

**PIQUA ENERGY BOARD
MEETING
NOVEMBER 22, 2011**

TIME & PLACE: A regular meeting of the Piqua Energy Board was held on Tuesday, November 22, 2011 at Piqua Power System's office. Vice Chairman John Alexander called the meeting to order at 12:04 P.M.

ATTENDANCE: See attached Attendance Report.

ELECTION OF CHAIRMAN: Ed Krieger informed the Energy Board of Chairman Joe Drapp's resignation. This resignation resulted in an immediate need for a new Chairman. After a discussion among the Energy Board, Pat Jenkins moved to elect John Alexander as Chairman, and Sharon Lyons as Vice-Chairman. Jim Froning second and the motion carried.

MONTHLY MINUTES: Bill Vogt moved to approve the minutes of the August 23, 2011 meeting. Sharon Lyons second and the motion carried.

MONTHLY REPORT: Ed Krieger reviewed the October 2011 year to date (YTD) monthly financial reports. YTD kWh sales are 2.2% above budget and revenues are 1.0% above budget. The YTD electric-system adjusted margin is \$(1,028,034). The YTD cash and investments are \$13,657,868.

Ed Krieger indicated the increase in Outside Services expenditure was due to Sulzer's work on the Gas Turbine. Ed Krieger told the Energy Board as of October the Power System is debt-free. Pat Jenkins moved to accept the monthly reports. Bill Vogt second and the motion carried.

#8 GAS TURBINE UPDATE: Ed Krieger reviewed the repairs to the #8 Gas Turbine. The Energy Board was presented with pictures to provide a visual understanding of the before and after condition of the Gas Turbine. Sulzer and Pro Energy have completed the desired repairs, and Emerson has started working on the control system upgrade.

**#9 GAS TURBINE
UPDATE:**

Ed Krieger informed the Energy Board of the recommended options from Emerson Process Management Power & Water Solutions, Inc. to #9 Gas Turbine. Below are the six recommended options:

1. Pressure Switch and Gauge Cabinet Upgrade - \$44,000
2. Starting Diesel Engine Control Upgrade - \$12,000
3. Ignition System Upgrade - \$38,000
4. Liquid Fuel Flow Divider Upgrade - \$62,000
5. Monitoring and Control Upgrade - \$55,000
6. Standard Re-Wire to the Turbine Base - \$56,000

Pat Jenkins made the motion to accept the six recommended options for a not-to-exceed price of \$267,000. Bill Vogt second and the motion carried.

AMP DUES:

Ed Krieger reviewed the benefits of Piqua's annual membership dues in AMP. AMP has been Piqua's power supplier since 2007. Membership in AMP has grown to 128 electric municipalities located in six states. Lynn Sever moved to continue Piqua's membership in AMP at a cost of \$40,500. John Martin second and the motion carried.

**PEAKER FUEL
PURCHASES:**

Ed Krieger reviewed the need for authorization to purchase #2 fuel oil for use in the two combustion turbine generators in 2012. The two generators are valuable in Piqua's power portfolio. John Martin moved to purchase up to \$50,000 of #2 fuel oil as needed in 2011. Sharon Lyons second and the motion carried.

**COOPERATIVE
RESPONSE
CENTER:**

Ed Krieger reviewed the after-hours customer call and dispatch services provided by Cooperative Response Center, Inc. (CRC). CRC has been fully integrated into the operations of the Power System, and provides a significant advantage to our customers. Bill Vogt moved to retain the services of CRC at a cost of up to \$30,000 to provide professional customer call and dispatch services in 2012. Patrick Jenkins second and the motion carried.

**SAWVEL AND
ASSOCIATES:**

Ed Krieger reviewed the services provided by the independent consulting and engineering firm, Sawvel and Associates (Sawvel). Services provided by Sawvel have included cost-of-service and rate design, electric power Supply and Transmission arrangements, advice and recommendations on Piqua's potential participation in AMP joint-

venture generating projects. Rodney Young moved to retain the services of Sawvel and Associates to provide professional consulting and engineering services in 2012 at a cost of up to \$80,000. Jim Froning second and the motion carried.

**INTELLIRUPTER
PULSECLOSER:**

Nick Berger reviewed the advantages in purchasing two S&C IntelliRupter PulseCloser Reclosers. Reclosers are devices that are installed on overhead lines to increase system reliability and reduce customer outage minutes. S&C IntelliRupter reclosers utilize a PulseClosing Technology to reduce stress on system components. Pat Jenkins moved to approve the purchase of two S&C IntelliRupter PulseCloser Reclosers for a not-to-exceed price of \$64,100. John Martin second and the motion carried.

**WORK PLAN
UPDATE:**

Ed Krieger reviewed the most recent update of the 2011 work listing. The Power System remains on target to complete the vast majority of budgeted initiatives for 2011.

**PRAIRE STATE
VIDEO:**

Ed Krieger reviewed the progress of the Prairie State Energy Campus. Unit #1 is scheduled to come online in January 2012, and Unit #2 in April 2012. An informational video was presented to the Energy Board.

OLD BUSINESS:

Ed Krieger informed the Energy Board that the Clean Ohio Revitalization Fund (CORF) grant was approved for \$1.4M. This grant will help fund the removal of the ash silo structure, bag houses, exterior coal elevator, all concrete walls, Aqua Ducts, and miscellaneous structures on the east side of the power plant along the river bank. It will also fund the construction of a concrete overlook along the bike path.

NEW BUSINESS:

Ed Krieger reviewed several recognitions Piqua Power System received at the 2011 AMP/OMEA Annual Conference. Ed Krieger was reelected chair of the Prairie State Energy Campus participants committee. Piqua Power System was honored with a Highest Credit Score Award. Piqua Power System was commended for providing mutual aid support to the Village of Yellow Springs, Dayton Power & Light, Tipp City, and Pioneer Rural Electric Cooperative.

ADJOURN:

With no further business to discuss, Frank Patrizio moved to adjourn the meeting at 1:08 P.M. Bill Vogt second and the motion carried.

SIGNED:

Ed Krieger
Power System Director