

**MINUTES OF PERKASIE BOROUGH COUNCIL
SPECIAL PUBLIC COMMITTEE MEETING
APRIL 1, 2009**

620 West Chestnut Street
Perkasie, Pennsylvania

ATTENDANCE:

Council Member:

Martin Gahman

Ray Conville

Bill Delaney

Jim Purcell

Borough Manager:

Daniel P. Olpere

Utility Engineers:

Jim Havrilla

Electric Superintendent:

Harold Stone

Electric Department

Fred Schutte

The meeting was called to order at 6:03 PM by Council President Marty Gahman.

PUBLIC FORUM

There was no public comment.

Mr. Gahman then turned the meeting over to Chairman Jim Purcell for further introductions.

EXTENSION OF ELECTRIC CONTRACT AND ELECTRIC RATES

Mr. Olpere reviewed the two major items on the agenda. Jim Havrilla of Utility Engineers then distributed some electric contract costs scenarios and rate scenarios. Mr. Havrilla proceeded to explain the scenarios regarding contract extensions into the year 2014 and 2015. He explained that natural gas is at its lowest price in 12-16 months and since electric rates move in sympathy with natural gas rates, they are also at a low at this time. He recommended that we look at extending our electric contracts. He then reviewed the three contract proposals. The first one would be to continue the current 5 year contract in place and add 2 additional years at the end with a probable decrease of costs for the 6th and 7th year. The second scenario re-averaged the contract over the first 5 years reducing the current rates to a lower level with a slight increase the last 2 years. In the last scenario the contract would be even lower the first year and a half of the current contract while the last 3 years of the contract would be level and the two additional years would be higher. The pros and cons of these scenarios were discussed.

Mr. Havrilla also discussed the rate structure for the Borough and noted that the demand charges for commercial rates are high compared to the basic electric cost. He also noted that for primary customers the discount that is offered is not much of an incentive or encouragement to switch to a primary service. The current discount is one half cent per kilowatt hour whereas it is more common to have a 5% to 10% reduction in this cost. The residential rates do not seem to be out of line.

The Committee discussed both the rates and the contract and concluded that some modifications

were needed. Mr. Havrilla will prepare a model rate scenario and do some further projections on percentage increases or decreases of retail electric rates over the life of the contract plus the two year extension.

PUBLIC FORUM

Resident Al McCarty of 626 Highland Drive raised some questions regarding savings, interest, inflation and the demand factor. He asked which type of customers, have the highest demand.

ADJOURNMENT

The meeting adjourned at 7:12PM.

Daniel Olpere
Borough Manager/Secretary