

**HARRIMAN UTILITY BOARD**  
**AGENDA**  
**Monday, June 26, 2023, at 5:30 P.M.**

- A. Call to Order**
- B. Prayer / Pledge**
- C. Roll Call**
- D. Adoption of Previous Minutes**
- E. Hearing of Delegations**

**F. Old Business**

1. Status/Update on Ongoing Projects.
2. Discuss possible action to approve the General Manager's updated employment agreement.

**G. New Business**

1. Discuss possible action to approve the F/Y 2023-24 Electric Dept. Budget.
2. Discuss possible action to approve the F/Y 2023-24 Gas Dept. Budget.
3. Discuss possible action to approve an updated Water Rate Structure effective July 1, 2023.
4. Discuss possible action to approve the F/Y 2023-24 Water Dept. Budget.
5. Discuss possible action to approve an updated Sewer Rate Structure effective July 1, 2023.
6. Discuss possible action to approve the F/Y 2023-24 Sewer Dept. Budget.
7. Discuss possible action to approve an Advertising, Sponsorship, and Donation Spending Plan for F/Y 2023-24.
8. Discuss possible action to approve a Cost-of-Living Adjustment (COLA) for HUB Employees.
9. Discuss possible action to approve the purchase of a T86 Bobcat Track Loader from Bobcat of Knoxville.
10. Discuss possible action to approve the purchase of a used 2009 Ford F-550 Super Duty truck for the Gas Department.
11. Discuss possible action to approve an updated Water & Sewer Tap Fee Schedule.
12. Discuss possible action to approve an updated Water Fee Schedule for Private Fire Service Protection and Cross Connection Control.
13. Discuss possible action to approve a construction contract to HL Management, LLC for the 2021 CDBG Water System Improvements project.

**H. Board Member Comments**

General Manager Comments  
General Counsel Comments  
Staff Comments

**I. Informational Items for Board**

General Manager's Activity Report  
TVA Total Monthly Fuel Cost – July 2023  
Electric Reliability Statistics – May 2023  
Monthly Financial Reports – May 2023  
Response to TDEC – Water Loss Order  
Response to TVA – Kingston Fossil Plant EIS  
Amendment No. 2 – Purchase and Sale Agreement (Hannah Farm)  
Letter from TN Comptroller – Audit F/Y ending 06/30/2022

**J. Adjournment**

## **Agenda Item F-1:**

### **Administrative/Multi-Department Projects:**

**HUB Organizational Chart Updates:** HUB currently has 77 full-time and 4 part-time employees (not including Board members). Our new part-time dispatcher began work June 19<sup>th</sup> and will primarily work Saturday and Sunday mornings. We had one journeyman lineman announce he was resigning his position effective June 23<sup>rd</sup> to accept a position at Y12. Like others before him, he is attracted to the notion of a better work-life balance. We are currently advertising for the position of Journeyman Lineman.

**AMI Project:** To date, we now have approximately 2,500 electric meters, 1,950 gas meters, and 590 water meters connected and being read by the AMI system. The time-based reconnect fees that you approved in April have been implemented. Through working with NISC, we have changed our procedures to allow for an automated workflow. We are expecting antennas for two base stations to arrive in August and have already scheduled our installer to get those in place.

**Fiber/Broadband Study:** Our market study by EPB and Wilkins Research began June 6<sup>th</sup>. To ensure the survey is statistically valid, we will likely need around 500-600 completed surveys. Upon the last update, we had nearly enough completed surveys. The next step is to compile the data to begin analyzing for the summary report. This should take a few weeks to complete.

**Sale of the Hannah Farm:** The City of Harriman agreed to fund up to \$125,000 toward the procurement and installation of the sewer pump station needed for the housing development to match what we agreed to pay using our ETEDA funds. We received answers from our engineer on meeting the anticipated fire flow demand within the proposed housing development. To ensure adequate fire flow, the developer will need to connect the new waterline to both Hannah Hwy and Hannah Rd. That feedback appears to be acceptable to the developer. Due to delays in engineering, Huber Properties (the Buyer) asked for a 30-day extension to complete “due diligence” and closing. I approved that amendment and have enclosed a copy for you.

### **Electric Projects:**

**Line Crew Update / New Services:** The line crew installed six (6) new electric services this month, bringing the total for 2023 to 45 new electric services. This month, the Line Crew rebuilt the electric service at the old Family Dollar store in South Harriman which is now “Treasure Hunt and Mee Grocery”. This building had been vacant since 2018. Also this month, the electric department was contacted by Valvoline, who is planning to build a new quick lube store in Pinnacle Point in Midtown.

