



## NORTH MARSHALL WATER DISTRICT

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Web Site: <http://www.northmarshallwater.com>

### ***North Marshall Water District Regular Monthly Meeting Minutes January 18, 2024***

#### **Commissioners Present**

James Leonard, Chairman  
Kenneth Shadowen, Vice Chair  
Joe Draffen, Secretary  
Billy Driskill, Treasurer ABSENT  
Dean McCoy

Roger Colburn, Manager

Guest: None

#### **I. Call to Order**

The regular meeting of the North Marshall Water District Board was called to order by Chairman Leonard at 9:00 a.m. Chairman Leonard stated that all Commissioners and the District Manager were present, except Commissioner Driskill, who is having health problems.

#### **II. Approval of Minutes from Last Meeting**

Chairman Leonard stated that all board members had received a copy of the December 21, 2023 Board Meeting Minutes prior to this meeting. If no changes or comments, we need a motion to accept the minutes as written. Commissioner McCoy made the motion to accept the minutes of the December 21, 2023 Board Meeting as written, second by Commissioner Shadowen, with all Commissioners voting "aye."

#### **III. Treasurer Report**

Commissioner Draffen gave the December Financial Report. Manager Colburn stated that our rate increase we be on the next billing cycle. We will still be watching our cash flow. Commissioner Shadowen made the motion to accept the December Financial Report as written, second by Commissioner McCoy, with all Commissioners voting "aye."

**See Attachment I "North Marshall Water District Statement of Cash Flows  
December 31, 2023."**

#### IV. Check Register Approval

Chairman Leonard stated that all board members had also received a copy of the December Check Register Report, if no questions or comments, we need a motion to accept the report as written. Commissioner Draffen made the motion to accept the December Check Register Report as written, second by Commissioner McCoy, with all Commissioners voting "aye."

#### V. Manager's Report

a) Manager Colburn gave a report on the water district, stating that in December, we have repaired 2 main break, 0 service line repair, made 1 new tap, and closed 100 normal line locates (1,884 YTD). Year to date we have a total of 3,659 work orders closed, and we have 88 open work orders. Our maintenance cost for December was \$5,379.22. We are still working on our water loss.

#### VI. Public Session

None

#### VII. Old or Unfinished Business

- a) Manager Roger Colburn stated that the Cambridge Shores Project is complete. The project will finish within the budget constraints. Roger stated that we will make our last draw next week.
- b) Roger said the PSC has given us the approval to implement our new rate. The new rates will be on our next billing cycle, which is in February. Roger reviewed the PSC Alternate Rate Report. **See attachment II "PSC Case 2023 – 00134 Manager Review Notes".**
- c) Roger stated that the new generator at Tatumsville has been set. It should be operational next week.
- d) Roger said that the State Division of Water will be doing a groundwater assessment. We have identified sample wells in the area.
- e) The Fiscal Court has asked North Marshall Water to do the billing for the Sanitation District. Roger stated that our attorney said we would have to petition the PSC for approval to do this.
- f) Roger said he has completed the job descriptions, and the Board has a copy to look over. It will be on the agenda for discussion and approval at the next board meeting.
- g) Roger reviewed new revised budget projections for next year. Roger said with the new rate going into effect later than expected, he has revised the budget to show an income of \$2,364,272 and the expenses at \$2,394,733. After some discussion, Commissioner Draffen made a motion to accept the proposed revised budget for 2024. Second by Commissioner McCoy, with all Commissioners voting "aye".
- h) Roger said he will give us some cost estimates on different line extensions at the next board meeting.

