



MINUTES

FPB Board Meeting

5:00 PM - Tuesday, July 21, 2020

Community Room

The Frankfort Plant Board met on Tuesday, July 21, 2020 at 5:00 PM in the Community Room.

ATTENDANCE:

Dawn Hale, Board Secretary/Treasurer
Stephen Mason, Board Vice Chair
John Cubine, Board Chair
John Snyder, Board Member
Kathryn Dutton-Mitchell, Board Member
James Liebman, Board Attorney
Gary Zheng, General Manager
David Billings, Director of Water Operations
David Denton, Chief Financial Officer
Vent Foster, Chief Operations Officer
Adam Hellard, Cable Superintendent
Ryan Henry, Assistant IT Director
Casey Jones, IT Director
Cathy Lindsey, Communications & Marketing Director
Kathy Poe, Executive Assistant to GM
Hance Price, Assistant GM Administration/Staff Attorney
Julie Roney, Water Treatment Superintendent
Alan Smith, Water Distribution Superintendent
Travis McCullar, Chief Electric Engineer
Nichell Brown, HR Specialist
State Journal
FPB Media Services

1 NOTICE OF SPECIAL MEETING

1.1 Notice of Special Meeting

In person attendance limited to 50 people pursuant to Executive Order of the Governor.

This was changed per Executive Order of the Governor after publishing of the Notice and Agenda of this meeting.

2 INTRODUCTION OF NEW FPB BOARD MEMBER

2.1 Introduce new FPB Board Member Kathryn Dutton-Mitchell.

Mr. Cubine introduced new board member, Kathryn Dutton-Mitchell and administered to her the Oath of Office.

3 ACTION ITEM: APPROVAL OF MINUTES

3.1 Consider Approval of the Minutes for the June 16, 2020 Board Meeting.

John Snyder moved to approve the minutes for the June 16, 2020 Board Meeting. Dawn Hale seconded the motion.

Motion CARRIED. 5 to 0.

4 **ACTION ITEM: ACCEPT FINANCIALS**

- 4.1 Due to year end close out the financial documents ending June 30, 2020 and July 31, 2020 will be presented at the August 18, 2020 Board meeting.

5 **INFORMATIONAL ITEM: PUBLIC COMMENT**

- 5.1 There was no public comment.

6 **INFORMATIONAL ITEM: DEPARTMENTAL REPORTS**

- TELECOMMUNICATIONS
- CUSTOMER SERVICE
- ELECTRIC DEPARTMENT
- SEPA
- KYMEA
- SAFETY
- WATER DISTRIBUTION

Alan Smith recognized for his years of service at Frankfort Plant Board and retirement video presented.

- WATER TREATMENT PLANT
- NETWORK OPERATIONS CENTER (NOC)

7 **ACTION ITEMS:**

- 7.1 **Action Item- Consider Accepting the N.C. Clean Energy Technology Center's Community Solar Feasibility Study for the Frankfort Plant Board.**

In late 2019, the Board asked staff to evaluate the cost-effectiveness and feasibility of community solar programs by working with the N.C. Clean Energy Technology Center (NCCETC) through the Community Solar for the Southeast (CSS) project. As part of that project, these services were provided at no cost to FPB.

The N.C. Clean Energy Technology Center (NCCETC) advances a sustainable energy economy by educating, demonstrating and providing support for clean energy technologies, practices, and policies. The NCCETC helps large industrial, institutional and commercial energy users to reach their energy-related goals.

The NCCETC has compiled a report assessing the viability of a community solar program for FPB. The analysis provided a technical and economic model for a 100 kW-AC and a 250 kW-AC PV solar system. The analysis also includes fundamental design considerations and parameters for a community solar project. David Sarkisian, Senior Policy Analyst at NCCETC, conducted the feasibility study and will present his report and technical findings via remote video connection.

John Snyder moved to accept the N.C. Clean Energy Technology Center's Community Solar Feasibility Report for the Frankfort Plant Board. Dawn Hale seconded the motion.

Motion CARRIED. 5 to 0.

