

May 19, 2015

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, May 19, 2015 at 5:00 p.m.

**ATTENDANCE:**

Ralph Ludwig, Board Chair  
Dr. Scott Green, Vice Chair  
Rick Pogrotsky, Board Secretary/Treasurer  
Patricia B. Lynch, Board Member  
Arthur McKee, Board Member  
James Liebman, Board Attorney  
Herbbie Bannister, General Manager  
David Billings, Chief Water Engineer  
Billy Briscoe, Water Dist. Supt.  
Harvey Couch, Marketing and Video Content Coordinator  
David Denton, Finance Director  
Sharmista Dutta, Water Engineer  
Vent Foster, Chief Electrical Engineer/Asst. GM Operations  
Monique Gilliam, Customer Service Director  
Dana Hawkins, Executive Assistant  
Scott Hudson, Electric Supt.  
Casey Jones, Asst. IT Director  
Hance Price, Staff Attorney/Asst. GM Administration  
Chris Riddle, WTP Superintendent  
Kim Phillips, Safety Director  
Dianne Schneider, Human Resource Director  
Glenn Waldrop, Public Information Officer  
Kim Phillips, Safety Director  
Zach Hubbard, Cable 10 Videographer  
Seth Littrell, State Journal Reporter  
Aaron Nickerson, GRW Engineers  
Ernest Wrentmore, Business Development Manager, Multivista

**AGENDA**

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

**MAY 19, 2015 BOARD MEETING AGENDA**

1. **Action Item:** Hold a Public Hearing Covering the Establishment of a Paper Bill Fee.
2. **Action Item:** Hold a Public Hearing Covering the Change of General Service, Electric, Water and Cable Tariff Fees to Recover Actual Cost and Possible Implementation Period Options for the Changes.
3. **Action Item:** Consider Approving Minutes of April 21, 2015 Special Board Meeting.
4. **Action Item:** Accept Electric, Water and Cable Financial & Statistical Data for April 2015.
5. **Informational Item:** Departmental Reports:
  - Cable Dept.
  - Customer Service

- **Electric Dept.**
    - **SEPA**
  - **Safety**
  - **Water Distribution**
  - **Water Treatment Plant**
  - **Administration Building**
  - **Headend Building**
6. **Action Item: Consider Amendment to GRW Telecommunications/Headend Building Agreement for Special Inspection Services: (\$22,935).**
  7. **Action Item: Consider Changes to the FPB Guidelines Governing Employment Related to Section XXXVII (37) Code of Ethics, effective May 19, 2015.**
  8. **Action Item: Consider Approving a Request for Public Hearing Regarding a Retail Electric Rate Increases to be effective July 1, 2015.**
  9. **Action Item: Consider Approving a Request for Public Hearing Regarding a Retail Water Rate Increase to be effective August 1, 2015.**
  10. **Information Item: Photographic Documentation Services for the Administration Building by Multivista.**
  11. **Action Item: Consider the Use of Utility Scoring to Determine Deposits for Residential Class Customers.**
  12. **Action Item: Consider Approval of Change Order No. 2 on the Power Generation Project with Dugan & Meyers Construction Company for \$23,729.55.**
  13. **Action Item: Old & New Business:**
  14. **Informational Item: General Manager's Comments.**
  15. **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.**
  16. **Closed Door Session:**

## **BOARD ACTION**

Mr. Ludwig called the meeting to order at 5:00 p.m. Ms. Hawkins called the roll and noted five (5) board members in attendance.

1. **Action Item: Hold a Public Hearing Covering the Establishment of a Paper Bill Fee.**  
Dr. Green opened the public hearing with the following statement:

This Hearing will now come to order. My name is Dr. Scott Green. I have been requested by the Board to conduct this Hearing. With me today are the Board Members and Staff of the Frankfort Electric and Water Plant Board. We are here to receive comments regarding the establishment of a paper bill fee. This Public Hearing was advertised in accordance with the Regulations for Public Notification and appeared on Sunday, May 10, 2015 in The State Journal newspaper.

We have asked that you register if you request to speak. If you have not already done so, please register with the Secretary so that we will have a record of those in attendance and wishing to speak today.

Dr. Green noted that the comment period would end with this public hearing and turned the meeting over to Mr. Denton for a brief statement.

