

# Board of Public Utilities

## Regular Meeting Minutes

Monday, October 29, 2012  
4:00 p.m., DPW Conference Room, 1199 8<sup>th</sup> Avenue



City of South Haven

### 1. Call to Order by Stickland at 4:00 p.m.

### 2. Roll Call

Present: Berry, Burr, Henry, Stein (ex-officio), Stickland  
Absent: Overhiser (ex-officio), Rose (ex-officio), Winkel

Also present: Bill Conklin, Larry Halberstadt, and Wendy Hochstedler

Motion by Burr, second by Henry to excuse Winkel.

All in favor. Motion carries.

### 3. Approval of Agenda

Motion by Berry, second by Henry to approve the Agenda as presented.

All in favor. Motion carried.

### 4. Acceptance of Minutes for the Record – September 24, 2012

Motion by Henry, second by Berry to accept the September 24, 2012 regular meeting minutes with amendments for the record.

All in favor. Motion carried.

### 5. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

There were none.

## REPORTS

### 6. Cost of Energy from Indiana-Michigan Power Company (AEP)

- A. 2012 Billings – All Charges
- B. 2011 Billings – All Charges

Huff noted that there was a request to reverse the order on these reports and the person who prepares those reports is here.

Hochstedler explained the reason the reports are prepared the way they are. Stickland said he does not want anyone to have to do a lot of work to reverse it.

The board reviewed and compared the 2011 and 2012 cost of energy from Indiana-Michigan Power Company.

Burr pointed out the true-up charge. Stickland noted that the true-up is not that different than September two years ago.

## **7. Financial Reports**

- A. Water Fund CuFt Comparisons
- B. Water Fund Financial Statement
- C. Sewer Fund Financial Statement
- D. Electric Fund KWH Comparisons
- E. Electric Fund Financial Statement

The board reviewed and discussed the Financial Reports.

Stickland noted that losses in water are increasing slightly. Burr said four years ago we were doing a lot of construction and there are losses during the process of sanitizing, blowing them out, etc. Stickland said the percentage of water loss is increasing. Halberstadt noted the ongoing flushing project carried out in Covert. Fifteen (15) percent is about the nation's average for water, according to Stickland, and the board does not want to go below the national average.

Stickland said it was good to see all positive numbers for all three utilities. Hochstedler stated that the charges for the Abonmarche study shows over budget, but those funds are being reimbursed. Repairs and equipment are over budget due to a pump repair so that total shows as over, but the rest of it looks good. SSES charges are being reimbursed by the \$300,000 grant.

The electric fund looks pretty consistent, per Stickland.

## **8. Indian Grove Infrastructure Project**

- A. Sewer Study Progress Report

The Board reviewed the Indian Grove Infrastructure Project progress report.

Huff noted that Abonmarche will be at the November meeting to present. They are still gathering data. Henry asked if there have been any informal comments; Huff pointed out that until this month there has not been any measurable rain. Ratio of water pumped to mains/sewer water is close.

The board discussed what is charged to Operating Costs and what Administrative Costs includes.

## **9. Unresolved Issues Report**

Huff gave an overview of resolved, in process, and unresolved issues report, then reviewed information gathered regarding two issues from the last meeting.

Power outage (10 second “blip” Saturday September 23). Huff said that per Kim Hasty, American Electric Power had an operation on the 69 KV line from the Bangor side which caused blinks at the Phoenix Substation and a blink on two circuits at the Main Substation.

Stickland asked if we have a record of blips. Conklin suspects blips have increased; noting that lines have not been trimmed regularly or inspected with helicopters to see what needs trimmed. Conklin also pointed out that Indiana & Michigan has gone through some cost changing measures including cutting personnel.

Burr said there is no history. Conklin said there are counter cards on the breaker so someone has to go out and take those numbers off those cards. Stickland requested a letter from Indiana & Michigan to give us a report on operations blips. Burr noted that we have been subject to criticism from the Industrial side.

Stein noted that he was speaking to some Indiana & Michigan arborists and they explained that Indiana & Michigan allocates a certain amount of money to a line and when the money runs out they leave the rest.

Stickland asked about calling the American Electric Power contact number monthly to check that it is working. Huff said that has not been done yet.

Huff explained the reason for the Clementine’s power outage; the two transformers that failed were 50KVA line transformers that were installed inside a metal enclosure. Line pots are designed for open air cooling with no cooling fins; so inside an enclosure even though the enclosure has provisions for external cooling, on a hot day at 100+ degrees F., the thermal rating can be exceeded with phase loads of less than 50KVA. Huff noted that when the cutout blew on one of the transformers, the other two transformers were single-phasing for several hours leading to the second transformer’s failure. At the time of the failure, crews replaced the two transformers with larger 75KVA units that have radiator fins; the concern that larger transformers may be needed has been addressed.

