



LOUDON UTILITIES

P.O. BOX 69

LOUDON, TENNESSEE 37774

AGENDA

BOARD OF DIRECTORS OF LOUDON UTILITIES

May 24, 2021

4:30 PM

1. Call to Order
2. Recognition of Visitors
 - A. Recognition of Employee Work Anniversaries
3. Approval of Minutes
 - A. Regular Meeting – April 26, 2021
4. Financial Reports
5. Items for Board Action
 - A. Acknowledging the Tennessee Consolidated Retirement System Rate Effective July 1, 2021
 - B. Amending the Outdoor Lighting Rate Schedule Beginning July 1, 2021
 - C. Establishing Natural Gas Rates Effective June 2021
6. Other
 - A. Tennessee Valley Authority Fuel Cost Adjustment
7. Adjournment



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To: Chairman Campbell and Board Members
From: Ty Ross
Subject: May Agenda Items
Date: May 21, 2021

The following items appear on the agenda for the May 24, 2021 meeting of the Board of Directors of Loudon Utilities:

Recognition of Visitors.

A. Recognition of Employee Work Anniversaries. Two LUB employees have a service anniversary this month (May) and will be recognized with a service award.

- * Bryan Curtis - 27 years
- * Kent Everett - 39 years

Items for Board Action.

A. Acknowledging the Tennessee Consolidated Retirement System Rate Effective July 1, 2021. In early March we received TCRS recommendations from the State. The recommended contribution level is 2.86% for the City (6.36% for Public Safety); and 3.57% for Loudon Utilities respectively. Due to upward trends concerning future employer contribution rates, it is recommended that we maintain our existing contribution levels this fiscal year as follows:

- 9.78% for City (13.28% for Public Safety); and
- 4.57% for the Utilities



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- B. Amending the Outdoor Lighting Rate Schedule Beginning July 1, 2021. This resolution is better worded for the appropriate charges on the outdoor lighting.
- C. Establishing Natural Gas Rates Effective June 2021. The cost of natural gas delivered to the City Gate increased for the month of May 2021. Utilizing the formula for natural gas rates, this converts into a rate of \$1.20 per 100 cubic feet for gas billed after June 1, 2021.

Other.

- A. Tennessee Valley Authority Fuel Cost Adjustment. The TVA FCA for June 2021 increased from \$0.01726 per kWh to \$0.01733 per kWh. The rate will result in a \$0.07 increase for each 1,000 kWh of residential customers use.

**REGULAR MEETING
LOUDON UTILITIES**

April 26, 2021

The Board of Directors of Loudon Utilities held its properly advertised regular meeting on April 26, 2021, 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. Also present were approximately thirteen (13) employees and citizens.

Chairman Campbell welcomed everyone and called the meeting to order.

Chairman Campbell honored employees Gene Viars (39 years), and Dawn Watson (21 years) for their service.

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 March 22, 2021. **A motion was made by Director Farmer, seconded by Director Watson and unanimously passed that the minutes of the regular meeting held on March 22, 2021 be approved as written.**

Financial Reports for February 2021 were distributed. Finance Director Curtis gave a presentation on the financial reports. **A motion was made by Director Farmer, seconded by Director Dixon and unanimously passed that the reports be received and placed on file.**

The first item for Board action was to amend the Customer Service Policy. This will update the fee schedule for the Gas, Water, and Sewer Departments. **A motion was made by Director Watson and seconded by Director Dixon that the following resolution be approved:**

RESOLUTION NO. 2021-15

AMENDING THE CUSTOMER SERVICE POLICY

Upon a vote, the resolution was passed unanimously.

Board next considered an update to the outdoor lighting rates beginning July 1, 2021. The Tennessee Valley Authority requires electric items to be separate from other departments. **A motion was made by Director Farmer and seconded by Director Watson that the following resolution be approved:**

RESOLUTION NO. 2021-16

**PROVIDING FOR OUTDOOR LIGHTING RATE SCHEDULE
BEGINNING JULY 1, 2021**

Upon a vote, the resolution was passed unanimously.

