



# MINUTES

## FPB Board Meeting

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5:00 PM - Monday, May 16, 2022 - Community Room

The Frankfort Plant Board met in a Special Board Meeting Monday, May 16, 2022 at 5:00 PM in the Community Room.

### ATTENDANCE:

John Cubine, Board Chair  
Stephen Mason, Board Secretary/Treasurer  
John Snyder, Board Vice Chair  
Kathryn Dutton-Mitchell, Board Member  
Jason Delambre, Board Member  
David Billings, Director of Water Operations  
Harvey Couch, Marketing Video Content Coordinator  
Katrina Cummins, Finance Director  
David Denton, Chief Financial Officer  
Vent Foster, Chief Operations Officer  
Cassie Estill, Customer Service Supervisor  
Adam Hellard, Cable/Telecom Superintendent  
Scott Hudson, Electric Superintendent  
Cathy Lindsey, Communications & Marketing Director  
Kathy Poe, Executive Assistant to GM  
Hance Price, Assistant GM Administration/Staff Attorney  
Leigh Ann Phillips, Support Services Director  
Deron Rambo, Network Operations Center Director  
Travis McCullar, Chief Electric Engineer  
Jennifer Hellard, Purchasing Agent  
Gary Zheng, General Manager  
Nichell Brown, Human Resource Director  
Shane Holt, Asst. Cable/Telecom Superintendent  
David Columbia, Community Television Coordinator  
Brian Bourne, Water Distribution Superintendent  
JC Lyons, Safety Director  
Danny Harring, Asst. Water Distribution Superintendent  
Brandon Powers, Water Treatment Plant Superintendent  
Sharmista Dutta, Water Engineer

- 1 ACTION ITEM: APPROVAL OF MINUTES
  - 1.1 Consider Approval of the Minutes of the April 19, 2022 Board Meeting.

*Kathryn Dutton-Mitchell moved to approve the Minutes of the April 19, 2022 Board Meeting. John Snyder seconded the motion. CARRIED. 5 to 0.*

2 ACTION ITEM: ACCEPT FINANCIALS

- 2.1 Consider Accepting the Financial Reports for Month Ending April 30, 2022.

*John Snyder moved to accept the Financial Reports for Month Ending April 30, 2022. Stephen Mason seconded the motion. CARRIED. 5 to 0.*

3 CONDUCT PUBLIC HEARING

- 3.1 Conduct a Public Hearing regarding: **Tariff revisions related to primary metered services, electric vehicle charging stations, renewable energy certificate (REC) programs, and large distributed solar facilities.**

This Hearing will come to order. My name is John Snyder; 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 **Tariff revisions related to primary metered services, electric vehicle charging stations, renewable energy certificate (REC) programs, and large distributed solar facilities.** This Public Hearing was advertised in accordance with the Regulations for Public Notification and appeared in the Weekend, May 7-8, 2022 edition of The State Journal newspaper.

To conduct this hearing in an organized fashion, we have asked that anyone wishing to comment register via email with Kathy Poe (kpoe@fewpb.com) or Cathy Lindsey (clindsey@fewpb.com).

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, 2022. To submit a comment, please contact FPB at 352-4372, or on our website [www.fpb.cc](http://www.fpb.cc).

**Before we open the floor for comments, Travis McCullar will provide a summary of the details.**

Mr. Snyder commenced the public hearing.

Mr. Travis McCullar outlined the information to be considered.

There were no members of the public comments and Mr. Snyder concluded the public hearing.

#### **4 INFORMATIONAL ITEM: PUBLIC COMMENT**

4.1 None.

#### **5 INFORMATIONAL ITEM: DEPARTMENTAL REPORTS**

- TELECOMMUNICATIONS
- POTENTIAL OR AGREED UPON RELATED PARTY TRANSACTIONS  
None
- CUSTOMER SERVICE
- ELECTRIC DEPARTMENT
- SEPA
- KYMEA
- SAFETY
- WATER DISTRIBUTION
- WATER TREATMENT PLANT
- NETWORK OPERATIONS CENTER (NOC)

#### **6 ACTION ITEMS:**

- 6.1 Consider Accepting Water Cost of Service Allocation Study As Of June 30, 2021 and Proposed Customer Rate Design. (Gary Zheng and Gannett Fleming will discuss)

At the November 16, 2021 FPB Board meeting, the FPB Board approved a contract with Gannett Fleming, Inc. to perform a water cost of service allocation and rate design study. Prior to executing this contract the last water cost allocation study for FPB was performed in FY 2016 based on the financial test year ending June 30, 2015. The 2016 study used FY 2015 as the test year and projected revenue and expenses forward through FY 2021 to produce a five year

rate track. This five year plan was needed to cover increasing cost of operating the system and to fund an essential, significant capital project in the replacement of the water reservoir that had been in service since 1885.

FPB did implement three of the five recommended rate increases effective August 1st of 2016, 2017, and 2018. FPB did not implement the last two recommended rate increases scheduled for August 1st of 2019 and 2020 due to delays in the FPB reservoir construction resulting from discussions between FPB, the City of Frankfort, and Tanglewood Neighborhood Association. Since FPB did not need to invest in the multi-million dollar reservoir project as quickly as planned in the budget process the last two rate adjustments for water were never implemented. The last water rate adjustment by FPB was August 1, 2018.

Since the August 1, 2018 rate adjustment FPB has experienced multiple factors that have contributed to increasing revenue requirements. For example, the average annual increase in operating costs for the water division is approximately 3%, the reservoir construction started in May 2021 at cost of approximately \$7M, the Board approved a smart meter/advanced metering infrastructure project at cost of approximately \$3M for the water division, and FPB has experienced decreasing water usage from customer base.

This background brings us to present day with the current FPB water cost of service allocation and rate design study that uses the audited financial figures from June 30, 2021 as the base year for the study, which can be found in this board packet. The report shows a proposed increase in water revenue from the residential, commercial, and industrial customers of approximately \$680K or 7.2% of existing revenue from these three classes. In order to minimize rate increases to customer-owners the report shows a four year implementation plan resulting in approximately 2% annual rate increases to city and county residential customers. This proposed rate implementation plan would result in a month increase of approximately \$0.64 for a residential customer using 3,000 gallons per month.

Staff is requesting the FPB Board of Directors accept the water cost of service allocation study as of June 30, 2021 and the proposed rate design.

***John Snyder moved to accept Water Cost of Service Allocation Study as of June 31, 2021 and Proposed Customer Rate Design. Stephen Mason seconded the motion. CARRIED. 5 to 0.***

6.2 Consider Approving Request For Public Hearing Regarding Proposed Water Rate Increase Effective July 1, 2022. (Gary Zheng will discuss)

The latest water cost of service allocation study indicates water revenues fall short of revenue requirements. In an effort to minimize the annual rate adjustment impact to customer-owners, the proposed rate design presented in the study shows a four year implementation plan that would be effective July 1st of 2022, 2023, 2024, and 2025. As a matter of course, staff recommends the

Board approve a public notice for the purpose of conducting a public hearing at a special called meeting of the Frankfort Plant Board after the public budget meeting on May 31, 2022 at 5pm at the Frankfort Plant Board administration building located at 151 Flynn Avenue, Frankfort, Kentucky 40601.

The current and proposed rates for water service are shown below:

Line	Rate Description	Existing Rates In Effect Since 8/1/2018	Proposed Rates Effective 7/1/2022 to 6/30/2023	Proposed Rates Effective 7/1/2023 to 6/30/2024	Proposed Rates Effective 7/1/2024 to 6/30/2025	Proposed Rates Effective 7/1/2025 to 6/30/2026
<b>Customer Charge Per Month by Meter Size:</b>						
1	5/8 Inch	\$ 9.00	\$ 9.64	\$ 10.28	\$ 10.91	\$ 11.55
2	3/4 Inch	13.50	14.77	16.03	16.35	17.30
3	1 Inch	22.50	24.63	26.77	27.30	28.90
4	1 1/2 Inch	45.00	49.27	53.53	54.60	57.80
5	2 Inch	72.00	78.80	85.60	87.30	92.40
6	3 Inch	135.00	147.77	160.53	163.73	173.30
7	4 Inch	225.00	246.27	267.53	272.85	288.80
8	6 Inch	450.00	492.50	535.00	545.63	577.50
9	8 Inch	720.00	788.00	856.00	873.00	924.00
<b>City and County Customer Consumption Charges Per 1,000 Gallons</b>						
10	Industrial	\$ 3.17	\$ 3.25	\$ 3.33	\$ 3.41	\$ 3.49

**Stephen Mason moved to approve holding a public hearing on Tuesday, May 31, 2022 at 1:00 p.m. regarding proposed water rate increases effective July 1, 2022. Jason Delambre seconded the motion. CARRIED. 5 to 0.**

**6.3 Consider Award of Bid Invitation #1745—Annual Price Contract for Water Treatment Chemicals (FY 2023). (Brandon Powers to discuss.)**

Staff prepares an annual bid for the chemicals used in water treatment. The bid includes estimated quantities and explains that orders could exceed or fall short of the estimates. Vendors bid with the understanding that the bid’s purpose is to hold unit price throughout FPB’s fiscal year.