**Substation Maintenance:** We experienced an issue at the Cardiff Substation this month with a voltage regulator. Voltage regulators control the voltage on the lines

coming out of the substations. We found a non-working regulator at Cardiff during our monthly substation checks. This required us to de-energize and un-tank the regulator through which we found and replaced the drive motor inside the regulator.

**Update to Electric Reliability Statistics:** As you know, our Electric Department Manager Heath Lewis provides a summary for you each month of “electric reliability statistics”. This month, Heath has updated the “goals” on the monthly report to reflect the national average SAIDI and CAIDI scores. Heath averaged the results of the most recent EIA-861, Annual Electric Power Industry Report. This survey is a census of 958 different electric utility providers in the United States

**High Temperature Alarms on AMI Electric Meters:** As mentioned last month, we have been receiving “high temperature alarms” on some of our new AMI electric meters. Since last month, we have implemented a new procedure to use internally to address this issue. If a meter experiences a high temperature alarm for the first time and cuts the power off to the home or business, then we will call in a lineman (if overnight) to replace it with one of the old meters. On the next business day, our staff will reinstall the AMI meter, disabling the automated shut off feature but also working with the customer to determine what might be the cause of the alarm. If the meter base looks to be in very poor condition, we will likely ask an electrician to replace it. Example of other issues we have resolved to correct the “high temperature” alarm include as follows: the voltage coming from the transformer being too high which we could adjust to the correct setting; loose lugs at the meter base causing excess heat, which we could tightened down; and loose meter install, for which we could utilize a tension checking device to ensure the meter is tightened correctly against its receptacle.

**Sentinel Technology (Bitcoin):** Since last month, we have requested a “full-system impact study” from TVA to get approval for Sentinel Technology to install a new 6MW site out of our Mossy Grove Substation. As a remainder the Cardiff site is a 10MW facility. Due to delays at TVA, this review could take several months to be completed. If approved, we expect Sentinel Technology will complete their facility quickly. However, we will need to come to an agreement regarding the placement of the new facility. They are proposing to install the facility on land owned by HUB.

**Right-of-Way Update:** The ROW crews have finished mowing in the Poplar Creek area and have moved to Flat Fork. They have also been working in the Midtown area along Old Highway 70 and finished up a tap on Sugar Road in the Poplar Creek area. They have also removed a couple of danger trees on Mays Valley Road and prepped work for the Line Crew for a new tap in Mays Valley.

**TVA Electric Vehicle Fast Charger Network:** Marty Duncan has signed the agreement approved by our Board in April. As soon as his initial deposit is paid, our consultant 7 States will begin work on the design of the public fast charging station. There were a couple of very minor changes to the contract, so I wanted to include a copy of the actual agreement in your packet this evening. First, the name of the property owner is “Marty Duncan”. And second, we determined that an easement was

not needed for the agreement, so all references to an “easement” being attached were removed.

**TVA Connected Communities:** We had an in-person kick-off meeting for the year-long effort known as “Connected Communities” on June 20<sup>th</sup>. As a reminder, I briefly explained last month that HUB and REU together are one of six communities across the TN Valley receiving this assistance paid for by TVA to help us make progress in one or more of the following key focus areas: Broadband & Digital Literacy, Economic Empowerment, Energy & Environmental Justice, and Enhanced Community Resiliency. Harriman and Rockwood were selected for a couple of reasons. One is that TVA considers us “high need” but “low resources”. Another reason was because through my involvement in other TVA programs, they have been able to hear about the needs of our community. During our kickoff meeting, Heath Lewis, Wayne Best, and I met with key personnel of REU and City of Rockwood along with personnel from TVA and their consultant Guidehouse to review statistical data TVA/Guidehouse had researched on our community and brainstormed big picture ideas supporting our vision for Roane County.

**Utility Scale Solar Farm:** We issued an RFP on May 8<sup>th</sup> to solicit potential partners for a utility scale solar project in our service area. Responses are due on August 7<sup>th</sup>. Thus far, we have had seven companies express interest in bidding on our project. Those companies have begun reaching out to property owners in our area to discuss potential lease or purchase agreements for land to install a solar array. Another thing to note is that this month Heath Lewis, Joshua Gillespie, and I learned about some federal funding opportunities for community solar projects. It is possible for HUB to “own the farm”. We had not been interested in that possibility in the past due to the initial investment cost. If selected for the new federal programs, however, we could potentially get up to 70% of the installed cost covered by grant funding. My team and I agreed that we would explore these opportunities for now, but we would not recommend any decision until we received all the RFP responses in August. And last, I want to mention that we have received a little information from TVA on the “flexibility 2.0” concept that we’ve been waiting on for nearly two years. Upon initial impression, it does not appear to be as attractive as LPCs had initially expected.

