



LOUDON UTILITIES

P.O. BOX 69
LOUDON, TENNESSEE 37774

NOTICE OF ELECTRONIC MEETING ACCESS & INFORMATION

To ensure government operations continue to function openly and transparently during the COVID-19 emergency while taking measures to protect the health and safety of citizens and government officials, Governor Bill Lee issued Executive Order No. 16 on March 20, 2020 allowing governing bodies to conduct essential business by electronic means. A link to the Electronic Meeting Access & Information is available online at:

WWW.LOUDONUTILITIES.ORG

Join the Zoom Meeting using your computer, tablet, iPad, and/or smartphone:

<https://loudonutilities.zoom.us/j/6429958536?pwd=WVRYQzEyaXc1c0lrUUhjWkVTYWZjdz09>

Meeting ID: 642 995 8536

Password: LoudonTN

One tap mobile

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Dial by your location

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Meeting ID: 642 995 8536

All participants will be muted upon entry to the Zoom Room.

During the appropriate times, the moderator will unmute any participant who would like to speak.

If you have questions or requests for special accommodations, please contact us at 865-458-2091.



LOUDON UTILITIES

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A G E N D A

BOARD OF DIRECTORS OF LOUDON UTILITIES

August 24, 2020

4:30 PM

1. Call to Order
2. Recognition of Visitors
3. Approval of Minutes
 - A. Regular Meeting – July 27, 2020
4. Financial Reports
5. Items for Board Action
 - A. Authorizing Feasibility Analysis Proposal with Jackson Thornton & Co., P.C.
 - B. Authorizing Agreement with W.K. Dickson & Co., Inc. for Professional Services per Task Order No. 007
 - C. Establishing Natural Gas Rates Effective September 2020
6. Other
 - A. Tennessee Valley Authority Fuel Cost Adjustment
 - B. Fireworks Display
 - C. TVPOA Update
7. Adjournment



LOUDON UTILITIES

P.O. BOX 69

LOUDON, TENNESSEE 37774

To: Chairman Campbell and Board Members
From: Ty Ross
Subject: August Agenda Items
Date: August 21, 2020

The following items appear on the agenda for the August 24, 2020 meeting of the Board of Directors of Loudon Utilities:

Items for Board Action.

- A. Authorizing Feasibility Analysis Proposal with Jackson Thornton & Co., P.C. The same account firm that performed your Water Department Cost of Service Study also has the ability to perform a feasibility study on behalf of LUB regarding the feasibility of the installation of Broadband Internet throughout our service delivery area. Jackson Thornton has quoted us a price not to exceed \$16,500.
- B. Authorizing Agreement with W.K. Dickson & Co., Inc. for Professional Services per Task Order No. 007. As presented by our Gas, Water & Sewer Department Engineering team at your workshop, we have demonstrated as a staff, the ability to manage many aspects of this project in-house. This reduced the over cost of the W.K. Dickson & Co. by 80%. What remains in the \$46,000 is fees for technical report filings with TDEC and Tennessee Courts.
- C. Establishing Natural Gas Rates Effective September 2020. The cost of natural gas delivered to the City Gate and the transmission service cost increased for the month of August 2020. Utilizing the formula for natural gas rates, this converts into a rate of \$1.09 per 100 cubic feet for gas billed after September 1, 2020.



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Other.

- A. Tennessee Valley Authority Fuel Cost Adjustment. The TVA FCA for September 2020 decreased from \$0.01414 per kWh to \$0.01271 per kWh. The rate will result in a \$1.43 decrease for each 1,000 kWh of residential customers use.
- B. Fireworks Displays. Parks and Recreation Director Mark Harrell has requested that the Board fund the fireworks display of Riverfest. The cost is \$3,000.
- C. TVPOA Update.