Mr. Denton explained the cost of producing paper bills and explained that this item would give customers an option to continue to receive a paper invoice. He further noted that this would allocate the cost of paper billing to those customers who are requesting the service, and allow those who utilize bank draft or other means of payment and do not want a paper bill to not be charged for the service.

Dr. Green stated that FPB had received to written comments regarding this item and read the written comments.

Ann Gibbs wrote that she strongly objected to the paper bill fee stating that she is not computer literate and that she saw no need for change to save FPB money.

Kendra Lillard wrote that she objected to the paper bill fee and found the approach egregious. She noted that not every customer has access to the internet or has an iPhone. She further noted that FPB customers are already charged an additional fee to pay online which she also finds ridiculous. She noted customers would like to know where their monies are being spent, and that perception was that FPB is charging additional fees to pay for its new buildings. She strongly encouraged FPB to rethink the idea of the paper bill fee.

With no further comments, Dr. Green concluded the public hearing.

At the request of Mr. Ludwig, Mr. Denton explained that he would like to bring additional information regarding the customer portal developed for customer use to view and pay bills. He noted that whether the paper bill fee was or was not approved, the customer portal would still be launched for the benefit of FPB customers in the coming months.

2. **Action Item: Hold a Public Hearing Covering the Change of general Service, Electric, Water and Cable Tariff Fees to Recover Actual Cost and Possible Implementation Period Options for the Changes.**

Dr. Green opened the public hearing with the following statement:

This Hearing will now come to order. My name is Dr. Scott Green. I have been requested by the Board to conduct this Hearing. With me today are the Board Members and Staff of the Frankfort Electric and Water Plant Board. We are here to receive comments regarding the Change of General Service, Electric, Water and Cable Tariff Fees to Recover Actual Cost and Possible Implementation Period Options for the Changes. This Public Hearing was advertised in accordance with the Regulations for Public Notification and appeared on Sunday, May 10, 2015 in The State Journal newspaper.

We have asked that you register if you request to speak. If you have not already done so, please register with the Secretary so that we will have a record of those in attendance and wishing to speak today.

Dr. Green noted that there was no one from the public in attendance to speak and turned the meeting over to Mr. Denton for a brief statement.

Mr. Denton discussed internal staff meetings regarding customer specific service fees in the tariff that had not been reviewed in more than 20 years. He explained that Staff was looking to revise the fees in the tariff to represent the true cost of the

service. He further noted that it was staff's intent to recoup the actual cost of the various services in the event a customer requested the service.

Dr. Green noted that it was duty of the Board to consider the statements and concerns that were read today. With no one in attendance to speak, Dr. Green closed the public hearing.

3. **Action Item: Consider Approving Minutes of April 21, 2015 Board Meeting.**

Ms. Lynch moved to approve the minutes of the April 21, 2015 Board Meeting. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed.

4. **Action Item: Accept Electric, Water and Cable Financial & Statistical Data for April 2015.**

Mr. Denton explained the statement of net position and balance sheet for the ten (10) months ending April 30, 2015. He discussed assets, liabilities, revenues and expenses for the company as a whole and separately for each line of business.

Dr. Green moved to accept the financial and statistical data for April 2015. Mr. Ludwig seconded. Mr. Ludwig called for the vote and the motion passed.

6. **Action Item: Consider Amendment to GRW Telecommunications/Headend Building Agreement for Special Inspection Services: (\$22,935).**

In March 2014, the Board approved the Design Agreement with GRW for the Headend project. At that time, the third-party Special Inspection services were not included in the initial agreement as they were with the Administration Building project. The Special Inspection services are required by Division 17 – International Building Code, which is the adopted building code for KY. These required life safety inspections are to ensure and verify the project is built to specification and code per KY law. These inspections will consist of the primary structural components including but not limited to: concrete, masonry, steel and soil bearing.

Staff recommends the Board approve the amendment. Funds are budgeted in the FY16 budget for this amendment. The AGM-Administration has reviewed the document and it meets with his approval.

Mr. Higginbotham introduced Aaron Nickerson of GRW Engineers regarding an amendment for special inspections services. Mr. Higginbotham explained that this service was not included in the initial agreement with GRW. He turned the discussion over to Mr. Nickerson.

