

**PERU UTILITIES
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF
February 16, 2022**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, and virtually through video conferencing via Teams Meeting, on Wednesday, February 16, 2022. Chairperson Mary Costin called the meeting to order at 4:00 p.m. pursuant to notice as required by law. The following Board members were present Richard Donoho, Chris McKinney, and Jami Edwards. Others present Joshua Chance, Alice Hartley, Jamin Beisiegel, Michael Biesenbach, Wayne Brindle, Joyce Shafer, Lee France, Matthew Svantner, Mayor Miles Hewitt and Patricia Russell-City Council Liaison. Absent: Dave Van Baalen and Kathleen Plothow-City Council Liaison

1.) APPROVE BOARD MINUTES OF FEBRUARY 2, 2022:

Board member Jami Edwards moved that the minutes of February 2, 2022 be approved. Board member Chris McKinney seconded the motion. The vote was unanimous, motion passed.

2.) PAYMENT OF CLAIMS:

Board member Chris McKinney moved to approve the claims as presented. Board member Richard Donoho seconded the motion. The vote was unanimous, the motion passed.

3.) NEXT REGULAR MEETING:

The next regular meeting will be held on-site Wednesday, March 2, 2022, at 4:00 p.m. in the Team-Teaching Room. Teams Meeting video conferencing is available for the public.

4.) PUBLIC COMMENT: None

5.) OLD BUSINESS: None

6.) NEW BUSINESS:

A.) APPROVE 2nd QUARTER 2022 ELECTRIC RATE- TRACKER ADJUSTMENT:

Mr. Chance explained that the quarterly Electric Rates Tracker Adjustment reflects the increases/decreases in Peru Utility’s cost of purchased power charged by our supplier, Indiana Municipal Power Agency. The fluctuation in the Power Cost Adjustment is caused by changes in the energy market. The chart below reflects the local area providers rates, Peru Utilities customer charge/facilities charge is \$4.22.

Current Rates - Local Area Energy Providers

Local Area Energy Providers	Residential Charge for 1000 kWh energy	Cost per kWh	Customer Charge/ Facilities Charge	Total Charge for 1000 kWh	Effective Rate per kWh	% difference From P.U.
Duke Energy	\$137.17	\$0.137172	\$10.54	\$147.71	\$0.147712	24.64%
Heartland REMC (Wabash)	\$122.80	\$0.122799	\$20.00	\$142.80	\$0.142799	20.49%
Miami Cass Remc	\$118.80	\$0.118798	\$25.75	\$144.55	\$0.144548	21.97%
Peru Utilities	\$114.29	\$0.114294	\$4.22	\$118.51	\$0.118514	

Mr. Chance stated that the 2nd Quarter Tracker residential and commercial customers will experience an increase. He asked for acceptance of the 2nd Quarter 2022 Electric Rates-Tracker Adjustment.

Rate Class	Apr. 2022 Adj. Rate per kWh	Increase or (Decrease) Per kWh
Residential Service (RS-1)	\$0.041697	\$0.007365
General Service (GSA-1)	\$0.041069	\$0.006905
Power Service (PS)	\$0.037154	\$0.004261
Security Lighting Service (SL-1)	\$0.012357	\$(0.001924)
Municipal Street Lighting Service MSL-1	\$0.012136	\$(0.001426)
Traffic Signal Service (TL)	\$0.014005	\$(0.003205)

The above factors represent an average increase in its schedule of rates for electricity sold in the amount of \$0.005642 per kilowatt-hour (kWh). Residential customers will experience an increase of \$7.37 per 1,000 kilowatts. Commercial customers will experience an increase of \$6.91 per kilowatt-hour.

The 2nd Quarter 2022 Electric Rates Tracker Adjustment filing will be on the City Council’s March 7th agenda for their consideration.

Board member Richard Donoho made a motion to accept the 2nd Quarter 2022 Electric-Rates Tracker Adjustment. Board member Jami Edwards seconded the motion. The vote was unanimous, the motion passed.

