

# ELLWOOD CITY BOROUGH COUNCIL

SPECIAL MEETING AUGUST 1, 2016

## SPECIAL COUNCIL MEETING

### BUDGET PROCESS.

THE BOROUGH MANAGER SEEKS OUT REQUESTS FROM ALL BOROUGH DEPARTMENTS INCLUDING ELECTRIC AND WASTE WATER. BOROUGH COUNCIL ALSO MEETS TO REVIEW THE BUDGET AND THE DEMANDS OF THE DEPARTMENT HEADS AT PUBLIC MEETINGS.

THE BOROUGH CODE REQUIRES THE BUDGET BE ADVERTISED AND PLACED ON DISPLAY THE BUDGET IS MADE AVAILABLE FOR PUBLIC INSPECTION AT THE BOROUGH BUILDING AND THE PUBLIC LIBRARY FOR TEN (10) DAYS

NOTICE OF AVAILABILITY OF PUBLIC INSPECTION IS PUBLISHED IN A NEWSPAPER OF GENERAL CIRCULATION

COUNCIL MUST ADOPT BUDGET NO LATER THAN DECEMBER 31

## SPECIAL MEETING

ASSESSED VALUATION: \$247,088,340

1 MILL EQUALS: \$247,088

BOROUGH MILLAGE: 7.75 MILLS AND ONE HALF MILL OF THE TOTAL IS COMMITTED TO PUBLIC WORKS IMPROVEMENTS

BUDGET REVENUE @7.75 MILLS = \$1,753,107

78% PAID AT DISCOUNT= \$1,367,423

22% PAID AT FACE OR PENALTY = \$385,684

THE PA. BOROUGH CODE AUTHORIZES BOROUGH TO LEVY A REAL ESTATE TAX AT THE MAXIMUM RATE OF THIRTY MILLS FOR GENERAL PURPOSES, AS WELL AS OTHER SPECIALIZED RATES. THE BOROUGH OF ELLWOOD CITY IS PRESENTLY OPERATING AT ONE QUARTER OF THE AVAILABLE RATE.



SPECIAL MEETING AUGUST 1, 2016

THE 2016 GENERAL FUND BUDGET IS \$5,212,444

67% OF THE BUDGET IS COMPRISED OF WAGES AND BENEFITS OR \$3,491,453

OTHER FIXED COSTS SUCH AS UTILITIES, INSURANCE, FINANCING, AND CONTRIBUTIONS EQUAL \$843,827

OTHER ESSENTIAL OPERATING COSTS ARE EQUAL TO \$877,164

A PIE CHART OF GENERAL FUND EXPENDITURES IS INCLUDED

SPECIAL MEETING AUGUST 1, 2016

EXPENDITURES BY DEPARTMENT ARE EQUAL TO AS FOLLOWS:

POLICE : \$2,098,882 OR 40.27%

PUBLIC WORKS: \$1,301,117 OR 24.96%

FIRE AND OTHER PUBLIC SAFETY: \$514,892 OR 9.88%

INSURANCE AND OTHER FINANCES: \$488,507 OR 9.37%

ADMINISTRATION: \$409,044 OR 7.85%

RECREATION: \$280,003 OR 5.37%

COMMUNITY DEVELOPMENT: \$120,000 OR 2.30%

A PIE CHART IS PROVIDED

## SPECIAL COUNCIL MEETING

### **HOW DOES THE COUNCIL DECIDE TO INCREASE TAXES OR TRANSFERS FROM OTHER FUNDS?**

THE DECISION TO RAISE TAXES OR SET THE AMOUNT OF TRANSFERS IS DIRECTLY RELATED TO THE BUDGET PROCESS. IN ORDER TO BALANCE THE BUDGET ANY SHORTFALL OF REVENUE OVER NECESSARY OPERATIONAL EXPENSES, IS THE TIME WHEN COUNCIL WILL DECIDE TO INCREASE TAXES AND/OR TRANSFER FUNDS.

COUNCIL SEEKS OUT A BALANCE BETWEEN THE TWO SOURCES OF REVENUE WE ARE ABLE TO DRAW FROM WHICH IS REAL ESTATE AND THE ELECTRIC FUND TRANSFER.

Borough of Ellwood City  
2016 Budget  
General Fund - 001

Expenditures Summary

| Depart. |                        | 2012      | 2013      | 2014      | 2015      | 2016      |
|---------|------------------------|-----------|-----------|-----------|-----------|-----------|
| Number  | Description            | Actual    | Actual    | Actual    | Actual    | Proposed  |
| 110     | Mayor & Council        | 17,544    | 22,385    | 16,662    | 14,034    | 18,467    |
| 120     | Borough Manager        | 14,401    | 49,886    | 37,053    | 36,713    | 36,416    |
| 130     | Secretary & Financial  | 94,260    | 102,468   | 96,507    | 85,051    | 94,453    |
| 140     | General Administration | 75,583    | 85,451    | 81,680    | 89,458    | 90,545    |
| 150     | Tax Collector          | 25,586    | 29,483    | 30,184    | 27,626    | 32,563    |
| 160     | Legal                  | 32,976    | 35,297    | 35,271    | 33,216    | 40,248    |
| 170     | Data Processing        | 7,337     | 6,863     | 8,762     | 8,917     | 9,050     |
| 180     | Municipal Building     | 54,499    | 63,430    | 71,712    | 81,904    | 87,303    |
| Total   | Administration         | 322,186   | 395,264   | 377,832   | 376,919   | 409,044   |
| 210     | Police Department      | 1,717,058 | 1,759,844 | 1,560,908 | 1,682,395 | 2,019,433 |
| 211     | Police K-9             | 10,279    | 9,391     | 14,658    | 12,430    | 20,467    |
| 212     | School Crossing Guards | 44,119    | 45,251    | 46,449    | 47,902    | 51,558    |
| 214     | Animal Control Officer | 5,175     | 5,302     | 7,690     | 6,196     | 7,424     |
| 220     | Fire Department        | 341,186   | 329,180   | 323,437   | 367,319   | 372,961   |
| 221     | Volunteers             | 61,080    | 70,339    | 76,535    | 74,448    | 81,208    |
| 230     | Code Enforcement       | 34,074    | 41,209    | 45,599    | 52,424    | 57,368    |
| Total   | Public Safety          | 2,212,971 | 2,260,516 | 2,075,276 | 2,243,113 | 2,610,419 |
| 300     | Health Officer         | 3,344     | 3,344     | 3,342     | 3,346     | 3,354     |
| Total   | Health & Solid Waste   | 3,344     | 3,344     | 3,342     | 3,346     | 3,354     |

Borough of Ellwood City

2016 Budget

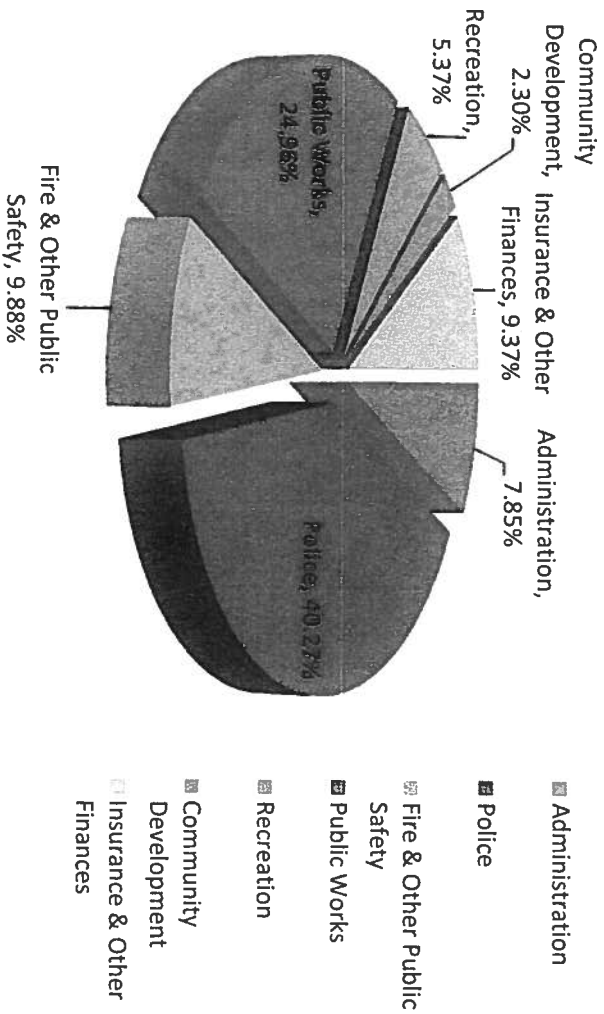
General Fund - 001

Expenditures Summary

| Depart. |                        | 2012             | 2013             | 2014             | 2015             | 2016             |
|---------|------------------------|------------------|------------------|------------------|------------------|------------------|
|         | Number                 | Actual           | Actual           | Actual           | Actual           | Proposed         |
| 430     | Public Works           | 390,786          | 423,363          | 448,588          | 530,142          | 607,493          |
| 431     | Street Cleaning        | 20,835           | 16,892           | 14,635           | 19,186           | 24,064           |
| 432     | Snow & Ice Removal     | 142,880          | 156,238          | 178,611          | 219,187          | 220,891          |
| 433     | Traffic Signal         | 7,561            | 8,784            | 12,963           | 8,294            | 13,739           |
| 434     | Street Lights          | 68,823           | 77,468           | 69,452           | 101,883          | 81,702           |
| 435     | Signs/Markings         | 6,584            | 7,969            | 14,410           | 9,308            | 18,170           |
| 436     | Storm Sewers           | 41,367           | 87,101           | 105,481          | 65,731           | 58,155           |
| 437     | Repair Tools/ Machines | 87,526           | 84,464           | 93,636           | 106,470          | 112,237          |
| 438     | Road Maintenance       | 79,327           | 77,229           | 227,732          | 157,509          | 145,339          |
| 448     | Parking Operations     | 21,520           | 20,638           | 19,532           | 16,414           | 19,826           |
|         |                        |                  |                  |                  |                  |                  |
| Total   | Public Works           | 867,209          | 960,146          | 1,185,040        | 1,234,122        | 1,301,617        |
|         |                        |                  |                  |                  |                  |                  |
| 551     | Community Center       | 140              | 809              | 22               | 1,277            | 500              |
| 552     | Playgrounds            | 9,114            | 11,182           | 15,854           | 13,313           | 19,112           |
| 553     | Swimming Pool          | 96,841           | 72,137           | 60,297           | 71,472           | 90,177           |
| 554     | Parks                  | 91,450           | 114,774          | 125,908          | 130,371          | 140,215          |
| 555     | Civic Contributions    | 29,950           | 31,887           | 29,198           | 34,639           | 30,000           |
|         |                        |                  |                  |                  |                  |                  |
| Total   | Recreation             | 227,495          | 230,789          | 231,279          | 251,072          | 280,003          |
|         |                        |                  |                  |                  |                  |                  |
| 660     | Community Development  | 9,848            | 35,912           | 41,261           | 33,870           | 47,500           |
| 661     | Grant Administration   | 0                | 0                | 132              | 6,054            | 20,000           |
| 667     | Future Grants          | 2,976            | 9,338            | 16,900           | 31,124           | 52,500           |
|         |                        |                  |                  |                  |                  |                  |
| Total   | Community Development  | 12,824           | 45,249           | 58,293           | 71,049           | 120,000          |
|         |                        |                  |                  |                  |                  |                  |
| 886     | Insurance & Misc.      | 35,040           | 38,573           | 7,125            | 11,468           | 11,500           |
| Total   | Insurance              | 35,040           | 38,573           | 7,125            | 11,468           | 11,500           |
|         |                        |                  |                  |                  |                  |                  |
| 990     | Other Financing        | 501,386          | 336,194          | 282,309          | 468,161          | 477,007          |
| Total   | Other Financing        | 501,386          | 336,194          | 282,309          | 468,161          | 477,007          |
|         |                        |                  |                  |                  |                  |                  |
| 992     | Interfund Transfers    | 0                | 0                | 50               | 0                | 0                |
| Total   | Interfund Transfers    | 0                | 0                | 50               | 0                | 0                |
|         |                        |                  |                  |                  |                  |                  |
|         | <b>GRAND TOTALS</b>    | <b>4,182,455</b> | <b>4,270,076</b> | <b>4,220,548</b> | <b>4,659,251</b> | <b>5,212,944</b> |