This bid received 11 reverse auction bids. After reviewing each bid, staff recommends awarding to the lowest bidders meeting specifications with the exception of Powdered Activated Carbon which is based on quality testing (explanation below).

Chemical	FY 23 Company	FY 23 Bid	Difference (%) between FY 22 and FY 23
Liquid Ferric Chloride	PVS Technologies	\$0.1780	+37%
Liquid Sodium Hydroxide	Univar USA	\$0.2881	+140%

Polyaluminum Chloride	USALCO	\$0.3100	+44%
Powdered Activated Carbon*	TBD	TBD	TBD
Hydrofluorosilicic Acid	Univar USA	\$0.3003	+31%
Liquid Ammonium Sulfate	No response		
Potassium Permanganate	Chemrite	\$2.549	+64%
Sulfuric Acid	Brenntag Chemical	\$0.1850	+0.03%
Zinc Orthophosphate	Resources Inc.	\$1.2330	+76%
OSG Sodium Chloride	No response		

*\*Based on highest removal of geosmin and MIB (taste/odor compounds)*

***John Snyder moved to award Bid Invitation #1745 - Annual Price Contract for Water Treatment Chemicals (FY 2023) with the exception of Power Activated Carbon to be considered after test results are received. Stephen Mason seconded the motion. CARRIED. 5 to 0.***

**6.4 Consider Award of Bid Invitation #1750—Annual Price Contract for Liquid Ammonium Sulfate (FY 2023). (Brandon Powers to discuss.)**

Staff prepares an annual bid for the chemicals used in water treatment. The bid includes estimated quantities and explains that orders could exceed or fall short of the estimates. Vendors bid with the understanding that the bid’s purpose is to hold unit price throughout FPB’s fiscal year.

During the eBridge auction for our chemicals, two chemicals did not receive any responses. We sent a regular sealed bid for those two chemicals (LAS and Bulk Sodium Chloride). We received one bid for the LAS. After reviewing the bid, staff recommends awarding as they meet specifications.

<b>Chemical</b>	<b>FY 23 Company</b>	<b>FY 23 Bid</b>	<b>Difference (%) between FY 22 and FY 23</b>
Liquid Ammonium Sulfate	Brenntag	\$0.24	0% (New product)

*Jason Delambre moved to award Bid Invitation #1750 - Annual Price Contract for Liquid Ammonium Sulfate (FY 2023). Stephen Mason seconded the motion. CARRIED. 5 to 0.*

- 6.5 Consider Award of Bid Invitation #1748- #1/0 Underground Cable to Irby in the amount of \$54,600.00 and #4/0 Underground Cable to Brownstown in the amount of \$72,750.00. (Jennifer Hellard will discuss)

Staff prepared a bid invitation for two sizes of Underground Cable. These are kept in FPB's inventory and replenished as needed for new construction and replacement. The bid invitation was sent directly to ten vendors as well as advertised publicly and four responses were received.

Staff recommends awarding item 1- #1/0 Underground Cable to Irby as they were the lowest bid, meet our specs, and have the item in stock.

Staff recommends awarding item 2- #4/0 Underground Cable to Brownstown as they were the best bid meeting our specs. The low bid has a significantly longer lead time and added a condition that their pricing would be adjusted based on metals escalations which may occur between now and the shipment date.

*John Snyder moved to award Bid Invitation #1748 - #1/0 Underground Cable to Irby in the amount of \$54,600.00 and #4/0 Underground Cable to Brownstown in the amount of \$72,750.00. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.*

- 6.6 Consider Award of Bid Invitation #1749 – Metal Poles to Brownstown Electric Supply Co. in the amount of \$29,869.00. (Jennifer Hellard will discuss)

Staff prepared a bid invitation for two sizes of metal poles. These items are kept in FPB's inventory and replenished as needed for new construction and replacement. The bid invitation was sent to ten vendors and six responses were received. After evaluating all bids, staff recommends awarding both items to Brownstown as they were the lowest bid meeting specifications.

*Stephen Mason moved to award Bid Invitation # 1749 - Metal Poles to Brownstown Electric Supply Co. in the amount of \$29,689.00. Jason Delambre seconded the motion. CARRIED. 5 to 0.*

- 6.7 Consider Accepting Minutes of December 14, 2021 Cable Advisory Committee. (Harvey Couch to discuss)

*John Snyder moved to accept the Minutes of the December 14, 2021 Cable Advisory Committee. Jason Delambre seconded the motion. CARRIED. 5 to 0.*

6.8 **Consider Re-appointment of Clay Baxter to the Cable Advisory Committee. (Harvey Couch to discuss)**

Staff recommends approval of the re-appointment of Clay Baxter to a second three-year term on the Cable Advisory Committee, through April 30, 2025. The Committee Bylaws specify members can be reappointed for an additional term. Mr. Baxter has indicated a willingness to continue to serve on the committee. Mr. Baxter has been a key contributor to the committee during his first term. He has previously served as the committee's chairperson. Over the past three years, the Advisory Committee has dealt with multiple major network renewals and Mr. Baxter's experience and knowledge of the subscriber base and programming agreement structure will be valuable as FPB faces upcoming renewals.