**REGULAR MEETING
LOUDON UTILITIES**

July 27, 2020

The Board of Directors of Loudon Utilities held its properly advertised regular meeting on July 27, 2020, at 4:30 p.m., in the public meeting space of the Loudon Municipal Building. Those present were Chairman Don P. Campbell, Directors Gene Farmer, Tim Dixon, Carlie McEachern, and Bart Watson. Others present were Manager Ty Ross, Nicole Curtis, John Davis, Bill Watkins, Attorney Kris Frye, and Secretary Meghan Hull. Parker Wright, *Loudon County NewsHerald*, represented the press. Chip Lynn video recorded the meeting for redskinradio.com. Also present or attending by videoconference were approximately seven (7) citizens.

Chairman Campbell welcomed everyone and called the meeting to order. Campbell read a statement defining the meeting being held by videoconference pursuant to Executive Order No. 16 to protect the safety and health of the citizens of Loudon from the coronavirus outbreak.

Chairman Campbell asked if anyone wished to speak to the Board about anything not on the agenda. There was no response.

Chairman Campbell asked for approval of the minutes of the regular meeting held on June 22, 2020. **A motion was made by Director McEachern, seconded by Director Watson and unanimously passed that the minutes of the regular meeting held on June 22, 2020 be approved as written.**

Financial Reports had been distributed. Finance Director Curtis gave a presentation on the financial reports. **A motion was made by Director Dixon, seconded by Director Farmer and unanimously passed that the reports be received and placed on file.**

The first item for Board action was to consider the surplus of a vehicle that has been replaced through the Congestion Mitigation and Air Quality Improvement Program. One of the requirements of the program is to destroy the engine block prior to disposal. **A motion was made by Director Watson and seconded by Director Farmer that the following resolution be approved:**

RESOLUTION NO. 2020-31

AUTHORIZING THE SURPLUS OF A 2006 INTERNATIONAL 4300

Upon a vote, the resolution was passed unanimously.

The next item for Board action was a contract for an assessment of the Piney Water Treatment Plant regarding existing conditions and alternatives for future operations. LUB Engineer Larry Joe Dockery explained the expectations of the project that should take a few months for completion. **A motion was made by Director McEachern and seconded by Director Dixon that the following resolution be approved:**

RESOLUTION NO. 2020-32

**AUTHORIZING CONTRACT
WITH CTI ENGINEERS INC.**

Upon a vote, the resolution was passed unanimously.

The last item for Board consideration was to set the natural gas rate. Manager Ross stated that the formula has changed due to an increase in transportation charges. **A motion was made by Director Watson and seconded by Director Farmer that the following resolution be approved:**

**RESOLUTION NO. 2020-33
ESTABLISHING NATURAL GAS RATES
EFFECTIVE AUGUST 2020**

Upon a vote, the resolution was passed unanimously.

Manager Ross stated that the Tennessee Valley Authority fuel cost adjustment had decreased \$0.01497 per kWh to \$0.01414 per kWh. This results in a \$0.83 decrease for each 1,000 kWh of residential customer usage.

The Loudon Recreation Department has requested a donation of \$3,000 for the Riverfest celebration on August 22, 2020 to help offset the fireworks display. Recreation Director Mark Harrell explained that the previous vendor is no longer available for the display. This has caused an increase in the expected cost for the fireworks that is still being negotiated. Chairman Campbell asked Harrell to confirm an amount for the next meeting.

Manager Ross gave an update on the latest revisions to the proposed contract with TVPOA. Chairman Campbell said that another meeting is scheduled for July 28, 2020 and more information should be available next month.

There being nothing further, Chairman Campbell adjourned the meeting at 5:08 p.m.

Secretary

Chairman

RESOLUTION NO. 2020-__

**AUTHORIZING FEASIBILITY ANALYSIS PROPOSAL
WITH JACKSON THORNTON & CO., P.C.**

WHEREAS, The Loudon Utilities Board has need of engineering, consulting, and other professional services from time to time; and

WHEREAS, The Manager has recommended contracting with Jackson Thornton & Co., P.C. to a broadband feasibility analysis as specified in the attached proposal.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Loudon Utilities as follows:

Section 1. The Manager is hereby authorized and directed to contract with Jackson Thornton & Co., P.C. for professional services as outlined per the attached proposal related to broadband feasibility analysis.

