



## **LOUDON UTILITIES**

P.O. BOX 69

LOUDON, TENNESSEE 37774

### **AGENDA**

#### **BOARD OF DIRECTORS OF LOUDON UTILITIES**

**July 26, 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 – June 28, 2021
4. Financial Reports
5. Items for Board Action
  - A. Approving the Purchase, Installation, and Implementation of NISC Software and Services
  - B. Authorizing Acquisition of Property for Infrastructure for the Water and Waste Water Distribution Systems
  - C. Establishing Natural Gas Rates Effective August 2021
6. Other
  - A. Tennessee Valley Authority Fuel Cost Adjustment
  - B. Executive Session
7. Adjournment



## LOUDON UTILITIES

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To: Chairman Campbell and Board Members  
From: Ty Ross  
Subject: July Agenda Items  
Date: July 23, 2021

The following items appear on the agenda for the July 26, 2021 meeting of the Board of Directors of Loudon Utilities:

### **Recognition of Visitors.**

- A. Recognition of Employee Work Anniversaries. Two (2) LUB employees have a service anniversary this month (July) and will be recognized with a service award.
- Stephanie Lawhon – 27 years
  - Greg McNabb – 27 years

### **Items for Board Action.**

- A. Approving the Purchase, Installation, and Implementation of National Information Solutions Cooperative (NISC) Software and Services. This is the procurement of a Master Software System that will eventually replace our legacy system called Local Government. Approval will kick off a conversion process that will include the following: Training; Migration of Legacy Software Data; Configuration of LUB Procedures; and Final Testing/Project Closure. The conversion cost is approximately \$194,530.00.



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- B. Authorizing Acquisition of Property for Infrastructure for the Water and Waste Water Distribution Systems. For the past several months we have been pursuing properties necessary for improvements to our water and sewer systems. Some of these projects are related to the new TVPOA supply agreement while others are related to our improvements at various low-volume sewer pump stations. This resolution will authorize the purchase of all properties involved for total amount not to exceed \$50,000.00.
- C. Establishing Natural Gas Rates Effective August 2021. The cost of natural gas delivered to the City Gate increased for the month of July 2021. Utilizing the formula for natural gas rates, this converts into a rate of \$1.28 per 100 cubic feet for gas billed after August 1, 2021.

### **Other.**

- A. Tennessee Valley Authority Fuel Cost Adjustment. The TVA FCA for August 2021 decreased from \$0.01901 per kWh to \$0.01874 per kWh. The rate will result in a \$0.27 decrease for each 1,000 kWh of residential customers use.
- B. Executive Session. Attorney Frye will inform the Board on a legal matter.

**REGULAR MEETING  
LOUDON UTILITIES**

**June 21, 2021**

The Board of Directors of Loudon Utilities held its properly advertised regular meeting on June 21, 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, John Davis, Bill Watkins, Attorney Kris Frye, and Secretary Meghan Hull. Parker Wright, *Loudon County NewsHerald*, represented the press. Also present were approximately ten (10) employees and citizens.

Chairman Campbell welcomed everyone and called the meeting to order.

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

Chairman Campbell honored employees Travis Williams (22 years), Dave Birkholz (33 years), and Larry Miller (36 years) for their service.

Chairman Campbell asked for approval of the minutes of the regular meeting held on May 24, 2021. **A motion was made by Director McEachern, seconded by Director Dixon and unanimously passed that the minutes of the regular meeting held on May 24, 2021 be approved as written.**

Financial Reports were distributed for the workshop. **A motion was made by Director Dixon, seconded by Director Farmer and unanimously passed that the reports be received and placed on file.**

Manager Ross reminded the Board of the information Mr. Chris Mitchell, electric rate consultant, recommended at the workshop meeting on the electric rates. The purpose of the rate re-structure is to continue the increase of the fixed customer charge and to decrease the kWh rate in a revenue neutral position. **A motion was made by Director Dixon and seconded by Director McEachern that the following resolution be approved:**

**RESOLUTION NO. 2021-25  
ADOPTING ELECTRICAL RATES  
EFFECTIVE OCTOBER 1, 2021**

**Upon a vote, the resolution was passed unanimously.**

The next item for Board action was to consider a wastewater collection system agreement. **A motion was made by Director Watson and seconded by Director Farmer that the following resolution be approved:**

**RESOLUTION NO. 2021-26  
AUTHORIZING WASTEWATER AGREEMENT WITH  
GREAT ESCAPES RV RESORT**

**Upon a vote, the resolution was passed unanimously.**

Next Board considered the low bids received for solar power supply. **A motion was made by Director Watson and seconded by Director Farmer that the following resolution be approved:**

**RESOLUTION NO. 2021-27  
AWARDING THE SOLAR POWER SUPPLY BID  
FROM SUNRISE ENERGY VENTURES, LLC**

**Upon a vote, the resolution was passed unanimously.**

Board action was considered for the proposed 2021-2022 fiscal year operating budget. **A motion was made by Director Dixon and seconded by Director McEachern that the following resolution be approved:**

**RESOLUTION NO. 2021-28  
APPROVING A CAPITAL BUDGET FOR 2021-2022 FISCAL YEAR  
FOR THE GAS, WATER, SEWER, AND ELECTRIC DEPARTMENTS**