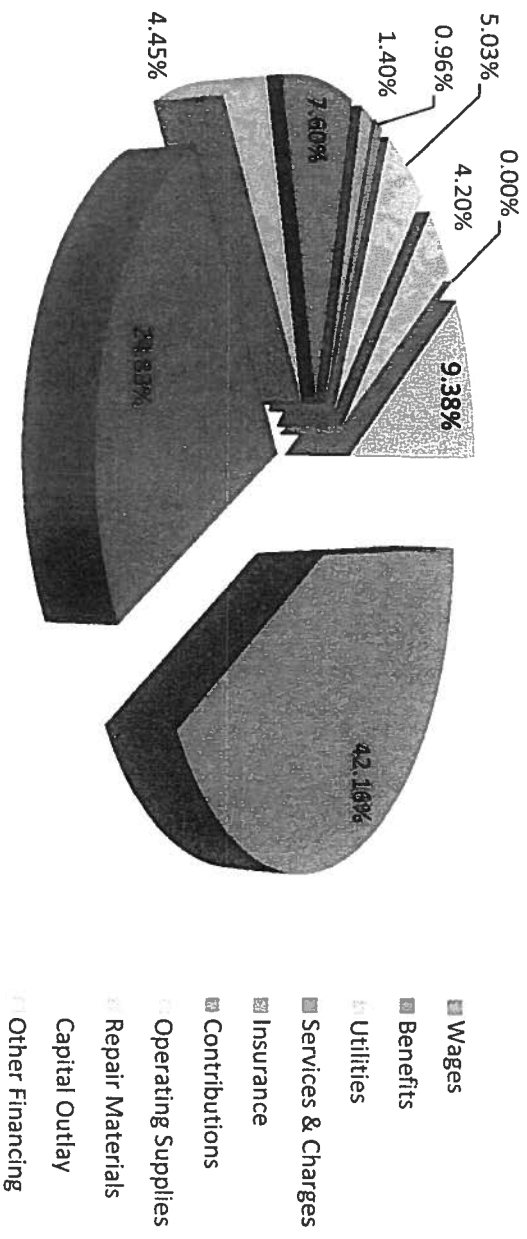


## Borough of Ellwood City 2016 Expenses by Department



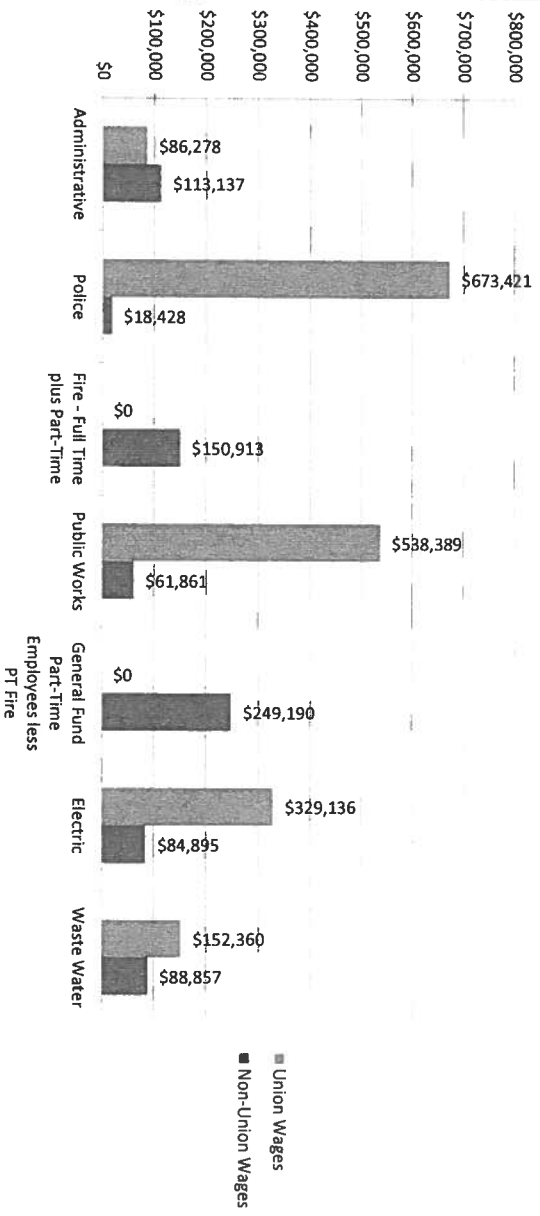
| Department                 | Percent        | Dollars          |
|----------------------------|----------------|------------------|
| Administration             | 7.85%          | 409,044          |
| Police                     | 40.27%         | 2,098,882        |
| Fire & Other Public Safety | 9.88%          | 514,892          |
| Public Works               | 24.96%         | 1,301,117        |
| Recreation                 | 5.37%          | 280,003          |
| Community Development      | 2.30%          | 120,000          |
| Insurance & Other Finances | 9.37%          | 488,507          |
| <b>Total</b>               | <b>100.00%</b> | <b>5,212,444</b> |

## Borough of Ellwood City 2016 Expenses by Type



| Expense Type       | Percent        | Dollars          |
|--------------------|----------------|------------------|
| Wages              | 42.16%         | 2,197,401        |
| Benefits           | 24.83%         | 1,294,052        |
| Utilities          | 4.45%          | 231,870          |
| Services & Charges | 7.60%          | 396,400          |
| Insurance          | 1.40%          | 72,950           |
| Contributions      | 0.96%          | 50,000           |
| Operating Supplies | 5.03%          | 262,100          |
| Repair Materials   | 4.20%          | 218,664          |
| Capital Outlay     | 0.00%          | 0                |
| Other Financing    | 9.38%          | 489,007          |
|                    | <b>100.00%</b> | <b>5,212,444</b> |

### 2016 Budget Wages Union vs. Non-Union



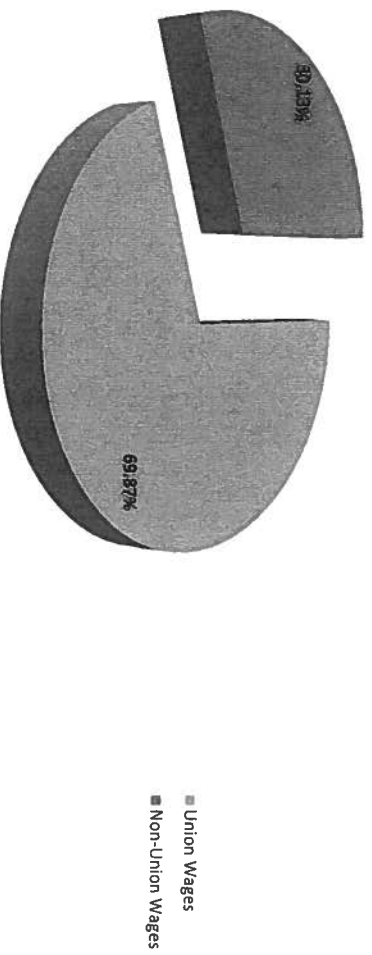
| 2016 Budgeted Wages<br>Union vs. Non-Union    |                    |                  |
|---|--------------------|------------------|
|   | Union Wages        | Non-Union Wages  |
| Administrative                                | \$86,278           | \$113,137        |
| Police  | \$673,421          | \$18,428         |
| Fire - Full Time plus Part-Time               | \$0                | \$150,913        |
| Public Works                                  | \$538,389          | \$61,861         |
| General Fund Part-Time Employees less PT Fire | \$0                | \$249,190        |
| Electric                                      | \$329,136          | \$84,895         |
| Waste Water                                   | \$152,360          | \$88,857         |
| <b>Total 2016 Budgeted Wages</b>              | <b>\$1,779,584</b> | <b>\$767,281</b> |

