

**PERU UTILITIES  
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF  
AUGUST 9, 2017**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, August 9, 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, J. Edwards and M. Burnell. Others present: J. Pandey, B. Tillett, J. Chance, L. Starkey, J. Beisiegel, M. Walsh, Bob See and J. Languell-City Council Liason.

**1.) APPROVAL OF BOARD MINUTES OF JULY 26, 2017:**

*Mr. Ward moved that the minutes of July 26, 2017, be approved. Mrs. Edwards seconded the motion. Ms. Costin abstained from voting as she was not present at that meeting. The motion passed.*

**2.) PAYMENT OF CLAIMS:**

*Mrs. Edwards moved to approve the claims as presented. Ms. Costin seconded the motion and the motion passed.*

**3.) NEXT REGULAR MEETING:**

The next regular meeting will be held Wednesday, August 23, 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.) RECOMMEND MODIFICATION OF ELECTRIC RATE TRACKER:**

Beverly Matthews of IMPA Service Corp. recently submitted a proposal that recalculated our Electric Rate Tracker. In that agreement, she listed a detailed assessment of her recommendation and changes. The difference between the 2006 and 2016 purchased power cost allocations will be used. Mr. Pandey recommended the modification of electric rate tracker as submitted by Beverly Matthews of IMPA Service Corporation. Attorney Dustin Kern indicated it will be a modification and as past practice, quarterly rate trackers will be presented to the City Council for their approval.

*Mr. Ward made a motion to recommend to the City Council that the 4<sup>th</sup> quarter Tracker 2017, and future trackers be modified and levelized as proposed by Beverly Matthews of IMPA Service Corporation. Mrs. Edwards seconded the motion. The motion passed.*

**B.) RECOMMEND AN ELECTRIC RATE RIDER TO PROMOTE ECONOMIC GROWTH:**

Mr. Pandy developed the Electric Rider patterned after IMPA's rider to promote economic development and growth. Qualifications are, the load has to have an additional load of 1,000 kilowatts, and has to invest \$1 million dollars in the community's service area and has to be above 75% Load Factor. Companies that qualify will receive a discount over a five-year period (20%-15%-10%-10%-5%). If they miss the qualification requirement in any one month they will not receive the discount. It a pass through Rider, the discount flows through our power bill from IMPA and our customer receives the discount on their power bill. Currently, we have no customers that can qualify for it but could in the future. Mrs. Edward questioned, how the 75% Load Factor will impact customers. Mr. Pandy said it will provide an incentive for a customer to operate more than one shift, and to use their energy consistently around the clock to match their peak demand. Ms. Costin felt Peru Utilities is here to serve the ratepayers and if there are gains they should be passed on to the employees in terms of higher wages and better equipment. She felt that it is not Peru Utilities' responsibility to discount electric bills for customers, but felt it MCEDA's responsibility to offer incentives to customers wanting to locate in the community. Mr. Pandy explained that Peru Utilities, REMC, NIPSCO all need to work together in concert with MCEDA to promote economic development. Mr. Pandy said that if Peru can attract new business it will help support the tax base, along with a variety of retailers that will receive revenue. In his past job experience in the industry, he has seen these type of things enhances economic development in communities.

*Mr. Ward made a motion to approve the Electric Rate Rider to promote economic growth, Mr. Burnell seconded the motion. The motion passed.*

**C.) CONSIDERATION OF DEPRECIATION ESTIMATE ADJUSTMENT:**

The Board reviewed a recommendation from Mrs. Starkey that the current threshold for capital purchases be increased from \$2,500 to \$10,000 and that any future electronic capital purchases be depreciated at 10% or 10 years. All other depreciation estimates would remain the same; and past asset purchases in the asset inventory would continue to be depreciated at the rates they were under at the time of purchase.

