

**PIQUA ENERGY BOARD  
MEETING  
MARCH 23, 2010**

**TIME & PLACE:** A regular meeting of the Piqua Energy Board was held on Tuesday, March 23, 2010 at Piqua Power System's office. Acting Chairman Frank Patrizio called the meeting to order at 12:02 P.M.

**ATTENDANCE:** See attached Attendance Report.

**MONTHLY MINUTES:** Joe Drapp moved to approve the minutes of the January 26, 2010 meeting. Ryan King second and the motion carried.

**MONTHLY REPORT:** Ed Krieger reviewed the February 2010 year to date (YTD) monthly financial reports. YTD KWH sales are on budget, and revenues are 2.2% above budget. The YTD total electric revenues are on budget and the YTD total electric expenditures are 8.3% below Budget. The YTD electric-system adjusted margin is \$274,400. The YTD cash and investments are \$11,308,205. Ed Krieger reviewed the power cost summary, and the YTD total power cost is \$49.25 per megawatt hour (\$/MWH) as compared to 2008-2009 costs of \$55/MWH.

There was a discussion about the 2010 electric revenue budget forecast, which was conservatively set based on 2009 actual Industrial sales and forecasts for more typical summer weather energy consumption. Bill Vogt moved to accept the monthly reports. John Martin second and the motion carried.

**2009 YEAR END REVIEW:** Ed Krieger presented the board with the 2009 highlights of the Power System. The presentation covered the major achievements of 2009, which included several staffing additions, generation projects, new construction, and the outage summary indices.

**FUND BALANCE GUIDELINES:** Ed Krieger reviewed the Fund Balance Guidelines document, which was prepared by Sawvel and Associates, Inc. After a long discussion, the Energy Board suggested the following two revisions: (1) Revise

the three months of annual debt service coverage to twelve months under item three, and (2) add a fifth item to cover the Power System's cash flow requirements, estimated at \$1,500,000. The Energy Board also suggested calculating a minimum fund balance. The revised fund balance guidelines will be developed for the next Energy Board meeting.

**CAPITALIZATION  
POLICY:**

Ed Krieger reviewed the electric fund Capitalization Policy. Although this policy is already in place, it has never been formally adopted by the City Commission. Doing so will improve Piqua's annual AMP calculated credit score, which in turn helps to lower costs for our customers. Bill Vogt moved to recommend the adoption of the electric fund Capitalization Policy. Ryan King second and the motion carried.

**VEHICLE  
PURCHASES:**

Ed Krieger reviewed the planned purchase of a 45' model #AT40P bucket truck and a 45' model #DM45 digger-derrick. The bucket truck and digger-derrick purchases are available through the State of Ohio Cooperative Purchasing Program. Ryan King moved to recommend the purchase of the bucket truck and digger derrick from Altec Industries, Inc. with required options for a not to exceed price of \$323,290. Bill Vogt second and the motion carried.

**AMP POWER  
SUPPLY:**

Ed Krieger reviewed the City of Piqua non-pool power sales agreement. This document was provided as an informational item and will allow the City Manager to approve economical long-term power purchases, in conjunction with the AMP Master Services Agreement approved by City Commission in 2004.

**2005-2007 AMP  
CREDIT SCORING:**

As a follow-up to the last Energy Board meeting, Ed Krieger reviewed the 2005-2007 Power System's AMP credit scores. In 2005, the Power System received a score of 88%. In 2006, the Power System received a score of 99%. In 2007, the Power System received a score of 81%. These scores are considered by AMP to be in the good and upward (above 85%) performance categories.

**LEGISLATIVE  
UPDATES:**

Included in this month's Energy Board packet are briefs from AMP covering the following topics: Climate Change and Energy Policy, Tax and Financing Issues, Wholesale Electric Markets and FERC Regulatory issues, and Small Municipal Electric Generator Concerns Regarding the U.S. EPA's Industrial Boiler MACT Rulemaking.

**OLD BUSINESS:** Ed Krieger reviewed the APPA's Electricity Generation, and American Municipal Power Organization and Generation Projects Overview articles. Ed Krieger informed the Energy Board that AMP executed a contract for the design and construction of the cofferdam at AMP's Smithland Hydroelectric project. Ed Krieger informed the Energy Board that AMP has been awarded \$143.7 million in Clean Renewable Energy Bonds to be utilized to finance the hydro and wind projects.

**NEW BUSINESS:** None to report.

**ADJOURN:** With no further business to discuss, Joe Drapp moved to adjourn the meeting at 1:25 P.M. Patrick Jenkins second and the motion carried.

**SIGNED:** \_\_\_\_\_  
Ed Krieger  
Power System Director