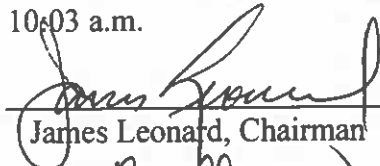
## VIII. New Business

a) Roger said we have two resolutions for surplus property that needs approval. Chairman Leonard read the Resolution declaring a 2014 Ford F-150 pickup as surplus property. Commissioner Draffen made the motion to accept the resolution as written. Second by Commissioner McCoy, with all Commissioners voting "aye". Chairman Leonard read the Resolution declaring the Koehler 350KW Genset as surplus property. Commissioner Shadowen made the motion to accept the resolution as written. Second by Commissioner McCoy, with all Commissioners voting "aye". **See attachment III "Surplus Property Determination 2014 Ford F-150 Pickup" and "Surplus Property Determination Koehler 350 KW Genset".**

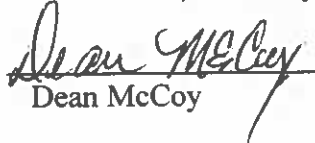
b) Roger said we had our Annual PSC Inspection. They reported two deficiencies, one was not having all our 10 year meter tests completed and the other one was on our water loss being above 15%. Chairman Leonard said this is a very good report.

## IX. Adjournment

Motion was made by Commissioner Draffen that the meeting be adjourned, second by Commissioner Shadowen, with all Commissioners voting "aye". The meeting adjourned at 10:03 a.m.

  
James Leonard, Chairman

  
Joe Draffen, Secretary

  
Dean McCoy

  
Kenneth Shadowen, Vice Chairman

  
Billy Driskill, Treasurer

## ATTACHMENT II

### NORTH MARSHALL 2023 ALTERNATE RATE FILING

PSC CASE 2023 -00134

MANAGER REVIEW NOTES - 1/3/2024

#### OVERVIEW

The Public Service Commission published their report for the above referenced case on December 22, 2024. The Commission's staff issued it's report in response to the alternate rate filing (ARF) on September 7, 2023. In the ARF the district had requested a revenue increase of \$473,800 or 23.41 percent to meet its computed revenue requirements. Upon review the PSC Staff did not support the district recommendations and recommended an overall revenue requirement of \$2,383,987 an increase of \$341,224 or 16.97 percent.

#### HIGHLIGHTS

Key highlights of the Commission's report include:

- Approval of rates that will generate an overall revenue of \$2,353,610 which is an increase of \$343,052 or 17.06%
- PSC directed the district to adopt a new non-recurring charge schedule which essentially eliminates all labor costs for services rendered during regularly scheduled working hours. The commission lowered the revenue projected by the district in it's application for non-recurring revenue by \$10,201.00. More importantly, the low non-recurring rates for regularly scheduled working hours is no longer a deterrent for default in bill payment. The Commission has effectively shifted the cost of disconnecting and reconnecting services for non-payment from the customers who are causing the problem to the customers of the district who pay on time consistently.
- PSC discounted the expense requested for employee pensions and benefits. Page 21 of the order addresses adjustments to the district's expense request for health insurance premiums. Presently the district pays 100% of the premium for a single employee premium and 75% for a spousal or family policy. The PSC elected to adjust the health insurance allowable expense by assuming employee contributions of 21% for a single policy and 33% for a family policy. The employee contribution standard for a dental policy is 60%. In summary the allowable expense for health insurance premiums was reduced by \$15,313.
- The adjustment to the pension expense was based on a reduced actuarial computation of the employer contribution to 23.34% from the 25.065% presented in the district's application reducing the allowable expense \$12,045.
- Water loss for the 2021 test year was reported to be 25.8658%. Expense for power and chemicals were reduced by \$21,280 to reflect the portion over a commission standard of a maximum 15%. Calculations and discussion addressing these adjustments are shown on pages 25-27.

- On page 30 the commission presents its case for changing the districts request for the adjustment to depreciation. The district request was based on the fixed asset calculations by the National Association of Regulatory Utility Commissioners. In reality, the commission recommendations are probably more fitting for publicly owned utilities. However, the district's request for additional revenue for this item was reduced by \$54,840.
- On page 30 the commission recommends creating a new expense item for taxes other than income. They reduced the miscellaneous expense for payroll taxes of \$55,886 in place this in the new expense category of taxes other than income.

The report contains sections that is critical of the district for the following reasons:

1. Failure to submit alternate rate filing analysis by February 21, 2023. Actual submittal was made May 15, 2023. A report was filed by the district's manager regarding the status on February 23, 2023. The status report did not include a request for extension. In retrospect, an extension request should have been filed before the expiration of the deadline. In addition, it was a mistake to bypass legal counsel in making the filing. It is clear the commission expects all correspondence with the PSC related to a case to be filed by the district's attorney. The commission order cited the district for violating an order for this issue.
2. The commission report is critical of the test year used. ARFs should use data from the immediate past year if possible. The commission noted that since the filing was late that 2022 test data should've been used. The district was late with the filing simply because our rate analyst could not begin until late fall 2022 due to backlog. The number of cases that were filed recently is somewhat unprecedented due to the inflation escalation that occurred with the COVID pandemic. In retrospect, we should've updated the data to reflect the newest test year data. I'm sure the analyst was hesitant to do that because of the desire to keep the amount of time involved in the effort within the budget that have been agreed upon which was low to begin with. In the latest order, the commission granted a deviation for the test year used.

In addition to the user charges and non-recurring fees, the report requires tariff revisions for:

1. replace box or lid fee as a non-recurring fee as shown on on page 13. The fee will be shown as actual cost.
2. ACH Return Charge - district to electronically file a cost justification sheet showing \$10 is a fair, just and reasonable amount.

The new rates and non-recurring charges recommended in order to be effective on an after December 15, 2023. Before January 9, 2023 new tariff sheets are to be electronically filed through portal which has been completed. Before assessing ACH charge new tariff sheet and cost justification sheet are to be filed for approval.

## ATTACHMENT III

RESOLUTION  
OF THE  
NORTH MARSHALL WATER DISTRICT

Surplus Property Determination

2014 Ford F-150 Pick Up

Whereas KRS 45A.425 addresses the surplus of excess property within the Commonwealth of Kentucky;  
and

Whereas the North Marshall Water District purchased a 2014 Ford F-150 4WD Crew Cab Pickup on May 8, 2014, to be used as a service truck; and

Whereas the VIN for the truck is 1FTMF1cM5EKE40926 and the current mileage is 173,760; and

Whereas, the North Marshall Water District has a vehicle replacement program to replace vehicles within the district's fleet after a vehicle has exceeded its useful life; and

Whereas, the District no longer has a need for the truck described herein and it is in the interest of the district and its customers to remove the truck from service to avoid maintenance and repair costs associated with the truck; and

Therefore, the Board of Commissioners of the North Marshall Water District declare the truck herein described as surplus property and direct the General Manager to dispose of the surplus property using the procedures in KRS 45A. 425 and KRS 82.083.

Resolution approved by the Board of Commissioners at the January 19, 2024, meeting.

RESOLUTION  
OF THE  
NORTH MARSHALL WATER DISTRICT

Surplus Property Determination

Koehler 350 KW Genset

Whereas KRS 45A.425 addresses the surplus of excess property within the Commonwealth of Kentucky;  
and

Whereas the North Marshall Water District has a Koehler 230 KW Genset (Model No. 230RQZ71, Spec No. 98326A5-55, Serial No. 111927, 287.5 KVA, 346.2 A, 480/277 V, 3 PH, 60 HZ, 800 RPM.

Whereas the genset has been replaced with a larger new unit capable of running all of the mechanical equipment at the Tatumsville Water Plant integrated with an automatic transfer system; and

Whereas, the District no longer has a need for the genset described herein at any of its existing facilities and it is in the interest of the district and its customers to remove the genset from service to avoid maintenance and repair costs associated with the unit; and

Therefore, the Board of Commissioners of the North Marshall Water District declare the <sup>GENERATOR</sup> ~~truck~~ herein described as surplus property and direct the General Manager to dispose of the surplus property using the procedures in KRS 45A. 425 and KRS 82.083.

Resolution approved by the Board of Commissioners at the January 19, 2024, meeting.