Mr. Nickerson discussed what was covered under the special inspection code and noted that it was required by Division 17 of the International Building Code which the state of Kentucky follows.

Mr. Nickerson explained the third party contract with CSI as well as the scope of work for the contractor. He further explained the cost of the services.

Mr. Higginbotham reiterated project estimates and noted that this expense had been anticipated and was included in the final project costs at approval.

In discussion, Mr. Nickerson advised that this did not cover electrical and plumbing inspection services but did cover the structural portions of the building. He further discussed additional inspections to be completed through GRW inspection services as well as the State required inspections.

In response to Mr. Ludwig, Mr. Nickerson stated that there are often issues that can be rectified before any further work is completed. He noted that those issues were the reason that inspection services are necessary.

In response to Mr. McKee, Mr. Nickerson explained coordination between the special inspector and the contractors for scheduling purposes. He further noted that GRW will collect and certify reports and present those to the state at the end of the project. Mr. Nickerson advised that the inspection must be performed and approved in order for the contractor to continue with the project. He further advised that there is language in the contract regarding an inspector's timeliness of completing inspections.

Mr. Pogrosky moved to approve the Amendment to GRW Telecommunications/Headend Building Agreement for Special Inspection Services in the amount of \$22,935. Dr. Green seconded. Ms. Hawkins polled the board and the motion passed unanimously.

10. **Information Item: Photographic Documentation Services for the Administration Building by Multivista.**

During the bidding period, a representative from Multivista, photographic construction documentation and indexing company, introduced the company and provided a demonstration of the services they can provide.

Ernest Wrentmore, the Business Development Manager with Multivista, will present a summary of the services they propose to perform during construction of the administration building.

Multivista is the only company in the region that performs this type of service, therefore, FPB Staff will follow the procurement policy as it relates to sole source procurement and will issue a purchase order in the amount of \$9,985 for the work. A copy of the proposal, scope of work, and fees are included in the board package.

Anticipated start date is June 1, 2015 and the services will continue for the duration of the construction period.

The budget for the administration building has been updated and is currently under review by the finance director. All associated costs for the administration building will be included in the budget for the next two fiscal years.

Ms. Dutta explained the scope of work to be completed by Multivista and the discussion with GRW regarding the benefits of the services provided by Multivista. She introduced Ernest Wrentmore, the Business Development Manager with Multivista and turned the discussion over to him.

Mr. Wrentmore summarized the services provided by Multivista. He stated that the services benefit FPB by offering construction documentation for facilities management, dispute resolution, a complete memory of everything behind the walls, and documentation of the construction of the building from start to finish. Mr. Wrentmore provided a presentation of actual project photoshoots to demonstrate their services and the benefits to FPB. Mr. Wrentmore discussed references for work they have completed and explained the manner in which photographic construction documentation has been helpful to other companies.

In discussion, Mr. Wrentmore discussed the projects on which his company was currently working within central Kentucky and stated that they are working on 248 major projects in Ohio, Kentucky, Southern Indiana and West Pennsylvania. He explained that Staff could also take photos and upload them to the software which would integrate everything for the project. Mr. Bannister stated that this product would establish many benefits for this project now and into the future. Mr. Wrentmore advised that the end project would be completely owned by FPB.

In response to Mr. Ludwig, Mr. Wrentmore stated that Multivista would be available in the event that litigation was to happen.

Ms. Dutta stated that under FPB's Procurement policy, Staff could approve and issue a purchase order but that Staff wanted to present this to the Board to show the benefits of the project.

5. **Informational Item: Departmental Reports:**

**Customer Service:** Ms. Gilliam noted the number of calls and walk-in customers assisted by the customer service department for the month of April. She further explained wait times and stated that she was working with IT to implement changes that would continue to improve wait times and the customer experience.

**Electric:** Mr. Hudson stated that there were 18 outages in April and discussed the SAIDI graph.

**SEPA:** Mr. Bannister noted a profit of nearly \$14,000 for the month of March. He advised that since 1997 FPB showed a net profit of nearly \$10.4 million. He further advised that he expected to receive notice from SEPA of pending increased rates effective October 1, 2015 and that he would inform the Board upon receipt of the notice.