Section 2. The broadband feasibility analysis shall not exceed \$16,500.

Secretary

Chairman

Passed: _____



Certified Public Accountants
& Consultants

August 19, 2020

Ty Ross, City Manager
City of Loudon/Loudon Utilities
2480 Highway 72 N
Loudon, Tennessee 37774

Re: Engagement arrangements for providing assistance
related to broadband feasibility analysis

Dear Manager Ross:

You have requested that we assist you with providing assistance related to analyzing the feasibility of providing broadband in your geographical area for Loudon Utilities (Loudon). We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter.

The Objective and Scope of the Engagement

We will assist with preparing, reviewing and/or analyzing the feasibility of Loudon providing broadband to its customers and provide you with a financial forecast and study to present to your Board for consideration. Our model will include a sensitivity analysis to provide a range of potential results for Loudon's review. The assumptions used for the sensitivity analysis will be based both on assumptions obtained from you as well as our industry benchmark data. Finally, our model will reflect key ratios on both a consolidated utility division and a broadband entity basis. Our forecast and feasibility study will be limited to internal use only.

Should this financial forecast/feasibility study be needed to provide to a financing/lending entity, a compilation of forecasted financial statements will be required. Should that occur, we will provide a separate engagement letter defining that work.

We will conduct the engagement in accordance with consulting standards as promulgated by the American Institute of Certified Public Accountants.

Fees, Costs, and Access to Workpapers

Our fees for these services will be billed periodically as the work progresses, and will not exceed \$16,500. Such bills are payable on presentation and a late charge of 1½ % per month will be imposed for any portion of the billed amount not paid within 30 days of the bill date. We reserve the right to suspend our work and/or to terminate our engagement if any bill is not paid in full within 30 days of the bill date. In the event of suspension of our work or termination of our engagement, such work shall not be resumed and such engagement shall not be reinstated, as the case may be, until the account balance and all late charges are paid in full.

In the event we are requested or authorized by Loudon or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for Loudon, Loudon will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

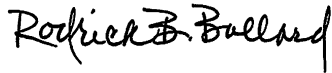
Claim Resolution

It is agreed by Loudon and Jackson Thornton & Co., P.C. or any successors in interest that no claim arising out of services rendered pursuant to this agreement by or on behalf of Loudon shall be asserted more than two years after the date of the last report issued by Jackson Thornton & Co., P.C.

This letter constitutes the complete and exclusive statement of agreement between Jackson Thornton & Co., P.C. and Loudon, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

JACKSON THORNTON & CO., P.C.



Confirmed on behalf of the addressee:

RESOLUTION NO. 2020-__

**AUTHORIZING AGREEMENT WITH
W.K. DICKSON & CO., INC.
FOR PROFESSIONAL SERVICES
PER TASK ORDER NO. 007**

WHEREAS, The Board of Directors of Loudon Utilities approved *Resolution No. 2018-07 Approving the State of Tennessee Department of Environment and Conservation Consent Order* on March 26, 2018; and

WHEREAS, The Utility Manager has recommended approval of *Task Order No. 007: Flow Monitoring Study* of the collection system flow monitoring program.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Loudon Utilities as follows:

Section 1. The Utilities Manager is hereby authorized and directed to contract with W.K. Dickson & Co., Inc. for professional services as outlined per the attached *Task Order No. 007: Flow Monitoring Study* of the collection system flow monitoring program.

Secretary

Chairman

Passed: _____

CONTRACT FOR SERVICES TASK ORDER NO. 007 FLOW MONITORING STUDY RESULTS

The following task order shall be in accordance with the master contract for Professional Services provided on an “on-call” or “task order” basis dated February 22, 2019, between Loudon Utilities Board (OWNER) and W.K. Dickson & Co., Inc. (CONSULTANT).

