terri Bradshaw	Kentucky Capital Development Corporation
Carmen Inman	Frankfort Area Chamber of Commerce
John Dunn	Developer
Joe Dunn	Developer

Agenda of Stakeholder Advisory Panel Meeting

Objective

- Obtain Input from a Diverse Group of FPB Customers and Leaders in Frankfort Regarding Renewable Resource related priorities
- Input will be Provided to FPB and KyMEA Board

Proposed Agenda

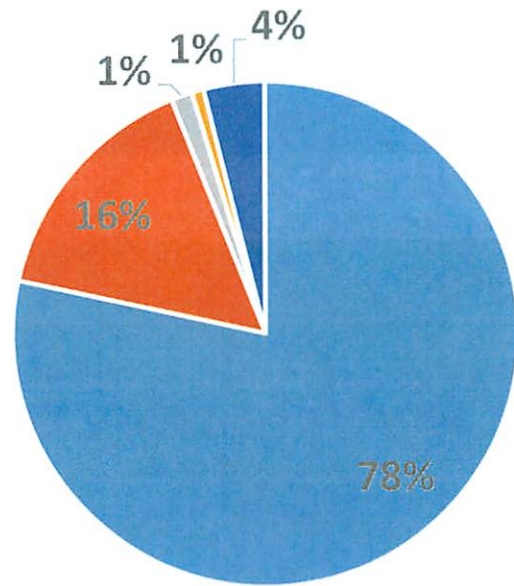
1. Opening Remarks (5 minutes)
2. Public Comment (30 minutes max)
3. Presentation of key information (30 minutes max)
4. Facilitated Discussion of Key Topics
 - A. Organizational (5 minutes)
 - B. Breakout Sessions (40 minutes)
 - C. Input from Breakout Groups (30 minutes)
5. Closing Comments (5 minutes)

Presentation of Key Information

1. The FPB and KyMEA – who we are and who we serve
2. Overview of the FPB and KyMEA power supply planning process
3. Approach to incorporation of renewables
4. Potential renewable resource options being investigated
 - Technologies
 - Member Participation
5. Questions and Answers regarding above information

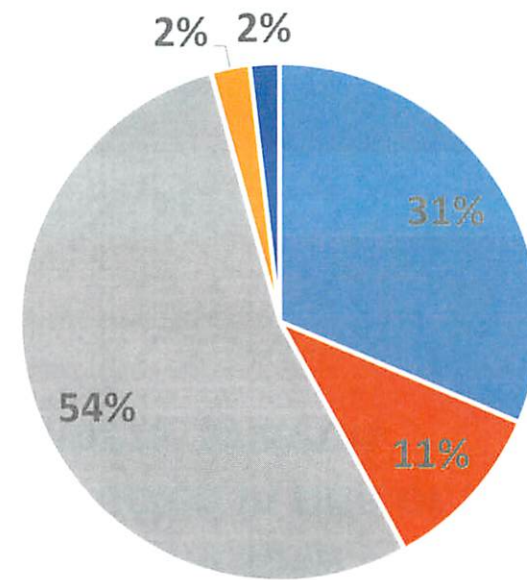
FPB Electric Customers

FPB Provides Service to Approximately 21,000 Customers



- Residential
- Commercial
- Industrial
- Municipal
- Sec. Ltg. & Misc.

54% of Energy Sales are to Industrial Customers, including State Government



- Residential
- Commercial
- Industrial
- Municipal
- Sec. Ltg. & Misc.

Renewable Energy Options Being Assessed

Wind

- TX and OK resources via Clean Line DC transmission project
- MSIO Zone 6 resources (IN/KY)

Solar

- Utility-scale solar PV project constructed in one or more Members' systems

Hydro Energy

- New projects under development in MISO

Alternative Fuel Sources

- Landfill gas (LFG) internal combustion engine
- Biomass-fired steam generators

Breakout Session – 2 Panelist Groups -- Questions

1. **What is the level of interest in Frankfort in supplying some portion of electric energy needs from renewable resources?**
 - Are Renewables a Low, Moderate, Widespread, or an Almost Universal priority?
 - Is there a downside to implementing renewables in Frankfort?

2. **Should we focus on using renewables to serve:**
 - All customers or
 - Only those customers that express a desire to be served by or voluntarily participate in renewable resources?

3. **How much of a price difference may be acceptable, if any increases in costs are charged to:**
 - All customers or
 - Only those customers that elect to pay the difference in order to be served by renewable resources?

4. Optional topics (If time permits)
 - A. Are there Renewable Resource options or strategies that the stakeholder group would like investigated - other than those discussed during the presentation?
 - B. Does the group have suggestions concerning evaluation criteria?
 - C. Any other comments or input?

1. What is the level of interest in Frankfort in supplying some portion of electric energy needs from renewable resources?

- Are Renewables a Low, Moderate, Widespread, or an Almost Universal priority?
- Is there a downside to implementing renewables in Frankfort?

Panel's Input

1. Both panel groups agreed that the level of interest in Frankfort in renewable energy was low to moderate at best
2. One panelist felt residential customers' interest is probably being impacted adversely by lack of awareness
3. Both panel groups agreed that cost would be a concern or a draw back – if using renewable energy would increase price of electricity

2. Should we focus on using renewables to serve:

- All customers or
- Only those customers that express a desire to be served by or voluntarily participate in renewable resources?

Panel's Input

1. Both panel groups agreed
 - If there is a electric price difference caused by using renewables, we should focus on using renewables for only those customers that express an interest.
 - If there is little to no cost difference, renewables could be used to serve all customers.
2. One panelist made the point that KyMEA or FPB could make a policy decision to use a certain amount of renewables even if there would be an increase in the price of electricity – considering non-price positives of renewables

3. How much of a price difference may be acceptable, if any increases in costs are charged to:

- All customers or
- Only those customers that elect to pay the difference in order to be served by renewable resources?

Panel's Input

1. If any cost increase is to be charged to all customers
 - One panel group decided the amount of acceptable increase was unknown – panelists felt they did not have sufficient data to answer
 - The other panel group felt the increase had to be essentially zero or so minor as to be insignificant to all
2. If any cost increase is to be charged to only customers that elect renewables and are willing to pay the difference
 - One panel group decided the amount of acceptable increase was unknown – panelists felt they did not have sufficient data to answer
 - The other panel group felt that few would sign up for much if any cost increase

4. Optional Topics – Conservation and Efficiency

Panel's Input

1. One panelist felt that additional efforts in the areas of conservation and efficiency could lower electric costs for customers and somewhat offset any higher costs of renewables
2. Another Panelist indicated that large customers – like government and industrials – are working hard on conservation and efficiency