*John Snyder moved to Re-Appoint Clay Baxter to the Cable Advisory Committee. Jason Delambre seconded the motion. CARRIED. 5 to 0.*

6.9 **Consider Approving Kentucky Mandates for Coverages of Telehealth Services. (Nichell Brown to discuss)**

Staff recommends revising FPB's health plan to meet the requirements of the Kentucky mandate changes for coverages of Telehealth services with effective date of 1/1/2022.

Changes include, but are not limited to:

- the removal of any exclusion for audio-only encounters
- paying telehealth services as any other in person services
- removal of any state of emergency coverage requirements (not including COVID-19 related visits that are subject to the Families First Coronavirus Response Act (FFCRA))

The Benefit Confirmation Form from MedBen is located in detail pages.

Staff asks the Board to approve the recommended KY mandated changes to Telehealth services.

*Kathryn Dutton-Mitchell moved to approve Kentucky Mandates for Coverages of Telehealth Services. Stephen Mason seconded the motion. CARRIED. 5 to 0.*

6.10 **Consider Changes to Compensation Plan – Salary Range Adjustments Effective July 1, 2022. (Nichell Brown to discuss)**

In 2014, FPB implemented a job classification and compensation plan developed by the Johanson Group.

On July 1, 2021, FPB's current salary ranges were adjusted. The FPB compensation policy includes a provision that the Board will consider salary



range adjustments every other year (see detail pages). Staff asks the Board to consider an additional adjustment to the current salary range outside of the policy for the 22/23 budget year. Due to the rising inflation, difficult hiring qualified candidates at the minimum of our current salary scale these adjustments are necessary to offer competitive wages to attract and retain employees.

Blair Johanson, our compensation consultant, reviewed the adjusted proposed 2022 salary scale structure and he believes that the new minimums are competitive and they reflect current market rates.

These changes will affect approximately 55 employees with an estimated salary budgetary impact of 137k annually. The requested changes if approved will have an effective date of July 1, 2022.

The section of the Employee Guidelines concerning adjustments to the salary ranges and the e-mail recommendation from Mr. Johanson are provided in the detail pages. In addition, the current 2021 salary pay structure and the 2022 proposed salary pay structure are included in the detail pages.

***No Action Taken.***

## **7 INFORMATIONAL ITEM: COMMUNITY SOLAR**

### **7.1 Progress Update on Community Solar Project.**

Staff will provide an update to the Board on the progress of the community solar project. Craig Brown from 1898&Co. will be available remotely to provide additional input. Some of the open items for discussion will include:

- Size and location of the facility.
- Amount to be included in upcoming electric budget.
- Options for leveraging tax credits.
- Progress on discussions with KyMEA.

Subscription models and sign ups prior to construction.

## **8 REQUEST PERMISSION TO HAVE CHAIR CALL FOR A CLOSED SESSION**

### **8.1 Request Permission to Call a Closed Session pursuant to KRS 61.810(1)(C) to discuss pending or proposed litigation regarding contract matter and OSHA matter.**

***John Snyder moved to call a Closed Session pursuant to KRS 61.810(1)(c) to discuss pending or proposed litigation regarding contract matter and OSHA matter. Stephen Mason seconded the motion. CARRIED. 5 to 0.***

**9 CLOSED DOOR SESSION**

**9.1 To Come out of Closed Session.**

*John Snyder moved to come out of Closed Session. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.*

**10 ACTION ITEM: POSSIBLE ACTION REGARDING CLOSED DOOR DISCUSSION**

**10.1 File Paperwork as Directed in Closed Session.**

*John Snyder moved to file paperwork as directed in closed session. Stephen Mason seconded the motion. CARRIED. 5 to 0.*

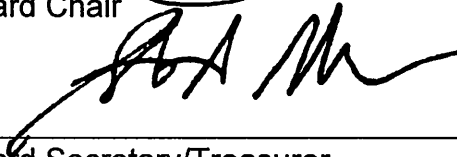
**11 ACTION ITEM: ADJOURNMENT**

**11.1 To Adjourn.**

*Stephen Mason moved To Adjourn. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 5 to 0.*



Board Chair



Board Secretary/Treasurer