1. SCOPE OF SERVICES. As part of the OWNER’s Consent Order and Assessment (WPC17-0135) a flow monitoring program for the collection system is being conducted for a duration of 12-months. The OWNER received notice on September 26, 2019 that the plan previously submitted to Tennessee Department of Environment and Conservation (TDEC) on June 21, 2018, had been approved. The OWNER initiated this flow monitoring program the week of November 25, 2019.

As outlined in the OWNER’s approved flow monitoring program, the following items are being adhered to:

- Duration: 12-months, to begin within 60-days of approval
- Flow Meter Locations: 8
 - Flow meters will be checked monthly for the following: independent water level, velocity, battery condition, data download, cleaning away of any debris and checked for desiccant
 - Records will be kept for each flow meter, frequency of flow meter inspection and calibration
- Rain Gauge Sites: 3
- Pump Station Monitors: 3
 - Pump station monitors will be checked monthly
 - Draw/fill calibration tests will be checked quarterly
- A report summarizing the collected data must be submitted to TDEC with 30-days of the completion of the program

Following the completion of the flow monitoring program requirements outlined above, the following phases anticipated by the CONSULTANT include but are not limited to:

Phase 01 – Flow Monitoring Summary Report

Following the end of the 12-month flow monitoring program, the CONSULTANT will prepare a report, summarizing all collected data. The CONSULTANT has budgeted one meeting to review the draft report with the OWNER. The CONSULTANT will submit the Flow Monitoring Summary Report to TDEC, within thirty days of the completion of the 12-month flow monitoring program, as required by WPC17-0135.

Phase 02 – Corrective Action Plan/Engineering Report (CAP/ER)

Based on the summary of data collected during the Flow Monitoring Program, the CONSULTANT will prepare a Corrective Action Plan/Engineering Report (CAP/ER) on the collection system, including a project schedule with milestone dates for beginning and completing all activities, and shall identify and prioritize collection system areas for further investigation and repair. Additionally, the CAP/ER shall identify interim solutions to achieve compliance while the corrective actions are underway. The CONSULTANT has budgeted for one meeting with the OWNER to review the draft CAP/ER. The CONSULTANT will submit the CAP/ER to TDEC, within 6 months of the completion of the Flow Monitoring Program, as required by WPC17-0135.

Phase 03 – Additional Engineering

The CONSULTANT will provide additional services as requested by the OWNER that are not specifically listed in the above Scope of Services, including but not limited to:

- Provide monitoring for additional sites not quantified above

Exclusions

The CONSULTANT’s services do not include any soil or geotechnical investigations, archeological studies, wetland delineations, CCTV inspections, smoke testing, water quality testing, or permitting.

2. **TIME OF PERFORMANCE.** The final schedule for deliverables related to this project will be determined at the kick-off meeting with the OWNER. The estimated project schedule is as follows:

November 2020	End Flow Monitoring Data Collection
December 2020	Flow Monitoring Results Summary Due to TDEC
May 2021	Corrective Action Plan/Engineering Report Due to TDEC

3. **BASIS OF COMPENSATION.**

- A. **Phase 02 – Flow Monitoring Summary Report:** The OWNER shall pay the CONSULTANT for services set forth above, Scope of Services, the lump sum amount of \$15,000.
- B. **Phase 03 – Corrective Action Plan/Engineering Report (CAP/ER):** The OWNER shall pay the CONSULTANT for services set forth above, Scope of Services, the lump sum amount of \$31,000.
- C. **Phase 04 – Additional Engineering:** The OWNER shall pay the CONSULTANT for services set forth above, Scope of Services, on an hourly plus expenses basis at current labor rates.
- D. **Reimbursable Expenses:** Unless expressly included in the Lump Sum Fee, the OWNER shall compensate the CONSULTANT for incidental expenses incurred in connection with this Task Order, including travel expense, lodging and subsistence expense, printing and duplication expense, and other incidental out of pocket expenses at cost. For the purposes of reimbursement, travel expense shall be at current established rates at the time of service.

