

Union County Water District

**P.O. Box 146
Morganfield, Kentucky 42437
389-3868**

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JAN 27 2016

**Public Service
Commission**

Attached is a supplement to our 2016 water rate adjustment. Case# 2016-00046

Thank you, Gary Sheffer *Gary Sheffer*

Union County Water District

MINUTES OF THE MEETING OF THE UNION COUNTY WATER DISTRICT

A meeting of the Union County Water District was held on **December 8, 2015, at 3:00p.m.**, in the Union County Fiscal Court room, at the Union County Courthouse in Morganfield, Kentucky.

The following persons were in attendance:

- Gerald Hunter, Chairman
- Gary Sheffer, Manager
- Andrew Arnold, Board Member
- Joyce Greenwell, Board Member (**First Meeting as Board Member**)
- Stephen M Arnett, Attorney
- Shaun Sheffer, UC Planning Commissioner
- Todd Bowley, Accountant

Visitors present:

- Amy Kramer
- David Kramer
- Carol Ratley

The meeting was called to order. The minutes from the Nov 10, 2015 meeting were presented. Minutes were approved upon Motion by Andrew Arnold, second by Joyce Greenwell with no objections.

Gary Sheffer presented the monthly expenses.

Expenses of the Water District are as follows, per the attached Expense Reports:

Expenses for October 14 through November 10, 2015	\$79,754.69
<u>Expenses for November through December 8, 2015</u>	<u>\$85,042.45</u>

Brantley – Bill was a Chlorine restock

Denora – Bill is for alarms for chlorine

ITM – Bill is for water testing

M&HC- Invoice was for door locks (panic) for chlorine stations and
all have been installed except the Davis tank

Timmons – Bill was for annual maintenance pursuant to generator agreement –
all have been winterized.

Andrew Arnold asked about the Kentucky Utility bill. Gary thought it could be due to time of billing. Another reason could be that there is more than one month on the bill.

Gerald Hunter asked if the Ron Gastineau bill was due to Highway 56. Gary Sheffer said yes and that the state would be reimbursing the Union County Water District.

Gerald Hunter wanted to know if there is a contract with the new engineering firm yet. Gary Sheffer said there is a contract in the folder and questioned if it was exclusive. Steve Arnett explained that the contract is not an exclusive contract.

Motion was made by Joyce Greenwell to pay the expenses and seconded by Andrew Arnold. The motion passed unanimously without objection.

Gary Sheffer presented the financial report due to H.T. Shouse's absence.

Current Balances of the Water District are as follows, per the attached Reports:

SINKING FUND: #396660597 (ONB)	\$19,983.08
<u>RESERVE FUND: #396660586 (ONB)</u>	<u>\$24,339.33</u>

OPERATIONS & MAINTENANCE: #80137180 (UCB)	\$293,371.44
SAFEKEEPING ACCOUNT: (UCB)	\$160,000.00
<u>DEVELOPMENT ACCOUNT: #80180175(UCB)</u>	<u>\$ 76,435.34</u>

Todd Bowley explained the different funds.

Gary Sheffer told the board that Peabody's account had been paid in full with the balance refunded to Peabody.

Gary Sheffer made the manager's report:

- 25,182,700 gallons purchased
- 24,069,168 gallons sold
- 2.33 % line loss
- 6.48% line loss for the year

Gerald Hunter inquired as to the status of the agreement with the City of Morganfield. Gary answered that the city has tentatively agreed to paying half (1/2) of the cost of the new pump station. This is conditional upon definite cost estimate of the new plant.

Gerald Hunter wanted to know about the teleconference call with the state. Gary Sheffer said that it went well. They want us to give reports each quarter as to the progress made on any deficiencies. There should be a corrective action plan filed within ninety (90) days. We are headed in the right direction. We just need to continue to do what we have said we would do, which is shut down tanks and get flushers installed.

One new item proposed by the state is to have Ten (10) total flushers installed with each costing approximately fifteen hundred to two thousand dollars (\$1,500-2,000). This is dependent upon the labor costs and locating the lines.

Gary Sheffer said the flushing required since January 2015 was an approximate cost of seven thousand two hundred dollars (\$7,200) year to date, which is lower than expected. Next year's cost will be higher due to the violation of last four quarters and the need for flushing to keep Union County Water District in compliance.

Gary Sheffer explained that there is a fine of three thousand dollars (\$3,000). Andrew Arnold said the Agreed Order is negotiable. Gary recommended we offer fifteen hundred (\$1,500) and thinks it will be accepted by the state. Protection is due to exclusive remedy and no other outside agency can assess the penalty. Andrew stated that he feels we should accept the Agreed Order and offer to pay a \$1,500 to be paid at a rate of five hundred (\$500) per quarter.

Andrew Arnold made the motion to accept the Manager's Report with a second to the motion from Joyce Greenwell. The motion passed with no objections.

Gerald Hunter turned the floor over to Todd Bowley.

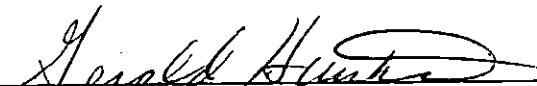
Todd explained there is a pass thru rate increase. Todd told the board there will be a .27 cent increase per 1,000 gallons. Cost from the city is 2.1664 as compared to 1.9279. The current rate is calculated based upon audit of the city water plant and the contract between the City of Morganfield and the Union County Water District. The city's cost of production went up and sold fewer gallons. Last year there was a decrease in the rate.

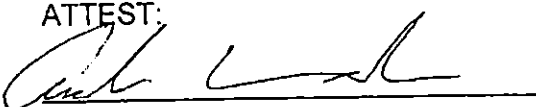
Andrew Arnold made a motion to accept the rate increase proposal subject to approval by PSC. Joyce Greenwell seconded the motion. The motion passed without opposition.

Andrew Arnold asked about the driveway at the middle school. Gary informed the board that the bid was twelve hundred dollars (\$1,200) and was supposed to be repaired already. Gary will follow up to confirm.

Andrew Arnold made a motion to go into executive session to discuss salary. Joyce Greenwell seconded the motion.

There being no further business, upon motion by Joyce Greenwell and second by Andrew Arnold the meeting was adjourned with no objections.


GERALD HUNTER, CHAIRMAN
Union County Water District

ATTEST:

Secretary