

UNION WILLIAMS PUBLIC SERVICE DISTRICT

Special Board Meeting

May 8, 2007

Roll Call:

H. E. Seufer, Chairman
R. J. Mullenix, Secretary
S. L. Nulter, Treasurer

Attending:

Pauline Lowers, UWPSD
Steve Hardman, Bowles, Rice, David, McGraff, and Love
Angie Vealey, Smith, Cochran, & Hicks

Location and Time:

5:30 P.M. District Office

Minutes by:

J. L. Dotson

S. L. Nulter called the meeting to order.

Discussed Sewer Rate Review. Angie Vealey explained the process used to determine the surcharge. The proposal is designed to get bond payments current in three years. She talked to Sara Boardman at the West Virginia Municipal Bond Commission to get the shortage when she was preparing the analysis. As of April 16th the District was \$234,567.92 behind on the sewer bond payments. Ms. Vealey has assumed that by the time the rate is approved and implemented the District may be \$406,068.92 behind. Mr. Seufer asked what would happen if the bond payments were not up to date in the three year period. Ms. Vealey explained that the WVPSC typically uses language to the effect that the surcharge is in place for a given time period or until the condition is met. In this case the condition would be the District being caught up on the bond payments and reserve account payments. Likewise, if the conditions are met before the three year period, the surcharge is to be removed. Mr. Seufer asked if the surcharge would go into a special account. Ms. Vealey said typically the money is required to be deposited into a special account which is only used for the specified payments.

Ms. Vealey then reviewed the District's sewer rate review. She explained the problems with the test year available for review. The District was connecting customers during the year, so there is not twelve months of accurate revenues to use for revenue projection. Also, the District had a lot of project related costs which made projecting expenses very difficult. Jerry Dotson provide Ms. Vealey with some spreadsheets to assist in projecting revenues, and reviewed expense projections to help establish more usable numbers. The District is currently about \$40,000 per year short in Operations and Maintenance expenses. Also, Mr. Dotson provided Ms. Vealey with data concerning expenses shared between water and sewer that sewer has not been paying a fair share since the project is completed. The review suggests the District will need an 11% increase in the sewer rate to meet its commitments. Ms. Vealey also recommended that the District request an emergency rate when the case is filed. Ms. Vealey and Mr. Dotson explained how emergency rates typically are applied. Ms. Vealey also suggested that the District request that the North Hills fee for treatment be added to the

MINUTES & TREASURER'S REPORT

APPROVED

BY: Steph L. Nulter

DATE: 5-16-2007

tariff, that way when future rate cases are filed, the North Hills rate is automatically considered in the rate case, rather than requiring a re-negotiation with the Town.

H. E. Seufer moved to file for a sewer rate increase based on the analysis and Rule 42 prepared by Angie Vealey, and to request an emergency rate. R. J. Mullenix second. Unanimous.

Meeting adjourned at 6:50. P.M.