**Safety:** Ms. Phillips noted no (0) OSHA recordables and noted no (0) vehicle accidents for the month of April.

**Water Distribution:** Mr. Briscoe noted three (3) new service, four (4) main breaks, and five (5) outages. He noted that four (4) outages were due to the main breaks and one (1) was scheduled for valve replacement.

**Water Treatment:** Mr. Riddle reviewed the Water Treatment Plant reports and stated that FPB produced more than 232 million gallons of potable water for the month of April for an average daily production of 7.8 million gallons per day.

In response to Dr. Green, Mr. Riddle stated that some states were making some fluoride adjustments but that there were no changes at this time mandated in the State of Kentucky.

**Administration Building:** Ms. Dutta reviewed the project schedule. She stated that mass excavation work had been completed for the building site but that some excavation work was still needed for the perimeter. She further stated that the building pad was also complete. She further discussed foundation work, storm drain assembly and the timeline for the project schedule. She noted that the project was only behind a few days at this time. She noted that the goal was for the building to be completely enclosed by December 1, 2015.

**Headend Building:** Mr. Higginbotham stated that construction began the week of May 4, 2015. He stated that a temporary road has been completed, top soil removal has begun and utility work has been completed. He stated that Staff was working with GRW and Woodbine on a minor redesign in connection with the placement of the back-up generator to improve efficiency.

Mr. Higginbotham advised that Staff, GRW and the contractor were scheduled to meet on the second Tuesday of each month with the first meeting being held last week. He noted that there would be photographs and additional updates going forward at the monthly Board meetings.

In response to Mr. Ludwig, Mr. Higginbotham stated that the hard rains did not cause any issues in the construction area.

In response to Ms. Lynch, Ms. Dutta noted that the Administration Building construction meetings were held on site at the Carpenter Farm in the construction trailer. Mr. Higginbotham noted that the Headend construction meetings were held at the Clubhouse.

**Cable:** Mr. Higginbotham reviewed the graphs for trouble calls, outages and customer numbers. He noted continued minimal losses in cable TV, local and long distance telephone, and strong growth in broadband.

In response to Mr. McKee, Mr. Higginbotham stated that FPB did have some issues with the pay per view fight. He noted that FPB's issues were due to provider problems and further advised that FPB will handle these types of events in a different manner going forward to alleviate future problems.

In response to Ms. Lynch, Mr. Higginbotham stated that there would likely be some credits issued to some customers.

7. **Action Item: Consider Changes to the FPB Guidelines Governing Employment Related to Section XXXVII (37) Code of Ethics, effective May 19, 2015.**

The Board requested that Staff recommend policy language expressly prohibiting employees from accessing and/or making changes to their own customer accounts or the accounts of immediate family members and exempting themselves from late fee charges.

The Customer Service department has a similar policy in place pertaining to Payment Arrangements which prohibits Customer Service employees from making payment arrangements for their immediate family members and other relatives. Staff considered expanding this policy, but because specifically authorized employees in other departments can also access account information and make changes in the Customer Information and Billing System (CIBS), staff requests that the Board consider approval to update the Employee Guidelines which will apply to all employees companywide.

If approved, the following statement will be added to the FPB Guidelines Governing Employment under the section on Ethics (see detail pages for the complete section on Code of Ethics):

- A. No Frankfort Plant Board Employee shall access or make changes to his/her own FPB customer account or the account of any immediate family members and third degree relatives\* including, but not limited to, exempting from late fee charges, placing the account on hold, adjusting fees, or removing the account from the non-payment/cutoff list.

\*For purposes of the above policy statement, immediate family members are defined as: spouse, child, father, mother, sister, brother, step-child, step parents, step siblings, or half siblings. Third degree relatives include grandparents, great grandparents, grandchildren, great grandchildren, aunt, uncle, nephew, niece, first cousins, in-laws, and step-family members.

Ms. Schneider explained current policy for the Customer Service department. She stated that due to certain positions outside of Customer Service also having authorization to access and make changes to customer account information, Staff prepared an update to the Employee Guidelines for the Board's consideration.

Ms. Schneider advised that the new guidelines would prohibit any FPB employee from accessing or making changes to their own account or the account of his/her immediate family members and third degree relatives. She continued to explain the definition of third degree relative.

Ms. Lynch moved for approval of changes recommended by Staff regarding employment related actions. Mr. Ludwig seconded.

