

December 1, 2015

A Special Board meeting of the Electric and Water Plant Board of the City of Frankfort, Kentucky, was held at Famers Bank & Capital Trust, located at 125 W. Main Street, Frankfort, Kentucky, on Tuesday, December 1, 2015 at 5:00 p.m.

ATTENDANCE:

Ralph Ludwig, Board Chair
Rick Pogrotsky, Board Vice Chair
Dr. Scott Green, Board Secretary/Treasurer
Anna Marie Pavlik Rosen, Board Member
Walt Rosen, Board Member
James Liebman, Board Attorney
Herbbie Bannister, General Manager
Hance Price, Staff Attorney/Asst. GM Administration
John Higginbotham, Cable Supt.
Harvey Couch, Marketing and Video Coordinator
Dana Goodlett, Installation and Process Manager
Kathy Poe, Executive Assistant
Hance Price, Staff Attorney/Asst. GM Administration
Dianne Schneider, HR Director
Glenn Waldrop, Public Information Officer
Seth Littrell, State Journal Reporter

AGENDA

The Agenda for the Board Meeting was received and entered into the Minute Book as follows:

DECEMBER 1, 2015 SPECIAL BOARD MEETING AGENDA

1. **Conduct Public Hearing Regarding:** (1) Increasing rate for Classic Cable tier service, (2) Reducing rate for Preferred Cable tier service, (3) Increasing rate for Bulk Cable I and II, and (4) Increasing rates for Premium Channel services.
2. **Request Permission to have Chair call for a Closed Session** pursuant to KRS 61.810 (1)(c) for the discussion of proposed or pending litigation against or on behalf of FPB; and KRS 61.810 (1)(f) for discussions which might lead to the appointment, discipline, or dismissal of an individual employee.
3. **Closed Door Session:**

BOARD ACTION

Mr. Ludwig called the meeting to order at 5:00 p.m. Ms. Poe called the roll and noted five (5) board members in attendance.

1. **Conduct Public Hearing Regarding: Retransmission Surcharge Increase.**

Dr. Green called the public hearing to order.

This Hearing will now come to order. My name is Dr. Scott Green. I have been requested by the Board to conduct this Hearing. With me today are the Board Members and Staff of the Frankfort Electric and Water Plant Board. We are here to receive comments regarding the following: (1) Increasing rate for Classic Cable tier service, (2) Reducing rate for Preferred Cable tier service, (3) Increasing rate for Bulk Cable I and II, and (4) Increasing rates for Premium Channel services. This Public Hearing was advertised in accordance with the Regulations for Public

Notification and appeared on Sunday, November 22, 2015 in The State Journal newspaper.

We have asked that you register if you request to speak. If you have not already done so, please register with the Secretary so that we will have a record of those in attendance and wishing to speak today.

A brief statement about the conduct of this Public Hearing is in order. This Hearing will be conducted informally. This Hearing is being conducted voluntarily by the Frankfort Electric & Water Plant Board in order to accept comments on the above items. Formal rules of evidence will not apply. Both oral and written comments will be accepted. Any and all persons present who wish to make a statement will be afforded an opportunity to do so. If you have a written statement to accompany your oral presentation, a copy of the written statement should be provided to me prior to your presentation. If you have a lengthy statement, I ask that you summarize your comments. Oral presentations should be limited to no more than 3 minutes. If necessary, I may interrupt and request the presentation to be completed due to this time limit. I may ask questions of any person presenting oral comments where it is necessary to clarify the nature or substance of the comments.

The reasons for conducting the Hearing by these rules are so that we can collect information, especially information that the Board has not previously considered, and take it under review.

The Board may not answer questions because we do not want to make hasty judgments on specific issues that are brought out if technical in nature. This is especially true since different points of view may come up during the course of the willing from different speakers. It is the job of the Board to fairly consider these points of view and information as part of the setting. We do want public input and involvement and I hope you do not find our standard procedures restrictive. The oral comment period for this Hearing will end at the close of business on December 1, 2015. Written comments received on or before December 1, 2015, will be accepted and considered.

Before we open the floor for comments, John Higginbotham and Harvey Couch will provide a summary.

Mr. Higginbotham reiterated the necessity for the rate modifications. He explained the specific increases and decreases that would be recommended by Staff at the December 15 meeting.

Mr. Couch reviewed graphs of operating expenses, programming expenses, and cable rates from 2003 to present. He explained the numbers in dollars and cents as well as percentages.

Dr. Green opened the floor for comments.

Twelve (12) customers registered to address the Board: Imma Jean Rutledge, Von Bottom, Charlie Baglan, Kathy Warren, John Gantley, Richard Rosen, John Sower, Jeannine Sloan, Linda Young, Susan Smith, Skip Hayes, and Kenneth Rider.

Imma Jean Rutledge stated that she felt like cable rates increase every six months. She stated that she was unsure what the actual increase would be given that the paper stated it was 400%. In response, Mr. Couch explained that the proposed increase for Classic cable would be \$6.35 per month. He further explained that the 400% number is related solely to the AMC agreement.

Von Bottom did not speak.