Grand Total 2016 Budgeted Wages

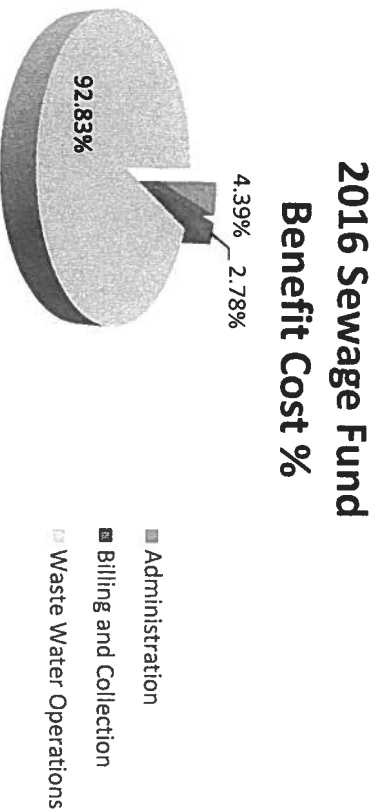
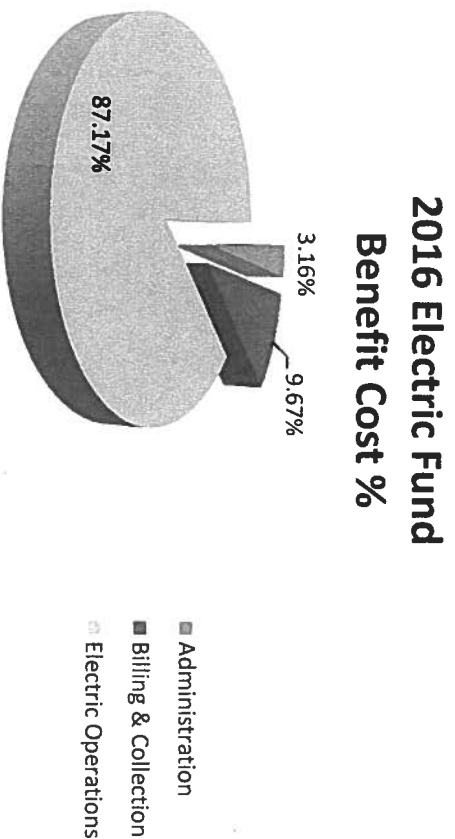
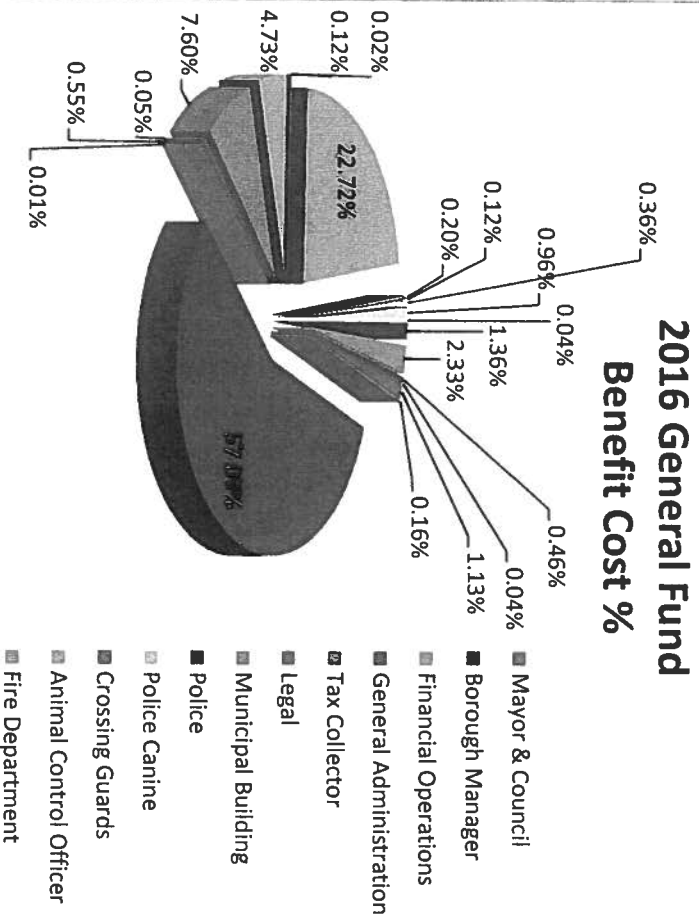
\$2,546,865

| Percentage of Total Wages | 2016 Budgeted Wages |                 |
|---------------------------|---------------------|-----------------|
|                           | Union Wages         | Non-Union Wages |
|                           | 69.87%              | 30.13%          |

### 2016 Budgeted Wages Union vs. Non-Union



Borough of Ellwood City  
2016 Budgeted Benefit Costs by Department





SPECIAL MEETING AUGUST 1,2016

**WHEN DID THE BOROUGH ESTABLISH THE ELECTRIC BUSINESS?**

BASED UPON THE EARLY ORDINANCES OF THE BOROUGH, IN 1898 TWO ORDINANCES WERE PASSED FOR A \$12,000 AND \$8000 BOND ISSUE AUTHORIZING THE CONSTRUCTION AND EQUIPMENT OF AN ELECTRIC LIGHT PLANT . ORDINANCES 73 AND 75.

IN 1904 A 5 YEAR CONTRACT WAS ENTERED INTO WITH ELLWOOD POWER COMPANY TO SUPPLY THE ELECTRIC LIGHT PLANT

SPECIAL COUNCIL MEETING AUGUST 1, 2016

ELECTRIC RATE SCHEDULES

1) RESIDENTIAL: CURRENT CUSTOMER CHARGE PER MONTH \$11.00

ALL KILOWATT HOURS ARE BILLED AT 0.1149 PLUS RATE ADJUSTMENT

2) SMALL COMMERCIAL : CURRENT CUSTOMER CHARGE PER MONTH \$14.50

ALL KILOWATT HOURS ARE BILLED AT 0.1176 PLUS RATE ADJUSTMENT

THE RATES ARE ESTABLISHED BY ORDINANCE 1046.42 IN THE CODIFICATION. THERE ARE OTHER RATE STRUCTURES FOR LARGE COMMERCIAL AND INDUSTRIAL USERS

SPECIAL MEETING AUGUST 1, 2016

**WHAT IS A RATE ADJUSTMENT?** THE RATE ADJUSTMENT IS USED TO RECOVER EXTRA CHARGES FOR TRANSMISSION AND CAPACITY . THE RATE ADJUSTMENT IS APPLIED ACCORDING TO A FORMULA SET BY OUR ENGINEERS AND ESTABLISHED BY ORDINANCE AND THE AMOUNT CAN CHANGE EVERY MONTH. IT IS PREFERRED TO BE CLOSE TO \$0.02 OR LESS HOWEVER IN RECENT MONTHS DUE TO TRANSMISSION COSTS THE RATE HAS BEEN AROUND \$0.04 . THE RATE ADJUSTMENT FACTOR IS BASED UPON CONSUMPTION AND ADDED TO THE ELECTRIC BILL. THE RATE ADJUSTMENT REFLECTS INCREASES IN ENERGY, CAPACITY AND TRANSMISSION COSTS NOT REFLECTED IN CURRENT BASE RATE STRUCTURE.

**HOW LONG HAS THE BOROUGH HAD A RATE ADJUSTMENT?** THE BOROUGH HAS HAD A RATE ADJUSTMENT IN PLACE SINCE APRIL 29, 1997.

**ARE ALL CUSTOMERS CHARGED A RATE ADJUSTMENT?** YES, ALL CUSTOMERS ARE CHARGED A MONTHLY RATE ADJUSTMENT.

COPIES OF RATE ADJUSTMENT CALCULATIONS FOR THE LAST THREE MONTHS ARE ATTACHED.



SPECIAL COUNCIL MEETING AUGUST 1, 2016

**WHAT WILL THE RATE ADJUSTMENT BE LIKE FOR THE REMAINDER OF 2016?**

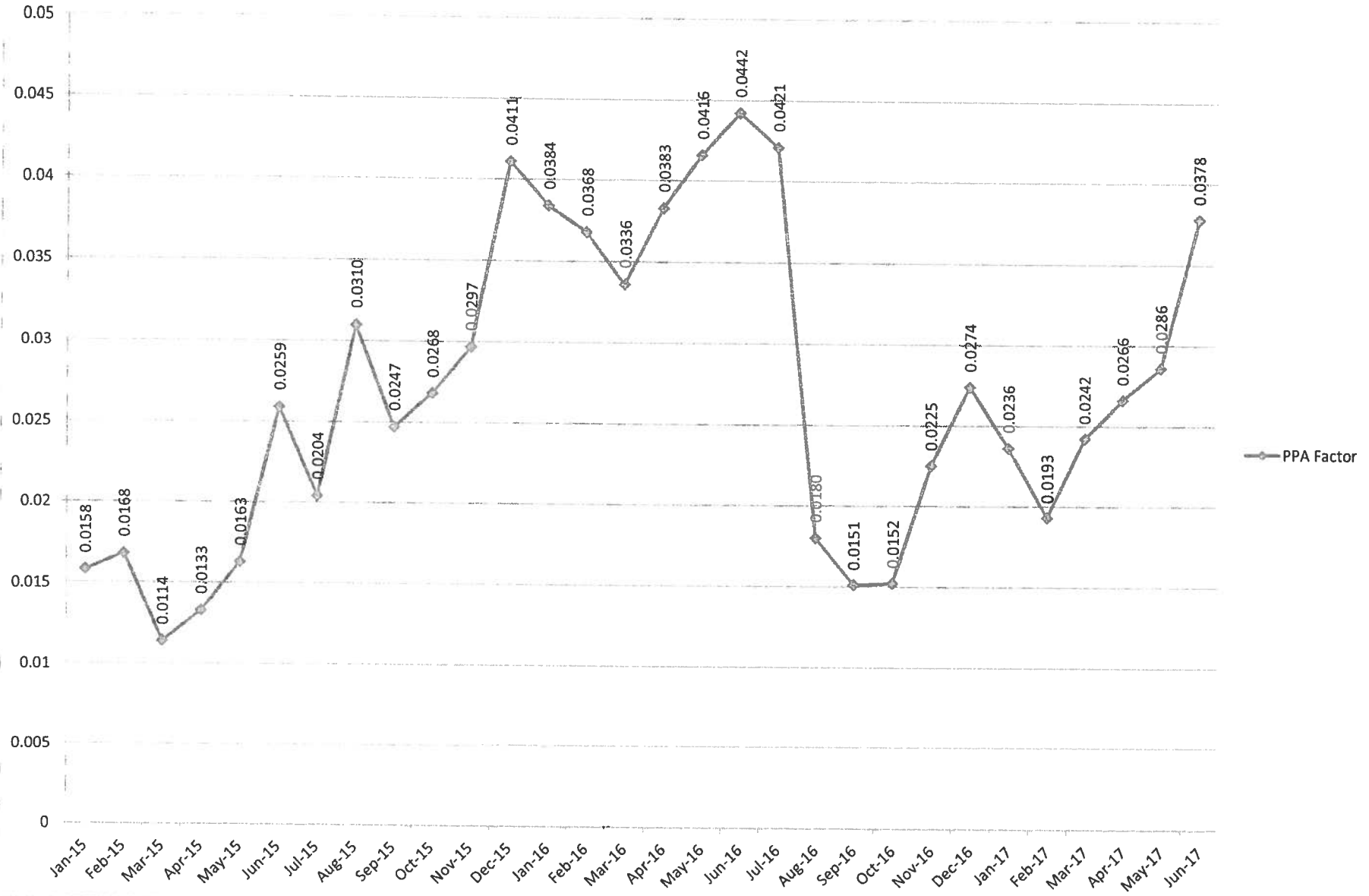
|                  | <b>2016</b>        | <b>2015 (ACTUAL)</b> | <b>2014 (ACTUAL)</b> |
|------------------|--------------------|----------------------|----------------------|
| JULY USAGE :     | 0.0180             | 0.0310               | 0.0166               |
| AUGUST USAGE:    | 0.0151 (PROJECTED) | 0.0247               | 0.0162               |
| SEPTEMBER USAGE: | 0.0152 (PROJECTED) | 0.0268               | 0.0144               |
| OCTOBER USAGE:   | 0.0225 (PROJECTED) | 0.0297               | 0.0175               |
| NOVEMBER USAGE   | 0.0274 (PROJECTED) | 0.0411               | 0.0227               |
| DECEMBER USAGE   | 0.0236 (PROJECTED) | 0.0384               | 0.0158               |



# Purchase Power Adjustment Tracking and Projections

## Cents per Kwh

### January 2015 - June 2017





**AMERICAN MUNICIPAL POWER, INC.**

**INVOICE NUMBER:**

193566

1111 Schrock Rd, Suite 100

**INVOICE DATE:**

07/14/2016

COLUMBUS, OHIO 43229

**DUE DATE:**

07/29/2016

PHONE: (614) 540-1111

**TOTAL AMOUNT DUE:**

\$369,872.70

FAX: (614) 540-1078

**CUSTOMER NUMBER:**

10302

**CUSTOMER P.O. #:**

**Borough of Eliwood City**  
Mr. Robert Vilella  
525 Lawrence Avenue  
Eliwood City, PA 16117-1984

PLEASE WRITE INVOICE NUMBER ON  
REMITTANCE AND RETURN YELLOW INVOICE  
COPY. MAKE CHECK PAYABLE TO AMP.

