



LOUDON UTILITIES

**P.O. BOX 69
LOUDON, TENNESSEE 37774**

AGENDA

LOUDON UTILITY BOARD WORKSHOP

November 8, 2021

4:30 PM

1. Recognition of Visitors
2. Safety Assessment
3. TVA Community Care Fund - Third Round
4. LUB Utility Pole Inventory and Assessment
5. Work Plan to Satisfy TDEC Consent Order (Wastewater)
6. Water Treatment Plant TDEC Design Update
7. Expanding Operations Crew
8. Cafeteria Section 125
9. Update on Active Projects
 - Broadband (generally)
 - WWTP Sodium Hypochlorite
 - Water Main River Crossing
 - TVPOA Projects
 - Operations Center Projects
10. Safety
11. Natural Gas Rate
12. Other



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LOUDON, TENNESSEE 37774

To: Chairman Campbell and Board Members

From: Ty Ross

Subject: November Workshop Items

Date: November 5, 2021

The following items appear on the agenda for the November 8, 2021 workshop meeting of the Board of Directors of Loudon Utilities:

1. Recognition of Visitors:
2. Safety Assessment: At the request of Director Farmer we are engaging a third party to perform a safety assessment. At this meeting we will talk through the scope of work which is to include all utility departments and a report/presentation to Board by end of calendar year. You can read more about the third-party professionals, Tennessee Job Training & Safety, at this link - <https://tnjts.com/our-services/>
3. TVA Community Care Fund - Third Round: TVA is opening a third round of Community Care Fund grants. In this round TVA will match any LUB investment in the community dollar for dollar up to \$20,000 meaning a potential \$40,000 total investment. The application period opens this month (November). The guidelines for the distribution of funds include the following categories:
 - A. Education
 - B. Diversity & Inclusion
 - C. Health, Hunger, and Housing
 - D. Workforce Development & Training
 - E. Community Enrichment
 - F. Arts & Culture
 - G. Disaster Relief & Emergency Response
 - H. Innovation & Technology

4. LUB Utility Pole Inventory and Assessment: Charter has shared their existing utility pole data with LUB. Our plan is to provide this data with our existing utility pole data to Osmose and engage Osmose to perform a full inventory and assessment of our service lines. This will provide two benefits: (1) for the first time in LUB's history we will have a full digital inventory of all our poles as well as a report on the size and condition of each pole for maintenance purposes; and (2) we will be able to report the suitability of expansion along routes currently not receiving internet services. This is important information for Charter and its planning purposes and will shorten the timeframe for ultimate availability of internet to our customers (2 years versus 8 years according to Charter).
5. Work Plan to Satisfy TDEC Consent Order: We are working through our Consent Order with stipulated projects and associated timelines as outlined in our Corrective Action Plan (CAP). According to the Consent Order (Page 11, Paragraph 6) we must complete all activities in the CAP by December 31, 2022, with a submittal to TDEC no later than January 31, 2023. Our CAP designates the completion date of activities by August 1, 2023. As part of the process, we conducted flow monitoring throughout the system to identify areas in which to focus. Per the results, the CAP identifies priority areas in which to perform Sanitary Sewer Evaluation Survey (SSES) activities. The areas include Highway 11, Sweetwater Creek, River Road, and Highland Avenue. The activities are manhole inspections, smoke testing, and CCTV inspections. The importance of performing SSES is to identify the location of defects allowing extraneous water into the collection system and formulate a rehabilitation plan to prioritize each defect and associated repair. Our recommended SSES vendor is Lichliter/Jameson & Associates (LJA) which has performed this work across the nation and comes highly recommended for their work on similar CAPs in Cleveland and Chattanooga.
6. Water Treatment Plant TDEC Design Update: Our water treatment plant (WTP) has a design capacity of 14 million gallons per day (MGD). Current demand projections based on growth within our service area necessitates an expansion of the WTP from 14 MGD to 20 MGD. Additionally, equipment reaching the end of

its useful life requires various unit process upgrades. We are pursuing State Revolving Fund (SRF) loan funding from TDEC for the upgrades and expansion of the WTP. TDEC rejected our old plans as not suitable for this planned expansion and is requiring a new design. NOTE: the firm that provided us with our old design is no longer in business. Therefore, in order to satisfy TDEC we recommend that Barge Design prepare a new design for the project.

7. Expanding Operations Crew: We added this on the workshop agenda at the request of Director Watson. Workorder volumes are already positioning us for requesting additional GWS servicemen in next years budget. What we can do between now and then is more openly discuss how the addition on new personnel might be used to facilitate an underground construction crew.
8. Cafeteria Section 125: The resolution will reauthorize the Section 125 Cafeteria Plan for another year as required annually by the IRS.
9. Update on Active Projects:

We will provide general updates on the status of the following on-going active projects:

- A. Solar Power Purchase Agreement – Agreement executed. Ball in their court.
 - B. Broadband (generally) – See above.
 - C. WWTP Sodium Hypochlorite – Construction Phase continues. Change Order #1 will be discussed.
 - D. Water Main River Crossing – Permitting with Army Corps of Engineers continues.
 - E. TVPOA Projects – Notices to proceed being issued. Revised rate expected Jan. 1st.
 - F. Operations Center Projects – Site Plan for new laydown yards and storage facilities are being prepared for your review and for Loudon Planning Commission review.
10. Safety Report: There was one (1) reportable injury for the month of October. Safety matters were further discussed above.
 11. Natural Gas Rate: The cost of natural gas delivered to the City Gate increased slightly for the month of November 2021. Utilizing the formula for natural gas rates, this still converts into a rate of \$1.43 per 100 cubic feet for gas billed after December 1, 2021.

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	3.9300	4.3000	5.7700	6.1600
Pipeline Charges	0.2755	0.1115	0.1132	0.1295	0.1405	0.1496	0.1795	-0.1717
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	4.1155	4.4946	5.9945	6.0333
BTU & System Loss (8%)	0.0000	0.2405	0.2455	0.2956	0.3292	0.3596	0.4796	0.4827
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	7.5740	7.6407	8.3171	8.7717	9.1812	9.8011	9.8430
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	\$13.2462	\$13.6557	\$14.2756	\$14.3175
Rate per 100 Cubic Feet	\$1.10	\$1.20	\$1.21	\$1.28	\$1.32	\$1.37	\$1.43	\$1.43

*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*