



Huntsville, Alabama

308 Fountain Circle
Huntsville, AL 35801

Cover Memo

Meeting Type: City Council Regular Meeting **Meeting Date:** 7/13/2023

File ID: TMP-3117

Department: Water Pollution Control

Subject:

Type of Action: Approval/Action

Resolution authorizing the Mayor to enter into an agreement between the City of Huntsville and Jackson Thornton & Co. PC for a Wastewater Cost of Service Study.

Resolution No.

Finance Information:

Account Number: 6000-76-76100-515370-00000000

City Cost Amount: Not to Exceed \$84,300.00

Total Cost: Not to Exceed \$84,300.00

Special Circumstances: N/A

Grant Funded: N/A

Grant Title - CFDA or granting Agency: N/A

Resolution #: N/A

Location: (list below) N/A

Address: N/A

District: District 1 ☐ District 2 ☐ District 3 ☐ District 4 ☐ District 5 ☐

Additional Comments:

RESOLUTION NO. 23-

BE IT RESOLVED by the City Council of the City of Huntsville, Alabama, that the Mayor be, and is hereby authorized, to enter into an agreement between the City of Huntsville and Jackson Thornton & Co. PC, in the Not to Exceed (NTE) amount of EIGHTY-FOUR THOUSAND THREE HUNDRED AND NO/100 DOLLARS (\$84,300.00) for a Wastewater Cost of Service Study, in Huntsville, Alabama, on behalf of the City of Huntsville, a municipal corporation in the State of Alabama, which said agreement is substantially in words and figures similar to that document attached hereto and identified as "Agreement between City of Huntsville and Jackson Thornton & Co. PC for a Wastewater Cost of Service Study," consisting of a total of six (6) pages, plus thirty-four (34) additional pages consisting of Attachment 1, and the date of July 13, 2023, appearing on the margin of the first page, together with the signature of the President or President Pro Tem of the City Council, and an executed copy of said document being permanently kept on file in the Office of the City Clerk of the City of Huntsville, Alabama.

ADOPTED this the 13th day of July, 2023.

President of the City Council of
the City of Huntsville, Alabama

APPROVED this the 13th day of July, 2023.

Mayor of the City of Huntsville,
Alabama

**AGREEMENT BETWEEN THE CITY OF
HUNTSVILLE AND JACKSON THORNTON
& CO PC FOR A WASTEWATER COST
OF SERVICE STUDY**

STATE OF ALABAMA)
)
COUNTY OF MADISON)

**AGREEMENT FOR CITY OF HUNTSVILLE
WASTEWATER COST OF SERVICE STUDY**

This Agreement is made this 13th day of , July 2023, by and among the City of Huntsville, Alabama, a municipal corporation (hereinafter referred to as the “City”) and Jackson Thornton & Co. PC, an Alabama professional corporation, (hereinafter referred to as “Jackson Thornton” or “Consultant”) for a professional services related to revenue Requirements Analysis and Cost of service/rate study for the City’s sewer system. The City and Jackson Thornton hereby agree as follows:

RECITALS

WHEREAS, the City desires to have a professional study and analysis of its wastewater treatment rates in order to determine the correct levels for said rates; and

WHEREAS, Jackson Thornton has extensive experience and expertise in performing this type of study for public utilities.

WITNESSETH

NOW THEREFORE, in consideration of the mutual promises and covenants, herein contained, the parties hereby agree as follows, to wit:

1. **Scope of Work:** The Scope of Work is as described in Attachment 1 hereto, and more particularly in Exhibit 3 of Attachment 1.

2. **Period of Performance and Schedule:** Jackson Thornton shall commence performance of the Work within ninety (90) days of the approval of this Agreement by the Huntsville City Council and shall complete the Work of this Agreement according to Exhibit 3 of Attachment 1. The schedule and price will be per the multi-year price quoted in Exhibit 3.

**President of the City Council of the
City of Huntsville, AL**
Date: July 13, 2023

3. **Contract Price:** In consideration of the services rendered hereunder, the City shall pay to Jackson Thornton for the work performed per the Scope of Work shall be Twenty-six Thousand Dollars (\$26,000.00) for Study 1, Twenty-eight Thousand Dollars (\$28,000.00) for Study 2 and Thirty Thousand Dollars (\$30,000.00) for Study 3. The total amount of this agreement shall not exceed Eighty-four Thousand Three Hundred Dollars (\$84,300.00)

4. **Jackson Thornton Associates Performing as an Independent Contractor:** In the performance of this work it is understood between the parties that Jackson Thornton and its employees, agents, subcontractors and consultants, if any, shall be acting as independent contractors and not as an employee of the City of Huntsville. Jackson Thornton shall have no authority to obligate the City to an indebtedness or other obligation.

5. **Notices:** All notices (a) shall be in writing, (b) shall be deemed served on the date which they are actually received, and (c) shall be served by (i) personal delivery, or (ii) United States First Class Certified or Registered Mail, Return Receipt Requested, properly addressed with postage prepaid or (iii) a nationally recognized overnight courier/delivery service (i.e. Federal Express, United Parcel Service, etc.) or (iv) electronic transmission ("E-mail") or telephonic facsimile transmission ("Fax") in conjunction with one of the other methods of delivery set forth in subparagraphs (i), (ii) or (iii), each addressed as follows:

City of Huntsville
Attention: Matthew B. Reynolds, PE
P.O. Box 308
Huntsville, Alabama 35804
matthewreynolds@huntsvilleal.gov
256-883-3719

Jackson Thornton & Co., PC

6. **Subcontracting:** Jackson Thornton may not associate/hire/contract with any subcontractor/independent contractor/consultant in order to fulfill the requirements of this Agreement without obtaining the prior written approval of the City's Project Manager. Jackson Thornton shall be solely responsible for any and all payments/wages/earnings due any such independent contractor for work performed thereby in furtherance of this Agreement. Jackson Thornton shall be legally responsible for any and all actions of any subcontractor/independent contractor/consultant. Consent by the City to any subcontract shall not constitute approval of the acceptability of any subcontract price or of any amount paid under any subcontract, nor relieve Jackson Thornton of any responsibility for performing this contract. The City's Project Manager shall have final approval of any proposed subcontractor.

7. **Confidential Information:** Each party hereto (each, a "Recipient") shall protect and keep confidential all non-public information disclosed to Recipient by the other party (each, a "Discloser") and identified as confidential by Discloser ("Confidential Information") and shall not,

except as may be authorized by Discloser in writing, use or disclose any such Confidential Information during and after the term of this Agreement. These obligations of confidentiality shall not apply to information that: (1) was previously known to Recipient; (ii) is or becomes publicly available through no fault of Recipient; (iii) is disclosed to Recipient by a third party having no obligation of confidentiality to Discloser relating to such Confidential Information; (iv) is independently configured by Recipient; or (v) is required to be disclosed as a matter of law (e.g. open records request).

8. **Termination**

(1) Termination for Convenience.

This agreement may be terminated by the City without cause prior to the completion of the project upon ten (10) days written notice of the intent to terminate to Jackson Thornton. Notice to terminate shall be given to Jackson Thornton by written notification mailed or hand delivered to the contact address for Jackson Thornton listed in Section 5 herein. In the event of such termination without cause, Jackson Thornton shall be compensated for all services actually performed in a timely manner prior to receipt of the notice of termination provided, however, that such compensation shall be conditioned upon Jackson Thornton providing in a timely manner to the City all documents developed and copies of the work product produced pursuant to the Contract which were performed in furtherance of the Scope or Work up to the receipt of the notice of termination. In such event, Jackson Thornton shall promptly submit the City its invoice for final payment.

(2) Termination for Cause.

This agreement may be terminated by either party upon thirty (30) days written notice to the other should such other party fail substantially to perform in accordance with its material terms through no fault of the party initiating the termination.

9. **Nonexclusiveness of Remedies.** Any right or remedy on behalf of the City or Jackson Thornton provided for in any of these specifications, including but not limited to any guaranty or warranty or any remedy for nonperformance, shall be in addition to and not a limitation of any right or remedy otherwise available by law, equity, or statute.

10. **Injuries to Jackson Thornton.** Jackson Thornton is obligated to obtain sufficient liability insurance coverage (as well as worker's compensation coverage, if required by law) for the benefit of Jackson Thornton and its agents and/or employees. Jackson Thornton waives any and all rights to recovery from the City for any injuries that Jackson Thornton (and/or its agents and/or employees) may sustain while performing services under this Agreement.

