



Minutes for December 2, 2021

Members attending the meeting:

Christina Bouler, Erin Gill, Tim Hill, Terry Ledford, Amy Midis, Kent Minault, David Myers, Mike Odom, Vivian Shipe

Others in attendance:

Facilitator: Dr. Bill Lyons

KUB Staff: Gabriel Bolas, Mike Bolin, Jamie Davis, Susan Edwards, Tiffany Martin, Sherri Ottinger, Mark Walker, John Williams

KUB Board members: Jerry Askew, Kathy Hamilton

Old Business

None

New Business

The Community Advisory Panel met at 6:00 p.m. on December 2, 2021 at KUB's Mintha Roach Corporate Services and Training Center.

Dr. Lyons welcomed the panel members and inquired about the schedule for future meetings, with the next being January 6th unless there are conflicts with that date. He also mentioned a panel member expressed he is not able to attend meetings in the evenings and asked if the other members may have interest in scheduling the meetings during the day. Dr. Lyons asked for input from the members present at the meeting and noted the members who are not present would also be asked for input. The panel agreed the January 6th date may be a good date to proceed and requested a Doodle poll be issued to evaluate the time of day that may work best for the group.

Dr. Lyons asked if anyone had corrections to the meeting minutes from last month's meeting. There were no corrections.

Kent Minault commented he had sent by email some information about rates for the group's information.

Dr. Lyons explained the agenda for this meeting was to continue discussion about KUB rates.

Dr. Lyons recognized Mike Bolin, KUB Vice President of Utility Advancement, to begin the discussion about rates. Mike discussed with the panel different scenarios of customer usage and cost recovery for the utility. The panel discussed examples of customers having different amounts of usage and having no usage and the fixed utility costs that still must be recovered. The panel also reviewed an example of customer usage at different rates (e.g., gallons per minute) and how the rate of usage, or demand on the system at a given time, impacts utility infrastructure and operations costs. Mike illustrated how this is considered in cases where commercial and industrial customers who have larger demands for usage are charged more than residential customers because the larger demands result in larger infrastructure costs for the utility.

After review of the examples using just a few customers, Mike discussed the large size and complexity of KUB's utility system and how utilities use calculations to determine the minimum system design to serve customers and the cost to serve customers in different classes, such as residential versus commercial. Mike then shared information about the cost of service studies that were completed for all four of KUB's utility systems. The key findings for KUB's systems were that residential customers pay below the cost of service, commercial customers pay above cost of service, most of KUB's basic service charges are below the cost of service, and that KUB is different from other utilities in that investments in the water and wastewater systems is higher than average. Mike noted the higher investment in the wastewater system has been a result of the EPA Consent Decree, which required KUB to invest heavily in improvements at a fast pace.

The panel discussed the finding of residential customers paying less than the cost of service and commercial customers paying more, which is typical among other utilities. Mike noted the point of view in society generally is that commercial customers can afford to slightly subsidize the costs for residential customers, but residential customers would not be able to subsidize business customers. He also noted while this being the case to a small degree is not a significant concern, KUB would be concerned if the degree to which commercial customers paid beyond the cost of service was too high. The group discussed how utility companies must make decisions to have an appropriate balance of affordable rates for residential customers while not having a negative impact on economic development and the ability to attract business to the community.

Mike explained the next meeting will include more explanation of the history of KUB's rates and the basic service charges.

The meeting adjourned at 7:30 p.m.