- 7.2 **Consider Approval of Second Street TIGER Project - City/FEWPB Reimbursement Agreement Amendment No. 1.**

As part of the Second Street TIGER Project, FPB electric and telecom were asked by the City to move additional facilities underground. This amendment provides payment for these additional costs (\$150,000 for waterline related work, \$400,000 for overhead utility work, and \$302,500 for street light work) and

extends the completion deadlines. Staff recommends approval of the amendment.

Stephen Mason moved to approve Second Street TIGER Project City/FEWPB Reimbursement Agreement Amendment No. 1. Kathryn Dutton-Mitchell seconded the motion.

Motion CARRIED. 5 to 0.

7.3 Action Item- Consider Contract Amendment with Weatherization Plus for Certified Home Energy Audits.

In October of 2019, the Board approved a contract with Weatherization Plus for residential energy audits. The contract included an annual renewal option beginning July of each year to continue the program with the consent of both the Contractor and the Board. Weatherization Plus has agreed to continue providing this service to FPB and our customers, and is willing to do so for the same price agreed to under the original contract. The amendment includes requirements that the Contractor follow CDC guidelines related to the COVID-19 pandemic.

Staff recommends the Board approve Amendment 1 to the Contract with Weatherization Plus to extend the contract Term to June 30, 2021. Weatherization Plus performed 35 home energy audits for FPB customers last year throughout FPB's system. By extending the agreement Term, FPB will be able to offer services provided by a team of certified experts in home energy performance.

The staff attorney has reviewed the contract documents and they meet his approval.

\$20,000 has been included in the current Electric department budget for Energy Audits on page 26, line 665.

After discussions regarding program utilization in the previous budget year, board members suggested that FPB review possibilities of tracking whether improvements were made and the effect on customer utility bills of those who utilized the audit services.

Dawn Hale moved to approve Contract Amendment with Weatherization Plus for Certified Home Energy Audits. Kathryn Dutton-Mitchell seconded the motion.

Motion CARRIED. 5 to 0.

7.4 Consider Plan Amendment for FPB Employee Health Plan, WellLiving Provision for 2020 Plan Year.

Each year at open enrollment for health insurance, employees have the option to elect a WellLiving Plan. WellLiving plans require specific medical testing, aimed at early detection and prevention of conditions, including but not limited to, diabetes, hypertension, and coronary artery disease. In exchange, participants are subject to lower premium contributions.

This year during the first several months of the coronavirus outbreak, many medical facilities and physician's offices were unavailable for non-essential medical testing. For this reason, Staff asks the Board to consider delaying the testing requirements due by November 30, 2020 until November 30, 2021.

The proposed amendment and WellLiving Pledge with testing requirements are included in the detail pages.

If approved, human resources will notify plan members.

John Snyder moved to approve Plant Amendment for FPB Employee Health Plan, WellLiving Provision for 2020 Plant Year Stephen Mason seconded the motion.

Motion CARRIED. 5 to 0.

7.5 Consider Amendments to the Job Classification and Compensation Plan: Create Cable Telecommunications Assistant Superintendent Position.

Staff asks the Board to consider approving the Cable/Telecommunications Assistant Superintendent position reporting to the Cable/Telecommunications Superintendent. This position is needed to assist the Superintendent in planning, leading, organizing, directing, coordinating, and evaluating all activities and projects of the department and for succession planning

Based on an evaluation of the job description, the recommended classification is 117, with a minimum starting pay of \$79,988. This position is Exempt.

The proposed job description, organizational chart, and list of authorized positions for Cable/Telecommunications are included in the detail pages for this Board item.

If approved, Staff plans to post the position for internal and external candidates simultaneously.

FPB has sufficient funds available in the current budget for the position.

Dawn Hale moved to approve Amendments to the Job Classification and Compensation Plan: Create Cable Telecommunications Assistant Superintendent Position. John Snyder seconded the motion.

Motion CARRIED. 5 to 0.

7.6 Consider Fiscal Year 2020-2021 Budget Amendment to Increase Electric Rebate from \$1,600,000 to \$2,000,000 and Approve Issuance of \$2,000,000 Rebate of Electric Operating Revenues to Eligible FPB Electric Customers.

