

COUNCIL OF THE VILLAGE OF YELLOW SPRINGS

SPECIAL COUNCIL MEETING:

John Courtney Presentation: Village Rate Study

AGENDA

IN COUNCIL CHAMBERS @ 6:00 P.M.

Monday, April 27, 2015

CALL TO ORDER

ROLL CALL

Present were Council President Karen Wintrow, Vice President Lori Askeland, Gerald Simms, Brian Housh and Marianne MacQueen. Also present were Village Manager Patti Bates, Assistant Village Manager John Yung, and Superintendent of Electric and Water Distribution Johnnie Burns.

PRESENTATION

John Courtney Report: Portfolio Analysis and Rate Study. Courtney began the presentation with a PowerPoint presentation, which served to acquaint the group with acronyms and basics of power production and distribution.

Courtney explained that transmission grids, power facilities and are run by not for profit organizations, and the organization transmitting for the Village is PJM (PA, NJ and MD). American Municipal Power represents the Village to the not for profit organization that operates the supply system.

Courtney noted the major variables as kWh/MWh and the Peak Rate (expressed in kW or MW.)

AMP is currently calculating a load growth for the Village of .8%.

Courtney explained that max load is determined by five highest-load days, and energy cost is set in that manner.

Courtney noted that once the hydroelectric plants come on line, the Village will see an immediate increase in XXX costs.

Courtney noted non-pool resources as those resources selected outside the provided pool by the Village, or pool purchases.

AMP monitors the power pools to assure the municipality is able to meet load requirements.

MacQueen asked whether the Village could still choose to sell its 2014-15 Renewable Energy Credits (RECs).

Courtney noted that the Village had previously chosen not to sell the RECs, but opined that it could potentially sell 2014 and 2015 RECs.

MacQueen requested that Council consider selling the RECø, and that they bring the Energy Board in on such a potential decision.

Courtney detailed each of the pool purchase options in which the Village is vested.

Askeland asked whether it would be possible to divest from the JV2 Peaking Power investment.

Courtney responded that he would expect those to go offline within the next several years. He stated that if Council wished to divest to another public entity it might be possible, though somewhat complicated given that the Village owns a portion of the investment.

The Village does not owe any debt service on the project, and does receive capacity credits. He noted that the Village does receive benefit from the project, given that the debt has been retired.

AMP recommends that municipalities prepare to pay for about 10% of power off the grid, and to prepare for paying for peak loads.

ELECTRIC RATE AND COST OF SERVICE STUDY

Courtney explained the rates as based upon a revenue requirements analysis. For purposes of the study, no increase in sales was assumed, offering an analysis based upon conservative data.

Courtney stated that the Village is not limited in its ability to go to the market to purchase energy as it should need.

Pool purchases are balanced by AMP to assure that the Village has enough power at any given point.

Rates are falling short of meeting revenue requirements, and Courtney noted that he does have some suggestions in this regard, noting that revenues need to be increased by about 9% to keep up with cost.

Wintrow asked for detail regarding what phase the downtown businesses are, and was informed that most are three phase.

Courtney commented that essentially, large power users are subsidizing residential and commercial users. He stated that future rate adjustments should move revenue distribution towards cost of service.

Courtney stated that he will be looking to Council to assist in determining how to recoup the gap in revenue.

Base rates were last adopted in 2007, with the kWh tax implemented in 2001, and Courtney noted that the rate structure adopted is not an uncommon one.

Courtney commented that recent cost increases have been based upon XX rather than on XX and that this begins to place stress on large power users over time. He noted that ideally this is calculated about every 5 years.

Courtney suggested that Council pass legislation addressing the frequency of power cost adjustment. Courtney further suggested grandfathering current customers in on the old rate, with new

contracts billing for on-demand usage.

MacQueen asked whether Courtney would recommend increasing the readiness for service charge. Courtney stated that he does recommend this as a way to recover fixed costs.

Burns stated that when the new electric meters come on line in July, those meters will be capable of supplying information on demand.

Courtney noted that the Village participates in the Energy Smart program, which may offset some amount of use.

Courtney commented that the demand charge definitely needs to be increased, and noted that demand charges need to be separated out from energy charges.

Modify power cost adder to a three month rolling average.

Wintrow asked whether a commercial property could become a large power user if a landlord were to take on energy cost for the entire unit.

Courtney stated that once the property is over about ten or fifteen it does not make sense to separately meter each unit.

COMMUNITY SOLAR OPTIONS

Courtney spoke to the topic, addressing four scenarios: Customer-owned; Village-owned; Third Party PPA, or AMP Community Solar.