In response to Mr. Pogrotsky, Mr. Jones stated that Staff had not fully investigated the possibility of safeguards within the system which would prevent an employee from accessing or changing their own accounts. Mr. Price advised that an employee that needed access to the system would have full access to the system but that the system could track each movement by employees within the system. Mr. Bannister added that the early indication from IT was that he did not believe he could limit employee access.

Mr. Ludwig called for the vote and the motion passed.

8. **Action Item: Consider Approving a Request for Public Hearing Regarding a Retail Electric Rate Increases to be effective July 1, 2015.**

Starting in 2009, Kentucky Utilities (KU), with Federal Energy Regulatory Commission (FERC) approval, instituted an annual formulated rate mechanism. This allows KU to change the wholesale electric rate charged to the Frankfort Plant Board (FPB) based on KU's actual charges incurred. FPB is notified of the new rate every May with an effective date of July 1 of that same year. This year the estimated KU rate increase is 8%, effective for energy used from July 1, 2015. Based on the most recent electric cost of service study, which was approved by the Board in May 2013, this 8% KU increase will translate differently for FPB's various customer classes.

Staff recommends the Board: i) approve a public hearing for the proposed maximum retail rate increases for FPB's electric rate classes effective for energy used from July 1, 2015. This proposed rate changes to FPB customers, reflects a pass thru of the KU rate increase to FPB and changes based on the most recent electric cost of service study; and ii) should the KU increase be less than forecasted or be reduced by settlement in the wholesale rate case before FERC, then Staff asks the Board for approval to reduce rates to a level below the proposed maximum increase sufficient to recover the cost of service for that class.

Mr. Foster explained the FERC annual formulated rate mechanism. He further explained the estimated KU rate increase to FPB and stated the overall rate increase would be 8%. Mr. Foster explained that the rate increase would translate differently for FPB's different electric rate classes and directed the Board to the specific increases indicated in the spreadsheet provided. Mr. Foster stated that Staff requested a public hearing to discuss the pass through of the KU increase to FPB customers based on the most recent cost of service study completed in 2013. Mr. Foster explained that the average residential customer using 1200 kWh per month would see an increase of approximately \$7.55 per month to their electric bill.

Mr. Foster advised that Staff expected that the final rate from KU could be reduced by settlement in the current rate case at FERC, and that Staff requested the Board approve the reduction of rates to a level below the proposed maximum increase to recover the cost of service for that class. Mr. Foster further requested that the public hearing be set the first week of June 2015.

In response to Mr. McKee, Mr. Foster explained the structure of a customer's electric invoice.

Mr. Ludwig suggested Tuesday, June 2, 2015 at 5:00 p.m. to hold the public hearing. The Board members agreed.

Mr. Denton discussed times and dates for special meetings to hold budget work sessions. He suggested Tuesday, June 2, 2015 at 1:00 p.m. for the first budget work session and Thursday, June 4, 2015 at 1:00 p.m. for the second budget work session. Mr. Ludwig reiterated that information and discussed holding the public hearing for electric rate increases on Tuesday, June 2, 2015 at 5:00 p.m.



Dr. Green moved to hold the public hearing concerning electric rate increases to be held on Tuesday, June 2, 2015 at 5:00 p.m. Mr. Pogrotsky seconded. Mr. Ludwig called for the vote and the motion passed.

9. **Action Item: Consider Approving a Request for Public Hearing Regarding a Retail Water Rate Increase to be effective August 1, 2015.**

Revenue streams for the water department continue to fall short of revenue requirements determined in the last cost of service study. Furthermore, current reserve levels together with ongoing and future projects indicate additional revenue increases will be required. In an effort to minimize larger future rate increases, staff recommends smaller incremental rate increases going forward.

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.

Dr. Green moved to approve holding a public hearing concerning water rate increases. Ms. Lynch seconded.

Mr. Billings explained revenue streams for the water department. He stated that current projects as well as large future projects indicated that rate increases are necessary now and in the future in order for the water department to keep pace. He further noted that in an effort to minimize larger rate increases in the future, Staff recommends smaller incremental rate increases. Mr. Billings explained that some customers had indicated that they would prefer this method. He advised that Staff was requesting a 3% rate increase to all retail customers except the first block of county retail customers. He further noted that the increase would amount to a \$.56 per month increase to the average City residential customer's water invoice. Mr. Billings advised that Staff recommended holding a public hearing at the Tuesday, June 2, 2015 at 5:00 p.m. special board meeting.