B.) APPROVE ANNUAL CPI ADJUSTMENT FOR PERU WATER RATES:

Mr. Chance explained that the Indiana Utility Regulatory Commission (IURC) provides a method to adjust Peru Water rates annually to include the factors that trend with inflation. The City Ordinance #28,2016, which addresses Peru Water’s current rate structure, calls for the review and adjustment of the Peru Water Utility rate based on a formula recommended by the IURC. The formula applies a CPI-U adjustment to select allowable expenses in the rate study, as applied to the prior year’s Operating Revenue. The formula resulted in an incremental increase in Peru Water’s rates of 5.4%. The average customer who uses 3,000 gallons of water will see an increase of \$0.75 in their monthly bill. The 2022 Peru Water Rates annual CPI adjustment filing will be on the city council’s March 7th agenda for their consideration.

Board member Chris McKinney made a motion to accept the Peru Water Rates annual CPI adjustment of 5.4% effective April 1, 2022. Board member Jami Edwards seconded the motion. The vote was unanimous, the motion passed.

C.) APPROVE ANNUAL CPI ADJUSTMENT FOR GRISSOM WATER RATES:

Mr. Chance requested acceptance of the annual Consumer Price Index (CPI) Grissom Water Rates adjustment addressed by City Ordinance #24, 2019, and based on a formula recommendation endorsed by the Indiana Utility Regulatory Commission. Baker Tilly has also reviewed the rates. If accepted the Grissom water rates will increase by 5.2%. The average customer who uses 3,000 gallons of water will see an increase \$0.94 in their monthly bill. The 2022 Grissom Water Rates annual CPI adjustment filling will be on the city council’s March 7th agenda for their consideration

Board member Richard Donohoe made a motion to accept the Peru Water Rates annual CPI adjustment of 5.2% effective April 1, 2022. Board member Chris McKinney seconded the motion. The vote was unanimous, the motion passed.

D.) APPROVE BAD DEBT WRITE-OFFS JULY 1, 2021, THROUGH SEPTEMBER 30, 2021:

	<u>Peru</u>	<u>Grissom</u>	<u>Total</u>
Electric	\$12,463.00	-	\$12,463.00
Water	2,360.49	3,094.68	5,455.17
Wastewater	324.75	-	324.75
Stormwater	28.00	-	28.00
Trash	84.00	-	84.00
Total	\$15,260.24	\$3,094.68	\$18,354.92

The bad debt write-offs from July 1, 2021 – September 30, 2021, reviewed and Mr. Chance request permission to write-off the delinquent accounts. YTD 2021 Bad Debt/Write off Recoveries as 9/30/21 was 0.121% out of a 33 million dollars’ worth of revenue. Typically, the standard write-off is 2.0% and it is a standard procedure that we write off bad debts after trying to collect them.

Board member Jami Edwards made a motion to grant permission to write-off the delinquent accounts for July 1, 2021, through September 30, 2021, for \$18,354.92. Board member Chris McKinney seconded the motion. The vote was unanimous, the motion passed.

E.) APPROVE THE THIRD AMENDATORY AGREEMENT POWER SALES CONTRACT BETWEEN IMPA AND CITY OF PERU-PRESENTING IT TO THE CITY COUNCIL FOR APPROVAL:

Section I. The first paragraph of Section 2 of the Contract is deleted and replaced with the following: The term of this Contract shall become effective on April 1, 1982. The Contract shall remain in effect until April 1, 2050. On April 1, 2020, and on each April 1st thereafter, the Contract term shall be extended automatically for an additional one-year period (i.e., on April 1, 2020, the contract term shall extend until April 1, 2051). Notwithstanding the foregoing, this Contract may be terminated by the Member on April 2, 2050, or on any subsequent April 1st thereafter, upon the Member having given prior written notice to the Agency pursuant to Section 21 of the Contract at least thirty (30) years prior to the current date of termination. In addition, this Contract may be terminated by the Member at such

time that all Bonds shall have been paid or provision for such payment shall have been made therefore pursuant to the Bond Resolution and all contractual obligations entered by the Agency for the generation, purchase, transmission or transformation of power and energy have been terminated and provision has been made for the payment of any residual costs thereof.

Mr. Chance recommended presenting the IMPA contract to the Peru City council for approval. We are the largest company that has not signed the contract with 5-6 other smaller companies. Signing the contract will extend the term until 2050. Board member Richard Donoho would like to go on record that he does not like the contract.

The Board considered the Third Amendatory Agreement Power Sales Contract between IMPA and the City of Peru-presenting it to the City Council for approval.

Board member Chris McKinney made a motion to approve presenting the IMPA contract to the Peru City Council for approval. Board member Richard Donoho seconded the motion. The vote was unanimous, the motion passed.

F.) APPROVE GIS SYSTEM (GEOGRAPHIC INFORMATION SYSTEM):

Mr. Svantner reported that a geographic information system (GIS) is a system that creates, manages, analyzes, and maps all types of data. GIS connects data to a map integrating location data (where are things are) with all types of descriptive information. This system will also integrate directly into our outage management system to further streamline our outage responses. Mr. Svantner recommended the iamGIS system for \$60,000 in implementation fees. The annual fee will be included in our yearly O&M budget, including the already approved budget for 2022.

Board member Richard Donoho made a motion to approve the GIS System recommendation iamGIS System for \$60,000 in implementation fees. Board member Chris McKinney seconded the motion. The vote was unanimous, the motion passed.

- 7.) **CITY ADMINISTRATION UPDATE:** Mayor Hewitt reported that Bill Gornto, the city of Peru zoning administrator and inspector passed away on Saturday. Mayor Hewitt stated that he was a wealth of knowledge and will be missed. Peru City Hall will be closed so employees can go to the visitation and funeral services from 10:00am until 1:00pm on Feb. 18, 2022.
- 8.) **CITY ATTORNEY UPDATE:** Mr. Kerns will be meeting with Michael Walsh concerning the Tree Trimming/Mowing Control contract. The contractor wanted changes to the contract one being if they do not complete the work on time- 25% percent, will be withhold. They want to recover that after they complete the work. He will be discussing the contract

language with Mike Walsh tomorrow. We would like to have the contract to the board at the next meeting.

9.) MANAGER’S REPORT:

PURDUE STUDY:

General Manager Joshua Chance reported that every year Purdue prepares a study of the Indiana Electricity Projections forecast. Mr. Chance shared graphs to the board from the study. The report presents the 2021 projections of future electricity requirements for the state of Indiana for the period 2020-2039. Individual utilities will experience different levels of growth due to a variety of economic, geographic, and demographic factors. The forecast projects electricity usage to decrease through 2025, then grow through the remainder of the forecast period, with overall growth at a rate of 0.21 percent per year over the 20 years of the forecast. The forecast indicates a need for a mix of natural gas-fired combustion turbines and combined cycle units, with wind and solar capacity.

YEAR-END 2021 FINANCIALS:

Mr. Chance stated that the Board received the year-end financial summary, and he summarized each department’s net margins and fund balances.

<i>Department</i>	<i>YTD</i>	<i>YTD</i>
	NET MARGIN	BUDGET
<i>Electric</i>	-524,625	-291,684
<i>Peru Wtr</i>	255,315	14,313
<i>Peru WW</i>	483,939	492,069
<i>Grissom Wtr</i>	240,508	257,674
<i>Grissom WW</i>	-106,004	-55,704
<i>Stormwater</i>	72,617	4,971

MEETING WITH DNR AND THE IFA AT MISSISSINEWA:

Mr. Beisiegel received a call from them a couple of months ago saying that they want Mississinewa and their state properties to connect to Peru Utilities. It will be funded by state grants to connect water and wastewater. The state will be asking for engineering cost and will pay for the rate study, and possibly a water tower. This is just in the beginning stages of planning. Mr. Chance will keep the board informed of the project in the upcoming months.

ADJOURNMENT:

There being no further business to bring before the Board, Chris McKinney made a motion to adjourn. Jami Edwards seconded the motion. The motion passed; the meeting adjourned.

Jami Edwards, Secretary Peru Utilities Service Board