*Mr. Ward made a motion to approve the recommendation. It was seconded by Ms. Costin and approved unanimously.*

**D.) CONSIDERATION OF EXTENSION OF ELECTRIC DISTRIBUTION LINES AND FACILITIES:**

Board Policy 2-2017 is consistent with Indiana Code and has been past practice. If a customer wants a power line extension we calculate 2 ½ years revenue from that line, and we invest that much to serve a customer. If it's beyond 30 months or 2 ½ years in cost, we collect that from the customer before we build the line. Mr. Pandy noted the new policy streamlines Indiana Code.

*Mr. Burnell made a motion to accept Board Policy 2-2017, Distribution Line Extensions. Mrs. Edwards seconded the motion. The motion passed.*

**E.) APPROVAL OF NEW JOB DESCRIPTION AND PAY RANGE:**

Mr. Pandy reviewed the job duties of the new Technical Services Director. This will be a salaried position exempt from overtime. He explained the position will lead a new department from within the company using existing employees to implement and oversee Automatic Metering Infrastructure. The Superintendents will have the right to overrule and recall any team member if needed in their respective department (Electric, Water Management, and Office). The new department includes the Network Systems Technician, Electronics Metering Technician, SCADA Technician, Supervisor of Engineering & Technical Services and meter readers. Mr. Pandy has worked the details out with the union to keep the union whole; there are two salaried positions that will become union eligible, and two union eligible positions that will become salaried. Mr. Burnell wondered why the AMI position hadn't been brought up at the inception of the AMI plan. Mr. Pandy explained that it was a multi-step process as to what was needed to implement the AMI project and maintain it as well as Fiber Optic Cable (FOC), SCADA and other new technologies.

*Ms. Costin made a motion to approve the Technical Services Director and pay range. The motion was seconded by Mr. Burnell. The motion passed.*

**7.) CITY ADMINISTRATION UPDATE:** None

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

Attorney Dustin Kern reported he has sent the lease between the City and Peru Municipal Facilities Corporation for the northwest water tower to SBA in regards to the lease buyout. SBA was granted a one-month extension for the due-diligence period. He explained that Peru Municipal Facilities owns the northwest tower and the City of Peru and Miami County pays the bond payments until 2021 from the Economic Development Income Taxes. Once the bond is paid in full, the City of Peru is the ultimate owner.

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

**FLEX TIME:**

The union has talked about whether or not they want to implement flex time according to the 30-day trial the Board authorized. Mr. Pandy had drafted a supplemental letter to the union contract which has the same life as the current contract 2017 - 2019. The union will vote on the matter next Thursday, August 17. Flex time has limitations; daylight hours and weather.

**RETURNS ON AUTOMATED METERING INFRASTRUCTURE:**

Mr. Pandy referenced the Automated Metering Infrastructure Financial Plan, noting that the estimated debt service is 10 years at 3.25%. We estimate a 1.5% gain for energy not

accounted for and a 10% gain on the water meters and reducing our part-time meter reader and gas/vehicle expenses. There is potential \$465,000 per year of savings associated with AMI; an analysis of this was presented to the PUBS.

**FINANCIAL REPORT:**

Mr. Pandy presented a financial report through July 31 noting that Electric had a negative margin in June, but YTD Actual Electric has a positive margin of \$824,737; Water, Wastewater, Storm water, and both Grissom Water and Wastewater have YTD positive net margins. Mr. Pandy explained reductions are due to reducing the water losses from 50% to 39 ½% and lowering power bills, weather, and tightening our belt wherever we could on expenditures.

**GENERAL MANAGER'S RESIGNATION:**

Mr. Pandy presented a letter of 8/9/17 with his resignation to the Board. He will resign his duties of General Manager of Peru Utilities and indicated that his last day will be September 10, 2017. He recommended Joshua Chance be appointed as his replacement. Mr. Pandy sincerely thanked the Board for having the privilege to serve as General Manager of Peru Utilities.

**10.) ADJOURNMENT:**

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

---

Geoff Ward, Secretary Peru Utilities Service Board