Mr. Ludwig noted that he was happy to see Staff take this approach. Mr. Ludwig called for the vote and the motion passed.

11. **Action Item: Consider the Use of Utility Scoring to Determine Deposits for Residential Class Customers.**

Recall that in 2013 the Board suspended the practice of waiving deposits. At that time some Board members expressed concern that FPB may need to revise its deposit policy to ensure that it has adequate security to protect its interest.

Staff has researched different avenues of addressing deposits in a manner that is fair and consistent. Staff has determined that the use of utility scoring is both fair and consistent for the customer, moreover, it aids in reducing FPB write-off amounts, aids in identity theft prevention and potentially provides discounted deposit amounts to applicable customers.

Currently, FPB writes off approximately \$600,000 annually in bad debt. Approximately 89% of this is residential. Staff believes it can reduce the write off amounts within its largest customer class through utility risk assessment scoring. Staff has reviewed the services of companies offering utility reporting information (refer to the enclosed information that further explains the services and benefits of utility scoring). Currently, only two companies offer basic utility reporting meeting FPB's needs, SubscriberWise LTD. in Massillon, OH and Online Utility Exchange in Winterville, NC. FPB requires that the reporting services include: mailing adverse action notices required by the Fair Credit Reporting Act, providing risk assessment reports based on utility payment behaviors and providing of reports that leave no inquiry notices on individual credit bureau reports. Utility risk assessment reports are "soft hit" reports that do not affect credit bureau scoring or ratings. The chart shows information obtained from staff's comparison research.

	<b>Set-up Charge</b>	<b>Monthly Svc. Fee</b>	<b>Cost per Report</b>	<b>Report Type</b>
<b>Online Utility Exchange</b>	\$0.00	\$30.00 (waived)	\$2.85	Utility Risk Assessment
<b>SubscriberWise</b>	\$1200.00 (waived)	\$0.00	\$2.55*	Credit Bureau

*\*Based on the average number of new accounts created 2012, 2013 and 2014*

Online Utility Exchange will charge FPB \$2.85 per report obtained and \$1.15 for each adverse action notice required, for an estimated annual cost of \$8,200.00.

Staff recommends entering into an agreement with Online Utility Exchange to provide utility reports for the purpose of determining residential utility deposits. If the Board approves this recommendation, staff further requests a public hearing to adjust the tariff language to incorporate the new deposit guidelines, which include utility scoring for residential customer deposits and Utility Scoring Fee in the amount of \$2.85 per report, which can be avoided if the customer prefers the maximum deposit.

Ms. Gilliam reviewed a presentation for a deposit and utility scoring proposal. She explained that utilizing credit scoring would assist Staff in preparing a utility risk assessment, in securing adequate deposits based in specific utility behavior patterns, and would potentially reduce the write-off amounts in FPB's largest class. Ms. Gilliam further advised that utility scoring is not a credit bureau check but an assessment based on utility payment behavior that will leave no credit inquiry checks on a customer's credit bureau reports.

Ms. Gilliam explained the current deposit system and explained categories and deposits that would be paid based on the use of credit scoring. She noted that service usage as well as cable equipment deposits will be evaluated based on the same process. Ms. Gilliam advised that this type of utility scoring had become industry standard and explained the benefits of reducing write-offs. Ms. Gilliam reiterated that FPB's largest write-off class was the residential customer class.

Ms. Gilliam explained the two companies Staff located which offered the services which would meet FPB's needs for utility scoring. She noted that Staff recommended utilizing Online Utility Exchange to provide utility reports for the purpose of providing utility deposits. She further stated that Staff would need a public hearing to adjust the tariff language to incorporate the new deposit guidelines, and include utility scoring for residential customer deposits and utility scoring fee in the amount of \$2.85 per report. Ms. Gilliam acknowledged that the fee could be avoided if the customer preferred to pay the maximum deposit.

In response to Dr. Green, Ms. Gilliam stated that if a customer had never held utilities in their name, then there would be no way to acquire a report. She further stated that a customer with no utility history would need to pay the full deposit. In response to Mr. Pogrosky, Ms. Gilliam noted that utility scoring was a system and explained how the scoring system would operate. She further noted that Staff would enter into the system the customer's name, Social Security Number, and previous residence. Ms. Gilliam explained that system would cross reference names if the customer had utilities in a previous surname in the past.

In response to Mr. Pogrosky, Ms. Gilliam explained that FPB does not currently do adverse action notices and that this scoring would be done for any newly opened accounts. She further advised that FPB would only run the report if the customer requested the report to reduce their deposit amount. Ms. Gilliam explained the manner in which she located SubscriberWise and Online Utility Exchange. She stated that Staff attempted to find other companies but were unsuccessful because Staff does not want the utility scoring to affect the customer's credit bureau information. Ms. Gilliam stated that FPB would continue to utilize the current

provider to attempt to collect bad debts. She further advised that Online Utility Exchange offers debt collection and that Staff would research the benefits of having all services under one umbrella.

In response to Mr. Ludwig, Ms. Gilliam stated that Online Utility Exchange would be onsite to train the Customer Service Representatives.

Mr. Ludwig stated that the Board does not want to waive deposit and that this would allow the customer to benefit by having an option to obtain a lower deposit.

Mr. Pogrotsky stated that he would like to find a way to connect this policy with the deposits for landlords owning multiple properties to enable a landlord with a favorable payment history the opportunity to pay a lesser deposit amount. In response, Mr. Price explained that the credit scoring was just one part of the deposit policy. He further noted upon a decision from the Board regarding the use of credit scoring, Staff would put together a deposit policy to bring back to the Board for review and consideration which would address all customer classes including the concerns regarding landlords. Mr. Price advised that the credit scoring would be utilized for the residential class and that the acquisition of the service could be made by purchase order.

Mr. Higginbotham discussed cable equipment deposits and explained how the credit scoring could be beneficial for the cable department as well as FPB and make the requirements fair and equitable for all customers.

Mr. Denton stated that FPB writes off approximate .6% of its revenues for bad debt for a total of approximately \$600,000. He noted that even though FPB's bad debt write off amount was in line with the industry, FPB would benefit significantly if that amount can be reduced. He noted that credit scoring could minimize FPB's bad debt losses.

Mr. Pogrotsky moved to approve the use of utility scoring to determine deposits for residential class customers. Dr. Green seconded. Mr. Ludwig called for the vote and the motion passed.

12. **Action Item: Consider Approval of Change Order No. 2 on the Power Generation Project with Dugan & Meyers Construction Company for \$23,729.55.**

In February of 2014, the Board awarded the project to Dugan & Meyers Construction Company for \$2,473,679. The purpose of the project was to install a generator at the Water Treatment Plant.

Change Order #2 is for providing additional site stone, providing a remote fuel fill station, installing a required DC panel, providing gravity dampers, and a deduction for unused geotechnical allowance. The change order will increase the contract amount by \$23,729.55 but does not extend the substantial completion date.

Construction Contract	\$2,473,679.00
Change Order #1	\$ 15,328.00
<u>Change Order #2</u>	<u>\$ 23,729.55</u>
	\$2,512,736.55 (new contract amount)

Change Orders to date represent only 1.6% of the original contract price and no additional change orders are expected. In addition, the FY 14-15 budget includes a contingency for construction increases.

As a matter of course, Staff recommends that the Board approve Change Order No. 2 with Dugan & Meyers Construction Company.

Mr. Billings recapped the water treatment plant generator project and discussed the status. He explained the change order and the scope of work included in the

change order and the cost. He noted the percentage change in price and budgeted funds.

Dr. Green moved to approve change order no. 2 on the power generation project with Dugan & Meyers Construction Company for \$23,729.55. Mr. Pogrotsky seconded.

In response to Mr. Ludwig, Mr. Billings stated that the project total project cost including engineering would be approximately \$3 million and would be substantially less than what was anticipate at the beginning of the project. In discussion Mr. Billings noted that the project was substantially complete and FPB does have usage of the generator.

Mr. Ludwig called for the vote and the motion passed.

13. **Old & New Business:** None

14. **Informational Item:** General Manager's Comments.

None

15. **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; KRS 61.810(1)(b) for the discussion of the future acquisition or sale of real property.

16. **Closed Door Session:**

No closed door session was needed.

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

  

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**ATTEST:**