

**MINUTES OF PERKASIE BOROUGH
SPECIAL PUBLIC UTILITY COMMITTEE MEETING
May 14, 2012**

620 West Chestnut Street
Perkasie, Pennsylvania

ATTENDANCE:

Council Member:

Matt Aigeldinger
Stephen Algeo
Florence Frei
Barbara Krantz
Suzanne Kravitz
Steve Pizzollo (absent)
Jim Purcell
Jim Ryder
Justin Stottlar

Youth Councilor:

Amanda Brooks (absent)

Mayor:

John Hollenbach (absent)

Borough Manager:

Daniel P. Olpere

Assistant Manager:

Andrea Coaxum

Finance Director:

Joe Berardi

Police Chief:

Joe Gura (absent)

Public Works Director:

Dan Gilbert (absent)

Electric Superintendent:

Harold Stone

Parks and Recreation Director:

Josh Aniskevich (absent)

Borough Solicitor:

Nathan Fox (absent)

Press Representatives:

News Herald

Morning Call

Electric Consultant:

Garrett Cole

Perkasie Borough Council Vice-President & Chair of the Public Utility Committee Jim Purcell convened the meeting at 6:00 P.M. Matt Aigeldinger gave an invocation followed by the Pledge of Allegiance.

PUBLIC FORUM

Susan Greene of 624 E. Walnut Street asked the Council if any of the power companies that would be discussed during the meeting had any relation to AMP Ohio or FirstEnergy Corporation? Electric Consultant Garrett Cole explained that the Borough purchases electricity through AMP, as they are an energy manager. But the Borough is in no way required to buy energy from AMP. He went on to say that the electric purchase made last year by the Borough from Exelon was not through AMP. However, several other proposals considered by Council over the last two years have been from AMP. And while the Borough has not elected to participate in any of these projects, he sees AMP as a benefit because they are a non-profit member organization that combines the buying power of over a hundred municipalities allowing small municipalities the opportunity to buy into large scale energy projects that they normally would not be able to participate in because of their consumption.

As an example, Mr. Cole brought up the recent Iberdrola Blue Creek Wind project brought to the Borough by AMP. This large-scale project is offering the best prices he has ever seen for wind energy on the East coast. However, it is still not as low as the current market-based product prices.

UTILITY CHAIR REMARKS

None.

NEW BUSINESS

Borough Manager Dan Olpere explained to the group that at the last Special Utility Committee meeting, the group had asked Mr. Cole to write a draft Master Supply Plan for the Borough. Beginning with the PowerPoint presentation, Mr. Olpere stated that historically, the Borough purchased what are called All-In or Full Requirement contracts to supply the Borough's needs. This allowed the Borough to simply pay one rate for all electric used. He then went on to explain how the market has since changed and now those contracts are difficult to find and come at a premium cost.

The Borough's last contract was for blocks of power (as illustrated on page 15 of the handout for 2014 & 2015) that basically required the Borough, with a help of a consultant, predict the Borough's consumption for every hour of the day over the following five years. At times where the blocks fall short of need, AMP Ohio (as an energy manager) goes out on the market and purchases more electric on behalf of the Borough. On the other hand, when the purchased blocks exceed actual needs, they work to sell of the access so that the Borough can recoup some of the contract price.

Mr. Cole then explained the different blocks of power as illustrated in the handout. He then continued with the presentation, showing all present the pieces of power that still need to be purchased for 2014 & 2015, and then options for purchases going forward. This "Block Procurement Strategy", as explained by Mr. Cole, was designed to help provide the Borough with stable prices and enough flexibility to take advantage of dips in the market prices. And at the same time, it can guard against high spikes in the market. From the last Special Utility Committee meeting, Mr. Cole believed that Council was looking for both of those things.

After completing a review of the PowerPoint presentation, several comments and questions were addressed. Councilmember Frei said that she likes the idea of purchasing the blocks of power overtime instead of purchasing all of the Borough needs at once. She also likes renewable energy as a source of power for the Borough, but stated that perhaps because a lot of the renewable sources are still experimental, over time the cost of those products may come down.

Council President Matt Aigeldinger commented that he liked the overall plan presented because it gives the Borough stability, predictability, and leverage in the market. He then asked Mr. Cole to clarify who the Borough currently buys electric from. Mr. Cole explained that the Borough's electric is actual bought from Morgan Stanley. AMP Ohio merely facilitates the Borough's purchases in the market on our behalf. When the Borough goes out to purchase a specific block of power, they contact AMP and several electric suppliers to obtain competitive bids.

Councilmembers continued with questions concerning the companies that sell electric, including but not limited to generators, and the cost of the services provided by AMP. The discussions then focused on the PJM capacity charges – PJM was assigned the task of implementing a program regulated by FERC, to ensure reliable electric service in this area.

Manager Olpere then asked Council how they would like to proceed.

Utility Committee Chair Jim Purcell stated that a lot of information was presented and he thought that Council should have time to process the information and have another meeting in the near future to make a decision on adopting the plan.

Borough Mayor John Hollenbach asked Manger Olpere and Mr. Cole to layout in a brief one or two page document the questions that Council needs to answer to move forward.

Council President Matt Aigeldinger asked Mr. Cole to break down slide 38 further.

PUBLIC FORUM

Andy Rumbold of 502 S. 8th Street commented that the presentation contained a lot of information asked Council to spread this out so that what happened in 2008 doesn't happen again. He then asked if the Borough was a member of an electric association.

Susan Green of 624 E. Walnut Street asked if the Borough has any other options than getting the power delivered to the PPL zone. Mr. Cole explained that the Borough is located in the PPL zone. Manager Olpere went on to explain the difference between buying power at the source and buying it delivered to the PPL zone. Ms. Green went on to ask about the fast time limits she has noticed on the last several proposals for energy that have gone in front of Council. Mr. Cole explained that Council can pass on those proposals if they don't agree with the fast time table. Council President Aigeldinger stated that if Council has a master plan in place, it will be easier for them to visualize the place where a proposed contract would fit in.

Ms. Green then asked if the Borough is committed to AMP Ohio and if the Borough has any other choices besides AMP Ohio. Mr. Cole provided the response, detailing the Borough's relationship with AMP.

Amy Nees of 512 Spring Court questioned the location of the PJM office in Norristown and asked if the Mr. Cole was associated with First Energy Corporation. Mr. Cole explained that he works for GDS Associates and that PJM is the "coordinator" of the market – independent of power supply.

PRESS FORUM

None.

ADJOURNMENT

The meeting adjourned at 8:49 PM.

Daniel P. Olpere
Borough Manager/Secretary