

**PIQUA ENERGY BOARD
MEETING
NOVEMBER 24, 2015**

TIME & PLACE: A regular meeting of the Piqua Energy Board was held on Tuesday, November 24, 2015 at Piqua Power System's office at 201 Hemm Ave. Chairman Sharon Lyons called the meeting to order at 12:00 P.M.

ATTENDANCE: See attached Attendance Report.

NEW BOARD MEMBERS: Ed Krieger welcomed Jesse Dotson and David Fishback to the Energy Board.

MONTHLY MINUTES: Joe Drapp moved to approve the minutes of the September 22, 2015 meeting. Stu Shear second and the motion carried.

MONTHLY REPORT: Ed Krieger reviewed the October 2015 year to date (YTD) monthly financial reports. YTD kWh sales are 2.1% above budget and revenues are 1.0% below budget. The YTD total electric revenues are on budget. The YTD total electric expenditures are 11% below budget. The YTD total power cost is \$61.06/mWh.

The YTD electric-system margin is \$2,869,449. The YTD cash and investments are \$8,606,664. The minimum electric fund balance is \$6,617,887. Joe Drapp moved to accept the monthly reports. Bill Vogt second and the motion carried.

AMP DUES: Nick Berger reviewed the need for paying Piqua's annual membership dues to American Municipal Power (AMP). AMP has been Piqua's power supplier since 2007. Membership in AMP has grown to 131 members located in eight 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 recommend Piqua City commission approve

payment of AMP membership dues of \$75,000 for 2016. Lynn Sever second and the motion carried.

**COOPERATIVE
RESPONSE
CENTER:**

Nick Berger 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.

Pat Jenkins moved to recommend Piqua City Commission authorize the City of Piqua Power System retain the services of CRC at a cost of up to \$30,000 to provide professional customer call and dispatch services in 2016. Roger Hartley second and the motion carried.

**PEAKER FUEL
PURCHASES:**

Nick Berger reviewed the need to purchase #2 fuel oil for City's combustion turbines in 2016. Piqua's two generators are valuable in Piqua's power portfolio. These units operate as part of PJM's demand response program, as well as for shaving the City's transmission peak, both of which provide significant financial benefit.

Roger Hartley moved to recommend Piqua City Commission authorize the City of Piqua Power System purchase up to \$100,000 of #2 fuel oil as needed in 2016. Joe Drapp second and the motion carried.

**SAWVEL AND
ASSOCIATES:**

Nick Berger 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, as well as recommendations on Piqua's potential participation in AMP joint-venture generating projects.

Roger Hartley moved to recommend Piqua City Commission authorize the City of Piqua Power System retain the services of Sawvel and Associates to provide professional consulting and engineering services in 2016 at a cost of up to \$60,000. Bill Vogt second and the motion carried.

**LINE WORKER
TRAINING:**

Nick Berger reviewed AEP's line school training curriculum which Piqua's apprentice lineworkers are required to successfully complete. Due to recent retirements, Piqua has hired three new apprentice lineworkers bringing the total to five. With the addition of the new apprentice lineworkers, the cost of the AEP line school training for 2016 will be \$30,000.

Roger Hartley made the motion to recommend Piqua City Commission authorize AEP line school training at a not-to-exceed price of \$30,000 for 2016. Stu Shear second and the motion carried.

LINE CLEARANCE: Nick Berger reviewed the 2016 Power Line Right of Way Clearance and Tree Trimming Contract Bids. The Power System used a pre-qualification process that ensured only qualified companies submit responses. Nelson Tree Service is the recommended company for award. The Nelson Tree Service bid includes an option of renewal for the years 2017 and 2018 with labor rate increases not to exceed three percent annually.

Roger Hartley moved to recommend Piqua City Commission award Nelson Tree Service, Inc. the power line clearance contracts for 2016 with the option of renewal for the years 2017 and 2018. Joe Drapp second and the motion carried.

**2015 WORKPLAN –
3rd QUARTER
UPDATE:** Ed Krieger reviewed the most recent update of the 2015 work listing. The Power System remains on target to complete the vast majority of budgeted initiatives for 2015.

**#9 GT REBUILD
PLAN:** Ed Krieger reviewed Sulzer Turbo Services' evaluation of #9 Gas Turbine's Thermal Block. The required repair plan includes similar repairs to those completed on Piqua's #8GT in 2012. The significant difference between the units is approximately \$1,000,000 in required case repairs needed on #9GT. In addition, #9GT's compressor section has additional rows of blades which all will be replaced, as were on Piqua's #8GT.

After the required repairs are completed at Sulzer's Texas shop, Sulzer will transport the "like-new" #9GT thermal block to Piqua for reassembly. Earlier this year, Piqua ordered new air inlet and exhaust systems to replace the old deteriorating systems. Sulzer will install the new air inlet and exhaust systems as part of reassembling #9 GT for service.

Joe Drapp moved to recommend Piqua City Commission amend the total payment to Sulzer Turbo Services for the required repairs to #9 Gas Turbine at a not to exceed price of \$4,000,000. Stu Shear second and the motion carried.

OLD BUSINESS: None to Report.

NEW BUSINESS: None to Report.

ADJOURN: With no further business to discuss, Roger Hartley moved to adjourn the meeting at 12:45 P.M. Bill Vogt second and the motion carried.

SIGNED: _____
Ed Krieger
Power System Director