11. **GENERAL PROVISIONS.**

A. Governing Law and Venue.

This Agreement shall be governed by and construed in accordance with the laws of the State of Alabama without regard to Alabama conflict of laws provisions. Proper venue for any action to

enforce the terms of this Agreement shall be in the state or federal courts of Madison County, Alabama.

B. Force Majeure.

Neither party shall be responsible for delays or failure of performance resulting from acts beyond the reasonable control of such party. Such acts shall include, but not be limited to, acts of God, strikes, walkouts, riots, acts of war, epidemics, failure of suppliers to perform, governmental regulations, power failure(s), earthquakes, or other disasters.

C. Headings.

The titles and headings of the various sections and paragraphs in this Agreement are intended solely for convenience of reference and are not intended for any other purpose whatsoever, or to explain, modify or place any construction upon or on any of the provisions of the Agreement.

D. Agreement Deemed to Have Been Jointly Drafted.

The parties acknowledge that they have thoroughly reviewed this Agreement and bargained over its terms. Accordingly, neither party shall be considered responsible for the preparation of this Agreement which shall be deemed to have been prepared jointly by both parties. The provisions of the Agreement allocate the risks between the parties. The terms and conditions included herein reflect the allocation of risk, and each provision herein is a part of the bargained for consideration of this Agreement.

E. Waiver.

The failure of the City to insist in one or more instances upon the performance of any term of this Agreement is not a waiver of its right to future performance of such terms unless such waiver is in writing and signed by a duly authorized officer of the City.

F. All Amendments in Writing.

No provisions in either party's purchase orders, or in any other business forms employed by either party will supersede the terms and conditions of this Agreement, and no supplement, modification, or amendment of this Agreement shall be binding, unless executed in writing by a duly authorized representative of each party to this Agreement.

G. Property of City.

All work product prepared by Jackson Thornton shall become and be the sole property of the City.

H. Third Parties.

Nothing contained herein shall create a contractual relationship with, or any rights in favor of, any third party.

I. Non Discrimination Policy.

In consideration of this agreement, the parties hereto for themselves, their agents, officials, employees, and servants agree not to discriminate in any manner on the basis of race, color, creed, age, sex, disability or national origin with reference to the subject matter of this agreement, no matter how remote.

J. No Assignment

Neither party shall assign its rights hereunder, excepting its right to payment, nor shall it delegate any of its duties hereunder without the written consent of the other party.

K. Entire Agreement.

The parties have read this Agreement, including all Exhibits, and agree to be bound by its terms, and further agree that it constitutes the complete and entire agreement of the parties and supersedes all previous communications, oral or written, and all other communications between them relating to the subject matter hereof. No representations or statements of any kind made by either party, which are not expressly stated herein, shall be binding on such party. In the event any separate Statements of Work are subsequently executed by the parties and are in conflict with the provisions of this Agreement, then the provisions of this Agreement shall prevail over any such conflicting provisions. Any pre-printed terms and conditions of Jackson Thornton's and City's business forms shall be without legal effect with respect to this Agreement or any subsequent Statements of Work.

L. Order of Precedence of Contract Documents

In the event any conflict, discrepancy, or inconsistency among any of the documents which make up this contract, the following shall control, and Jackson Thornton is deemed to have based its estimate of performing the work upon the order of precedence as set forth below. Interpretations shall be based upon the following order of precedence: 1) this Agreement and 2) Jackson Thornton's proposal attached hereto as Attachment A.

IN WITNESS WHEREOF, the parties hereto, by their respective duly authorized officers or representatives, have each executed this Agreement, effective as of the date first above written.

CITY OF HUNTSVILLE, ALABAMA

By: _____

Tommy Battle

Its: Mayor

Attest: _____

Shaundrika Edwards

Its: City Clerk

JACKSON THORNTON ASSOCIATES

By: _____

Its: _____

Certified Public Accountants
& Consultants



City of Huntsville Water Pollution Control Department

May 5, 2023

Proposal for:

Wastewater Cost of Service Study



Certified Public Accountants
& Consultants

May 5, 2023

Mr. Shane Cook, Director
Water Pollution Control Department
WPC of Huntsville
1800 Vermont Road SW
Huntsville, Alabama 35802

Re: Engagement arrangements for professional services related to Revenue Requirements Analysis and Cost of Service/Rate Study for the Wastewater System

Dear Mr. Cook:

Thank you for the opportunity to offer our proposal for providing a comprehensive wastewater cost of service/rate study to the City of Huntsville Water Pollution Control Department. We believe that you will find Jackson Thornton Utilities Consultants to be uniquely qualified to assist you with this project because of the extensive knowledge and experience that we have in all phases of the utilities industry.

We currently provide more than 100 municipal, cooperative, and county public authorities with cost of service/rate study work. In the past three years, we have completed more than 150 cost of service studies.

Our objective is to provide quality and timely services that exceed your expectations. Let us put our expertise to work for you. Our proposal outlines our qualifications to provide these services, as well as our experience and fees. Should you have any questions or would like additional information, please do not hesitate to reach out. My contact information is listed below. I would also be happy to meet with you to discuss this proposal and our qualifications in further detail.

Sincerely,

A handwritten signature in blue ink that reads 'Sarah Chandler'.

Sarah Chandler
Principal

E Sarah.Chandler@jacksonthornton.com
P 334.532.0474
F 334.956.5090

Jackson Thornton Certified Public Accountants & Consultants

200 Commerce Street, Montgomery, Alabama 36104-2591 P.O. Box 96, Montgomery, Alabama 36101-0096
334 834 7660 jacksonthornton.com A PROFESSIONAL CORPORATION

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Section One | Firm Information

Mission Statement

We, at Jackson Thornton, provide assurance, advisory, consulting and tax services to a wide range of individuals, business and industry. Our service is an integration of people, experience, processes and technologies which is constantly evolving with the needs of our clients. Our foundation is integrity and our standard is accountability. We commit our resources, expertise, and passion - believing our work makes a difference.

Firm History

Jackson Thornton was founded in 1919. We have 32 principals and employ more than 200 professional staff and support personnel in six offices within Alabama and Tennessee. Our professionals work with clients in accounting, auditing, taxation, utilities consulting, information technology, employee benefit plans, wealth management, and other consulting services. As a large regional firm, we have the breadth of experience and depth of knowledge to deliver the proactive industry-specific service that sets us apart from the competition. We have specialized departments that offer a variety of industry-specific professional business consulting services.

For more than 70 years, Jackson Thornton Utilities, a division of Jackson Thornton (JT), has provided services to utilities across the Southeast. We have more than 20 people in the Jackson Thornton Utilities work group who work solely with our utility clients. More than 15 years ago, Jackson Thornton Utilities Consultants (JTUC) was created to provide our clients with cost of service studies, rate design, system development charge analysis, financial modeling and forecasting, strategic planning and internal control evaluation. Our professionals have years of real-world, utility-specific financial and economic development experience at the state and national levels.

Our objective is to provide each client the highest quality of professional service at a reasonable price and on a timely basis. In order to achieve this objective, each client is assigned to a team of professionals that matches the needs of that client. This team approach also provides continuity for the ongoing needs of that client by providing more than one professional who is familiar with each client.

Financial Strength

Jackson Thornton is a growing and financially-sound company. We serve multiple industries including utilities, government/municipalities, healthcare and construction. More than 13.6% of the firm's revenue is from our utilities niche clients; overall corporate revenue was \$36 million in 2022. Jackson Thornton is the 5th largest accounting firm in Alabama and the 133rd largest in the United States.

Independence

We are unaware of any engagements or relationships that Jackson Thornton is involved with currently or been involved with which would cause a conflict of interest with the WPC. Our quality control procedures require us, before we accept any engagement, to circulate throughout the firm a sign-off if any relationships might create a conflict of interest with the potential client. That procedure would assure the WPC that Jackson Thornton would do its due diligence regarding conflicts of interest before accepting work with them.

Section Two | Firm Experience

We are a nationally recognized leader among providers of professional accounting, tax, and consulting services for utilities. We measure this in terms of client satisfaction, technical proficiency, quality, and timely delivery of work requested by our utility clients. In addition to traditional accounting firm services, Jackson Thornton consults with utilities and municipalities to design rates, create business strategy, enhance technology, and provide training.