**Northern Power Pool Billing - June, 2016**

MUNICIPAL PEAK: 11,870 KW  
TOTAL METERED ENERGY: 4,857,033 KWh

Total Power Charges: \$268,947.65  
Total Transmission Charges: \$106,139.71  
Total Other Charges: \$4,785.34  
Total Miscellaneous Charges: \$0.00

**GRAND TOTAL POWER INVOICE: \$369,872.70**

\*\*\*The Total Charges on this invoice may include a credit paid to the Municipal for power supply which was invoiced separately and repurchased by AMP for use as a Northern Power Pool Resource.

**NOTE: PLEASE SEE ENCLOSED BACKUP FOR MORE DETAILED INFORMATION**

\*\*\* To avoid a delayed payment charge, payment must be made to provide available funds for use by AMP on or before the due date.

Wire or ACH Transfer Information :  
Huntington National Bank  
Columbus, Ohio  
Account 0189-2204055  
ABA: #044 000024

Mailing Address :  
AMP, Inc.  
Dept. L614  
Columbus, Oh 43260

Notes:

Please see enclosed letter regarding AMP implementing paperless billing. If you recently completed this form, please disregard.

DETAIL INFORMATION OF POWER CHARGES June, 2016

Ellwood City

|                         |                         |                              |           |
|-------------------------|-------------------------|------------------------------|-----------|
| FOR THE MONTH OF:       | June, 2016              | Total Metered Load kWh:      | 4,857,033 |
| TIME OF FENT'S PEAK:    | 06/27/2016 @ H.E. 14:00 | Transmission Losses kWh:     | 39,980    |
| TIME OF MUNICIPAL PEAK: | 06/27/2016 @ H.E. 17:00 | Distribution Losses kWh:     | 0         |
| TRANSMISSION PEAK:      | July, 2015              | Total Energy Req. kWh:       | 4,897,013 |
|                         |                         | CONCIDENT PEAK kW:           | 11,498    |
|                         |                         | MUNICIPAL PEAK kW:           | 11,870    |
|                         |                         | TRANSMISSION PEAK kW:        | 12,352    |
|                         |                         | PJM Capacity Requirement kW: | 11,857    |

**Ellwood City Resources**

**Landfill - 7x24 @ ATSI**

|                  |            |        |                 |              |
|------------------|------------|--------|-----------------|--------------|
| Demand Charge:   | \$0.056672 | /kWh * | 1,972,800 kWh = | \$112,197.81 |
| Energy Charge:   | \$3.219664 | /kW *  | -2,740 kW =     | -\$8,821.88  |
| Capacity Credit: | \$0.052401 | /kWh * | 1,972,800 kWh = | \$103,375.93 |

**Exelon 2015-2020 (a) - 7x24 @ ATSI**

|                |            |        |                  |              |
|----------------|------------|--------|------------------|--------------|
| Demand Charge: | \$0.037340 | /kWh * | -1,972,800 kWh = | -\$73,664.35 |
| Energy Charge: | \$0.037340 | /kWh * | -1,972,800 kWh = | -\$73,664.35 |

**MSCG Jan13-Dec17 7x24 - 7x24 @ Ind**

|                              |            |        |                 |             |
|------------------------------|------------|--------|-----------------|-------------|
| Demand Charge:               | \$0.054400 | /kWh * | 2,000 kW =      | \$78,336.00 |
| Energy Charge:               | \$0.001122 | /kWh * | 1,440,000 kWh = | \$1,615.43  |
| Net Congestion, Losses, FTR: | \$0.055522 | /kWh * | 1,440,000 kWh = | \$79,957.43 |

**Exelon 2015-2020 (b) - 7x24 @ AD**

|                              |            |        |                  |              |
|------------------------------|------------|--------|------------------|--------------|
| Demand Charge:               | \$0.037340 | /kWh * | -2,000 kW =      | -\$53,769.60 |
| Energy Charge:               | \$0.000399 | /kWh * | -1,440,000 kWh = | -\$374.07    |
| Net Congestion, Losses, FTR: | \$0.037739 | /kWh * | -1,440,000 kWh = | -\$54,343.67 |

**Exelon Remaining Requirements - Sched @ ATSI**

|                |            |        |                 |              |
|----------------|------------|--------|-----------------|--------------|
| Energy Charge: | \$0.044180 | /kWh * | 4,512,866 kWh = | \$199,378.42 |
| Subtotal       | \$0.044180 | /kWh * | 4,512,866 kWh = | \$199,378.42 |

**Congestion Swap - Purch From Macquarie (At AD Hub) - 7x24 @ AD**

|   |            |        |            |            |
|---|------------|--------|------------|------------|
| Demand Charge:                            | \$0.000000 | /kWh * | 2,000 kW = | \$977.26   |
| Net Congestion, Losses, FTR:              | \$0.000000 | /kWh * |            | \$3,312.00 |
| Congestion Swap to from Ind Hub to AD Hub |            |        |            | \$4,289.26 |
| Subtotal                                  | #N/A       | /kWh * | 0 kWh =    | \$4,289.26 |

**NYP&A (PA) - Sched @ NYS**

|                              |             |        |               |             |
|------------------------------|-------------|--------|---------------|-------------|
| Demand Charge:               |             |        | 763 kW =      | \$824.19    |
| Energy Charge:               | \$0.002395  | /kWh * | 344,167 kWh = | \$2,064.25  |
| Net Congestion, Losses, FTR: | \$3.475168  | /kW *  | -584 kW =     | -\$2,064.25 |
| Capacity Credit:             | -\$0.003603 | /kWh * | 344,167 kWh = | -\$1,240.06 |
| Subtotal                     |             |        |               |             |

**Northern Power Pool:**

|   |            |        |              |            |
|---|------------|--------|--------------|------------|
| On Peak Energy Charge: (M-F HE 08-23 EDT) | \$0.036439 | /kWh * | 19,230 kWh = | \$700.71   |
| Off Peak Energy Charge:                   | \$0.024344 | /kWh * | 21,145 kWh = | \$514.76   |
| Sale of Excess Non-Pool Resources to Pool | \$0.037359 | /kWh * | -386 kWh =   | -\$14.78   |
| Subtotal                                  | \$0.030032 | /kWh * | 39,980 kWh = | \$1,200.69 |

**Total Demand Charges:**

|                       |  |  |               |              |
|-----------------------|--|--|---------------|--------------|
| Total Energy Charges: |  |  | 4,897,013 kWh | \$288,833.78 |
| Total Power Charges:  |  |  |               | \$258,947.65 |

**TRANSMISSION CHARGES:**

|                              |            |        |                 |              |
|------------------------------|------------|--------|-----------------|--------------|
| Demand Charge:               | \$3.649124 | /kW *  | 12,352 kW =     | \$45,073.98  |
| Energy Charge:               | \$0.000422 | /kWh * | 4,897,013 kWh = | \$2,066.88   |
| Direct Transmission Charges: |            |        |                 | \$2,019.59   |
| RPM (Capacity) Charges:      | \$4.895700 | /kW *  | 11,857 kW =     | \$58,979.26  |
| TOTAL TRANSMISSION CHARGES:  | \$0.021674 | /kWh * | 4,897,013 kWh = | \$108,139.71 |

**OTHER CHARGES:**

|                                       |            |        |                       |            |
|---------------------------------------|------------|--------|-----------------------|------------|
| Dispatch Center Charges:              | \$0.000207 | /kWh * | 4,857,033 kWh =       | \$1,005.69 |
| Service Fee Part A:                   |            |        |                       | \$961.51   |
| Based on Annual Municipal Sales       | \$0.000229 | /kWh * | 50,385,022 kWh 1/12 = | \$1.06     |
| SF A adjustment for January-June 2015 |            |        |                       | \$1.06     |
| Service Fee Part B:                   |            |        |                       | \$2,817.08 |
| Energy Purchases                      | \$0.000580 | /kWh * | 4,857,033 kWh =       | \$2,817.08 |

**TOTAL OTHER CHARGES:**

|  |  |  |  |            |
|--|--|--|--|------------|
|  |  |  |  | \$4,755.34 |
|--|--|--|--|------------|

**GRAND TOTAL POWER INVOICE:**

**\$369,872.70**



**AMERICAN MUNICIPAL POWER, INC.**

1111 Schrock Rd, Suite 100  
 COLUMBUS, OHIO 43229  
 PHONE: (614) 540-1111  
 FAX: (614) 540-1078

**INVOICE NUMBER:**

193106

**INVOICE DATE:**

06/15/2016

**DUE DATE:**

06/30/2016

**TOTAL AMOUNT DUE:**

\$380,781.83

**CUSTOMER NUMBER:**

10302

**CUSTOMER P.O. #:**

**Borough of Ellwood City**  
 Mr. Robert Villella  
 525 Lawrence Avenue  
 Ellwood City, PA 16117-1984

PLEASE WRITE INVOICE NUMBER ON  
 REMITTANCE AND RETURN YELLOW INVOICE  
 COPY. MAKE CHECK PAYABLE TO AMP.

**Northern Power Pool Billing - May, 2016**

MUNICIPAL PEAK: 10,127 kW  
 TOTAL METERED ENERGY: 3,910,168 kWh

Total Power Charges: \$193,435.34  
 Total Transmission Charges: \$183,015.01  
 Total Other Charges: \$4,331.48  
 Total Miscellaneous Charges: \$0.00

**GRAND TOTAL POWER INVOICE: \$380,781.83**

\*\*\*The Total Charges on this invoice may include a credit paid to the Municipal for power supply which was invoiced separately and repurchased by AMP for use as a Northern Power Pool Resource.  
**NOTE: PLEASE SEE ENCLOSED BACKUP FOR MORE DETAILED INFORMATION**

\*\*\* To avoid a delayed payment charge, payment must be made to provide available funds for use by AMP on or before the due date.