The next item for Board action was the low bid received for the sodium hypochlorite system in the amount of \$1,129,600. **A motion was made by Director Dixon and seconded by Director McEachern that the following resolution be approved:**

RESOLUTION NO. 2021-17

**AWARDING BID FOR
THE BULK SODIUM HYPOCHLORITE SYSTEM**

Upon a vote, the resolution was passed unanimously.

Next Board considered updated uniforms and extending the uniform contract. **A motion was made by Director Dixon and seconded by Director McEachern that the following resolution be approved:**

RESOLUTION NO. 2021-18

APPROVING CONTRACT EXTENSION WITH CINTAS CORPORATION

Upon a vote, the resolution was passed unanimously.

Board desires to formally request Loudon City Council to apply for a Community Development Block Grant to fund some downtown sewer upgrades. **A motion was made by Director Watson and seconded by Director Farmer that the following resolution be approved:**

RESOLUTION NO. 2021-19

**REQUESTING THE CITY OF LOUDON TO SUBMIT A
COMMUNITY DEVELOPMENT BLOCK GRANT APPLICATION**

Upon a vote, the resolution was passed unanimously.

The next item for Board action was to establish an internal control policy. The same policy would be considered by Council at their meeting as well. **A motion was made by Director Farmer and seconded by Director McEachern that the following resolution be approved:**

RESOLUTION NO. 2021-20

ESTABLISHING AN INTERNAL CONTROL POLICY

Upon a vote, the resolution was passed unanimously.

The last item for Board consideration was to set the natural gas rate. **A motion was made by Director Dixon and seconded by Director McEachern that the following resolution be approved:**

RESOLUTION NO. 2021-21

**ESTABLISHING NATURAL GAS RATES
EFFECTIVE MAY 2021**

Upon a vote, the resolution was passed unanimously.

Manager Ross stated that the Tennessee Valley Authority fuel cost adjustment had decreased \$0.02036 per kWh to \$0.01726 per kWh. This results in a \$3.10 decrease for each 1,000 kWh of residential customer usage.

Manager Ross requested that the June workshop meeting begin at 4:00 p.m. due to the budget information to be presented. Ross further stated that it is suggested that the June meetings be held on June 21, 2021 due to scheduled vacations. Chairman Campbell said that he would prefer the change in date.

Manager Ross stated that TVA intends to offer incentives for high speed electric car chargers to be installed near interstates sometime in the future that LUB could apply for.

There being nothing further, Chairman Campbell adjourned the meeting at 4:58 p.m.

Secretary

Chairman

RESOLUTION NO. 2021-__

**ACKNOWLEDGING THE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM RATE
EFFECTIVE JULY 1, 2021**

WHEREAS, Tennessee Consolidated Retirement System (TCRS) adjusts the retirement contribution rate each July 1st; and

WHEREAS, TCRS has provided the Loudon Utility Board's Actuarially Determined Contribution (ADC) rate effective July 1, 2021 of 3.57% for utility employees; and

WHEREAS, TCRS encourages employers to pay a higher rate to protect against upward pressure on rates in the future; and

WHEREAS, It is recommended to continue the additional 1% to the ADC rates.

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

Section 1. The Board of Directors of Loudon Utilities hereby acknowledges the TCRS rate will be 4.57% for utility employees effective July 1, 2021.

Section 2. The Manager is authorized and directed to execute appropriate documents with TCRS to implement a rate of 4.57% for utility employees effective July 1, 2021.

Secretary

Chairman

Passed: _____

RESOLUTION NO. 2021-__

**AMENDING THE OUTDOOR LIGHTING RATE SCHEDULE
BEGINNING JULY 1, 2021**

WHEREAS, The Board of Loudon Utilities approved *Resolution No. 2021-16* Providing for Outdoor Lighting Rate Schedule Beginning July 1, 2021 on April 26, 2021; and

WHEREAS, The outdoor lighting rate schedule should reflect the latest facility charges that are added to the monthly kWh charge for lighting.

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

Section 1. Effective July 1, 2021 the following outdoor lighting rate schedule for the facility charge per month to be added to the monthly kWh charge is hereby amended and adopted:

	<i>Facility Charge</i>
MA - Mercury - 175 Watts	5.30
MC - Mercury - 400 Watts	6.12
HK - HPS - 100 Watts	4.38
HL - HPS - 200 Watts	5.36
HM - HPS - 250 Watts	5.34
GN - HPS - 400 Watts	6.25
MG - Mercury - 175 Watts	5.30
HS - Halide - 250 Watts	11.58
HT - Halide - 400 Watts	11.51
OU - Incand - 100 Watts	3.56
OV - HPS - 250 Watts	5.40
LA - LED - 64 Watts (HPS 110W)	6.10
LB - LED - 130 Watts (250W COBRA)	11.65
LD - LED - 268 Watts (400W COBRA)	15.96
LD - LED - 268 Watts (TDOT 400 COBRA)	15.96
LE - LED - 349 Watts (1000W FLOOD)	17.80
LF - LED - 192 Watts (400W FLOOD)	17.80
LG - LED - 101 Watts (250W FLOOD)	17.80
LH - LED - 72 Watts (ORNAMENTAL)	8.98

Secretary

Chairman

Passed: _____

RESOLUTION NO. 2021-__
ESTABLISHING NATURAL GAS RATES
EFFECTIVE JUNE 2021

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 \$1.20 per 100 cubic feet for all meters read after June 1, 2021.

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 June 1, 2021 shall be \$1.20 per 100 cubic feet.

Secretary

Chairman

Passed: _____

GAS RATE COMPUTATIONS

	<i>Base Month (Sept 2003)</i>	<i>Rate Effective 12/1/20</i>	<i>Rate Effective 1/1/21</i>	<i>Rate Effective 2/1/21</i>	<i>Rate Effective 3/1/21</i>	<i>Rate Effective 4/1/21</i>	<i>Rate Effective 5/1/21</i>	<i>Rate Effective 6/1/21</i>
Gas Supply Cost	4.9950	2.8500	2.7700	2.3900	2.6900	2.6900	2.5200	2.8500
Pipeline Charges	0.2755	-0.0849	-0.1557	0.0595	0.0750	0.0750	0.1021	0.1115
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	2.8101	2.6593	2.4945	2.8100	2.9444	2.6671	3.0065
BTU & System Loss (8%)	0.0000	0.2248	0.2127	0.1996	0.2248	0.2356	0.2134	0.2405
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	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	7.3619	7.1990	7.0211	7.3618	7.5070	7.2075	7.5740
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	\$11.8364	\$11.6735	\$11.4956	\$11.8363	\$11.9815	\$11.6820	\$12.0485
Rate per 100 Cubic Feet	\$1.10	\$1.18	\$1.17	\$1.15	\$1.18	\$1.20	\$1.17	\$1.20

*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	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	(0.566)	1.994	1.428	1.57	-5.66
Nov	2020	(0.450)	1.994	1.544	1.16	-4.50
Dec	2020	(0.511)	1.994	1.483	-0.61	-5.11
Jan	2021	(0.417)	1.994	1.577	0.94	-4.17
Feb	2021	(0.500)	1.994	1.494	-0.83	-5.00
Mar	2021	(0.458)	1.994	1.536	0.42	-4.58
Apr	2021	0.042	1.994	2.036	5.00	0.42
May	2021	(0.268)	1.994	1.726	-3.10	-2.68
Jun	2021	(0.261)	1.994	1.733	0.07	-2.61
Jul	2021					
Aug	2021					
Sep	2021					
Oct	2021					
Nov	2021					
Dec	2021					

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