Our utility group professionals include six principals with combined utilities experience that exceeds 150 years. We provide professional services to utility clients in seventeen states. As one of the largest firms in Alabama, we have the breadth of experience and depth of knowledge to deliver the proactive industry-specific service that you deserve.

JTUC's team of rate consultants are recognized experts in the utilities industry. We provide cost of service and rate consulting to more than 100 utilities across the country. In addition, we have team members who serve on the National Rates and Charges Committee and the Finance, Accounting and Management Controls Committee for the American Water Works Association (AWWA). We also have team members that serve on the Utility Finance and Management Committee for AWWA's Kentucky/Tennessee Section. We are active members of the Tennessee Gas Association. We have been active Associate of Members of the Tennessee Association of Utility Districts for more than 15 years.

Both Sarah Chandler and Jim Marshall are recognized as qualified experts by the Utility Management Review Board and the Water and Wastewater Financing Board to provide consulting and financial guidance to Tennessee utilities.

JTUC works with utilities that range in size from \$300,000 to \$500,000,000 in annual revenues. The same procedures and methodologies apply regardless of the size of the utility. The procedures employed by JTUC follow generally accepted cost of service principles. Our model is flexible to compensate for individual accounting practices.

The expertise and experience of the utility group makes us uniquely qualified to meet the needs of our clients. We understand the nature of the utility industry and know that the business model is very different than the for-profit sector. Some examples of our utility consulting engagements are as follows:

- *Cost of Service and Rate Design* - We have completed more than 150 water, wastewater, electric, and gas cost of service studies in the past three years.
- *Financial Planning* - We assist in establishing financial goals with both short-range and long-range financial forecasts. We currently provide this service, through our TrailBlaze® financial planning model, for more than 15 utilities on an ongoing basis, with quarterly reports and monitoring.
- *Impact/Capacity Fee Analysis* - We have provided analysis of impact fees and system development charges for more than 15 utilities in the past three years.
- *Other Utility Consulting Engagements* - Ancillary fee analysis, Capital financing consulting, strategic planning, business plans, mergers and acquisitions, expert testimony, and rate review.

- *Issues and Challenges in the utility industry* - Because of our experience in the industry and the region, we are able to offer our clients unique perspective and solutions on challenges around, growth, supply, rate structures, and best practices.

Section Three | The Engagement Team

Our ambition is to give our clients, multiple contacts within Jackson Thornton. Our team combines individuals with experience in providing services to utilities and municipalities. The team's experience and expertise, along with Jackson Thornton's commitment to quality and timely delivery of services, will ensure that the engagement objectives are attained.

The professionals who will be responsible for services to the WPC are listed below and their biographies and curricula vitae are attached (See Exhibit 1). We anticipate that the staff involved in the Cost of Service/Rate Study project will primarily be Sarah Chandler, Jim Marshall, and Ryan Shubird. Sarah will be the principal-in-charge and Jim will also serve as a principal on this project.

Sarah V. Chandler | Principal - Sarah will be involved in all aspects of the project and will serve as the principal-in-charge on the project.

James B. Marshall, III, CEP | Principal - Jim will be involved in all aspects of the project and serve as a principal on the project.

Ryan Shubird, CPA | Supervisor - Ryan will be involved in all aspects of the project.

Section Four | Scope and Approach

A Partnership Approach

We will work with you and your management team to provide you with our opinion as to determine the adequacy and most appropriate structure for applicable user rates, fees and other charges assessed by the WPC for its services. No one likes surprises during a professional engagement. We will work proactively to identify issues early in the planning stages, and we will discuss the issues with you and your management team promptly. We are happy to present the results and findings at the conclusion of our engagement.

Project Objective

We understand from previous discussions with you and your management team that the objective of our work is to develop an analysis to determine the appropriate rates and costs of services supplied and distributed to the customers of WPC. In order to provide this analysis, meet the objectives of this engagement, and provide the results desired from this project, we propose that these projects be completed as a multi-phased process.

- **Phase I – Revenue Requirements Analysis "RRA"** – This phase of the project includes working with the management team to review historical accounting and cost records for plant investment and expenditures. We will also review budgets (financial, capital requirements, cash flow, etc.) and bond indenture requirements in order to determine the projected revenue requirements of each

utility service. After performing this RRA, we will know if the current rates will generate the needed revenue requirements for each class of service provided and for the system.

- **Phase II – PART 1 - Prepare Embedded Wastewater Cost of Service Study "COSS"** – This phase of the project includes working with your management team to perform a detailed allocation of the distribution plant, operating expenses, debt service and capital improvement projects to each rate class. From this phase we can determine if rate equity exists between rate classes and within rate classes. The results of this COSS will provide the support for any changes in WPC's rates, if any are needed.

PART 2 - Prepare Preliminary Rate Designs for Each Rate Class – The second part of this phase includes using the COSS results to determine what changes in current rates are needed to generate the revenues desired from each rate class. After preliminary rates have been determined for each rate class, analysis can be prepared reflecting existing rates versus proposed rates and total revenues generated by each different rate class.

- **Phase III - Revenue Requirement Projections** - This phase will involve an assessment of Revenue Requirements Analysis and anticipated future revenues. This will include reviewing the funding requirements for future capital expenditures, reserve funding, debt funding and O&M, as developed in the WPC financial planning model.
- **Phase IV – Rate Comparison** – This phase will involve comparing the system's current and proposed rates to other systems as requested by WPC.
- **Phase V – Reporting** – At the conclusion of the engagement, JTUC will provide the following deliverables:
 - Electronic and printed/bound copy of the COSS
 - PowerPoint Board/Council Presentation
 - Executive Summary

Project Procedure Standards

The procedures employed by JTUC follow generally accepted cost of service principles. Our model is flexible to compensate for individual accounting practices. As a guideline, our water and wastewater models follow the allocation processes detailed in the M-1 Manual ("Principles of Water Rates, Fees and Charges prescribed by the American Water Works Association"). Revenue requirements will be calculated using the Cash Method, unless otherwise desired. JTUC has developed a comprehensive Cost of Service model that allows Management and WPC to explore any study variations desired.

We will provide an information request form prior to the first on-site meeting. The timely and accurate completion of this request is essential to our completion of the services described above.

During the course of our engagement, we may accumulate records containing data that should be reflected in WPC's books and records. WPC will determine that all such data, if necessary, will be so reflected. Accordingly, WPC will not expect us to maintain copies of such records in our possession.

Confirmation of Management Responsibilities

Mr. Shane Cook, Director, will oversee our services, and you have indicated that you possess suitable skill, knowledge, and experience to understand the services to be performed sufficiently to oversee them. You have also agreed that you will assume all management responsibilities for subject matter and scope of the services under this arrangement letter. You have agreed to evaluate the adequacy and results of our services performed and you accept responsibility for the results and ultimate use of the services.

Section Five | Project Fees

Our projected time and effort for an embedded COS/Rate Study as described above is \$39,000 for a single-year engagement. A significant part of the cost is building the allocation models to fit your individual system and getting all data in the proper format. We believe the value of building this model benefits WPC over multiple years, if used by management. Consequently, to receive the multi-year benefits, we offer a multi-engagement pricing alternative allowing the model to be updated with new data. Doing so allows us to defer the upfront costs of building the model over multiple engagements. Should you desire, we can spread these upfront costs over a three-engagement contract. The three-engagement proposal does not require you to complete the work in three successive calendar years. We would request the contract period not to exceed seven (7) years.

Under the multi-year pricing alternative, JTUC proposes to cap the fees at the following:

Study 1	\$26,000
Study 2	\$28,000
Study 3	<u>\$30,300</u>
Total	<u>\$84,300</u>

Our price includes the development of cost curves by rate class and the comparison of current to proposed rates. Our price includes three (3) meetings with management or the council; however, this price does not include time required to meet with potential customers or opposition parties for rate approval. We will assist management of WPC with meetings based on their desires at our hourly rates for expert testimony and support, should it be required. Please see Exhibit 4 for current hourly rates and expert testimony rates.

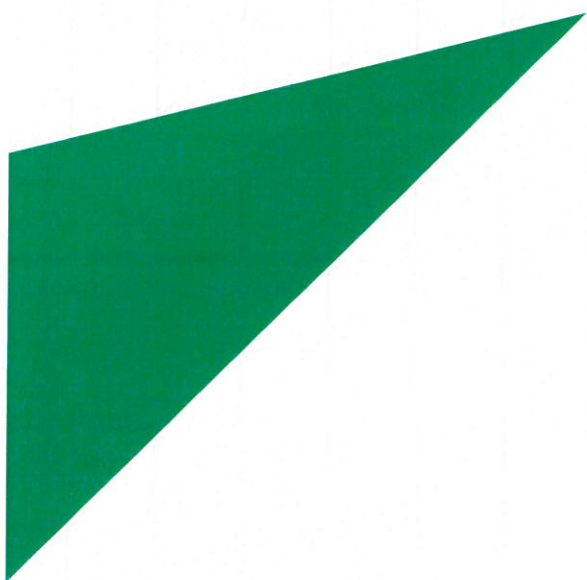
All fees are based on the understanding that WPC will provide JTUC the data needed on a timely basis. JTUC will furnish the staff of WPC with an "information request" form prior to the first on-site meeting. All reasonable travel and out-of-pocket expenses will be billed at cost. The above fees do not include travel time, which will be billed at one-half our standard billing rates and capped to six (6) hours per person, per round trip.

Any changes to the project (change of test year, financial projections, rate classes, billing data, etc.) after initial criteria are set will require a change order. JTUC will provide an estimate as to the cost of any of these changes, and will receive approval by your management before proceeding.

Our fees for these services will be billed periodically as the work progresses. Such bills are payable on presentation and a late charge of 1½ % per month will be imposed for any portion of the billed amount not paid within 30 days of the bill date. We reserve the right to suspend our work and/or to terminate our engagement if any bill is not paid in full within 30 days of the bill date. In the event of suspension of our work or termination of our engagement, such work shall not be resumed and such engagement shall not be reinstated, as the case may be, until the account balance and all late charges are paid in full.

This engagement may be terminated by either party, without cause, upon thirty (30) days written notice. In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

Exhibit 1



JACKSON THORNTON

Certified Public Accountants
& Consultants

Set the bar higher.



Sarah V. Chandler

Principal

P. 334.834.7660

F. 334.965.5044

sarah.chandler@jacksonthornton.com

Sarah Chandler is a principal based in Chattanooga, Tennessee specializing in utility consulting. She joined the firm in 2011 and has provided financial forecasting, cost of service, capacity fee and rate design projects for the firm's utility clients for more than a decade. Sarah works with water, wastewater, electric and natural gas clients across the Southeast.

PROFESSIONAL SERVICE


- Utility Finance Committee, KY/TN Chapter of American Water Works Association
- Finance, Accounting & Management Controls Committee, American Water Works Association
- Women in Water, KY/TN and AL/MS Sections of American Water Works Association
- Tennessee Association of Utility Districts
- Tennessee Gas Association
- Water Environment Foundation
- Alabama Rural Water Association

EDUCATION

B.S., Business Administration, Corporate Finance/Investment Management, University of Alabama

40+ hours of continuing professional education annually

Sarah V. Chandler
Jackson Thornton Utilities Consultants
(334) 532-0474
Sarah.Chandler@JacksonThornton.com

- Education:** BS in Business Administration
Major: Corporate Finance/ Investment Management
University of Alabama, 1987
- Member:** Finance, Accounting, and Management Controls Committee, American Water Works Association
Utility Finance Committee, KY/TN Section of American Water Works Association
Water Environment Foundation
Tennessee Association of Utility Districts
Tennessee Gas Association
Alabama/Mississippi Section of American Water Works Association
Alabama Rural Water Association
- Work Experience:** Jackson Thornton Utilities Consultants- Principal - Primary responsibilities include cost of service and rate design studies, system development charge analysis, financial forecasting and feasibility studies.
- Alabama Public Service Commission, Advisory Division Rate Analyst
This position works independently of the other divisions of the Public Service Commission to analyze natural gas rates and issues in the natural gas industry. Primary responsibilities included reviewing and making recommendations to the Commissioners on filings that concerned natural gas issues. These filings included, but were not limited to ratemaking methodologies, operational issues, municipal acquisitions, gas supply contracts, and accounting issues.
- Southern Natural Gas Company, Rate Analyst
Primary responsibilities included assisting in preparation of filings with the Federal Energy Regulatory Commission, as well as analysis of gas usage and rates.
- Presentations:** Kentucky/Tennessee Water Professionals Leadership Academy – Rate Studies and What They Mean to Your Utility
- Tennessee Association of Utility Districts Leadership Conference – How to Set Water and Sewer Rates
- Alabama/Mississippi AWWA Utility Management and Technology Workshop – Financial Planning and the Benefits of Active Rate Management
- 

Tennessee Association of Utility Districts Leadership Conference –
Building, Funding and Financing a Capital Plan

Kentucky/Tennessee AWWA WPC – The Power of Culture in Running a
Utility

Kentucky/Tennessee AWWA Webinar – Setting Effective Rates for Small
Water Systems

Alabama/Mississippi AWWA Water Jam – Balancing Act: Managing
Revenue Sufficiency While Being Mindful of Affordability

Tennessee Association of Utility Districts - The Five Foundations of
Running Your Utility Like a Business

Kentucky/Tennessee Section of AWWA - The Five Foundations of
Running Your Utility Like a Business

Tennessee Association of Utility Districts - Rate design 101

Tennessee Association of Utility Districts - Developing Minimum Bills &
Other Revenue Related Items

Alabama Municipal Electric Authority - National Rate Trends and the
Fundamentals of Rate Design

Alabama Rural Electric Association of Cooperatives - Financial
Forecasting and Modeling

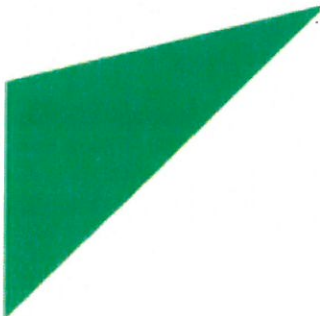
Alabama Rural Electric Association of Cooperatives - Cost of Service
and Rate Design

Tennessee Association of Utility Districts Administrative Professionals
Conference - Cost of Service and Rate Design

Minnesota Rural Electric Association - Cost of Service, Rate Design and
Financial Forecasting

Publications:

The Five Foundations of Running Your utility Like a Business
Tennessee *Utility News*, Third Quarter 2020



JACKSON THORNTON

Certified Public Accountants
& Consultants

Set the bar higher.



James B. Marshall, III

CEP
Principal

P. 334.834.7660

F 334.965.5090

jim.marshall@jacksonthornton.com

For more than 16 years, Jim Marshall has provided financial forecasting, cost of service and rate design consulting projects for the firm's utility clients. During that time, Jim has worked with electric, gas, water, and sewer utilities throughout the Southeast. Additionally, he's assisted manufacturing and commercial companies across the country with tax issues and utility negotiations.

CERTIFICATIONS

Certified Energy Procurement Professional (CEP)

PROFESSIONAL SERVICE

- Rates and Charges Committee, American Water Works Association
- Vice-Chair Utility Finance Management Committee, KY/TN Section of American Water Works Association
- Tennessee Association of Utility Districts
- Tennessee Gas Association
- Association of Energy Engineers
- Water Environment Foundation
- AL/MS Section of American Water Works Association
- Alabama Rural Water Association

EDUCATION

B.A., History, Hampden-Sydney College

40+ hours of continuing professional education annually



James B. Marshall, III

Jackson Thornton Utilities Consultants

(334) 261-6483

Jim.Marshall@JacksonThornton.com

Education:

BA in History
Hampden-Sydney College, 1997
Hampden-Sydney, VA

Member:

Rates and Charges Committee, American Water Works Association
Vice-Chair Utility Finance Management Committee, KY-TN section of
American Water
Works Association
Tennessee Association of Utility Districts
Tennessee Gas Association
Association of Energy Engineers
Water Environment Foundation
AL-MS section of American Water Works Association
Alabama Rural Water Association

Work Experience:

Jackson Thornton Utilities Consultants - Primary responsibilities include cost of service and rate design studies, merger and acquisition analysis, system development charge analysis, financial forecasting, and feasibility studies.

American Energy Solutions, Inc. Analyst - Primary responsibilities included evaluation of electric and natural gas procurement options, financial analysis of supply side and demand side projects and management of demand side initiatives, tax management issues, and utility negotiations.