### **Gas Projects:**

**Gas Maintenance Work:** Since our last meeting, GWS crews retired three (3) ¾” gas services. Crews also repaired 25 meter centers identified during our most recent atmospheric survey.

### **Water Projects:**

**Water Maintenance:** This month, the GWS crews repaired four (4) mainline water leaks and abandoned a 2-inch galvanized waterline. Crews also replaced 65 water meters.

**Water Loss Update:** RYE Engineering was on site May 30<sup>th</sup> performing leak detection along Roane Street in the downtown district. This area has been

troublesome to use acoustic equipment on due to the amount of background noise from traffic flow. The efforts rendered good results with no major anomalies. Considering the location and the amount of effort required for a repair on this section of line, we were very glad they found no leaks. We continue daily efforts investigating tap to tap across the system. Currently we are in the north Harriman area, with concentration on the Meadowview / Lee Village neighborhoods. We have found several small leaks including previously unknown private service line leaks. Also this month, crews searched on foot for leaks in the Wolfe Branch area because of abnormal usage trends in the Crab Orchard tank. Several small leaks were found and repaired allowing for more normal filling cycles. Crews also identified two (2) small leaks on a stretch of Old Harriman Hwy that are scheduled for repair. Three (3) additional leaks were found and repaired in a neighborhood off the same stretch of Old Harriman Highway.

**2021 CDBG Water System Improvements:** This item is covered under New Business.

**2022 ARPA Water System Improvements:** We are working to procure easements from the affected property owners. Unfortunately, we have had great difficulty communicating with them the past several weeks. Our engineers are finalizing the design of the project. We met with them on June 20<sup>th</sup>. The project should be ready for TDEC review in the next couple of weeks.

### **Sewer Projects:**

**Sewer Maintenance:** GWS crews performed confined space training this month.

**Sewer Plant Update:** This is the time of year we pump effluent to the TN River more often because the average daily flow in the Emory River is usually below 200 cubic feet. This month, our operators began their annual DMRQA testing (this is quality assurance testing required by the EPA). Otherwise, the operators are keeping busy with routine maintenance and operation.

**2022 ARPA Sewer System Improvements:** Our engineers are nearly complete with the design of this project.

**2022 ARC Pine Ridge Road Sewer Extension:** This month, we were successful at getting nearly all our easements signed for the proposed project. Our engineer is nearly complete with the design of the project. The last remaining design issue to be resolved is getting consensus from TDOT on the grade of the entrance to the proposed pump station off Pine Ridge Rd. We are hoping to get this project bid and under construction as to not delay the future Quick Trip. Once the design is complete, we will need plan approval from TDEC as well as permit approval from TDOT. We will also need approval from our funding agency to proceed with bidding and contracting.

**Agenda Item F-2:**

**Updated Employment Agreement for the General Manager:** Enclosed in your packet is a revised Employment Agreement for the General Manager for your consideration and possible approval.

**Agenda Item G-1:**

**Electric Department Budget F/Y 2023-24:** Attached is a summary page for the Electric Department Budget for F/Y 2023-24. I am not recommending any changes to the HUB retail rates this year. The “pandemic relief credit” provided by TVA helped us absorb the rise in inflation over the past year couple years, and although it expires at the end of September 2023, our newest large customer (the Bitcoin mining facility) who came online toward the end of calendar year 2022 basically offsets the pandemic relief credit we are losing. As a reminder from our discussions at the Board Workshops last month, we are projecting a conservative 6% rise in operations and maintenance costs due to inflation this year.

I recommend that the Board approve the Electric Department Budget for F/Y 2023-24.

**Agenda Item G-2:**

**Gas Department Budget F/Y 2023-24:** Attached is a summary page for the Gas Department Budget for F/Y 2023-24. I am not recommending any changes to the HUB retail rates beyond what the Board has already approved this year. As you may recall, our “purchase gas adjustment” took effect June 1, 2022, which has helped us cover heightened wholesale prices of natural gas this past year. Just like in the electric budget, we are projecting a 6% rise in operations and maintenance costs due to inflation this year.

I recommend that the Board approve the Gas Department Budget for F/Y 2023-24.

**Agenda Item G-3:**

**Revised Water Rate Structure effective July 1, 2023:** At our Board Workshop on May 30<sup>th</sup>, we discussed the need to generate about 8% of additional revenue in our water department for the upcoming year. As you are aware, the State of Tennessee Comptroller’s Office expects us to produce a positive net income most years. We expect to end F/Y 2022-23 negative, and because of that the Comptroller’s Office will ask us to provide a plan of action to balance our budget. The 8% additional revenue is expected to produce a small but positive net income for the upcoming F/Y 2023-24. To ease the burden on our residential and small commercial users while also ensuring all rate classes are paying their fair share, we have proposed three basic changes to our current rate structure. First, we would increase the customer charge (minimum bill) by \$1.00 per month for all rate classes. Next, we would remove the discount rate for “excess”. This means that after the first 1,000 gallons, the customer’s usage would be charged at a single “flat rate” (per thousand gallon). Last, we are proposing a 5% increase to the usage rate (per thousand gallon) for each rate class. The average inside city residential customer who uses approximately 2,700 gallons will see an increase of approximately \$1.60 per

month. A summary of these changes and the proposed rate structure is included in your packet.

I recommend that the Board approve the Revised Water Rate Structure effective July 1, 2023.

**Agenda Item G-4:**

**Water Department Budget F/Y 2023-24:** Attached is a summary page for the Water Department Budget for F/Y 2023-24. Just like in the electric and gas budgets, we are projecting a 6% rise in operations and maintenance costs due to inflation this year. The proposed budget also includes the proposed rate changes included under Item G-3.

I recommend that the Board approve the Water Department Budget for F/Y 2023-24.

**Agenda Item G-5:**

**Revised Sewer Rate Structure effective July 1, 2023:** Just like water, we discussed changes to the sewer rate structure at our Board Workshop on May 30<sup>th</sup>. Sewer is much simpler to explain however, mostly because our sewer rate structure is simpler by design. In short, I am recommending an across the board 3% increase in sewer rates that would affect both the minimum bill (customer charge) and the usage rate (per thousand charge) for both residential and commercial customers. A summary of the proposed rate structure is included in your packet.

I recommend that the Board approve the Revised Sewer Rate Structure effective July 1, 2023.

**Agenda Item G-6:**

**Sewer Department Budget F/Y 2023-24:** Attached is a summary page for the Sewer Department Budget for F/Y 2023-24. Just like in the electric, gas, and water budgets, we are projecting a 6% rise in operations and maintenance costs due to inflation this year. The proposed budget also includes the proposed rate changes included under Item G-5.

I recommend that the Board approve the Sewer Department Budget for F/Y 2023-24.

**Agenda Item G-7:**

**Advertising, Sponsorship, and Donation Budget F/Y 2023-24:** Enclosed for your review and possible action is a listing of proposed advertising, sponsorship, and donation expenses for the upcoming F/Y 2023-24.

This plan does not include our annual public events such as Hooray for Harriman, Trunk-or-Treat, or Santa Day. It also does not include things we do internally such as the Employee Christmas Party, nor does it include any costs associated with the events we participate in at the schools such as career days, Junior Achievement, etc. This budget is an attempt to gain consensus on what typical requests we receive from local non-profits,



schools, communities, and our typical paid advertising expenses (TV and radio ads to promote public awareness, safety, and general announcements).

If we come across any requests greater than \$100 that seem important but are not listed in this plan, then I will bring them before you individually throughout the year for a vote.

I am recommending the Board approve the attached “F/Y 2023-24 Advertisement/Sponsorship/Donation Budget” as written with the understanding that I can approve additional requests that are \$100 or less without Board Action throughout the year.

**Agenda Item G-8:**

**Cost-of-Living Adjustment (COLA):** As mentioned in the budget workshops, I am recommending that the Board approve a 5% cost-of-living adjustment (COLA) for employees, effective June 24, 2023. This percentage appears to be what most other utilities around us are doing. We are hopeful that it will help us to retain employees in this highly competitive job market.

I therefore recommend that the Board approve a 5% COLA for all employees, effective June 24, 2023, as included in the budgets proposed in the items above.