Stickland questioned whether the customer was notified that different, larger transformers were installed so the problem has been resolved.

## **10. Electric Outage Report, 3<sup>rd</sup> Quarter 2012**

Huff noted three additional maps in an attempt to try to show the circuits and the number of outages due to trees. Burr pointed out that Priebe said that the lines he has trimmed should not give problems. Burr wants to see the outages by circuit for 2012 and then do 2013 as we go along.

Burr requested a map of 2012 year-to-date. Huff said that could be done.

Stickland requested that everyone look back at page thirty-two (32) and asked that our electric system be looked at regarding the condition because the only thing causing more outages than trees are failed devices.

## **NEW BUSINESS**

**11. Board will be requested to approve a recommendation to enter into a contract with GRP Engineering for preparation of a Five-Year Electric System Improvement Plan.**

Michael P. McGeehan, P.E.; President, GRP Engineering. McGeehan said the model only goes through the primary system; up to the transformers. The model does not include the service drops to the customer. McGeehan stated that to make this most accurate from both the numbers side and the capacity side, we will have the crews go out and give us some spot loads on the system which we can plug in to compare what the model is telling us to what we are seeing in the field. McGeehan agreed that GRP will definitely be looking at load balance and placement of capacitors. Later, meter data can be plugged into the model.

Burr asked whether GRP has both AMR-AMI capabilities. McGeehan said there is software that will do that but none of the municipalities we work with have implemented it. Burr asked if this study will identify the projects with cost estimates to which McGeehan said it absolutely will include that and also prioritize the projects.

Burr asked if the City did AMR two years down the road whether it would be possible to use your same software and plug those numbers in. McGeehan said, "Absolutely." Huff asked if the AMR data will be helpful as we are phasing it in. McGeehan said in this case more data is a good thing.

Stickland asked if AMR will identify the customers to which McGeehan responded it will. The board discussed that the transformers are not always where they should be; they were just put into groups. McGeehan noted that after GRP does a project for you, the model is updated. Then when you have AMR, you can do Geo-coding, and identify the closest transformer.

Stickland explained the advantage of the system Consumer's uses. McGeehan said the model GRP has is based on a coordinate system. "As long as your customers are on the same coordinate system, they can be tied to the model."

Burr asked if we need another transformer load study after we go to AMR. Halberstadt noted that at some point you do. McGeehan said once you have an AMR system set up; we will import the customers into the model. All your customers are imported and the load files will go into your customer database. We will take selections of data: winter/spring, early/late evening etc.

Burr asked when we start with our AMR system should we start with our demand customers. McGeehan said it would be a great way to start. Halberstadt said choose certain points along a circuit (example: either side of a switch) and if that switch trips you can start to get a better idea of your system by spreading those smart meters out.

Burr asked what the lead time would be if the City wants to add another transformer at Phoenix Street. McGeehan said forty (40) weeks. Halberstadt said we have capacity in the transformer but we can't switch the customers. McGeehan said there is no reason to wait until the last minute to start working on something to add a transformer at Phoenix Street. Stickland said it might be good to look at the AEP model for transformers; sometimes AEP has some transformers pre-ordered; that worked for us one time.

Stickland requested a completion date from GRP be included in the proposal; McGeehan said he could do that.

Motion by Burr to enter into a contract with GRP Engineering, Inc. for engineering services to complete an Electric System Study and 5-Year Plan to be completed by the end of June 2013. Second by Berry.

All in favor. Motion carried.

**12. Board will be requested to approve a recommendation to adjust the Energy Optimization Surcharge rate.**

Huff gave an overview of the reason for the adjustment to the Energy Optimization Surcharge (EOS) rate. Halberstadt has put together a proposed ordinance. Halberstadt gave the history on how the surcharge was done in previous years and this is the first year for the full 2%.

Burr asked if we have to put this in Ordinance form every time when we do this. Stickland said the rates have to be approved every year; the ordinance for the surcharge is for three (3) years. Halberstadt noted the current ordinance is set to expire December 2012 and the new surcharge will go into effect January 1, 2013.

Burr asked how it was split between the different categories. Halberstadt said it is somewhat based on how much each group utilizes the services. In the past we went with a twenty/eighty (20/80) split between customers, but are increasing the residential and decreasing the industrial. So it is thirty (30) residential and seventy (70) industrial.

Motion by Burr to adjust the electric rates in accordance with the proposed ordinance to cover the cost of the energy optimization program in accordance with PA 295. Second by Berry.

Yeas: Berry and Burr  
Nays: Henry

**13. Next meeting is scheduled for Monday, November 26, 2012 at 4:00 pm in the DPW Conference Room, 1199 8<sup>th</sup> Avenue, South Haven, Michigan.**

**14. Director's Comments**

There were none.

**15. Board Member Comments**

There were none.

**16. Adjourn**

Motion by Henry, second by Burr to adjourn at 5:29 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom  
Recording Secretary