Charlie Baglan stated that he hoped the Board would be practical and judicious in its consideration and decisions with regard to renewals. He stated that he hoped the

Board realized that many customers do not watch a lot of television and advised that he only watched local channels and UK basketball.

Kathy Warren stated that she wanted the Board to consider that this community was made up of many State retirees who have not received pay raises in a long time. She stated that there were too many channels which customers did not want to watch. She acknowledged that she wanted to see more communications, noted that maybe the Board could absorb some of the increased fees in lieu of increasing employees' pay, and consider performing surveys regarding the channels that the customers would prefer.

Dr. Green stated that FPB does have a method by which it can track viewership of channels and programming.

John Gantley stated that he had a number of cable service issues to address. He noted that FPB should address the problems with service prior to increasing rates. He noted the following issues: 1) excessive volume, 2) channels changing for no reason, 3) movies cutoff prior to the end, 4) total loss of cable signal, 5) digital channel strength is low, 6) out of control audio volume, 7) frequent signal interruption on various channels, 8) Fox News Channel continually interrupted with low signal notification even though other news channels work fine, 9) overload of channels – would like to see some refused if possible, 10) eliminate channels with pornographic programming – HBO, Showtime, Starz, and other regular channels. He requested that the Board consider that many customers are on fixed incomes. He discussed prices of FPB service bundles versus the prices of other providers' bundles. He suggested that FPB stop outsourcing and stated that FPB should stand up to AMC. He noted his appreciation to the frontline employees of the Frankfort Plant Board and noted that FPB should provide an option for customers to voice their complaints.

Richard Rosen thanked the Board and Staff for controlling operating costs and maintaining the Cable rates below the national average. He discussed the controversy with AMC and noted that he was a huge fan of AMC. He stated that he considered AMC and FX to be the two best channels on television. He noted the programs he enjoys and that he believed that FPB should continue to make AMC available to its customers. He discussed ratings of AMC's most popular shows as well as awards received. He further stated that the additional channels being required by AMC would offer additional quality programming and add value to the lineup. He further advised that AMC is offered by Time Warner in Lexington and Louisville as part of their standard package. He stated that he hoped that FPB would maintain AMC on the lineup in some manner.

John Sower discussed the lack of raises for State employee as well and continuing issues with the Kentucky Retirement System for State retirees. He encouraged the Board to keep the Limited Tier with no increases or potentially even decrease it for those in the community who are struggling financially.

Jeanine Sloan agreed with the previous comments and added that she would like to keep AMC but would not want the rates to increase in order to maintain AMC on the lineup. She reiterated that current issues with cable services need to be corrected prior to increasing rates and that channels should be moved to other tiers so that customers can choose what they want.

Linda Young stated that AMC's demands were ridiculous and that FPB needed to walk away. She stated that she felt like FPB and its customers were being held prisoner by the networks. She stated that customers do appreciate it when FPB stands up for them and that cable costs cannot continue to increase at this pace. She further noted that the service issues previously discussed were real and she would like to see some of those issues addressed.

Susan Smith thanked Mr. Rosen for his comments regarding The Walking Dead on AMC and stated that she was also a fan of the program. She asked the size of the NCTC. Mr. Higginbotham stated that there were about 850 small independent cable

operators from all 50 states which covered approximately 25 million subscribers. Ms. Smith stated that the Sundance channel would add value to the current lineup. She stated that those who are negotiating on FPB's behalf are not working hard enough for a better deal. She stated that the advertisers for the networks would not tolerate the viewership loss if all 850 cable operators refused the deal. She stated that the NCTC should be prepared to walk away at any moment and stand up for the cable operators.

Skip Hayes reiterated issues with the current cable services. He noted that the channels go off for no apparent reason and come back on a different channel. He further discussed his dissatisfaction with outsourcing for after-hours customer service. He stated that a new survey should be conducted to see what customers would be willing to pay to maintain or add certain programs or networks.

Kenneth Rider thanked Ms. Smith for her comments. He requested the number or percentage of customers that regularly watch AMC. Mr. Higginbotham stated that FPB collects viewership data on approximately 55% of all customers. Mr. Couch stated that AMC was around the mid-teens, around 15th, as far as overall viewership. Mr. Rider stated that decisions on renewals should be data driven pursuant to what customers are watching. He stated that networks with low viewership should not be forced on the entire customer base. He stated that the customers should have more of a choice in what they pay for and should not be forced to pay more in order to maintain networks that a majority of the customers do not want.

Dr. Green noted his appreciation for the attendance and comments of the customer and concluded the public hearing.

2. **Request Permission to have Chair call for a Closed Session** pursuant to KRS 61.810 (1)(c) for the discussion of proposed or pending litigation against or on behalf of FPB; and KRS 61.810 (1)(f) for discussions which might lead to the appointment, discipline, or dismissal of an individual employee.

Mr. Pogrotsky moved to go into closed session. Dr. Green seconded. Mr. Ludwig called for the vote. The motion passed and the board moved into closed session.

3. **Closed Door Session:**

Dr. Green moved to adjourn. Mr. Pogrotsky seconded. The motion passed and the meeting adjourned.





ATTEST: