

**MINUTES OF PERKASIE BOROUGH COUNCIL
SPECIAL PUBLIC UTILITY COMMITTEE MEETING
JUNE 8, 2009**

620 West Chestnut Street
Perkasie, Pennsylvania

ATTENDANCE:

Council Member:

Martin Gahman

Ray Conville

Jim Purcell

Borough Manager:

Daniel P. Olpere

Utility Engineers:

Jim Havrilla

Electric Department:

Matt Lynch

Electric Department:

Fred Schutte

The meeting was called to order at 6:05 PM by Council President Marty Gahman.

PUBLIC FORUM

There was no public comment.

Current Electric Market

Manager Olpere introduced Jim Havrilla, the Borough's electrical consultant who reviewed current market conditions regarding energy generation contracts. Jim concluded that the climate was favorable for a contract extension. He noted that natural gas prices are the lowest they have been in a long while which is indicative of the probable cost of electric contracts. Mr. Havrilla then distributed a cost sheet indicating the latest quotes from AMP of Ohio to provide electricity to Perkasie Borough for the years 2014 and 2015. Three different scenarios were reviewed by the committee. The first scenario would keep the current contract in place and realize an approximate \$4.00 per megawatt hour drop in rates from 2013 to 2014 in the first year of the contract extension. This also represents a drop of approximately \$7.00 per megawatt hour over the current average price. The second scenario would also extend the contract by two years but reduce the cost in the current five year contract from \$1.00 to \$3.00 per megawatt hour. The last scenario which is similar to the second one, was a steeper drop in the first two years of the new contract. Council debated the pros and cons of each of these scenarios. Mr. Havrilla pointed out that there are an infinite number of scenarios that could be accomplished depending on how the Council wanted to restructure the rates. He also indicated that it was possible to do a contract extension now or restructure the contract with AMP at a later date. Council then agreed to proceed with a recommendation to receive revised price quotes from AMP at the Council's next regular meeting on June 15. The Public Utility Committee recommended that assuming prices are favorable, the current electric contract be extended for two additional years. It was further recommended that Mr. Havrilla look into restructuring the contract rates in the next few weeks in conjunction with the Borough staff to determine the optimum rate structure from now until the end of 2015.

Electric Rates

The committee briefly discussed the possibility of restructuring the retail rates through an

ordinance amendment at a later date. Mr. Olpere noted that the ordinance may need some tweaking to balance the rates fairly among the different user groups.

Customer Generated Electric

Next was customer generated electric regulations. Mr. Olpere distributed a draft of technical relations that would need to be put in place to control the use of customer generated electric facilities such as solar and wind power. These technical regulations are necessary to ensure the safety of the workers and to ensure that there is a proper rate structure in place for the customers to purchase electricity from the Borough and to receive credit for excess power that they generate into the system. There was little comment on the regulations at this time.

PUBLIC & PRESS FORUM

There was no public or press forum.

ADJOURNMENT

The meeting adjourned at 7:39 PM.

Daniel Olpere
Borough Manager/Secretary