AMP is developing a service to build 100 kW solar arrays, and the municipality subscribes for 200 kW. This would involve a total of 22 sites to allow AMP to scale to about

In response to a question from Wintrow, Courtney responded that 100 kW can be accomplished on about ½ acre. He noted that the units would be owned and built by AMP.

Courtney noted that AMP will build on brownfields, and all are municipal ground sites, often on wellfields.

Dan Rudolf asked about a time frame, and Courtney responded that the offered time frame ins July 2015, but will undoubtedly run over that time.

If a municipality hosts a site, Courtney stated, it must accept at least half the power. There is no significant advantage to hosting a site, he added, since there are no significant benefits to being a site.

Courtney stated that the benefit to any solar project is that it tends to be producing most during peak load times. Reduction in peak load contribution saves the municipality, and saves in the reduction in transmission and production costs. The trade-off is in fixed costs, which would occur for a Village-owned site. But not for a customer owned site.

Courtney presented the pros and cons, from a utility perspective, for each of the four options.

Duard Headley asked how pricing would work. Courtney stated that it would be a "first come first served" basis, and that cost would be based upon actual Village cost. Because the Village is not for profit, that cost could be assumed to be in line with other power cost.

Courtney noted that the site in question could accommodate more panels, which is an advantage.

Bates noted that the discussion arose from consideration about what power sources would fall off in coming years, and how those would be replaced.

Burns noted that the customer owned option could remain in the case of a Village owned system, for those customers who still wanted to place panels on their homes.

In response to a question from a citizen, Courtney noted that the Village will have to recover delivery and readiness to serve costs, as opposed to a citizen who installs his or her own panels.

Rudolf noted that a solar project would include cost of construction of the project.

Eric Johnson commented that he has no operation and maintenance costs, and that he has an inverter on each panel, in wondering why there would be complication in having a customer-owner solar array.

Courtney noted that in a large array each panel is unlikely to have a separate inverter.

With regard to a Third Party PPA, Courtney noted that the major risk is of third party default.

Rudolf stated that the Energy Board found that few developers will site arrays for less than 100 kW.

Courtney disputed this, stating that that picture is changing.

The significant drawback for AMP Community Solar Courtney stated as the lack of an income tax credit for AMP, which can then not be passed along to the customer.

Pat Brown commented that setting a base rate for electrical use should also weigh the cost to the environment of using energy, and asked Council how to include this in setting electrical rates. She referred to the manner in which Dallas, Texas charges residential customers (less used = less paid).

Council suggested a first read on the proposed legislation on May fourth, and discussing rates during the June Work Session.

Courtney stated that Council should consider the magnitude of rate adjustment, and how that is distributed among the three classes. Once that is determined, Courtney said, he can come back with a rate design. He stated that the Village can consider going to a straight block rate.

Wintrow asked whether Courtney will recommend how to implement the adjustments. She also asked what the Village can do to encourage more energy efficiency on the part of residential customers.

Rudolf asked for feedback from Council regarding the proposals offered, stating that his understanding had been that the Village was not interested in owning its own solar capacity.

Simms stated that he has heard only a small amount of information on the topic, and that it will require a great deal more information. He suggested selecting a date to take on the topic.

Wintrow suggested adding the topic to New Business for Monday the fourth.

MacQueen acknowledged the Energy Board for pushing the notion of community solar forward.

EXECUTIVE SESSION (9:05)

At 8:55, MacQueen MOVED and Housh SECONDED a MOTION TO ENTER EXECUTIVE SESSION for the Purpose of the Discussion of Potential Litigation. Village Solicitor present via phone.

At 9:12 MacQueen MOVED and Askeland SECONDED a MOTION TO EXIT EXECUTIVE SESSION. The MOTION PASSED 5-0 ON A VOICE VOTE.

ADJOURNMENT

At 9:13 Askeland MOVED and Housh SECONDED a MOTION TO ADJOURN. The MOTION PASSED 5-0 ON A VOICE VOTE.

The next meeting of the Council of the Village of Yellow Springs will be held at 7:00 p.m. on Monday, May 4, 2015 in Council Chambers, John Bryan Community Center, 100 Dayton Street.

The Village of Yellow Springs is committed to providing reasonable accommodations for people with disabilities. The Council meeting is wheelchair accessible. Any person requiring a disability accommodation should contact the Village Clerk of Council's Office at 767-9126 or via e-mail at clerk@ysc.com for more information.