

**PIQUA ENERGY BOARD
MEETING
NOVEMBER 27, 2012**

TIME & PLACE: A regular meeting of the Piqua Energy Board was held on Tuesday, November 27, 2012 at Piqua Power System's new service center at 201 Hemm Ave. Chairman John Alexander called the meeting to order at 12:01 P.M.

ATTENDANCE: See attached Attendance Report.

**DEED WSU
STUDENT
RESEARCH:** Dr. James Menart, director of renewable and clean energy master's degree program, from Wright State University (WSU) presented the 2011 and 2012 DEED student research grant projects sponsored by Piqua Power System. Two groups of senior mechanical engineering students built a solar power irrigation system as their senior design course. In 2011, the irrigation system was built to be completely renewable obtaining all its power from solar panels and its water from rain. In 2012, a computer driven instrumentation system was designed, purchased, installed, and utilized.

The collaboration between WSU and Piqua has been both beneficial and rewarding for both parties. Piqua hopes to maintain this relationship in the future providing sponsorship for future WSU projects.

**MONTHLY
MINUTES:** Bill Vogt moved to approve the minutes of the September 25, 2012 meeting. Roger Hartley second and the motion carried.

**MONTHLY
REPORT:** Ed Krieger reviewed the October 2012 year to date (YTD) monthly financial reports. YTD kWh sales are 2.7% above budget and revenues are 3.9% below budget. The YTD total electric revenues are 17% below budget. The YTD total electric expenditures are 19% below budget due to low purchased power cost. The YTD electric-system margin is \$(1,541,822). The YTD cash and investments are \$11,484,146. The minimum electric fund balance is \$4,833,416, and the ideal electric fund balance is \$8,833,416.

Joe Drapp moved to accept the monthly reports. 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 129 members located in seven states. Piqua is participating in several long-term generation assets owned by AMP, including the Prairie State Energy Campus and Fremont Energy Center. Pat Jenkins moved to continue Piqua's membership in AMP at a cost of \$75,000. Rodney Young 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.

Pat Jenkins had a question about Sawvel's rates compared to similar engineering firms. Ed Krieger informed the Board that their rates are in-line with the industry. Ed Krieger reiterated that Sawvel provides a unique service that not many engineering firms provide. Bill Vogt moved to recommend to Piqua City Commission to authorize the City of Piqua Power System to retain the services of Sawvel and Associates to provide professional consulting and engineering services in 2013 at a cost of up to \$80,000. Roger Hartley 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 2013. The two generators are valuable in Piqua's power portfolio. Joe Drapp moved to recommend to Piqua City Commission to authorize the City of Piqua Power System to purchase up to \$75,000 of #2 fuel oil as needed in 2013. Pat Jenkins 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. Roger Hartley moved to recommend to Piqua City Commission to authorize the City of Piqua Power System to retain the services of CRC at a cost of up to \$30,000 to provide professional customer call and dispatch services in 2013. John Martin second and the motion carried.

LINE CLEARANCE: Nick Berger reviewed the 2013 Power Line Right of Way Clearance and Tree Trimming Contract Bids. The Power System used a pre-qualification process that deterred several smaller tree companies from submitting a bid. Nelson Tree Service and Tree Care Inc. were the two companies that submitted a bid, and Nelson Tree Service was recommended for award as the lowest bid. Nelson Tree Service bid has the option of renewal for the years 2014 and 2015 with the labor rate increases not to exceed three percent annually.

Joe Drapp moved to recommend to Piqua City Commission to award Nelson Tree Service, Inc. the power line clearance contracts for 2013 with option of renewal for the years 2014 and 2015. Bill Vogt second and the motion marred.

AMP 2011 CREDIT SCORE: Ed Krieger reviewed the 2011 AMP Member Credit Scoring Program. This program was developed to complete a financial review of municipalities with current membership in AMP. Piqua received a score of 99%. Joe Drapp asked about taking the Power System's cash reserve policy to the City Commission. Ed Krieger will consult Piqua's finance director and report back to the Board.

2012 WORK PLAN UPDATE: Ed Krieger reviewed the most recent update of the 2012 work listing. The Power System remains on target to complete the vast majority of budgeted initiatives for 2012.

OLD BUSINESS: Ed Krieger informed the Energy Board that Unit #2 of Prairie State Energy Campus's 1,600 MW plant went live on November 2, 2012.

NEW BUSINESS: None to report

ADJOURN: With no further business to discuss, Bill Vogt moved to adjourn the meeting at 1:15 P.M. Joe Drapp second and the motion carried.

SIGNED:

Ed Krieger
Power System Director