Wire or ACH Transfer Information :  
 Huntington National Bank  
 Columbus, Ohio  
 Account 0189-2204055  
 ABA: #044 000024  
 Mailing Address :  
 AMP, Inc.  
 Dept. L614  
 Columbus, Oh 43260

**BANK LOCK BOX DEPOSIT**

|                       | AMOUNT              |
|-----------------------|---------------------|
| General Fund (010)    | \$379,679.55        |
| ECC (012)             | \$1,102.28          |
| Combined Hydros (027) | \$0.00              |
| AMPCT (025)           | \$0.00              |
| ESPP (016)            | \$0.00              |
| Meldahl Hydro (045)   | \$0.00              |
| AFEC (004)            | \$0.00              |
| AMPGS (009)           | \$0.00              |
| PSEC (013)            | \$0.00              |
| NapSolar (031)        | \$0.00              |
| Jv2 (062)             | \$0.00              |
| <b>TOTAL DEPOSIT</b>  | <b>\$380,781.83</b> |



DETAIL INFORMATION OF POWER CHARGES May, 2016

Elwood City

FOR THE MONTH OF:

May, 2016

TIME OF PEAKS:  
 TIME OF MUNICIPAL PEAK:  
 TRANSMISSION PEAK:

05/27/2016 @ H.E. 16:00  
 05/26/2016 @ H.E. 17:00  
 July, 2015

Total Metered Load kWh: 3,910,168  
 Transmission Losses kWh: 37,087  
 Distribution Losses kWh: 0  
 Total Energy Req. kWh: 3,947,255  
 COINCIDENT PEAK kW: 9,638  
 MUNICIPAL PEAK kW: 10,127  
 TRANSMISSION PEAK kW: 12,352  
 PJM Capacity Requirement kW: 11,949

**Elwood City Resources**

Landfill - 7x24 @ ATSI

|                  |            |        |                        |  |  |                    |  |
|------------------|------------|--------|------------------------|--|--|--------------------|--|
| Demand Charge:   | \$0.053201 | /kWh * | 2,740 kW               |  |  |                    |  |
| Energy Charge:   | \$8.123401 | /kW *  | 2,038,560 kWh =        |  |  | \$108,452.85       |  |
| Capacity Credit: | \$0.042282 | /kWh * | -2,740 kW =            |  |  | -\$22,258.12       |  |
| <b>Subtotal</b>  |            |        | <b>2,038,560 kWh =</b> |  |  | <b>\$86,194.73</b> |  |

Exelon 2015-2020 (a) - 7x24 @ ATSI

|                 |            |        |                  |  |  |                      |  |
|-----------------|------------|--------|------------------|--|--|----------------------|--|
| Demand Charge:  | \$0.037340 | /kWh * | -2,740 kW        |  |  | -\$76,119.83         |  |
| Energy Charge:  | \$0.037340 | /kWh * | -2,038,560 kWh = |  |  | -\$76,119.83         |  |
| <b>Subtotal</b> |            |        |                  |  |  | <b>-\$152,239.66</b> |  |

MSCG Jan13-Dec17 7x24 - 7x24 @ Ind

|                              |            |        |                 |  |  |                     |  |
|------------------------------|------------|--------|-----------------|--|--|---------------------|--|
| Demand Charge:               | \$0.054400 | /kWh * | 2,000 kW        |  |  | \$80,947.20         |  |
| Energy Charge:               | \$0.000611 | /kWh * | 1,488,000 kWh = |  |  | \$909.91            |  |
| Net Congestion, Losses, FTR: | \$0.055011 | /kWh * | 1,488,000 kWh = |  |  | \$81,857.11         |  |
| <b>Subtotal</b>              |            |        |                 |  |  | <b>\$163,714.12</b> |  |

Exelon 2015-2020 (b) - 7x24 @ AD

|                              |            |        |                  |  |  |                      |  |
|------------------------------|------------|--------|------------------|--|--|----------------------|--|
| Demand Charge:               | \$0.037340 | /kWh * | -2,000 kW        |  |  | -\$55,561.92         |  |
| Energy Charge:               | \$0.000160 | /kWh * | -1,488,000 kWh = |  |  | -\$238.60            |  |
| Net Congestion, Losses, FTR: | \$0.037500 | /kWh * | -1,488,000 kWh = |  |  | -\$55,800.52         |  |
| <b>Subtotal</b>              |            |        |                  |  |  | <b>-\$111,601.04</b> |  |

Exelon Remaining Requirements - Sched @ ATSI

|                 |            |        |                 |  |  |                     |  |
|-----------------|------------|--------|-----------------|--|--|---------------------|--|
| Energy Charge:  | \$0.044180 | /kWh * | 3,504,699 kWh = |  |  | \$154,837.60        |  |
| <b>Subtotal</b> |            |        |                 |  |  | <b>\$154,837.60</b> |  |

Congestion Swap - Purch From Macquarie (At AD Hub) - 7x24 @ AD

|   |            |        |          |  |  |                    |  |
|---|------------|--------|----------|--|--|--------------------|--|
| Demand Charge:                            | \$0.000000 | /kWh * | 2,000 kW |  |  | \$1,672.38         |  |
| Net Congestion, Losses, FTR:              |            |        |          |  |  | \$3,422.40         |  |
| Congestion Swap to from Ind Hub to AD Hub |            |        |          |  |  | \$5,094.78         |  |
| <b>Subtotal</b>                           |            |        |          |  |  | <b>\$10,189.56</b> |  |

NYPA (PA) - Sched @ NYIS

|                              |             |        |               |  |  |                   |  |
|------------------------------|-------------|--------|---------------|--|--|-------------------|--|
| Demand Charge:               |             |        | 895 kW        |  |  | \$901.30          |  |
| Energy Charge:               | \$0.002223  | /kWh * | 405,469 kWh   |  |  | \$4,959.06        |  |
| Net Congestion, Losses, FTR: | \$7.567441  | /kW *  | -594 kW =     |  |  | -\$4,959.06       |  |
| Capacity Credit:             | -\$0.008863 | /kWh * | 405,469 kWh = |  |  | -\$3,593.76       |  |
| <b>Subtotal</b>              |             |        |               |  |  | <b>\$1,347.54</b> |  |

Northern Power Pool:

|   |            |        |              |  |  |                 |  |
|---|------------|--------|--------------|--|--|-----------------|--|
| On Peak Energy Charge: (M-F HE 08-23 EDT) | \$0.031636 | /kWh * | 15,918 kWh = |  |  | \$503.60        |  |
| Off Peak Energy Charge:                   | \$0.021804 | /kWh * | 21,193 kWh = |  |  | \$462.11        |  |
| Sale of Excess Non-Pool Resources to Pool | \$0.019124 | /kWh * | -25 kWh =    |  |  | -\$0.48         |  |
| <b>Subtotal</b>                           |            |        |              |  |  | <b>\$965.23</b> |  |

Total Demand Charges:

|                       |  |  |               |  |  |              |  |
|-----------------------|--|--|---------------|--|--|--------------|--|
| Total Energy Charges: |  |  |               |  |  | -\$26,753.18 |  |
| Total Power Charges:  |  |  | 3,947,255 kWh |  |  | \$193,435.34 |  |

TRANSMISSION CHARGES:

|                                    |             |        |                 |  |  |                     |  |
|------------------------------------|-------------|--------|-----------------|--|--|---------------------|--|
| Demand Charge:                     | \$3.860168  | /kW *  | 12,352 kW =     |  |  | \$45,210.40         |  |
| Energy Charge:                     | \$0.000494  | /kWh * | 3,947,255 kWh = |  |  | \$1,951.01          |  |
| Direct Transmission Charges:       |             |        |                 |  |  | \$2,076.18          |  |
| RPM (Capacity) Charges:            | \$11.195700 | /kW *  | 11,949 kW =     |  |  | \$135,777.42        |  |
| <b>TOTAL TRANSMISSION CHARGES:</b> |             |        |                 |  |  | <b>\$183,015.01</b> |  |

OTHER CHARGES:

|                                 |            |        |                       |  |  |            |  |
|---------------------------------|------------|--------|-----------------------|--|--|------------|--|
| Dispatch Center Charges:        | \$0.000282 | /kWh * | 3,910,168 kWh =       |  |  | \$1,102.28 |  |
| Service Fee Part A,             |            |        |                       |  |  |            |  |
| Based on Annual Municipal Sales | \$0.000229 | /kWh * | 50,373,895 kWh 1/12 = |  |  | \$961.30   |  |
| Service Fee Part B,             |            |        |                       |  |  |            |  |
| Energy Purchases                | \$0.000580 | /kWh * | 3,910,168 kWh =       |  |  | \$2,267.90 |  |

TOTAL OTHER CHARGES:

\$4,331.48

**GRAND TOTAL POWER INVOICE:**

**\$360,761.83**

Borough of Ellwood City  
Power Adjustment Factor

AMP & Allegheny Energy Purchased June, 2016  
Bills Reflect Customer Usage for July, 2016  
PPA Factor for Bills Due August, 2016

| ***SEE NOTE BELOW REGARDING LINE LOSS FLUCTUATION*** |                          |                            |                              |                   |                |                   |  |
|--|--------------------------|----------------------------|------------------------------|-------------------|----------------|-------------------|--|
| Service for Month of                                 | Net AMP<br>Kwh Purchased | Allegheny<br>Kwh Purchased | Metered AMP<br>Kwh Purchased | Total<br>Kwh Sold | %<br>Line Loss | Billing<br>Period |  |
| July '15   | 5,181,470                | 301,436                    | 5,482,906                    | 4,778,934         | 12.84%         | 30                |  |
| Aug '15  | 4,779,077                | 343,937                    | 5,123,014                    | 4,766,294         | 6.96%          | 30                |  |
| Sept '15   | 4,240,571                | 328,991                    | 4,569,562                    | 4,592,458         | -0.50%         | 32                |  |
| Oct '15  | 3,363,665                | 350,587                    | 3,714,252                    | 3,254,336         | 12.38%         | 29                |  |
| Nov '15  | 3,411,797                | 358,663                    | 3,770,460                    | 3,880,479         | -2.92%         | 33                |  |
| Dec '15  | 3,846,315                | 396,691                    | 4,243,006                    | 3,658,537         | 13.77%         | 29                |  |
| Jan '16  | 4,350,378                | 352,807                    | 4,703,185                    | 4,277,810         | 9.04%          | 30                |  |
| Feb '16  | 3,818,328                | 315,390                    | 4,133,718                    | 3,879,147         | 6.16%          | 29                |  |
| Mar '16  | 3,525,322                | 373,112                    | 3,898,434                    | 3,896,670         | 0.05%          | 33                |  |
| April '16  | 3,250,185                | 336,961                    | 3,587,146                    | 3,255,050         | 9.26%          | 29                |  |
| May '16  | 3,504,699                | 405,469                    | 3,910,168                    | 3,199,560         | 18.17%         | 29                |  |
| June '16   | 4,512,848                | 344,185                    | 4,857,033                    | 5,037,402         | -3.71%         | 33                |  |
| <b>TOTALS</b>  | <b>47,784,655</b>        | <b>4,208,229</b>           | <b>51,992,884</b>            | <b>48,476,677</b> | <b>6.76%</b>   |                   |  |

\*\*\*AMP'S BILLING PERIOD IS ALWAYS 30 DAYS WHICH CAUSES THE FLUCTUATION IN OUR LINE LOSS\*\*\*  
\*\*\*OUR BILLING PERIOD FLUCTUATES FROM MONTH TO MONTH - SEE BILLING PERIOD COL.UIN\*\*\*

| Most Recent Month   | Net Kwh Purchased | Billed Amount       | Cost Per Kwh   | Use If Negative |
|---|-------------------|---------------------|----------------|-----------------|
| AMP   | 4,512,848         | \$369,872.70        |                |                 |
| Allegheny Electric  | 344,185           | \$10,122.33         |                |                 |
| <b>Totals</b>   | <b>4,857,033</b>  | <b>\$379,995.03</b> | <b>0.07824</b> |                 |
| Less Base Purchase Power Cost                             |                   |                     | <b>0.06235</b> |                 |
| Cost per Kwh minus Base:                                  |                   |                     | <u>0.0159</u>  |                 |
| Multiplied by:  |                   |                     |                |                 |
| Total Kwh purchased (D) divided by Kwh (E) sold 12 months |                   |                     | 1.0725         | 0.9324          |
| Pre Capital Improvement Adjustment PPA                    |                   |                     | 0.0170         | 0.0148          |
| Plus Capital Improvement Adjustment                       |                   |                     | 0.0010         | 0.0010          |
| <b>PURCHASE POWER ADJUSTMENT</b>                          |                   |                     | <b>0.0180</b>  | <b>0.0158</b>   |

**Borough of Ellwood City  
Power Adjustment Factor**

**AMP & Allegheny Energy Purchased May, 2016  
Bills Reflect Customer Usage for May, 2016  
PPA Factor for Bills Due July, 2016**

\*\*\*SEE NOTE BELOW REGARDING LINE LOSS FLUCTUATION\*\*\*

| Service for Month of | Net AMP<br>Kwh Purchased | Allegheny<br>Kwh Purchased | Metered AMP<br>Kwh Purchased | Total<br>Kwh Sold | %<br>Line Loss | Billing<br>Period |
|----------------------|--------------------------|----------------------------|------------------------------|-------------------|----------------|-------------------|
| June '15             | 4,417,126                | 292,963                    | 4,710,089                    | 4,754,912         | -0.95%         | 32                |
| July '15             | 5,181,470                | 301,436                    | 5,482,906                    | 4,778,934         | 12.84%         | 30                |
| Aug '15              | 4,779,077                | 343,937                    | 5,123,014                    | 4,766,294         | 6.96%          | 30                |
| Sept '15             | 4,240,571                | 328,991                    | 4,569,562                    | 4,592,458         | -0.50%         | 32                |
| Oct '15              | 3,363,665                | 350,587                    | 3,714,252                    | 3,254,336         | 12.38%         | 29                |
| Nov '15              | 3,411,797                | 358,663                    | 3,770,460                    | 3,880,479         | -2.92%         | 33                |
| Dec '15              | 3,846,315                | 396,691                    | 4,243,006                    | 3,658,537         | 13.77%         | 29                |
| Jan '16              | 4,350,378                | 352,807                    | 4,703,185                    | 4,277,810         | 9.04%          | 30                |
| Feb '16              | 3,818,328                | 315,390                    | 4,133,718                    | 3,879,147         | 6.16%          | 29                |
| Mar '16              | 3,525,322                | 373,112                    | 3,898,434                    | 3,896,670         | 0.05%          | 33                |
| April '16            | 3,250,185                | 336,961                    | 3,587,146                    | 3,255,050         | 9.26%          | 29                |
| May '16              | 3,504,699                | 405,469                    | 3,910,168                    | 3,199,560         | 18.17%         | 29                |
| <b>TOTALS</b>        | <b>47,688,933</b>        | <b>4,157,007</b>           | <b>51,845,940</b>            | <b>48,194,187</b> | <b>7.04%</b>   |                   |

\*\*\*AMP'S BILLING PERIOD IS ALWAYS 30 DAYS WHICH CAUSES THE FLUCTUATION IN OUR LINE LOSS\*\*\*

\*\*\*OUR BILLING PERIOD FLUCTUATES FROM MONTH TO MONTH - SEE BILLING PERIOD COLUMN\*\*\*

| Most Recent Month  | Net Kwh Purchased | Billed Amount       | Cost Per Kwh   | Use If Negative |
|--------------------|-------------------|---------------------|----------------|-----------------|
| AMP                | 3,504,699         | \$380,781.83        |                |                 |
| Allegheny Electric | 405,469           | \$12,341.98         |                |                 |
| <b>Totals</b>      | <b>3,910,168</b>  | <b>\$393,123.81</b> | <b>0.10054</b> |                 |

Less Base Purchase Power Cost

Cost per Kwh minus Base:

Multipled by:

Total Kwh purchased (D) divided by Kwh (E) sold 12 months

Pre Capital Improvement Adjustment PPA  
Plus Capital Improvement Adjustment

**PURCHASE POWER ADJUSTMENT**

|                |               |
|----------------|---------------|
| <b>0.06235</b> |               |
| <b>0.0382</b>  | <b>0.0382</b> |
| <b>1.0758</b>  | <b>0.9296</b> |
| <b>0.0411</b>  | <b>0.0355</b> |
| <b>0.0010</b>  | <b>0.0010</b> |
| <b>0.0421</b>  | <b>0.0365</b> |

**Borough of Ellwood City  
Power Adjustment Factor**

**AMP & Allegheny Energy Purchased April, 2016  
Bills Reflect Customer Usage for May, 2016  
PPA Factor for Bills Due June, 2016**

\*\*\*SEE NOTE BELOW REGARDING LINE LOSS FLUCTUATION\*\*\*

| Service for Month of | Net AMP<br>Kwh Purchased | Allegheny<br>Kwh Purchased | Metered AMP<br>Kwh Purchased | Total<br>Kwh Sold | %<br>Line Loss | Billing<br>Period |
|----------------------|--------------------------|----------------------------|------------------------------|-------------------|----------------|-------------------|
| May '15              | 4,054,968                | 325,221                    | 4,380,189                    | 3,554,508         | 18.85%         | 29                |
| June '15             | 4,417,126                | 292,963                    | 4,710,089                    | 4,754,912         | -0.95%         | 32                |
| July '15             | 5,181,470                | 301,436                    | 5,482,906                    | 4,778,934         | 12.84%         | 30                |
| Aug '15              | 4,779,077                | 343,937                    | 5,123,014                    | 4,766,294         | 6.96%          | 30                |
| Sept '15             | 4,240,571                | 328,991                    | 4,569,562                    | 4,592,458         | -0.50%         | 32                |
| Oct '15              | 3,363,665                | 350,587                    | 3,714,252                    | 3,254,336         | 12.38%         | 29                |
| Nov '15              | 3,411,797                | 358,663                    | 3,770,460                    | 3,880,479         | -2.92%         | 33                |
| Dec '15              | 3,846,315                | 396,691                    | 4,243,006                    | 3,658,537         | 13.77%         | 29                |
| Jan '16              | 4,350,378                | 352,807                    | 4,703,185                    | 4,277,810         | 9.04%          | 30                |
| Feb '16              | 3,818,328                | 315,390                    | 4,133,718                    | 3,879,147         | 6.16%          | 29                |
| Mar '16              | 3,525,322                | 373,112                    | 3,898,434                    | 3,895,934         | 0.06%          | 33                |
| April '16            | 3,250,185                | 336,961                    | 3,587,146                    | 3,254,797         | 9.26%          | 29                |
| <b>TOTALS</b>        | <b>48,239,202</b>        | <b>4,076,759</b>           | <b>52,315,961</b>            | <b>48,548,146</b> | <b>7.20%</b>   |                   |

\*\*\*AMP'S BILLING PERIOD IS ALWAYS 30 DAYS WHICH CAUSES THE FLUCTUATION IN OUR LINE LOSS\*\*\*  
 \*\*\*OUR BILLING PERIOD FLUCTUATES FROM MONTH TO MONTH - SEE BILLING PERIOD COLUMN\*\*\*

| Most Recent Month  | Net Kwh Purchased | Billed Amount | Cost Per Kwh | Use If Negative |
|--------------------|-------------------|---------------|--------------|-----------------|
| AMP                | 3,250,185         | \$358,805.45  |              |                 |
| Allegheny Electric | 336,961           | \$8,697.82    |              |                 |

Totals 3,587,146 \$367,503.27 0.10245

Less Base Purchase Power Cost 0.06235  
 Cost per Kwh minus Base: 0.0401 0.0401

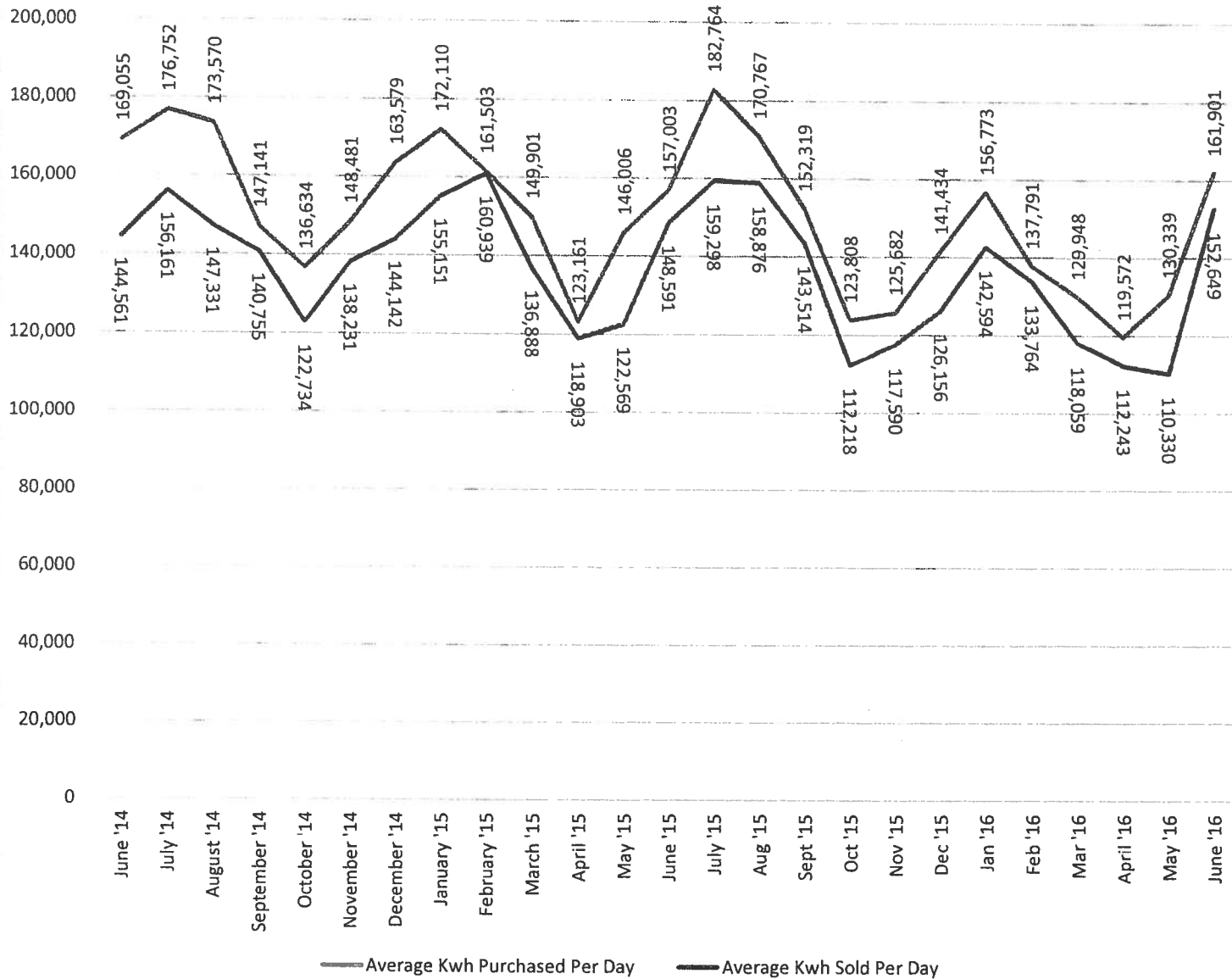
Multiplied by:  
 Total Kwh purchased (D) divided by Kwh (E) sold 12 months 1.0776 0.9280

Pre Capital Improvement Adjustment PPA 0.0432 0.0372  
 Plus Capital Improvement Adjustment 0.0010 0.0010

**PURCHASE POWER ADJUSTMENT 0.0442 0.0382**



## Borough of Ellwood City Average Daily Kwh Purchased vs. Average Daily Kwh Sold June 2014 - June 2016



SPECIAL COUNCIL MEETING AUGUST 1, 2016

**WHEN DID THE PRACTICE OF TRANSFERRING MONEY TO THE GENERAL FUND BEGIN?**

THE PRACTICE HAS BEEN IN PLACE FOR AT LEAST 40 YEARS

**IS TRANSFERRING MONEY TO THE GENERAL FUND PROPER?**

THE PA. BOROUGH CODE PROVIDES THIS AUTHORITY IN SEC. 24A03.

**IS THIS A STANDARD PRACTICE WITH THE 35 MUNI ELECTRIC SYSTEMS IN PA. ?**

YES, IN FACT THE VAST MAJORITIES OF THE COMMUNITIES TRANSFER FUNDS FROM ELECTRIC OPERATIONS TO THE GENERAL FUND.

SPECIAL COUNCIL MEETING AUGUST 1, 2016

RATE ADJUSTMENT AND ELECTRIC DEPT. QUESTIONS CONT..

**THE FORGE AND INMETCO ARE NOT CUSTOMERS, HOW CAN WE GET THEM TO BE?** THESE TWO ORGANIZATIONS ARE GRANDFATHERED INTO THEIR PRESENT PROVIDER RELATIONSHIP AND THE BOROUGH CANNOT COMPEL THEM TO USE THEIR BOROUGH ELECTRIC SERVICE.

**WILL A MILLAGE INCREASE OF 5.88 MILLS REPLACE THE COSTS OF THE ELECTRIC DEPARTMENT?** NO, THE MILLAGE INCREASE WOULD SIMPLY REPLACE WITH REAL ESTATE TAXES THE AMOUNT OF MONEY TRANSFERRED TO THE BOROUGH GENERAL FUND FROM THE ELECTRIC FUND.

## SPECIAL COUNCIL MEETING

RATE ADJUSTMENT AND ELECTRIC DEPT. QUESTIONS CONT..

**WHO SETS THE RATE ADJUSTMENT?** THE RATE ADJUSTMENT WAS ESTABLISHED BY COUNCIL IN 1997 AND IS CALCULATED MONTHLY BASE UPON POWER PURCHASED.

**DOES THE BOROUGH RETAIN FUNDS FROM THE RATE ADJUSTMENT?** ALL FUNDS RECEIVED THROUGH THE SALE OF ELECTRIC ARE DEPOSITED INTO THE ELECTRIC FUND AND USED TO PAY AUTHORIZED EXPENSES ALLOCATED TO THAT DEPARTMENT.

**ARE THE METERS USED FOR READING THE METERS CALIBRATED?** THE METERS ARE SET AT THE FACTORY AND NO CALIBRATION IS REQUIRED.

**COULD THERE BE FAULTY METERS?** THAT IS ALWAYS A CONCERN HOWEVER ALL OF THE METERS WE HAVE TESTED THUS FAR HAVE NOT BEEN FAULTY.

**WHO DOES THE BILLING FOR THESE AND OTHER CHARGES ?** THE BOROUGH UTILITY COLLECTIONS DEPARTMENT ACTUALLY PERFORM THE BILLING SERVICES.

**HOW ARE THE REVENUES DIVIDED ONCE PAID TO THE BOROUGH?** THE BOROUGH SOFTWARE APPLIES THE PAYMENT TO THE FEES AS FOLLOWS: THE ANNUAL PER CAPITA TAX , THE MONTHLY RECYCLING FEE, THE MONTHLY SEWAGE BILL, AND THE ELECTRIC.

**WHEN WAS THE ELECTRIC FUND AUDITED?** ALL BOROUGH FUNDS ARE AUDITED ON AN ANNUAL BASIS.

**WHY DO WE NEED A CONSULTANT FOR ELECTRICAL SERVICES?** THE ELECTRIC INDUSTRY IS SPECIALIZED JUST LIKE THE WASTE WATER INDUSTRY. OUR CONSULTANTS REPRESENT A NUMBER OF THE COMMUNITIES THROUGHOUT THE COMMONWEALTH AND OTHER STATES ENGAGED IN THE ELECTRIC INDUSTRY AND MUNICIPAL ELECTRIC SYSTEMS. THEY ARE ALSO NEEDED TO ASSIST WITH THE PROJECTS LIKE THE 2<sup>ND</sup> ST. BRIDGE AND THE RELOCATION OF THE LINES AT WOODSIDE DR. AND RT. 65. THEY ALSO HELP WITH TRANSFORMER SIZING, LINE LOCATION AND MAINTAINING PROFESSIONAL UTILITY INDUSTRY STANDARDS. THE CONSULTANTS ARE PAID AT THE RATE OF \$100 PER HOUR.

THE 2016 ANNUAL BUDGET OF THE ELECTRIC DEPARTMENT IS \$7,516,478. THE BUDGET IN 2015 WAS \$7,144,549 AND IN 2014 WAS EQUAL TO \$6,868,263.



SPECIAL COUNCIL MEETING AUGUST 1, 2016

**WHAT IS ON MY UTILITY BILL?** YOUR UTILITY BILL INCLUDES ELECTRIC (EL), SEWAGE (SW), RECYCLING (RC) AND PER CAPITA(PC) TAX

**THE ELECTRIC (EL)** IS CALCULATED UPON MONTHLY USAGE READ BY OUR ELEC DEPT. ELECTRONICALLY. AS A RESIDENT YOU ARE CHARGED PER KWH AT .01149 AND A MONTHLY CUSTOMER CHARGE OF \$11.00. OTHER USERS SUCH AS COMMERCIAL AND INDUSTRIAL HAVE OTHER RATES THAT APPLY.

**RATE ADJUSTMENT (RA)** IS CALCULATED UPON USAGE AND MAY CHANGE MONTHLY

**SEWAGE(SW).** THE INFORMATION USED TO CALCULATE YOUR BILL IS RECEIVED FROM THE PA AMER WATER COMP AND IS BASED UPON YOUR WATER CONSUMPTION. THE RATE APPLIED IS \$7.50 PER 1000 GALLON PLUS A MONTHLY CUSTOMER CHARGE OF \$7.50

**RECYCLING (RC)** .EACH HOUSEHOLD IS CHARGED \$3.00 PER MONTH

**PER CAPITA (PC) TAX.** THE BOROUGH SHARE OF TAX IS CALCULATED AT THE RATE OF \$5.00 ANNUALLY FOR EACH PERSON IN THE HOUSEHOLD OVER 18 YEARS OF AGE.

SPECIAL COUNCIL MEETING AUGUST 1, 2016

**ELLWOOD CITY PUBLIC POWER IS RELIABLE**

IN 2015 THE BOROUGH EXPERIENCED 12 OUTAGES ACROSS THE SYSTEM. 7 OF 12 OUTAGES LASTED 45 MINUTES AND LESS. THE REMAINDER LASTED BETWEEN 1 AND 1.45 HOURS. IN 2016 THERE HAVE BEEN ONLY TWO OUTAGES LASTING LESS THAN 1.5 HOURS.

6 CIRCUITS MAKE UP THE BOROUGH SYSTEM:

INDUSTRIAL –COVERS MOST INDUSTRIAL CUSTOMERS EAST OF 2<sup>ND</sup> ST.

