

# MEETING MINUTES

## BUTLER COUNTY WATER SYSTEM, INC. BOARD MEETING

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Date: February 20, 2024

Time/Location: 4:30 PM/Butler County Water Office, 1118 South Main Street, Suite 1, Morgantown, Kentucky

Meeting called to order by: Mr. Weymouth Martin

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### QUORUM CHECK

Those members present were Mr. Weymouth Martin, President, Mr. Shane Wells, Director, and Mr. Carl Daugherty, Director. Also, present were Mr. Jacob Cuarta, General Manager, Mr. Jeff Peeples, Manager of Finance and Administration, Mr. Bryan Tillery, Manager of Operations, and Mr. Clint Harbison, Manager of Engineering.

### APPROVAL OF MINUTES

Mr. Wells made a motion to approve the minutes of the meeting held on December 19, 2023, Mr. Daugherty seconded the motion, and all voted "aye."

### OPERATING REPORTS

Mr. Peeples presented the Operating Reports and Budget Comparisons for the periods December 2023 and January 2024. Mr. Daugherty made a motion to approve the Operating Reports and Budget Comparisons, Mr. Wells seconded the motion, and all voted, "aye".

### DISBURSEMENTS

Mr. Peeples presented the Disbursements for the current period. Mr. Wells made a motion to approve the Disbursements as presented, Mr. Daugherty seconded the motion, and all voted, "aye".

### DIRECTOR'S REPORT

Mr. Cuarta provided an update on the line extension project issues within Butler County. He reported that in December, the Engineering staff compiled a cost estimate for these projects at the behest of Judge Executive Flener. Despite Butler County Water's application for funds, the State did not grant them. Additionally, a representative from Frankfort addressed this matter, clarifying that the issue is not a lack of water for customers, but rather a desire to

reduce the length of service lines. However, funding for these projects are presently unavailable. Nevertheless, efforts persist to secure grants and funding to address this need.

Mr. Peeples presented the 2024 Rates and Allocations Memorandum for approval. Mr. Daugherty made a motion to approve, Mr. Wells seconded the motion, and all voted, "aye".

Mr. Cuarta presented the Joint Operations Agreement for retroactive approval due to the fact that this meeting is taking place after the February 14, 2024 expiration of the last agreement. Mr. Wells made a motion to approve, Mr. Daugherty seconded the motion, and all voted, "aye".

## **WRITE OFF TRANSACTIONS**

Mr. Peeples reviewed the Write off Transactions to be transferred. Mr. Daugherty made a motion to transfer the Write off Transactions dated January and February 2024 for collection, Mr. Wells seconded the motion, and all voted, "aye".

## **GENERAL MANAGER'S REPORT**

Mr. Cuarta reviewed the Leak Adjustments for Hannah Tison, Randell Phelps, and Lisa Luyet.

Mr. Peeples presented the Scope of Work for the CIS Infinity Billing System for approval. Mr. Wells made a motion to approve, Mr. Daugherty seconded the motion, and all voted, "aye".

Mr. Harbison provided updates on recent financial developments. He announced the successful processing of a reimbursement totaling \$433,000 for a project, marking a significant milestone for the District. Additionally, Mr. Martin confirmed the execution of another award for phase 2 of a line replacement project, amounting to \$350,000. Furthermore, he highlighted a recent ten percent grant increase allocation, potentially providing an additional \$35,000 due to inflation. Mr. Harbison noted that these additional funds could be applied for once the actual project costs are determined. Moreover, plans were discussed regarding a forthcoming twelve-inch line replacement project slated for the upcoming Spring season.

Mr. Tillery highlighted the achievements of District staff during the recent cold spell. The team efficiently addressed 40-50 broken/frozen meters and disconnected water service for numerous customers with premise plumbing issues. Despite the challenging circumstances, the team performed admirably, prioritizing safety and continuation of service throughout their operations.

The District has accumulated 163,091.5 hours without a lost time accident.

## **NEXT MEETING DATE**

The next scheduled meeting will be a special called meeting and will be held on Friday, March 8, 2024, at 9:00 AM.

## **ADJOURN**

Being that there was no further business, Mr. Daugherty made a motion to adjourn, Mr. Wells seconded the motion, and all voted, "aye".

Respectfully submitted,

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# MEETING MINUTES

## BUTLER COUNTY WATER SYSTEM, INC. SPECIAL CALLED BOARD MEETING

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Date: March 8, 2024

Time/Location: 9:00 AM/Warren County Water Office, 523 US 31 W Bypass, Bowling Green, Kentucky

Meeting called to order by: Mr. Weymouth Martin

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### QUORUM CHECK

Those members present were Mr. Weymouth Martin, President, Mr. Danny Farris, Vice President, Mr. Garry Robbins, Secretary/Treasurer, Mr. Shane Wells, Director, and Mr. Carl Daugherty, Director. Also, present were Mr. Jacob Cuarta, General Manager, Mr. Jeff Peeples, Manager of Finance and Administration, Mr. Bryan Tillery, Manager of Operations, Mr. Clint Harbison, Manager of Engineering, Ms. Alyssa Freeman, Executive Assistant, and Mr. Mark Frost, Kentucky Rural Water Association (KRWA) Representative.

### PRESENTATION OF THE RATE STUDY REPORT

Mr. Frost presented the Rate Study Report. Three years ago, the Public Service Commission (PSC) gave Butler County Notice that they needed to file a rate case. The PSC must make a decision within six months of filing, or the utility can use the new rates established subject to refund. It is much easier to wait for the commission to issue an order before rates are put into effect. The PSC will set up the case then we will file the application and within about 30 days the PSC will send out an information request. Then the PSC will submit another data request about 14 days later then we will get 14 days after that to file a response. 20-30 days after all that the PSC will issue a staff report which we will have 14 days to respond to.

Mr. Frost discussed the proforma and the process that was utilized to arrive at the percentages presented. The billing records were used to produce a billing analysis that calculates how much revenue should have been. The billing adjustment is the amount needed to collect unbilled revenues. Salary and wage adjustments were based off the 2022 test year allocations plus new employees. The current 2024 wage rates were applied to the hours that were allocated then new employees were included and customer service positions were uncapitalized due to the fact they don't work on capital projects. Another large factor is projects that were completed in 2023 or that will be in the near future along with depreciation of assets.

The PSC utilizes three different methodologies to calculate revenue requirement for utilities. Operating ratio, debt service coverage, and return on rate base. Return on rate base is usually

not utilized for districts and associations because there are no comparable utilities to use to calculate a return on equity and the structure is not appropriate. Operating ratio is used when there is no debt or very little debt. Debt service coverage is the method used for a majority of the water districts and associations. Using that calculation there will be a 34.5% increase in rates.

## **RESOLUTION**

Mr. Peebles presented the two different resolutions proposing adjustments to water rates and authorization to file application with the PSC. The options were to go for a one-time rate increase or a two-year phase in. Mr. Farris made a motion to approve the two-year phase in option, Mr. Robbins seconded the motion, and all voted, "aye".

## **NEXT MEETING DATE**

The next regularly scheduled meeting will be held on Tuesday, April 16, 2024, at 4:30 PM.

## **ADJOURN**

Being that there was no further business, Mr. Daugherty made a motion to adjourn, Mr. Wells seconded the motion, and all voted, "aye".

Respectfully submitted,

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