The Frankfort Plant Board (FPB) officially switched wholesale power suppliers from Kentucky Utilities (KU) to the Kentucky Municipal Energy Agency (KYMEA) on May 1, 2019. This power supplier change is expected to save the FPB approximately \$5M or 10% annually on wholesale power expense during normal customer usage patterns. Staff is asking the Board to consider returning \$1,600,000 of this estimated annual wholesale power savings plus \$400,000 from wholesale power true-up from previous supplier back to eligible FPB electric customers. Staff is requesting an amendment to the current 2020-2021 FPB budget to increase the proposed electric rebate from \$1,600,000 to \$2,000,000. The 2020-2021 electric rebate eligibility requirements and structure are discussed below, which are similar to the \$1,600,000 electric rebate returned to customers in August 2019 during the 2019-2020 fiscal year.

To be eligible for the rebate, you must have been a FPB electric customer on May 1, 2020, which marks the beginning of the second year of wholesale power savings with KYMEA. The rebate will be issued as a credit on eligible FPB electric customer bills. The credit each eligible electric customer will receive will be based on the total dollar value of the last 12 months (May 2019 – April 2020) electric bills for that customer as a percentage of all FPB electric customer bills for the same period. The credit will be put on bills to be received by customers in August 2020. You must be a FPB electric customer when the electric rebate credit is issued to receive the credit. Based on this structure, the average residential customer would receive approximately \$42 in rebate credit to their bill.

John Snyder moved to approve Fiscal Year 2020-2021 Budget Amendment to Increase Electric Rebate from \$1,600,000 to \$2,000,000 and approve Issuance of \$2,000,000 Rebate to Electric Operating revenues to Eligible FPB Electric Customers. Stephen Mason seconded the motion.

Motion CARRIED. 5 to 0.

8 INFORMATIONAL ITEM: BOARD POLICY DISCUSSION

8.1 Discussion of Board governance policy, Board ethics policy, and financial disclosure form (Board Discussion).

The Board has been provided documents regarding the proposed ethics and governance policy and financial disclosure form. The ethics policy and financial disclosure form are modeled on the city's policy and form. The governance policy contains sections from various policies from other municipal utilities. While revisions have been made, further discussion is required to finalize the documents.

After Board discussion it was noted that the Board Governance Policy would be a good topic which needed additional review and discussion. Mr. Cubine noted that it would be a good topic to discuss in a Board work session after the August board meeting.

It was discussed that Mr. Price would continue to work on the ethics policy and financial disclosure form so that the FPB's Ethics Policy and Financial Disclosure Form would mirror that of the City of Frankfort. The board indicated that these two items should be included on the agenda for the board's consideration at FPB's August board meeting.

8.2 Discussion of Electric Cost of Service (COS) study timeline.

The Board requested a timeline and discussion on timing of the next Electric COS study. In keeping with good utility practice it is advisable to conduct periodic cost and cost allocation reviews to insure that FPB's retail rates generate adequate revenue based on consideration of wholesale power cost, operating expenses, adequate working capital and reserves. The last COS for the electric department was approved in 2013 and since that time FPB has seen significant changes in wholesale power supply.

Proposed Timeline:

December 2020	KYMEA Integrated Resource Plan (IRP) is expected to be finished
February - April 2021	New 2021 KYMEA rates approved
April - July 2021	FPB Cost of Service study conducted
July 2021	Cost of Service recommendations made to FPB Board. Any rate change would require a public hearing.
August 2021	FPB public hearing for new rates
September 2021	FPB Board take action on new rates
October 2021	New Electric Rate would take effect.

Mr. Foster reviewed the timeline for the electric cost of service study for FPB's electric rates. He noted that the last electric cost of service study was done in 2013.

9 INFORMATIONAL ITEM: GENERAL MANAGERS COMMENTS

Mr. Cubine discussed general manager evaluation process. He noted that the board was pleased with Mr. Zheng's performance and noted that the board would discuss a salary increase in January 2021.

10 ACTION ITEM: ADJOURNMENT

Dawn Hale moved to adjourn meeting. Kathryn Dutton-Mitchell seconded the motion.

CARRIED. 5 to 0.



Board Chair



Board Secretary/Treasurer