

**PERU UTILITIES
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF
MAY 17, 2017**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, May 17, 2017. Mr. Akers called the meeting to order 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: D. Kern, Esq., J. Pandey, B. Tillett, J. Chance, J. Beisiegel, T. Alley - City Council Liaison and A. Lombardi - Peru Tribune.

1.) APPROVAL OF BOARD MINUTES OF MAY 3, 2017:

Mr. Ward made a motion to accept the Board minutes of May 3, 2017, as mailed. Ms. Costin seconded the motion and the motion passed.

2.) PAYMENT OF CLAIMS:

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

In reference to the Accounts Payable Check Report, Mrs. Edwards requested information about the \$4,400 check paid to the PLC Workshop. Mr. Beisiegel stated that it is for employee training for Programmable Logic Control, which will enable our employees to repair our own equipment without having to hire a third party.

3.) NEXT REGULAR MEETING:

The next regular meeting will be held Wednesday, June 7, 2017, at 4:00 p.m. in the Utility Service Boardroom.

4.) PUBLIC COMMENT: No public comments were made.

5.) OLD BUSINESS: None

6.) NEW BUSINESS:

A.) APPROVAL OF 3RD QUARTER 2017 ELECTRIC RATES – TRACKER ADJUSTMENT:

Mr. Pandey reported that the 3rd Quarter Tracker covering July – September will have the heaviest usage due to air conditioning loads and save the average customer who uses 750 kWh/month \$9.61/month in electric charges. Customers with similar kWh/month electric usage during the 2nd quarter are experiencing increased charges of \$5.44/month. Mr. Pandey said it illustrates the vast differences in the quarterly tracker. He noted that there is too much variance in our electric rate tracker and that the problem would be rectified with next Electric Cost of Service Study.

Mrs. Edwards moved to approve the 3rd Quarter 2017 Electric Rates Tracker Adjustment. Mr. Ward seconded the motion. The motion passed.

B.) CONSIDER NORFOLK & SOUTHERN RAILROAD CROSSING AGREEMENTS SETTLEMENT OFFER:

Mr. Pandy reported that Attorney Dustin Kerns had been in discussions with Vanessa Walsh of Strong Capital that manages Norfolk & Southern’s accounts and he has effectively proposed an agreement to resolve their recent proposals. We still intend to factor the cost of the crossing agreements with a special rate for railroad crossings in the future.

Attorney Dustin Kerns summarized Norfolk & Southern’s proposals as follows:

- Proposed Annual Amount - \$485.00/month x 20 years = \$48,000.00, plus 3% CPI each year.
- 1st 20 yr. Lump Sum Proposal = \$30,918.75
- Proposed Annual Amount w/CPI from Contract Date = \$43,133.60, plus 3% CPI each year.
- 2nd 20 yr. Lump Sum Proposal = \$27,497.68

Attorney Dustin Kerns recommended taking the Lump Sum Agreement and add the original lump sum amount of \$6,183.75 for NS175102 for a total of \$21,346.63 for the 20 years for all five agreements. He said that if they do not accept that offer because they want it all the same, he proposed that we agree to the \$27,497.68 proposal, which is still a saving of over \$21,000.00 plus interest over the next 20 years. Mr. Akers inquired if we could get a better deal. Attorney Dustin Kerns that the negotiations were at the point where they will not go any lower.

Mr. Ward made the motion to authorize the General Manager to either accept the Lump Sum proposal for \$21,346.63 or the 20 yr. Lump Sum Proposal for \$27,497.68. Ms. Costin seconded the motion and the motion passed.

C.) CONSIDER GENERAL MANAGER VACATION REQUEST:

Mr. Pandy stated that yesterday was his one-year employment anniversary. He asked for Board consideration for 6 weeks’ vacation per year, as documented in his employment letter: “*after one year of employment, the Board of Directors will review vacation time and may elect to increase allocated time off up to the maximum possible vacation time offered by Peru Utilities of six weeks (30 days) per year*”. The union contract and vacation policy adopted 4/19/17 supports this matter.

Mr. Ward made a motion to authorize 6 weeks’ vacation per year for the General Manager. Ms. Costin seconded the motion and the motion passed.

