

DINNER MEETING MINUTES

Meeting Date: Thursday, August 18, 1994
Location: Stumlers Restaurant
Attendance: Water Committee Members; Bill, Jim, Janet, Ervin, Butch
Town Board Members; Pat Sappinfield, Harold Hall
Water Company: Gary G., Janice & Bob Gibson
American Water Works Representatives;
Richard Hargraves, President
Eric - Operations, Allen - Engineering
Mike - Indiana Cities

A video was shown that was made as a result of their purchase of Kokomo and the improvements they made to that system.

Indiana American and Indiana Cities are currently merging and have filed with the IURC. Together they own the water utilities in 18 towns in Indiana which services 157,000 customers. Nationwide they are located in 21 states and service 6 million customers. Their home office is in Voochoes, NJ. They operate under a 15 year Business Plan with a 5 year short term plan. They are the largest Water Company in the USA.

They are currently spending \$110, and the Army \$75, to study the "Rainy Wells" in Jeffersonville.

Some points they brought up:

They have not had to ask their customers to curtail water usage in Indiana since Richard became involved in 1984.

Their testing exceeds Government Standards

They are very familiar with IURC so when they file, they have a pretty good idea what they can get accepted, or how to file to get accepted.

They also have a whole department to deal with the filing.

They could help us in 1 of 2 ways - 1) Manage the Utility; 2) Buy it

Some points they brought up to consider were:

The purchase would take about 6 months and must be approved by IURC.

If purchased, they are guaranteed the opportunity to earn what the commission say is fair.

Purchase would be at depreciated Original Cost, or they could have an engineer to do a study. They would retire all debt.

They feel they could freeze our rates (with approved 26% increase) and get IURC to approve until New Albany and Jeff catch up. They are currently at .5433 and .4598 over 66000 for New Albany and .5106 and .4409 over 66000 for Jeff. They are currently trying to get unified rates approved for the 2 systems. They are doing a study on NA & Jeff anticipated rates for the future, but it will be 8 months before the study will be done. They have also asked IURC for unified rates for all their water systems, the last request made in February, and they believe eventually they will get this.

Employees - They felt very positive that they would keep the current people and that their salaries and benefits package would exceed what they have now. They felt they would keep the office for now, but may transfer water company operations to New Albany in the future.

They do their own construction and can probably do cheaper than we can. Also they do not need to get IURC to approve their improvements because they are not getting a bond issue to fund them.

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They have never purchased a Municipal utility before. They are to give us a list of references. Several they named were Seymour (12-13 years ago), Terre Haute and Sullivan besides of course New Albany and Jeff.

They could finance our project, even if we don't sell to them. They would like their engineers to review and if the purchase of probable have the project upgraded.

This is also their first Rural Utility. Also of note was the fact that they would be paying taxes to the city.