

Board of Public Utilities

Regular Meeting Minutes

Monday, October 26, 2015
4:00 p.m., DPW Conference Room
1199 8th Avenue



City of South Haven

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

2. Roll Call

Present: Burr, Roberts, Rose (ex-officio) 4:11 p.m., Winkel, Stickland

Absent: Henry, Overhiser (ex-officio), Stein (ex-officio)

3. Approval of Agenda

Motion by Burr, second by Roberts to approve the October 26, 2015 regular meeting agenda as presented.

All in favor. Motion carried.

4. Approval of Minutes for the Record – August 31, 2015 Regular Meeting Minutes

Motion by Winkel, second by Roberts to approve the August 31, 2015 regular meeting minutes as written.

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. 2015 Billings – All Charges

B. 2014 Billings – All Charges

Discussion ensued regarding the demand and the cost as well as the true-ups and which month's energy cost we are seeing on our reports. Discussion also centered on purchasing power on the free market and what all that entails.

7. Financial Reports

- A. Electric Fund – Financial Statement, August
- B. Electric Fund – Financial Statement, September
- C. Electric Fund – Review of Percentage Billed

Questions were posed about how accurate the numbers are that we are getting and their relationship to reserves. Discussion ensued about how to know the numbers are accurate; whether another system of reporting would be better and how budgeting decisions can be made with the numbers being received. Can the present accounting system provide the numbers that are needed by the board? It was noted that the financial director would have better numbers after the auditors were done. Burr noted we appear to be off by half a million dollars. The question is whether rates need to increase to make up the deficit that appears to be there. Rose pointed out some points about change orders during projects. Halberstadt noted that he was not directly involved on the first two phases of Core City projects and does not know if there were any significant change orders.

Burr specifically wants to know whether we need a rate increase. Stickland asked what happened to the \$500,000. It is almost November and we still haven't seen year end numbers.

- D. Water Fund – Financial Statement, August
- E. Water Fund – Financial Statement, September
- F. Water Fund – Review of Percentage Billed

It was noted that there are minimal projects so it is easier to see. Halberstadt noted the monthly budget has traditionally been shown as the annual budget divided by twelve.

- G. Sewer Fund – Financial Statement, August
- H. Sewer Fund – Financial Statement, September

Roberts had questions about the water/sewer agreement revisions and whether it has been done. Stickland said we were given a proposed draft by our attorney; Stickland sent questions and got responses back, but that is the last he has heard. Rose pointed out that Covert is just like a regular water customer. Roberts read the previous agreements with Casco and Covert. Halberstadt noted the city bought back the excess water under what is called the Rate Replacement Agreement. There was discussion of the Covert customers now being the same as South Haven customers; Covert doesn't purchase water and resell it.

Discussion ensued regarding the sewer numbers being derived numbers and whether we know how much we are using. Halberstadt noted that flow metering was performed as part of the S2 study. Roberts would like to know the proximity of the township water sewer authority and how much capacity they have left.

8. Quarterly Outage Report

- A. Electric Outage Report – 3rd Quarter 2015

Discussion ensued regarding Asplundh being in town doing some trimming until the city feels that Priebe and his crews are caught up. Burr noted we have thirty-nine percent (39%) less tree caused outages. In all categories the outages are down.

NEW BUSINESS

9. Board will be requested to review Energy Optimization Programs for 2016-2018.

Halberstadt noted that at the August meeting we had hoped that with the delay of a month or two we would have a legislative solution but as of this point in time that has not happened. The Senate bill hasn't changed and the House bill's last draft changed a little bit. The current draft of the House bill would require municipal electric utilities to continue to provide energy optimization services for one hundred eighty (180) days. Discussion ensued regarding when there would be agreement.

Burr noted we are going to meet with some people tomorrow to determine if they can provide a service; otherwise we have to provide information. Whatever decision we make tomorrow we need to send to City Council. Stickland asked what we have to do; part of this project is to provide energy audits to customers. If we are to do it ourselves, are we required to do audits? Halberstadt pointed out that there is an educational effort component.

Motion by Winkel, second by Burr to have the City Manager and Mayor make the decision after the meeting tomorrow.

All in favor. Motion carried.

Discussion ensued regarding the line item surcharge versus the surcharge being part of the base electric rate. Halberstadt explained that we need to look at rates because the current Energy Optimization surcharge expires at the end of the year.

Motion by Burr, second by Roberts to continue the Energy Optimization surcharge as of January 2015.

All in favor Motion carried.

10. City Engineer Comments

A. Next Meeting is scheduled for November 30, 2015.

11. Board Member Comments

Roberts: Had questions about the Blueberry Freezer Storage project; the status of the sewer plant bonds and the water and sewer rate study.

Rose: Covert Township filed with the State on the Covert Generating Plant. The West Michigan Flocking plant may relocate in Covert. We are looking at retaining jobs.

12. Adjourn

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Motion by Winkel, second by Roberts to adjourn at 5:25 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary