

**PERU UTILITIES  
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF  
AUGUST 10, 2016**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, August 10, 2016. The meeting was called to order by Mr. Akers at 4:00 p.m. pursuant to notice as required by law. The following Board members were present: S. Akers, M. Costin, G. Ward, and J. Edwards. Others present: P. Roberts-City Attorney, J. Pandy, L. Starkey, B. Tillett, S. Hines, J. Chance, L. France, J. Languell-City Council Liaison and B. Yankey-Peru Tribune.

**1.) APPROVAL OF BOARD MINUTES OF JULY 27, 2016:**

*Mr. Ward moved to accept the Board minutes of July 27, 2016, meeting as mailed. The motion was seconded by Mrs. Edwards. The motion carried unanimously.*

**2.) PAYMENT OF CLAIMS:**

*A motion was made by Ms. Costin to approve the claims as presented, seconded by Mr. Ward. The motion carried.*

**3.) NEXT REGULAR MEETING:**

The next regular meeting will be held Wednesday, August 31, 2016, at 4:00 p.m. in the Utility Service Boardroom.

Ms. Costin complimented the Peru Tribune reporter for the excellent article on the Trevor Hughes tragedy.

**4.) OLD BUSINESS: None**

**5.) NEW BUSINESS:**

**REVISED AGENDA FORMAT:**

Mr. Pandy briefly updated the Board on the new Board Meeting Background Information report that was included in the Board packets. He noted that the new report replaces the Manager's Report and follows the same numbering system as the agenda. The Board's consensus was to adopt the new format.

**A.) APPROVE 4<sup>TH</sup> QUARTER 2016 ELECTRIC RATES – TRACKER ADJUSTMENT:**

			<b>Net Change</b>
	<b>New</b>	<b>Current</b>	<b>New Factors</b>
	<b>Factors</b>	<b>Factors</b>	<b>minus</b>
	<b>Per kWh</b>	<b>Per kWh</b>	<b>Current Factors</b>
	<b>Per kWh</b>	<b>Per kWh</b>	<b>Per kWh</b>
Residential Rate RS	\$ 0.040750	\$ 0.034666	\$ 0.006084
Power Rate GSA-1	\$ 0.034054	\$ 0.035052	\$ (0.000998)
Demand Rate PS	\$ 0.030311	\$ 0.034662	\$ (0.004351)
Muni Street Lgtg Rate MSL-1	\$ 0.014400	\$ 0.015228	\$ (0.000828)
Traffic Lgtg – Rate TL	\$ 0.016109	\$ 0.013301	\$ 0.002808
Average for all Rate Classes	\$ 0.034107	\$ 0.034334	\$ (0.000227)

Mr. Pandy reported that for the average residential user of 700 kWh/month the increase is \$4.25/month, almost identical to the decrease for the 3<sup>rd</sup> quarter,

July, August, and September 2016. The reason being is that the purchase power cost from IMPA increased for the 4<sup>th</sup> quarter tracker. He explained that peaking units are typically gas-fired combustion turbines, which are used to help electric systems meet peak demand during the hot summer months. Peakers use natural gas, which is cheaper, but they are not as efficient as the coal fire base load power plants. Because the Peakers are more expensive to operate, the power cost increases, which in turn increases the tracker.

*A motion was made by Mr. Ward to accept the 4<sup>th</sup> Quarter 2016 Electric Rates – Tracker Adjustment, and seconded by Mr. Costin. The motion passed unanimously.*

The 4<sup>th</sup> Quarter 2016 filing will be on the City Council's September agenda for their approval.

**B.) APPROVE REVISED JOB DESCRIPTIONS, ASSIGNMENTS, AND PAY RANGES:**

Mr. Pandy reported that Mr. Chance's job description and the pay range is being adjusted in response to the additional assignments that he has taken on as the Project Manager and for the Division of Water Management.

He said that in another matter regarding the Water/Wastewater Foreman vacant position, the pay range and duties also have been revised. Mr. Pandy and staff felt that Mr. Hines, a former power plant employee, will be better utilized on a year-round basis in the Division of Water Management, as the Water/Wastewater Foreman. Mr. Hines currently performs lawn maintenance and grass mowing, but is also flexible. He is resourceful and is always willing to fix, repair, and service anything that needs to be done. If approved, Mr. Hines will begin as the Water/Wastewater Foreman after the mowing season.

It was noted that pay range adjustments are typically made towards the end of every calendar year when the union wages are renegotiated, but the Division of Water Management has been operating at a reduced employee level, due to staff reductions over the years and more workers are needed.

Mr. Pandy asked for Board consideration to approve the revised job descriptions and pay range adjustments for the Project Manager, and the Water/Wastewater Foreman positions.

*Ms. Costin made a motion to approve the revised job descriptions, assignments and pay ranges. Mr. Ward seconded the motion and the motion carried.*

**C.) CONSIDERATION TO DONATE OBSOLETE EQUIPMENT TO THE PERU FIRE DEPARTMENT:**

Mr. Pandy displayed one of the Multi-Pro air monitors, explaining that they are used whenever work is performed in a confined space to ensure that the air quality is safe to breathe, and not contaminated. We plan to replace the old ones with a newer model and would like to transfer three of the old monitors to the Peru Fire Department. In the past, we had given the fire department one as a loaner; which they kept in good condition. This will greatly enhance the firefighters ability to have the equipment on their trucks. Mr. Pandy recommended giving the used equipment to the Peru Fire Department, free of charge from Peru Utilities.

*Mr. Ward made a motion to donate three Multi-Gas detectors, free of charge from Peru Utilities to the Peru Fire Department. Ms. Costin seconded the motion and the motion carried unanimously.*

**6.) CITY ADMINISTRATION UPDATE:**

Mrs. Languell reported that the budget process for the city is now beginning.

**7.) CITY ATTORNEY'S UPDATE:**

Mr. Roberts noted that he had met with Ice Miller LLP, an administrative law firm in Indianapolis, to facilitate the process of securing a loan from the State Revolving Fund (SRF). He will be corresponding via telephone with Umbaugh and the engineers within the next few days to obtain the necessary requirements and procedures to secure such a loan.

Mr. Roberts noted that it will be decided as to how to bid the Power Plant demolition after the Request for Proposal is finalized. He felt it will be in our best interest to use the existing bid process, since we have forms readily available to lock everything in. We will need to specify the time frame for bids to be pending, before accepted, he is not sure how our time limitations will work out. Mr. Pandy stated that 60-75 days should be an adequate amount of time for staff to review the bids and make a recommendation to the Board to award the contractor. There was a discussion about transferring funds if needed, that will need the approval of both the Board and the City Council.

**8.) MANAGER'S REPORT:**

**WATER DIVISION:**

Mr. Pandy updated the Board that he and staff had met with Mr. Scott Miller, H. J. Umbaugh & Associates on Tuesday and it was decided that Umbaugh will revise the 2014 Cost of Service Study with more current numbers in an effort to try to control the cost. Mr. Pandy had inquired with the First Farmers Bank in Peru about the interest rates and availability of long-term loans. First Farmers Bank was hesitant, as it is not their normal loan process. Umbaugh has advised us if we borrow money from a local bank, we will need to have another Cost of Service Study calculated,

along with a Preliminary Engineering Report, similar requirements as to borrowing from the State Revolving Loan Fund. Mr. Pandy summarized that at first he was discouraged when he found out that the State Revolving Fund Competitive Award Period ends on July 1<sup>st</sup> of each year; it will be another 11 months before we could request a loan from them. He noted that by the time Umbaugh completes the revised study and the engineers complete their Preliminary Engineering, along with detailed engineering, we will be fortunate to get the all documenting completed for the State Revolving Fund before the July, 2017, deadline.

It was noted that we have some surplus money in the Water Depreciation Account, and the Electric Division as well, but will depend on what total amount of money is spent on the power plant, as to how much is available. Our plan is to use internal funds to get up to full speed in regards to engineering and performing in-house planning. We may even begin a couple of the smaller projects to help us be able to secure the \$6,000,000 we seek from the State Revolving Fund.

The Division of Water Management is busy getting the engineering estimates together; Mrs. Starkey will fund those bills from the Depreciation Reserves. It was noted that the State Revolving Loan Fund is the lowest interest loan available to us, and by next July that interest rate could possibly increase. Mr. Ward questioned if July 2017, is the earliest we could lock in an interest rate. Mr. Pandy confirmed it was, the amount of work that is required financially and engineering wise is very similar, even if we can find another source of funding. There was a discussion and Mr. Pandy stated that the SRF Loan is the best choice and that we have nearly a year to prepare ourselves for it.

Ms. Costin commended Mr. Pandy for checking with a local bank first. Umbaugh said that we can borrow money from a local bank for 6-12 months, should we run short. It was noted that the local bank acknowledged up front that they could not loan us money for 20 years; it is not something they typically do; we need to do a bond issuance.

**ELECTRIC DIVISION:**

Mr. Pandy reported that this morning at 10:00 a.m. the new circuit 69161 project was energized; it is not yet carrying load. The new section is isolated for the “smoke test” period to check to ensure that there isn’t any faulty equipment or connections before connecting it to the existing 69 kv loop. Mr. Pandy reported that we will contact Duke Energy probably mid-week. After which, we will close the switches and airbrakes and tie it into the existing loop. We will then have a complete enclosed loop of 69 kv supply. There is still some distribution pole work yet to be completed. The total cost of the project is slightly under the \$1.2 million budget. Mr. Pandy commended all staff/employees who were involved with the project. Mrs. Edwards stated her congratulations on a project that was well done.

**AUGUST 10, 2016 – Cont'd.**

**9.) ADJOURNMENT:**

*There being no further business to bring before the Board, Mr. Ward made a motion to adjourn. Mrs. Edwards seconded the motion. The meeting adjourned by unanimous consent.*

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Geoff Ward, Secretary Peru Utilities Service Board