OWNER:

LOUDON UTILITIES BOARD

By: _____

Name: Ty Ross

Title: General Manager

Date: _____

CONSULTANT:

W.K. DICKSON & CO., INC.

By: _____

Name: Ryan D. Blake, PE

Title: Vice President

Date: _____

RESOLUTION NO. 2020-__

**ESTABLISHING NATURAL GAS RATES
EFFECTIVE SEPTEMBER 2020**

WHEREAS, Loudon Utilities purchases natural gas at the first of the month index price; and

WHEREAS, It is therefore necessary to change the natural gas rate each month based on the price of gas that is being purchased for resale; and

WHEREAS, The Utility Manager has recommended the price for the sale of gas for customers other than interruptible and process load customers be set at \$1.09 per 100 cubic feet for all meters read after September 1, 2020.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Loudon Utilities as follows:

Section 1. The natural gas rate for meters for customers other than interruptible and process load customers read on or after September 1, 2020 shall be \$1.09 per 100 cubic feet.

Secretary

Chairman

Passed: _____

GAS RATE COMPUTATIONS

	<i>Base Month (Sept 2003)</i>	<i>Rate Effective 6/1/20</i>	<i>Rate Effective 7/1/20</i>	<i>Rate Effective 8/1/20</i>	<i>Rate Effective 9/1/20</i>	<i>Rate Effective 10/1/20</i>	<i>Rate Effective 11/1/20</i>	<i>Rate Effective 12/1/20</i>
Gas Supply Cost	4.9950	1.7300	1.6500	1.4200	1.8000			
Pipeline Charges	0.2755	0.0651	0.0629	0.0567	0.0671			
Supply Management	<u>0.0350</u>	<u>0.0450</u>	<u>0.0450</u>	<u>0.0450</u>	<u>0.0450</u>	<u>0.0450</u>	<u>0.0450</u>	<u>0.0450</u>
Subtotal	5.3055	1.8401	1.7579	1.5217	1.9121			
BTU & System Loss (8%)	0.0000	0.1472	0.1406	0.1217	0.1530			
Demand Unit Charge	1.2200	2.7370	2.7370	2.7370	2.7370	2.7370	2.7370	2.7370
ETNG Rate Action 8/2020				1.0000	1.0000	1.0000	1.0000	1.0000
Storage Charges	<u>0.0000</u>	<u>0.5900</u>	<u>0.5900</u>	<u>0.5900</u>	<u>0.5900</u>	<u>0.5900</u>	<u>0.5900</u>	<u>0.5900</u>
Cost of Gas	6.5255	5.3143	5.2255	5.9704	6.3921			
System Operations	<u>4.4745</u>	<u>4.4745</u>	<u>4.4745</u>	<u>4.4745</u>	<u>4.4745</u>	<u>4.4745</u>	<u>4.4745</u>	<u>4.4745</u>
Cost per MCF	\$11.000	\$9.7888	\$9.7000	\$10.4449	\$10.8666			
Rate per 100 Cubic Feet	\$1.10	\$0.98	\$0.97	\$1.04	\$1.09			

*NOTE: BTU & System Losses added June 2004 – BTU Factor (7%) System Losses (1%)
Storage Charges added June 2004 and increased May 2008
ETNG Rate Action added August 2020*

