

**PERU UTILITIES
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF
AUGUST 31, 2016**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, August 31, 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, L. France, T. Alley-City Council Liaison, M. Selleck and B. Yankey-Peru Tribune.

1.) APPROVAL OF BOARD MINUTES OF AUGUST 10, 2016:

Mrs. Edwards moved to accept the Board minutes of August 10, 2016, meeting as mailed. The motion was seconded by Mr. Ward. The motion carried.

2.) PAYMENT OF CLAIMS:

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

3.) NEXT REGULAR MEETING:

The next regular meeting will be held Wednesday, September 14, 2016, at 4:00 p.m. in the Utility Service Boardroom.

4.) OLD BUSINESS: None

5.) NEW BUSINESS:

A.) APPROVAL OF RESOLUTION #4, 2016, ELECTING TO JOIN THE PUBLIC EMPLOYEES RETIREMENT FUND AS ADMINISTERED BY THE INDIANA PUBLIC RETIREMENT SYSTEM:

Mr. Pandy asked the Board to table Resolution #4, 2016 because we just received some new information today from PERF, which states that there is a two-year waiting period before the General Manager's position can be removed from the PERF Plan. Mr. Pandy said that when he began work in May, he was enrolled in the company PERF Plan, same as all employees, however, found out afterward that it will take ten years to be vested. Because of his unique circumstances, he will never see any benefit from the program as it is presently constituted. He felt that the Board would agree that it wasn't in his employment plan to work another ten years. He felt that more research is needed to find another plan to direct his retirement contribution to.

Ms. Costin made the motion to table Item "A"-Resolution #4, 2016, until further information can be researched. Mr. Ward seconded the motion, the motion passed.

B.) CONSIDER REGISTERING FOR THE RIVERBANK CLEANUP ON SEPTEMBER 24, 2016:

Mr. Pandy encouraged the Board and invited anyone to register for the Riverbank Cleanup for Saturday, September 24, 2016. In the past employees and Board members have volunteered to make the cleanup event possible; this is an opportunity to help keep our riverbanks clean and is sponsored by the Division of Water

Management. You can register by getting in touch with Jamin Beisiegel, Division of Water Management Superintendent.

Mrs. Edwards inquired if there was information given to the participants about what to do if drug paraphernalia is found, and as to whether findings are reported to the local police department. It was noted that she can contact Jamin Beisiegel, for any questions or information about the event.

6.) CITY ADMINISTRATION UPDATE:

Mr. Alley inquired as to when the Phase II Water Rate Increase will take effect. Mr. Pandy stated that the Board had directed him to consult with H. J. Umbaugh and Associates for a revised 2014 Cost of Service Study. Since, Umbaugh had quoted such a high price for revised the study, he plans to contact local accounting firms in the community that will be able to help us with the matter. Also, recently Mr. Pandy and several Board members met with the Common Council members, two at a time, to explain the water rate adjustment; everyone is supportive of the rate increase. Mr. Pandy said that Umbaugh will not need to be present at the council meetings; he would attend those meetings to explain the water rate increase (this will help to reduce Umbaugh's fees). Mr. Pandy explained that momentarily the matter is pending in order to reduce some additional upfront expenses. It is hoped to present the issue to the Peru Common Council at their October meeting. Mr. Alley said that he had further questions, but will get in touch with Mr. Pandy after the meeting.

7.) CITY ATTORNEY'S UPDATE:

Mr. Roberts stated that at the present time he is reviewing a couple of projects for us. The first is the Power Plant Demolition Project. Also, he is reviewing an easement acquisition along Wallace Avenue from the Ballard Estate. He explained that there are some complications with the easements that we are attempting to acquire. His firm is investigating as to what information is needed. He also noted that there is an intermediary, who is speaking to Chase Bank, who is the administrator of the Ballard Estate. He also found that a resident is in need of an easement and having complications as well.

Mr. Roberts said that he will present his contract to the Board at the next meeting. The contract will define his services and responsibilities to Peru Utilities. He felt it a better way to do business.

8.) MANAGER'S REPORT:

INCREASED ELECTRIC BILLS:

Mr. Michael Selleck inquired if he could get an explanation as to why his electric bill had recently increased.

Mr. Pandy had met earlier today with Mayor Greer as to the same question that Mr. Michael Selleck had identified. Mr. Pandy noted that there is also a lot of public comment about our electric rates on Facebook.

He referenced the Washington Post which states that July 2016, was the earth’s hottest month in the history of the world, based on the National Aeronautics Space Administration and National Oceanic Graphic Atmospheric Agencies. We have experienced the hottest month and hottest summer that anyone can remember. Mr. Pandy stated that our Electric Rate Tracker, which is based on the cost of power that we buy wholesale, reduced the cost of power in June, July and August of this year. He said that the Board, and the Common Council were informed earlier of this and that it was also reported in the news. He felt that the Electric Rate Tracker information had set an expectation in people’s minds that there was an electric rate reduction, when in reality electric consumption had increased dramatically this summer, based on the heightened use of air conditioners, fans and evaporative coolers (a.k.a. swamp coolers). He felt that the public was confused about the electric rates verses usage.

Mr. Pandy referenced an “Energy Usage Chart” based on 11.5 cents kWh (we are at 11 cents per kWh), which depicted an appliance usage calculator to show the kWh rate for the following appliance:

- Air Conditioner (room) 9,000 BTU uses \$42.63/month

He also reviewed an Indiana Electric Residential Customer Bill Survey from the Pharos-Tribune that was published in May 2016 and noted that we are an average utility in terms of our rate in comparison to other Indiana Utilities. We rank 9th at \$117.83 for 1,000-kilowatt hours. He also noted the following:

- Indiana Michigan Power was \$211.77 – 1,000-kilowatt hours
- Indianapolis Power & Light was \$134.56 – 1,000-kilowatt hours
- Duke Energy Indiana was \$119.39 – 1,000-kilowatt hours

Mr. Pandy then summarized a Residential Electric Bill Comparison from the Indiana Regulatory Commission as follows for 2015:

- Average all IMPA Member Communities was \$108.82
- Our bill was \$113.76
- Anderson was \$114.65
- NIPSCO was 125.48
- Dukes Energy was \$114.04
- SIGECO was \$153.23

Mr. Pandy passed out a Comparison of Monthly Electric Bills based on rates effective as of June 2016, for 1,000 kWh (average consumption) as follows:

- Peru Electric Utility \$111.49
- American Electric Power \$112.45
- Duke Energy Indiana \$114.72
- Indianapolis Power & Light \$ 99.58
- Northern Indiana Power \$120.90
- Vectren Energy \$154.74

Mr. Pandy explained that there is not a problem with our rates, the problem is that we are experiencing hot weather, which causes higher electric bills. It was discussed that during the hot summer months try to find ways to reduce your usage in order to reduce your bill. Mr. Pandy inquired if Mr. Selleck’s questions were answered. Mr. Selleck inquired if our charge per kWh is the same today, as it was the same time last year. Mr. Pandy explained that the Electric Rate Tracker changes quarterly based upon what we are paying for power. He noted that the last general rate increase was in 2014, and that our current electric rate is 11 cents per kWh, similar to last year.

Mr. Selleck said that the information made sense to him and should assist in quieting rumors. Mr. Akers noted that Peru Utility provides quality services and keeps the rates as low as possible. Mr. Pandy pointed out that Peru Utilities is a non-profit organization, serving the City of Peru.

9.) ADJOURNMENT:

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

Geoff Ward, Secretary Peru Utilities Service Board