Presentations:

Tennessee Association of Utility Districts Leadership Conference - How to Set Water and Sewer Rates

Alabama/Mississippi AWWA Utility Management and Technology Workshop - Financial Planning and the Benefits of Active Rate Management

Tennessee Association of Utility Districts Leadership Conference - Building, Funding and Financing a Capital Plan

Tennessee Association of Utility Districts Administrative Professionals Conference - Rate Studies and What They Mean to Your Utility





Alabama/Mississippi AWWA Water Jam - Balancing Act: Managing Revenue Sufficiency While Being Mindful of Affordability

Tennessee Association of Utility Districts - The Five Foundations of Running Your Utility Like a Business

Kentucky/Tennessee Section of AWWA - The Five Foundations of Running Your Utility Like a Business

Tennessee Association of Utility Districts - Rate Design 101

Tennessee Association of Utility Districts - Developing Minimum Bills & Other Revenue Related Items

Alabama Water Environment Association - Convergence of Asset Management, Rates, and Affordability

Kentucky/Tennessee Section of AWWA - General Rate Making Discussion

Georgia Association of Water Professionals - Cost of Service and Rate Design

Kentucky/Tennessee Section of AWWA - Cost of Service and Rate Design

Government Finance Officers Association of Alabama - Cost of Service and Rate Design

Alabama Rural Water Association - System Development Charges

Alabama Rural Electric Association of Cooperatives - Financial Forecasting and Modeling

American Public Power Association - Innovative Rate Design for Revenue Stability

Electric Cities of Alabama - Potential Financial Impact of LED Lighting

Alabama Rural Electric Association of Cooperatives - Cost of Service and Rate Design

Central District Power Accountants Association - Cost of Service and Rate Design





Alabama's Water Environment Association - Cost of Service and Rate Design

North Mississippi Power Accountants Association - Cost of Service and Rate Design; Financial Forecasting and Modeling

Alaska Power Association - Cost of Service and Rate Design

Electric Power Associations of Mississippi - Financial Forecasting and Modeling

Alabama Natural Gas Association - Cost of Service and Rate Design

Alabama Rural Water Association - Cost of Service and Rate Design

Tennessee Association of Utility Districts - Cost of Service and Rate Design

Publications:

Electric Energy, Spring 2012, "The Art of Residential Ratemaking"

"The Five Foundations of Running Your Utility Like a Business"

Tennessee Utility News, Third Quarter 2020

The Wave - The Official Magazine of Alabama's Water Environment Association, Summer 2020

Pipeline - The Official Magazine of the AL/MS section of AWWA, Fall 2020

Certifications:

Association of Energy Engineers - Certified Energy Procurement Professional



JACKSON THORNTON

Certified Public Accountants
& Consultants

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Ryan Shubird, CPA

Supervisor

P. 334.261.2116

ryan.shubird@jacksonthornton.com

Ryan Shubird joined the Jackson Thornton Utility Group in 2015. He has focused on cost of service and financial forecasting projects for the firm's utility clients. Ryan also has experience performing financial audits in the utility industry as well as in the governmental sector.

PROFESSIONAL & COMMUNITY SERVICE

American Institute of Certified Public Accountants
Alabama Society of Certified Public Accountants
Family Promise of Montgomery - Board Member
Henry Tellis Foundation

EDUCATION

M.S. in Accountancy, Auburn University Montgomery
B.S. in Business Administration, Auburn University
Montgomery

40+ hours of continuing professional education annually



K. Ryan Shubird
Certified Public Accountant
(334) 261-2116

Ryan.Shubird@JacksonThornton.com

Education: MS in Accountancy
BS in Business Administration
Major: Accounting
Auburn University, Montgomery, 2015

Member: American Institute of Certified Public Accountants
Alabama Society of Certified Public Accountants

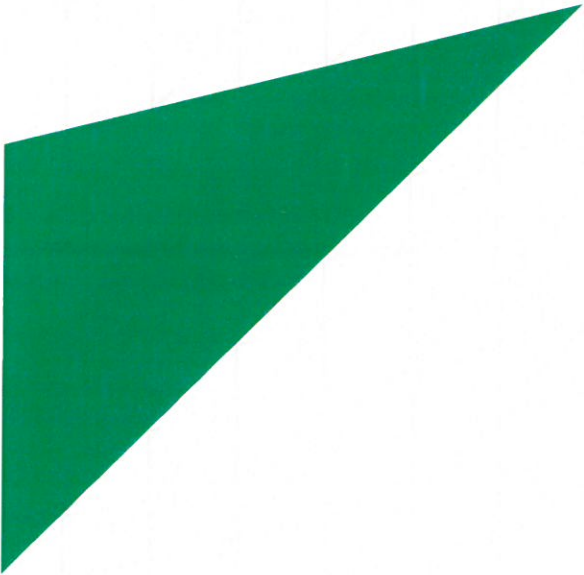
Work Experience: Jackson Thornton Utilities Consultants - Supervisor, Ryan joined the Jackson Thornton Utility Group in 2015. He has worked on consulting projects and audits for a variety of utility companies across the southeast. Ryan also works on governmental audits, alongside his work in the utility field.

Aldridge, Borden, & Co., Certified Public Accountants - Intern
Primary responsibilities included the preparation of individual and small business tax returns.

Alabama Association of Realtors - Associate
Primary responsibilities included assisting Governmental Affairs with legislative research and campaign support. Additionally, Ryan assisted with the collection of membership dues and the coordination of membership conferences.



Exhibit 2



Jackson Thornton Utilities
 Partial List of Water, Wastewater and Gas Utility Clients
 As of April 2023



Client Name & Location	Contact Person	Position	Engagements Performed
Andalusia, Utilities Board of Andalusia, AL	Cathy Alexander	Office Manager	Cost of Service and Rate Design
Belforest Water System Daphne AL	Corley Lauderdale	Engineer	Cost of Service and Rate Design Capacity Fee Analysis
Big Creek Utilities District Altamont, TN	Allen Joslyn	Manager	Cost of Service and Rate Design
BlackBelt Gas District Jackson, AL	CJ Arnold	General Manager	Annual Financial Audit
Bristol-Bluff City Utility District Bristol, TN	Tim Ham	General Manager	Cost of Service & Rate Design
Brownsville Energy Authority Brownsville, TN	Russ Stoots R. Ben Thornton	General Manager Assistant Manager	Capacity Fee Analysis
Calera, City of Calera, AL	Jon Graham Kelly Ellison	Mayor Finance Director	Cost of Service and Rate Design Capacity Fee Analysis
Carroll County Water Authority Carrollton, GA	Matt Windom Greg Akins	Manager CFO	Cost of Service and Rate Design Financial Forecasting Compensation Analysis
Central Elmore Water & Sewer Authority Wetumpka, AL	Chad Shaw	Manager	Cost of Service and Rate Design Capacity Fee Analysis
Chattahoochee Valley Water Supply District Valley, AL	Tony Segrest	General Manager	Annual Financial Audit
Childersburg, City of Water, Sewer and Gas Board Childersburg, AL	Travis Mizzell	Manager	Cost of Service and Rate Design Capacity Fee Analysis
Clarke-Mobile Counties Gas District Jackson, AL	CJ Arnold	General Manager	Annual Financial Audit
Clarksville Gas & Water Clarksville, TN	Tyler Hayes	Assistant Gas Manager	Cost of Service and Rate Design Fee Analysis
Columbia Power & Water Systems Columbia, TN	Jonathan Hardin	Interim Executive Director	Cost of Service and Rate Design Capacity Fee Analysis
Consolidated Utility District of Rutherford County Murfreesboro, TN	Roger Goodson Mike Craig	General Manager CFO	Cost of Service and Rate Design
Decatur Utilities Decatur, AL	Ray Hardin	CEO	Cost of Service and Rate Design

Jackson Thornton Utilities
 Partial List of Water, Wastewater and Gas Utility Clients
 As of April 2023



