

Utilities Committee Meeting  
September 18, 2017

Present: Committee Members Sovinski, Clausen and Scott; Council Members Buxton, Fleck, and Larmore; Mayor Hazel; Safety-Service Director Hitchcock; Andy Harriger and Don Gruenemeyer, Sawvel and Associates; Bill Kincaid, The Daily Standard; residents John Irmischer and Sharon LaRue.

Committee Chairman Sovinski called the meeting to order at 5:40 pm for Electric rate plan review. CM Sovinski explained a Utility Committee meeting was held July 24, 2017. At this meeting, Council provided some specific direction regarding certain goals that the rate plan should accomplish. Sawvel drafted the proposed plan from information gathered from the July 24, 2017 committee meeting and the questionnaire completed by the Council.

Don Gruenemeyer and Andy Harriger then gave a presentation highlighting the various aspects of the Proposed Rate Plan.

Don Gruenemeyer reported the City is not dependent on market price of electric energy, thus making the power supply costs for the next five years fairly steady. The rate plan proposes a 4-year rate adjustment period to mitigate large one time changes; levelize power costs 2018 through 2022, include power costs in base rates and reset the EAA to zero.

Don Harriger explained the revenue requirement summary. This plan will leave the City with a healthy fund balance. He reviewed a rate comparison between Celina, St. Marys and DP&L.

CM Sovinski stated it is nice to see the power supply costs to be projected to be level in the next five year, and asked if this includes the costs of equalization. Don Gruenemeyer explained power costs are will be their highest point in 2018 and levelize by 2022. He recommends using AMP rate levelization, which will require council action for approval.

CM Clausen asked what the Other line item in the revenue summary includes. Andy Harriger explained this is for any revenue that does not involve purchase power. The biggest revenue in this line item is the reimbursement of the purchase of the city administration building. In 2021, the other revenue will decrease because the payback from other departments to the electric fund will be completed.

Mayor Hazel stated he feels this is right on target to be where we need to be. Levelization is a good direction to go also. The EAA was balancing out our power bills. This will bring the EAA back to zero.

CM Scott stated the City needs to be diligent not to shell shock the customers to keep the rates fair for all.

CM Sovinski stated the rate changes will not increase the total receipts. Several rate schedules need to be adjusted to be more competitive. If adjustments were made in just one year, it could make people upset. This proposal will acclimate the totals over a five year term. Some customers will see an increase, while others will see a decrease in their electric bills. The Proposed Rate Competitiveness sheet shows the estimated billings per rate class for the next five years.

CM Larmore stated he thinks this is the best way to raise the rates. They should then be reviewed again in five years, instead of waiting thirteen years.

CM Sovinski stated between 2004 and today, there were a lot of unanswered questions. The power supply business today is more stable in terms of pricing. This is much more efficient in the cost collection process. Mayor Hazel stated it is fairer for commercial and industrial businesses.

CM Sovinski reported legislation for the approval of the rate changes to take effect in 2018 and the rate levelization authorization with AMP will be presented in an upcoming Council meeting.

Committee Chairman Sovinski adjourned the meeting at 6:16 pm.

Submitted by Joan S. Wurster, Clerk of Council