**Upon a vote, the resolution was passed unanimously.**

The Board next considered the 2021-2022 fiscal year capital budget. **A motion was made by Director McEachern and seconded by Director Dixon that the following resolution be approved:**

**RESOLUTION NO. 2021-29**

**APPROVING OPERATING BUDGETS FOR 2021-2022 FISCAL YEAR**

**Upon a vote, the resolution was passed unanimously.**

Manager Ross outlined the proposed pay classification plan with two (2) new lineman apprentice positions and an increase in pay of 3% for all full-time employees as directed. Discussion was held concerning the timeframe of the training program and expectations prior to current senior employees' anticipated retirement dates. **A motion was made by Director Dixon and seconded by Director McEachern that the following resolution be approved:**

**RESOLUTION NO. 2021-30**

**AMENDING PAY CLASSIFICATION PLAN  
FOR FULLTIME EMPLOYEES**

**Upon a vote, the resolution was passed unanimously.**

The next item for Board action was consider a listing of requested advertisements. **A motion was made by Director Watson and seconded by Director Farmer that the following resolution be approved:**

**RESOLUTION NO. 2021-31**

**APPROVING THE ANNUAL ADVERTISEMENT OF CERTAIN EVENTS**

**Upon a vote, the resolution was passed unanimously.**

Board was presented with a list of obsolete equipment items for surplus that have been replaced and could be sold on GovDeals or destroyed. **A motion was made by Director Dixon and seconded by Director McEachern that the following resolution be approved:**

**RESOLUTION NO. 2021-32**

**AUTHORIZING EQUIPMENT  
TO BE CONSIDERED SURPLUS**

**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 Farmer and seconded by Director Watson that the following resolution be approved:**

**RESOLUTION NO. 2021-33**

**ESTABLISHING NATURAL GAS RATES  
EFFECTIVE JULY 2021**

**Upon a vote, the resolution was passed unanimously.**

Manager Ross stated that the Tennessee Valley Authority fuel cost adjustment had increased from \$0.01733 per kWh to \$0.01901 per kWh. This results in a \$1.68 increase/decrease for each 1,000 kWh of residential customer usage.

Manager Ross thanked the Board for the flexibility of moving the meeting up a week due to vacation scheduling.

There being nothing further, Chairman Campbell adjourned the meeting at 4:54 p.m.

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Secretary

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Chairman

**RESOLUTION NO. 2021-\_\_**

**APPROVING THE PURCHASE, INSTALLATION, AND IMPLEMENTATION  
OF NISC SOFTWARE AND SERVICES**

**WHEREAS,** Loudon Utilities intends to implement an upgrade to the software and services of the customer service computer program system; and

**WHEREAS,** The management team has requested authorization for the purchase, installation, and implementation of the NISC software and services.

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

**Section 1.** The LUB management team is hereby authorized for the purchase, installation, and implementation of the NISC software and services.

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Chairman

Passed: \_\_\_\_\_

**RESOLUTION NO. 2021-\_\_**

**AUTHORIZING ACQUISITION OF PROPERTY  
FOR INFRASTRUCTURE FOR THE  
WATER AND WASTE WATER DISTRIBUTION SYSTEMS**

**WHEREAS**, Loudon Utilities desires to make improvements in the infrastructure for the water and waste water distribution systems; and

**WHEREAS**, The improvements include the acquisition of appropriate properties for the infrastructure; and

**WHEREAS**, Locations have been identified as possible sites for the water and waste water systems infrastructure improvements; and

**WHEREAS**, The owners of the locations identified have agreed to convey the property for the construction of the public infrastructure on terms that are fair and equitable to the City and the landowner.

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

**Section 1.** The Utility Manager is authorized to spend up to \$50,000.00 to acquire properties for the water and waste water systems infrastructure.

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Chairman

Passed: \_\_\_\_\_

**RESOLUTION NO. 2021-\_\_**  
**ESTABLISHING NATURAL GAS RATES**  
**EFFECTIVE AUGUST 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 \$1.28 per 100 cubic feet for all meters read after August 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 August 1, 2021 shall be \$1.28 per 100 cubic feet.

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Chairman

Passed: \_\_\_\_\_



## GAS RATE COMPUTATIONS

	<i>Base Month (Sept 2003)</i>	<i>Rate Effective 6/1/21</i>	<i>Rate Effective 7/1/21</i>	<i>Rate Effective 8/1/21</i>	<i>Rate Effective 9/1/21</i>	<i>Rate Effective 10/1/21</i>	<i>Rate Effective 11/1/21</i>	<i>Rate Effective 12/1/21</i>
Gas Supply Cost	4.9950	2.8500	2.9100	3.5200				
Pipeline Charges	0.2755	0.1115	0.1132	0.1295				
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	3.0065	3.0682	3.6945				
BTU & System Loss (8%)	0.0000	0.2405	0.2455	0.2956				
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	7.5740	7.6407	8.3171				
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	\$12.0485	\$12.1152	\$12.7916				
Rate per 100 Cubic Feet	\$1.10	\$1.20	\$1.21	\$1.28				

*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	(0.093)	1.994	1.901	1.68	-0.93
Aug	2021	(0.120)	1.994	1.874	-0.27	-1.20
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