Client Name & Location	Contact Person	Position	Engagements Performed
DeKalb Utility District Smithville, TN	Jon Foutch	General Manager	Cost of Service and Rate Design Capacity Fee Analysis
Dickson County, Water Authority of Dickson, TN	Michael Adams	Executive Director	Cost of Service and Rate Design
East Alabama Water, Sewer and Fire Protection District Valley, AL	Tony Segrest	General Manager	Financial Forecasting Annual Financial Audit
Eastside Utility District Chattanooga, TN	Jay Mullin	General Manager	Cost of Service and Rate Design Capacity Fee Analysis
Eufaula Water Works & Sewer Board Eufaula, AL	Daryl Baker	General Manager	Cost of Service and Rate Design Capacity Fee Analysis
Fairhope, City of Fairhope, AL	Sherry Sullivan	Mayor	Cost of Service and Rate Design
First Utilities District Knoxville, TN	Bruce Giles Kena Hyers	Manager CFO	Cost of Service and Rate Design Capacity Fee Analysis
Five Star Water Supply District Millbrook, AL	Buddy Buckner	Manager	Annual Financial Audit
Franklin, City of Water Management Department Franklin, TN	Mark Hilty Michelle Hatcher	Assistant City Administrator Director	Cost of Service and Rate Design Water Supply Economic Analysis Capacity Fee Analysis Integrated Water Resource Plan
Gallatin Public Utilities Gallatin, TN	David Kellogg	Superintendent	Cost of Service and Rate Design Capacity Fee Analysis
Geneva Waterworks & Sewer Board Geneva, AL	James Dixon	Manager	Cost of Service and Rate Design
Gladeville Utility District Lebanon, TN	Eric Broomsfeld	CEO/Manager	Cost of Service and Rate Design Accounting and Management Consulting
Greenville Water Commission Greenville, TN	Laura White	Superintendent	Cost of Service and Rate Design Capacity Fee Analysis
Greenville Water Works & Sewer Board Greenville, AL	Velma Briggs	Secretary-Treasurer	Cost of Service and Rate Design
Greenwood Utilities Greenwood, MS	Brian Finnegan Blake Magee	CEO CFO	Cost of Service and Rate Design Financial Forecasting
HB&TS Utility District Franklin, TN	Cody Lovett	General Manager	Cost of Service and Rate Design Rate Protest Analysis Capacity Fee Analysis Wholesale Water Analysis

Jackson Thornton Utilities
 Partial List of Water, Wastewater and Gas Utility Clients
 As of April 2023



Client Name & Location	Contact Person	Position	Engagements Performed
Hixson Utility District Hixson, TN	Greg Butler	General Manager	Cost of Service and Rate Design
Hoover, City of Hoover, AL	Allan Rice	City Administrator	Cost of Service and Rate Design
Huguley Water, Sewer and Fire Protection Protection Authority Lanett, AL	Scott Windsor	Manager	Financial Forecasting Compensation Analysis
Holtville Water System Holtville, AL	Bob Cramer	Manager	Annual Financial Audit
Huntsville Utilities Huntsville, AL	Melissa Marty Ron Rizzardi	CFO Budget & Rates, Manager	Cost of Service and Rate Design Annual Financial Audit
Inlet Beach Water System Inlet Beach, FL	Mike Standley	General Manager	Accounting and Finance Consulting
Jackson Energy Authority Jackson, TN	Steve Raper Braxton Williams	Sr VP, Water Division Sr VP, Gas Division	Cost of Service and Rate Design Financial Forecasting Capacity Fee Analysis
Knox Chapman Utility District Knoxville, TN	Scott Prater	General Manager	Cost of Service and Rate Design Capacity Fee Analysis
LaFollette Utilities Board LaFollette, TN	Kenny Baird	General Manager	Cost of Service and Rate Design Financial Forecasting
LaGuardo Utility District Lebanon, TN	Joey Hardin	Manager	Cost of Service and Rate Design Capacity Fee Analysis
Lawrenceburg Utility Systems Lawrenceburg, TN	Victor Pusser Carla Burden	CEO Controller	Cost of Service and Rate Design Feasibility Analysis Capacity Fee Analysis
Limestone County Water & Sewer Athens, AL	Daryl Williamson	CEO	Cost of Service and Rate Design
Loudon Utilities Board Loudon, TN	Ty Ross Ryan Moore	General Manager Director of Finance	Cost of Service and Rate Design Capacity Fee Analysis
Lower Alabama Gas District Evergreen, AL	Mark Burgess	Manager	Annual Financial Audit
Luverne, City of Luverne, AL	Brock Flynn	Superintendent	Cost of Service and Rate Design
Madison County Commission Huntsville, AL	Philip Vandiver	Commissioner	Rate and Fee Survey

Jackson Thornton Utilities
 Partial List of Water, Wastewater and Gas Utility Clients
 As of April 2023



Client Name & Location	Contact Person	Position	Engagements Performed
Madison County Water Department Huntsville, AL	Chuck Faulkner	Director	Cost of Service and Rate Design Capacity Fee Analysis
Marshall County Public Utilities Lewisburg, TN	Tommy Whaley	Manager	Cost of Service and Rate Design
Maryville, City of Maryville, TN	Jessica Cooper	Deputy Director	Cost of Service and Rate Design
Maury County Water System Columbia, TN	Todd Shultz	Superintendent	Cost of Service and Rate Design Capacity Fee Analysis Wholesale Water Analysis Compensation Analysis
Milcrofton Utilities District Franklin, TN	Mike Jones	Manager	Cost of Service and Rate Design Capacity Fee Analysis
Millbrook, City of Millbrook, AL	Michael Harris	Utility Administrator	Capacity Fee Analysis
Mobile Area Water & Sewer System Mobile, AL	Charles Hyland	Director, Engagements	Annual Financial Audit
Monterey, Town of Monterey, TN	Nathan Walker	Mayor	Cost of Service and Rate Design
Montgomery, City of Water Works & Sanitary Sewer Board Montgomery, AL	Buddy Morgan Charlene Wachs	Manager CFO	Annual Financial Audit
Mooreburg Utility District Mooreburg, TN	Eddie Douglas	Manager	Cost of Service and Rate Design
Mount Pleasant, City of Mount Pleasant, TN	Kate Collier Loretta Garner	City Manager Finance Director	Cost of Service and Rate Design Capacity Fee Analysis
Murfreesboro, City of Water Resources Department Murfreesboro, TN	Darren Gore Doug Swann	Manager CFO	Cost of Service and Rate Design Financial Forecasting Capacity Fee Analysis
Nolensville/College Grove Utility District Nolensville, TN	Mike Polston	General Manager	Cost of Service and Rate Design Capacity Fee Analysis Compensation Analysis
Northeast Knox Utility District Corryton, TN	Gregg Morgan	Manager	Cost of Service and Rate Design Capacity Fee Analysis
Northport, City of Water & Sewer Department Northport, AL	John Powell Webb	Director	Cost of Service and Rate Design
Ocoee Utility District Cleveland, TN	Tim Lawson	Manager	Cost of Service and Rate Design

Jackson Thornton Utilities
 Partial List of Water, Wastewater and Gas Utility Clients
 As of April 2023



Client Name & Location	Contact Person	Position	Engagements Performed
Old Gainesboro Road Utility District Cookeville, TN	Tim Ham	General Manager	Cost of Service and Rate Design
Oneonta Utilities Board Oneonta, AL	Rodney McCain	General Manager	Capacity Fee Analysis
Opp, City of Utilities Board Opp, AL	Stacy Parker	General Manager	Cost of Service and Rate Design
Phenix City, City of Water & Sewer Department Phenix City, AL	Charles Woody	Director	Cost of Service & Rate Design
Prattville, City of Wastewater System Prattville, AL	Daniel Oakley	Finance Director	Cost of Service and Rate Design Capacity Fee Analysis
Prattville, City of Water Works Board Prattville, AL	Buddy Buckner	Manager	Annual Financial Audit Cost of Service and Rate Design
Public Water Supply District No. 4 Platte County, MO	Frank Offutt	General Manager	Rate Review
Public Energy Authority of Kentucky Carrollton, KY	Gerald Ballinger	General Manager	Annual Financial Audit
Rainbow City, City of Rainbow City, AL	John Spivey	Chairman of the Board	Cost of Service and Rate Design
Riviera Utilities Foley, AL	Tom DeBell James Wallace	General Manager Engineer	Cost of Service and Rate Design Capacity Fee Analysis
Russellville Gas Board Russellville, AL	Blaine Collier	General Manager	Cost of Service and Rate Design
Shady Grove Utility District Dandridge, TN	Mike Jones Linda Johnson	Manager CFO	Cost of Service and Rate Design Capacity Fee Analysis
Shelby County Water Services Columbiana, AL	Phillip Crunk	Manager	Cost of Service and Rate Design
Shelbyville Power System Shelbyville, TN	Jason Reese	General Manager	Cost of Service and Rate Design
South Alabama Gas District Evergreen, AL	Mark Burgess	Manager	Business Acquisition Business Consulting Cost of Service and Rate Design Gas Procurement