**Agenda Item G-9:**

**T86 Bobcat Track Loader:** Included in your packet is a quote from Bobcat of Knoxville for a new T86 Bobcat Track Loader. This item will replace our 2016 S770 Bobcat Skid Steer. We asked Bobcat of Knoxville to include trade-in values for our old machine, cutter, tracks, and bucket, for which they valued at a combined \$25,525. The purchase price for the new T86 Bobcat Track Loader from Bobcat of Knoxville includes trade-in credits and all government discounts. The equipment was pre-bid on State Contract #00000000000000000000000072821, so we were not required to publicly advertise and collect bids for this purchase.

I recommend the Board approve the Electric Department to purchase the new T86 Bobcat Track Loader from Bobcat of Knoxville for a total of \$116,595.94.

**Agenda Item G-10:**

**2009 Ford F-550 Super Duty:** Enclosed is a copy of an advertisement for a 2009 Ford F-550 Super Duty truck we would like to purchase for the Gas Department. Because the asking price is over \$25,000, we advertised in the local newspaper and on our website that we would accept bids for the purchase of a Ford F550 (2018 or newer) with accessories similar to the truck in this ad (“Tommy Lift” gate, 5-ton crane, etc.). There were no bids received at the time of the bid opening on Wednesday, June 14<sup>th</sup> at 2:00 p.m.

I recommend the Board authorize the purchase of this 2009 Ford F-550 Super Duty for \$28,000.

**Agenda Item G-11:**

**Updated Water & Sewer Tap Fee Schedule:** Enclosed is a listing of proposed water and sewer tap fees. Also shown is a comparison of HUB versus other water and sewer providers in Roane County.

I recommend the Board approve the updated Water & Sewer Tap Fee Schedule with an effective date of July 1, 2023.

**Agenda Item G-12:**

**Updated Water Fee Schedule for Fire Protection & Cross Connection Control:** Enclosed is a listing of proposed water fees for private fire service protection lines and cross connection control. Also included is a listing of how we compare to other water providers in Roane County.

We are proposing to hold off until Fall to implement the private fire service protection and cross connection fees so that we have adequate time to ensure we know the correct sizes of private fire service protection lines to set up our billing correctly. Also, we should do some outreach to those customers affected to let them know about the new fees to be added to their monthly bills.

I recommend the Board approve the updated Water Fee Schedule for Private Fire Service Protection and Cross Connection Control with an effective date of October 1, 2023.

**Agenda Item G-13:**

**2021 CDBG Water System Improvements:** We opened bids on Wednesday, June 21<sup>st</sup> at 2:00 p.m. for our 2021 CDBG Water System Improvements project. As a reminder, this is a waterline replacement project along parts of Snow Lane and Riggs Chapel Rd. HL Management, LLC out of Cleveland, TN was the lowest bidder. Enclosed in your board packet is a recommendation from our engineer along with his certified bid tabulation for the bids received.

I recommend the Board approve the construction contract for HL Management, LLC in the amount of \$549,649.00 contingent upon the approval of the funding agency.

**Agenda Item H:**

**TVA Total Monthly Fuel Cost:** Enclosed is information from TVA stating the Total Monthly Fuel Cost (TMFC) adjustment for July.

The July 2023 total monthly fuel cost (TMFC) is slightly higher than June's amount (2.3%) due to expectations for higher sales resulting from warmer weather. The TMFC for Standard Service in July will be 2.500 cents per kilowatt hour, an increase from June's cost of 2.441 cents per kilowatt hour. The TMFC for Large General Service customers will be 2.364 cents per kilowatt hour, an increase from June's cost of 2.309

cents per kilowatt hour. Furthermore, the TMFC for Large Manufacturing customers will be 2.330 cents per kilowatt hour, an increase from June's cost of 2.291 cents per kilowatt hour.

TVA reports the July fuel rate is 3.6% higher than the three-year average July rate. The higher fuel rate is mostly due to higher coal prices, relative to the three-year timeframe (which includes COVID impacts). An increase in the sales forecast is also contributing to the higher fuel rate (sales are expected to be 8.4% higher, compared to the 3-year average).

**Manager's Activity Report:** On June 6<sup>th</sup>, I attended the Harriman City Council Meeting to provide a few updates on current HUB projects. I also discussed the broadband study and how that process would work. On June 8<sup>th</sup>, I attended the monthly TVA Valley Vision 2035 meeting and on June 9<sup>th</sup>, I attended the bimonthly meeting of the ADPDA.

**Electric Reliability Statistics:** Enclosed are the HUB Electric Reliability Statistics for May 2023.

**Monthly Financial Reports:** The monthly financial reports for May 2023 are provided.