7.) CITY ADMINISTRATION UPDATE:

Mrs. Languell noted that the dilapidated building located at 65 South Broadway had been demolished.

8.) CITY ATTORNEY’S UPDATE:

Attorney Dustin Kerns reported that last week the law office of Starr Austen and Miller who is representing Peru Utilities concerning the Reahard litigation filed a motion for Summary Judgement.

9.) MANAGER’S REPORT:

A.) IMPA:

Mr. Pandy had attended IMPA’s Boot Camp and Commissioners meeting last week and met with IMPA staff privately to discuss his concerns with their Economic Development Rider. IMPA had a handout that mandated that if you used the Economic Development Rider you had to pass through the discount from IMPA directly to the qualifying customer. Mr. Pandy also related to the Board, IMPA’s Comparison of Monthly Electric Bills Based on Rates Effective as of July 2016 and IMPA’s Comparison of Monthly Average Cost of Electricity Base on Rates Effective as of 2016. He summarized some of the details; Peru Utilities is the lowest compared to the average IMPA members, American Electric Power or Duke Energy. Peru’s rates are higher than Indianapolis Power and Light because they have the density of the City of Indianapolis, but we fair well on the commercial side. He noted that Residential customers pay an average of 11¢ per/kWh, Commercial customers 10 ¾¢ per kWh, and Large Commercial/Industrial customers pay slightly more than 9¢ per kWh.

Mr. Pandy informed the Board that the \$40,000 credit paid to Peru from IMPA was a legitimate math error. IMPA had included some operating costs and should have only included capital costs; Crawfordsville Power & Light is due credit for the same reason.

Mr. Pandy stated that at the previous IMPA Commissioner’s meeting in Indianapolis the CEO had presented members information regarding the Indiana Michigan Municipal Development Agency (IMMDA), which has 11 municipalities 5 of which are located in Michigan and the remainder in Indiana. IMMDA totals 330 megawatts that they currently purchase from American Electric Power (AEP). IMPA’S idea is that IMMDA joins IMPA, and IMPA will buy out their contracts with AEP, which expire in 2020. IMMDA will save 3-5% in the early years; IMPA will lose money in the early years but will save money by having them in the group later on. Mr. Pandy had asked for the financial forecast before he voted on the matter, and was informed that the IMPA Executive Committee had reviewed the numbers. He would get the financial information later on because it is proprietary and confidential. IMPA thought by having an additional 330 new megawatts they might have to consider constructing a new gas-fired power plant, which would affect everyone’s rates. Mr. Pandy explained that the power market in the Midwest is cheaper than what all the IMPA members are currently paying IMPA. The new agreement will enable IMPA to purchase power from the market for ten years, sign up the new cities and give them the same rate as the rest of the IMPA members. Mr. Pandy felt it an unusual way to

do business, he understood the confidentiality but felt the commissioners should have full knowledge of the financial picture before they vote.

B.) IMPA POWER BILL:

Mr. Pandy reported IMPA’s Wholesale Power Bills for April 2017 was \$12,000 less than April last year. Even though the average cost has increased YTD, the power bill is (\$493,272) less than the first four months of 2016. He noted that our power costs would probably increase due to higher electric consumption during the hot summer months.

C.) NET METERING:

Mr. Pandy summarized that Indiana Gov. Eric Holcomb signed SB 309 into law on May 2; that will end net metering of solar projects that consumers install in the State of Indiana. Rooftop solar owners are currently compensated at 11¢ per/kWh, the same retail rate that we charge, but under the new SB 309, solar rooftop owners will be compensated lower at 4¢ per/kWh. Any solar rooftops that exist prior to the new law will be grandfathered.

D.) CELL TOWER BUYOUTS:

Mr. Pandy reported we recently discovered that Benton Ridge Telephone Company located in Lima, Ohio, has radio equipment located on two of our water towers. Their agreement started in 2010 with one 3-year renewal; they continue to pay the amount of their contract agreement and include a 3% escalation annually. We have to disclose the existence of this agreement to SBA, and if it is not suitable to SBA, we will request Benton Ridge Telephone Company to remove their equipment.

10.) ADJOURNMENT:

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

Geoff Ward, Secretary Peru Utilities Service Board