Jackson Thornton Utilities
 Partial List of Water, Wastewater and Gas Utility Clients
 As of April 2023



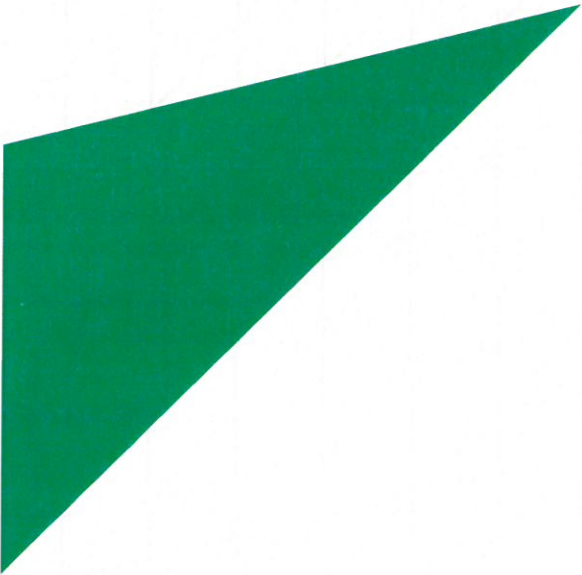
Client Name & Location	Contact Person	Position	Engagements Performed
South Blount County Utility District Maryville, TN	Al Scott	Manager	Cost of Service and Rate Design Financial Forecasting Capacity Fee Analysis
South Fork Utility District Bristol, TN	Adam Hale	General Manager	Cost of Service and Rate Design Feasibility Analysis
Southeast Gas District Andalusia, AL	Lori Messick	CFO	Cost of Service and Rate Design
Spencer, City of Spencer, TN	Nathaniel Green	James C. Hailey & Co. Engineer	Cost of Service and Rate Design Feasibility Analysis
Starkville Utilities Starkville, MS	Terry Kemp Anne Marie Logan	Manager CFO	Accounting and Finance Consulting
Sulligent, City of Sulligent, AL	J. Scott Boman	Mayor	Cost of Service and Rate Design
Talladega, City of Water & Sewer Department Talladega, AL	Cathy Fuller	Director	Cost of Service & Rate Design
Tallassee, City of Tallassee, AL	Sarah Hill	Mayor	Cost of Service and Rate Design
Tennessee Energy Acquisition Corp. Clarksville, TN	Mark McCutchen Rhonda Wall	CEO CFO	Annual Financial Audit
Thomasville, City of Thomasville, AL	Sheldon Day Deborah Ballard	Mayor City Manager	Accounting/Finance Consulting Annual Financial Audit
Thompson's Station, Town of Thompson's Station, TN	Steve Banks	Finance Director	Capacity Fee Analysis
Troy, City of Troy, AL	Brian Chandler	Manager	Cost of Service and Rate Design
Tuckaleechee Utility District Townsend, TN	Tim Ham	General Manager	Cost of Service and Rate Design Wholesale Rate Analysis
Utilities Board of Tuskegee, AL Tuskegee, AL	Gerald Long	General Manager	Cost of Service and Rate Design Financial Forecasting
West Knox Utility District Knoxville, TN	Drexel Heidel Wayne Hastings	General Manager Assistant Manager	Cost of Service and Rate Design Capacity Fee Analysis Wholesale Rate Analysis
Westmoreland, City of Westmoreland, TN	Keisha Troutt	City Recorder	Cost of Service and Rate Design

Jackson Thornton Utilities
 Partial List of Water, Wastewater and Gas Utility Clients
 As of April 2023



Client Name & Location	Contact Person	Position	Engagements Performed
West Morgan East Lawrence Water and Sewer Authority Decatur, AL	Jeaniece Slater	General Manager	Cost of Service and Rate Design Annual Financial Audit Capacity Fee Analysis
Wetumpka WaterWorks & Sewer Board Wetumpka, AL	Ronnie Windham	General Manager	Cost of Service & Rate Design
Winchester Utility System Winchester, TN	George Powell	General Manager	Cost of Service & Rate Design Capacity Fee Analysis

Exhibit 3





May 5, 2023

Mr. Shane Cook, Director
Water Pollution Control Department
City of Huntsville
1800 Vermont Road SW
Huntsville, Alabama 35802

Re: Proposal to Provide Professional Services Related to a Wastewater Cost of Service Study for the City of Huntsville Water Pollution Control Department

Dear Mr. Cook,

We appreciate the opportunity to submit to you and the City of Huntsville Water Pollution Control Department ("WPC") our proposal to assist you with the Revenue Requirements Analysis and Cost of Service Study detailed herein. We believe that you will find Jackson Thornton Utilities Consultants ("JTUC"/"JT") to be especially qualified to assist WPC with this project because of the extensive knowledge and experience that we have in the water industry.

JTUC has performed similar cost of service and rate design projects for many other utilities in the Southeast. We will be glad to provide a list of references upon request. We currently provide more than 100 municipal, cooperative, and county public authorities with Cost of Service Study work.

PROJECT STAFFING

We anticipate that the staff involved in the Cost of Service Study project will primarily be Jim Marshall, Sarah Chandler, and Ryan Shubird. Sarah will be the principal-in-charge and Jim will also serve as a principal on this project. We have additional professional staff dedicated to utility accounting and consulting that we can call upon if needed.

James B. Marshall, III, the principal responsible for electric, natural gas, water and sewer utility Cost of Service/Rate Study work, has worked with utilities for more than 15 years. During that time, he has provided financial forecasting, cost of service, and rate design consulting projects for utilities throughout the southeast. Jim has also worked with manufacturing and commercial companies across the country on tax issues and utility negotiations. He is certified by the Association of Energy Engineers as an Energy Procurement Professional. Jim currently serves on AWWA's Rates and Charges Committee as well as the Co-Chair of the Utility Finance Management Committee for the Kentucky/Tennessee section of AWWA. Jim is recognized as a qualified expert by the Utility Management Review Board and the Water and Wastewater Financing Board to provide consulting and financial guidance to Tennessee utilities.

Sarah V. Chandler, also a principal, has more than 20 years of experience in the utilities industry in the areas of cost of service, rate design, and regulation. She also has rate design and cost of service experience with a large interstate natural gas pipeline. She has completed training classes for financial planning, rates, fees, and charges sponsored by AWWA. Sarah serves on AWWA's Finance, Accounting, and Management Controls Committee. Sarah is recognized as a qualified expert by the Utility Management Review Board

Jackson Thornton Certified Public Accountants & Consultants

200 Commerce Street, Montgomery, Alabama 36104-2591 P.O. Box 96, Montgomery, Alabama 36101-0096
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and the Water and Wastewater Financing Board to provide consulting and financial guidance to Tennessee utilities.

Ryan Shubird has worked in the utility industry for more than 6 years, providing services in cost of service studies, rate design, and financial forecasting. He has received training in cost of service, rate design and financial planning. He has led a financial forecasting modeling class to demonstrate the importance of forecasting as a financial planning tool. Ryan is a Certified Public Accountant who obtains 40 plus hours of continuing professional education annually.

PROJECT OBJECTIVE

We understand from previous discussions with you and your management team that the objective of our work is to develop an analysis to determine the appropriate rates and costs of services supplied and distributed to the customers of WPC. In order to provide this analysis, meet the objectives of this engagement, and provide the results desired from this project, we propose that these projects be completed as a multi-phased process.

- Phase I – Revenue Requirements Analysis “RRA” – This phase of the project includes working with the management team to review historical accounting and cost records for plant investment and expenditures. We will also review budgets (financial, capital requirements, cash flow, etc.) and bond indenture requirements in order to determine the projected revenue requirements of each utility service. After performing this RRA, we will know if the current rates will generate the needed revenue requirements for each class of service provided and for the system.
- Phase II – PART 1 - Prepare Embedded Wastewater Cost of Service Study “COSS” – This phase of the project includes working with your management team to perform a detailed allocation of the distribution plant, operating expenses, debt service and capital improvement projects to each rate class. From this phase we can determine if rate equity exists between rate classes and within rate classes. The results of this COSS will provide the support for any changes in WPC’s rates, if any are needed.