Tennessee Valley Authority

Fuel Cost Adjustment

Effective: from October 1, 2006

FCA	TERM	FCA	Base Fuel Amount	New FCA Amount	Residential Increase per 1,000 kWh	Cumulative Increase
Jan	2016	(0.103)	1.994	1.891	-0.36	-1.03
Feb	2016	(0.319)	1.994	1.675	-2.16	-3.19
Mar	2016	(0.258)	1.994	1.736	0.61	-2.58
Apr	2016	(0.277)	1.994	1.717	-0.19	-2.77
May	2016	(0.362)	1.994	1.632	-0.85	-3.62
Jun	2016	(0.157)	1.994	1.837	2.05	-1.57
Jul	2016	0.202	1.994	2.196	3.59	2.02
Aug	2016	0.187	1.994	2.181	-0.15	1.87
Sep	2016	0.186	1.994	2.180	-0.01	1.86
Oct	2016	0.172	1.994	2.166	-0.14	1.72
Nov	2016	0.166	1.994	2.160	-0.06	1.66
Dec	2016	0.263	1.994	2.257	0.97	2.63
Jan	2017	0.149	1.994	2.143	-1.14	1.49
Feb	2017	0.048	1.994	2.042	-1.01	0.48
Mar	2017	(0.067)	1.994	1.927	-1.15	-0.67
Apr	2017	(0.039)	1.994	1.955	0.28	-0.39
May	2017	0.019	1.994	2.013	0.58	0.19
Jun	2017	0.028	1.994	2.022	0.09	0.28
Jul	2017	0.217	1.994	2.211	1.89	2.17
Aug	2017	(0.001)	1.994	1.993	-2.18	-0.01
Sep	2017	(0.282)	1.994	1.712	-2.81	-2.82
Oct	2017	(0.287)	1.994	1.707	-0.05	-2.87
Nov	2017	(0.130)	1.994	1.864	1.57	-1.30
Dec	2017	(0.131)	1.994	1.863	-0.01	-1.31
Jan	2018	(0.182)	1.994	1.812	-0.51	-1.82
Feb	2018	(0.150)	1.994	1.844	0.32	-1.50
Mar	2018	0.024	1.994	2.018	1.74	0.24
Apr	2018	(0.006)	1.994	1.988	-0.30	-0.06
May	2018	(0.073)	1.994	1.921	-0.67	-0.73
Jun	2018	(0.113)	1.994	1.881	-0.40	-1.13
Jul	2018	(0.102)	1.994	1.892	0.11	-1.02
Aug	2018	(0.101)	1.994	1.893	0.01	-1.01
Sep	2018	(0.326)	1.994	1.668	-2.25	-3.26
Oct	2018	(0.158)	1.994	1.836	1.68	-1.58
Nov	2018	(0.074)	1.994	1.920	0.84	-0.74
Dec	2018	(0.050)	1.994	1.944	0.24	-0.50
Jan	2019	0.034	1.994	2.028	0.84	0.34
Feb	2019	(0.085)	1.994	1.909	-1.19	-0.85
Mar	2019	(0.203)	1.994	1.791	-1.18	-2.03
Apr	2019	(0.314)	1.994	1.680	-1.11	-3.14
May	2019	(0.336)	1.994	1.658	-0.22	-3.36
Jun	2019	(0.247)	1.994	1.747	0.89	-2.47
Jul	2019	(0.140)	1.994	1.854	1.07	-1.40
Aug	2019	(0.321)	1.994	1.673	-1.81	-3.21
Sep	2019	(0.491)	1.994	1.503	-1.70	-4.91
Oct	2019	(0.466)	1.994	1.528	0.25	-4.66
Nov	2019	(0.236)	1.994	1.758	2.30	-2.36
Dec	2019	(0.247)	1.994	1.747	-0.11	-2.47
Jan	2020	(0.162)	1.994	1.832	0.85	-1.62
Feb	2020	(0.357)	1.994	1.637	-1.95	-3.57
Mar	2020	(0.367)	1.994	1.627	-0.10	-3.67
Apr	2020	(0.564)	1.994	1.430	-1.97	-5.64
May	2020	(0.579)	1.994	1.415	-0.15	-5.79
Jun	2020	(0.567)	1.994	1.427	0.12	-5.67
Jul	2020	(0.497)	1.994	1.497	0.70	-4.97
Aug	2020	(0.580)	1.994	1.414	-0.83	-5.80
Sep	2020	(0.723)	1.994	1.271	-1.43	-7.23
Oct	2020					
Nov	2020					
Dec	2020					

* Beginning April 1st 2011 TV.A removed all fuel costs from the base rates and will include all fuel costs in the Fuel Cost Adjustment in the future