PART 2 - Prepare Preliminary Rate Designs for Each Rate Class – The second part of this phase includes using the COSS results to determine what changes in current rates are needed to generate the revenues desired from each rate class. After preliminary rates have been determined for each rate class, analysis can be prepared reflecting existing rates versus proposed rates and total revenues generated by each different rate class.

- Phase III - Revenue Requirement Projections - This phase will involve an assessment of Revenue Requirements Analysis and anticipated future revenues. This will include reviewing the funding requirements for future capital expenditures, reserve funding, debt funding and O&M, as developed in the WPC financial planning model.
- Phase IV – Rate Comparison – This phase will involve comparing the system’s current and proposed rates to other systems as requested by WPC.
- Phase V – Reporting – At the conclusion of the engagement, JTUC will provide the following deliverables:

- Electronic and printed/bound copy of the COSS
- PowerPoint Board/Council Presentation
- Executive Summary

PROJECT PROCEDURES STANDARDS

The procedures employed by JTUC follow generally accepted cost of service principles. Our model is flexible to compensate for individual accounting practices. As a guideline, our water and wastewater models follow the allocation processes detailed in the M-1 Manual ("Principles of Water Rates, Fees and Charges prescribed by the American Water Works Association"). Revenue requirements will be calculated using the Cash Method, unless otherwise desired. JTUC has developed a comprehensive Cost of Service model that allows Management and WPC to explore any study variations desired.

We will provide an information request form prior to the first on-site meeting. The timely and accurate completion of this request is essential to our completion of the services described above.

During the course of our engagement, we may accumulate records containing data that should be reflected in WPC's books and records. WPC will determine that all such data, if necessary, will be so reflected. Accordingly, WPC will not expect us to maintain copies of such records in our possession.

CONFIRMATION OF MANAGEMENT RESPONSIBILITY

Mr. Shane Cook, Director, will oversee our services, and you have indicated that you possess suitable skill, knowledge, and experience to understand the services to be performed sufficiently to oversee them. You have also agreed that you will assume all management responsibilities for subject matter and scope of the services under this arrangement letter. You have agreed to evaluate the adequacy and results of our services performed and you accept responsibility for the results and ultimate use of the services.

PROJECT FEES

Our projected time and effort for an embedded COS/Rate Study as described above is \$39,000 for a single-year engagement. A significant part of the cost is building the allocation models to fit your individual system and getting all data in the proper format. We believe the value of building this model benefits WPC over multiple years, if used by management. Consequently, to receive the multi-year benefits, we offer a multi-engagement pricing alternative allowing the model to be updated with new data. Doing so allows us to defer the upfront costs of building the model over multiple engagements. Should you desire, we can spread these upfront costs over a three-engagement contract. The three-engagement proposal does not require you to complete the work in three successive calendar years. We would request the contract period not to exceed seven (7) years.

Under the multi-year pricing alternative, JTUC proposes to cap the fees at the following:

Study 1	\$26,000
Study 2	\$28,000
Study 3	<u>\$30,300</u>
Total	<u>\$84,300</u>

Our price includes the development of cost curves by rate class and the comparison of current to proposed rates. Our price includes three (3) meetings with management or the council; however, this price does not include time required to meet with potential customers or opposition parties for rate approval. We will assist management of WPC with meetings based on their desires at our hourly rates for expert testimony and support, should it be required. Please see Exhibit 4 for current hourly rates and expert testimony rates.

All fees are based on the understanding that WPC will provide JTUC the data needed on a timely basis. JTUC will furnish the staff of WPC with an "information request" form prior to the first on-site meeting. All reasonable travel and out-of-pocket expenses will be billed at cost. The above fees do not include travel time, which will be billed at one-half our standard billing rates and capped to six (6) hours per person, per round trip.

Any changes to the project (change of test year, financial projections, rate classes, billing data, etc.) after initial criteria are set will require a change order. JTUC will provide an estimate as to the cost of any of these changes, and will receive approval by your management before proceeding.

Our fees for these services will be billed periodically as the work progresses. Such bills are payable on presentation and a late charge of 1½ % per month will be imposed for any portion of the billed amount not paid within 30 days of the bill date. We reserve the right to suspend our work and/or to terminate our engagement if any bill is not paid in full within 30 days of the bill date. In the event of suspension of our work or termination of our engagement, such work shall not be resumed and such engagement shall not be reinstated, as the case may be, until the account balance and all late charges are paid in full.

This engagement may be terminated by either party, without cause, upon thirty (30) days written notice. In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

CLAIM RESOLUTION

It is agreed by WPC and Jackson Thornton & Co., P.C. or any successors in interest that no claim arising out of services rendered pursuant to this agreement by or on behalf of WPC shall be asserted more than two years after the date of the last report issued by Jackson Thornton & Co., P.C.

JT and WPC each acknowledge that there are risks involved with communicating and storing data via electronic means. Accordingly, to the fullest extent permitted by law, JT and WPC each waive and acknowledge that neither party shall have any claim against the other based upon, relating to, or arising from the use of electronic systems (including, but not limited to, email and cloud computing systems). Without limiting the generality of the foregoing, neither party shall be liable for any damages arising from any and all data breaches, the delivery of communications, data, or documents to unintended recipients, or the interception or viewing of communications, data, or documents by unintended or unauthorized individuals or entities.

ELECTRONIC SIGNATURES AND COUNTERPARTS

Each party hereto agrees that any electronic signature of a party to this Agreement or any electronic signature to a document contemplated thereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy ((as a "pdf" (portable document format) or other replicating image)) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities, or (iv) a digital signature. This Agreement may be

executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule, statute of frauds, or any other evidentiary objection or theory premised upon the execution and/or delivery of the document by electronic means.

Any and all documents executed by electronic signatures shall be retained in a readily accessible format in accordance with the respective party's document retention policy. In the event that either party shall lose or otherwise be unable to produce its original document, such party may request the other party to produce the original document in whatever format it is currently stored, and reimburse the producing party for its cost and expense incurred in providing such documents.

CONFIRMATION OF AGREEMENT

This letter constitutes the complete and exclusive statement of agreement between Jackson Thornton & Co., P.C. and the City of Huntsville Water Pollution Control Department, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Please sign and this letter to indicate your acknowledgment of, and agreement with, the arrangements for our services.

JACKSON THORNTON & CO.,

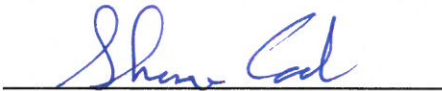


James B. Marshall, III
Principal



Sarah V. Chandler
Principal

Confirmed on behalf of the addressee:

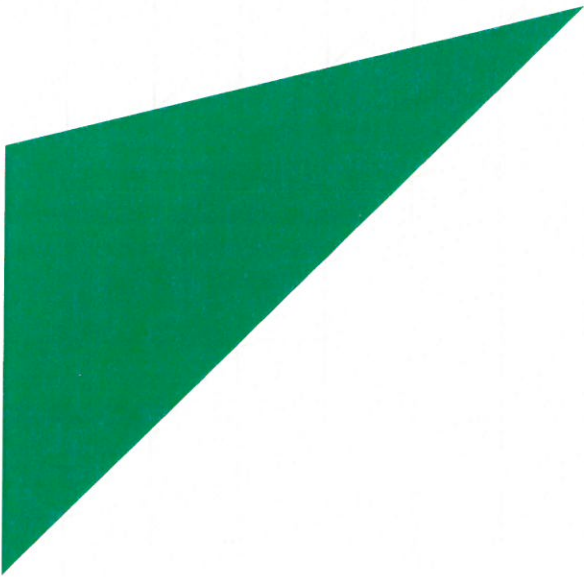


Signature

Single Year _____

Multi-Year _____

Exhibit 4



Hourly Rates

Position	Hourly Rate	Expert Testimony Rates	Deposition Rates
Associate	\$145-\$155		
Senior Associate	\$160-\$165		
Supervisor	\$190-\$220		
Manager	\$250-\$295		
Senior Manager	\$305-\$325	\$365-\$390	\$390-\$410
Principal	\$355-\$385	\$425-\$460	\$455-\$490