FRANKLIN AVE. CIRCUIT-COVERS 2<sup>ND</sup> WARD AND SOUTHERN PORTION OF 1<sup>ST</sup> WARD

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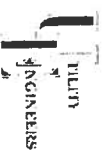
PITTSBURGH CIRCLE REGULATING STATION: COVERS HOSPITAL

6<sup>TH</sup> STREET REGULATING STATION-COVERS THE 4<sup>TH</sup> WARD

SIMS ST. CIRCUIT-INCLUDES THE 5<sup>TH</sup> WARD

**PENNSYLVANIA MUNICIPAL ELECTRIC ASSOCIATION  
RATE COMPARISON TABLE  
2008 - 2015**

| MUNICIPALITY              | ENERGY<br>(KWH) | YEAR         |              |              |              |              |              |              |              |        |  |
|---------------------------|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------|--|
|                           |                 | 2008<br>(\$) | 2009<br>(\$) | 2010<br>(\$) | 2011<br>(\$) | 2012<br>(\$) | 2013<br>(\$) | 2014<br>(\$) | 2015<br>(\$) |        |  |
| BERLIN                    | 1000            | 69.80        | 96.50        | 96.50        | 96.50        | 96.50        | 97.98        | 99.48        | 95.50        | 95.50  |  |
| BLAKELY                   | 1000            | 163.22       | 172.71       | 167.70       | 167.75       | 167.75       | 167.75       | 158.33       | 162.37       | 162.37 |  |
| CATAWISSA                 | 1000            | 142.40       | 142.40       | 147.40       | 147.40       | 147.40       | 147.40       | 159.32       | 159.79       | 168.13 |  |
| CHAMBERSBURG              | 1000            | 94.60        | 116.00       | 124.00       | 115.00       | 115.00       | 115.00       | 110.00       | 104.00       | 100.90 |  |
| DUNCANNON                 | 1000            | 110.67       | 118.39       | 122.23       | 121.56       | 120.90       | 116.29       | 117.16       | 144.74       | 144.74 |  |
| EAST CONEMAUGH            | 1000            | 115.00       | 115.00       | 115.00       | 125.00       | 125.00       | 130.00       | 130.00       | 135.00       | 135.00 |  |
| ELLWOOD CITY              | 1000            | 119.43       | 124.33       | 124.33       | 124.33       | 130.70       | 136.10       | 142.10       | 146.30       | 146.30 |  |
| EPHRATA                   | 1000            | 97.50        | 97.50        | 146.80       | 146.80       | 136.30       | 134.68       | 137.86       | 124.88       | 124.88 |  |
| GIRARD                    | 1000            | 82.71        | 104.07       | 114.53       | 114.53       | 106.20       | 106.20       | 120.20       | 120.20       | 123.80 |  |
| GOLDSBORO                 | 1000            | 110.00       | 110.00       | 120.00       | 120.00       | 120.00       | 120.00       | 120.00       | 120.00       | 120.00 |  |
| GROVE CITY                | 1000            | 105.32       | 105.32       | 105.32       | 105.32       | 108.72       | 108.72       | 108.72       | 122.22       | 143.04 |  |
| HATFIELD                  | 1000            | 146.63       | 159.84       | 159.84       | 159.84       | 159.84       | 159.84       | 159.84       | 165.34       | 159.84 |  |
| HOOVERSVILLE              | 1000            | 129.00       | 148.81       |              |              | 128.00       | 125.50       | 148.00       | 148.00       | 148.00 |  |
| KUTZTOWN                  | 1000            | 147.39       | 147.39       | 151.09       | 160.88       | 167.33       | 167.33       | 167.33       | 167.33       | 167.33 |  |
| LANDALE                   | 1000            | 155.50       | 155.50       | 155.50       | 161.50       | 161.50       | 161.50       | 161.50       | 161.50       | 178.36 |  |
| LANSDALE                  | 1000            | 124.00       | 133.00       | 143.50       | 143.50       | 144.17       | 147.92       | 161.68       | 152.09       | 152.09 |  |
| LEHIGHTON                 | 1000            | 125.00       | 125.00       | 125.00       | 135.00       | 135.00       | 135.00       | 135.00       | 138.00       | 138.00 |  |
| LEWISBERRY                | 1000            | 164.93       | 200.53       | 193.04       | 178.03       | 126.00       | 116.91       | 114.90       | 116.91       | 116.91 |  |
| MIDDLETOWN                | 1000            | 121.65       | 136.31       | 137.65       | 137.27       | 133.69       | 108.98       | 138.42       | 138.42       | 126.06 |  |
| MIFFELNBURG               | 1000            | 89.22        | 135.25       | 124.93       | 120.78       | 125.08       | 94.20        | 96.20        | 97.20        | 97.20  |  |
| MONT ALTO                 | 1000            | 127.02       | 133.85       | 132.97       | 131.23       | 143.53       | 143.53       | 125.03       | 139.88       | 139.88 |  |
| NEW WILMINGTON            | 1000            | 154.77       | 171.05       | 177.05       | 161.05       | 158.85       | 156.20       | 160.72       | 160.72       | 160.27 |  |
| OLYPHANT                  | 1000            | 102.18       | 150.86       | 177.07       | 177.07       | 177.07       | 177.07       | 175.29       | 170.50       | 170.50 |  |
| PERKASIE                  | 1000            | 150.83       | 165.66       | 154.85       | 159.21       | 167.09       | 158.41       | 160.66       | 166.49       | 166.49 |  |
| PITCAIRN                  | 1000            | 149.38       | 149.39       | 158.00       | 158.00       | 158.00       | 158.00       | 158.00       | 158.00       | 158.00 |  |
| QUAKERTOWN                | 1000            | 142.76       | 131.88       | 131.24       | 125.08       | 130.28       | 131.88       | 140.04       | 129.16       | 129.16 |  |
| ROYAL CLAIR               | 1000            | 180.82       | 150.68       | 150.68       | 150.88       | 180.82       | 180.82       | 190.82       | 190.82       | 190.82 |  |
| SAINT CLAIR               | 1000            | 105.55       | 123.72       | 123.72       | 138.56       | 138.56       | 138.56       | 138.56       | 138.56       | 138.56 |  |
| SCHUYLKILL HAVEN          | 1000            | 91.00        | 91.00        | 91.00        | 113.00       | 125.68       | 125.68       | 125.68       | 125.68       | 125.68 |  |
| SMETHPORT                 | 1000            | 85.04        | 84.94        |              |              | 117.00       | 117.00       | 112.00       | 105.00       | 105.00 |  |
| SUMMERHILL                | 1000            | 110.00       | 110.00       | 110.00       | 110.00       | 110.00       | 110.00       | 118.40       | 118.40       | 118.40 |  |
| TARENTUM                  | 1000            | 86.81        | 118.59       | 118.59       | 118.59       | 126.92       | 149.46       | 136.00       | 149.24       | 149.24 |  |
| WAMPUM                    | 1000            | 152.51       | 158.53       | 164.92       | 164.92       | 174.91       | 185.78       | 186.98       | 169.52       | 169.52 |  |
| WATSONTOWN                | 1000            | 128.04       | 129.08       | 136.22       | 134.35       | 134.35       | 131.56       | 154.90       | 137.75       | 137.75 |  |
| WEATHERLY                 | 1000            | 122.25       | 122.25       | 141.77       | 141.77       | 146.74       | 151.17       | 154.97       | 166.90       | 166.90 |  |
| ZELENOBLE                 |                 |              |              |              |              |              |              |              |              |        |  |
| WESTERN REGION AVERAGE    | 1000            | 110.60       | 119.45       | 121.48       | 124.22       | 129.51       | 133.07       | 133.92       | 142.19       | 142.19 |  |
| CENTRAL REGION AVERAGE    | 1000            | 114.83       | 126.76       | 133.44       | 132.16       | 128.32       | 123.26       | 127.43       | 125.06       | 125.06 |  |
| EASTERN REGION AVERAGE    | 1000            | 141.66       | 148.80       | 153.48       | 155.07       | 157.97       | 158.04       | 163.03       | 162.00       | 162.00 |  |
| MUNICIPAL AVERAGE         | 1000            | 122.94       | 132.44       | 137.47       | 138.32       | 139.10       | 137.71       | 141.30       | 142.13       | 142.13 |  |
| <b>PUC UTILITIES</b>      |                 |              |              |              |              |              |              |              |              |        |  |
| PPL                       | 1000            | 101.76       | 103.31       | 136.95       | 153.25       | 121.44       | 135.13       | 139.56       | 156.59       | 156.59 |  |
| PECO                      | 1000            | 144.18       | 144.26       | 163.42       | 173.12       | 178.57       | 168.67       | 172.43       | 154.72       | 154.72 |  |
| MET-ED                    | 1000            | 104.35       | 113.84       | 119.60       | 143.50       | 112.57       | 134.04       | 119.74       | 130.88       | 130.88 |  |
| PENN POWER                | 1000            | 149.29       | 149.29       | 132.60       | 132.60       | 99.96        | 119.55       | 105.34       | 141.36       | 141.36 |  |
| DUQUESNE                  | 1000            | 134.46       | 135.76       | 135.76       | 143.84       | 149.56       | 131.74       | 121.98       | 150.85       | 150.85 |  |
| WEST PENN POWER           |                 |              |              |              |              |              |              | 93.94        | 112.40       | 112.40 |  |
| AVERAGE FOR PUC UTILITIES | 1000            | 126.81       | 129.29       | 137.67       | 149.26       | 132.42       | 137.83       | 125.50       | 141.13       | 141.13 |  |





# West Penn Power customers could see significant rate increase

By Jared Stonesifer  
jstonesifer@timesonline.com

Customers of West Penn Power could soon see a rate increase, as FirstEnergy Corp. announced Wednesday it plans to ask the Pennsylvania Utility Commission for permission for a 10.5 percent rate increase.

The company announced with its first-quarter earnings report that it plans to file the request Thursday.

If approved, the new rates would go into effect in January.

Company officials said the rate increase is a result of nearly 20 years of unchanged rates for customers.

They said a 13 percent rate increase justified last year was the first such increase in two decades.

The company said the proposed rate increase would help fund infrastructure improvement projects and help mitigate lower electricity consumption by residents here.

Along with West Penn Power, customers of Penn Power could see their rates increase by 13

percent. In the earnings report, FirstEnergy reported a net income of \$328 million for the first quarter of this year on revenues of \$3.9 billion.

Those numbers compare to a net income of \$222 million with revenues of \$3.9 billion in the first quarter of 2015.

"We are off to a solid start in 2016, with strong financial results that are in line with our first-quarter guidance, as well as positive developments in our key initiatives, and continued implementation of our regulated growth strategies,"

Charles E. Jones, president and chief executive officer of FirstEnergy, said in the report.

Company officials said mild temperatures resulted in a 13 percent decrease in sales to residential customers and a 5 percent decrease for commercial customers, but FirstEnergy also experienced increased revenue because of the higher rates enacted last year, among other factors.

FirstEnergy owns and operates the Bruce Mansfield Power Plant and the Beaver Valley Nuclear Power Station, both in Shippingport.

SPECIAL COUNCIL MEETING AUGUST 1, 2016

**ARE THERE PAYMENT OPTIONS AVAILABLE?**

YES, THE BOROUGH PROVIDES SEVERAL PAYMENT OPTIONS AS FOLLOWS:

- PAY IN PERSON AT THE WINDOW
- SEND YOUR PAYMENT THROUGH THE MAIL
- DROP BOX BOTH OUTSIDE AND INDOORS
- BANK AUTO DRAFT , AND
- ONLINE BILL PAY

**DOES THE BOROUGH PROVIDE A BUDGET PLAN?**

YES, THE BOROUGH HAS OFFERED A UTILITY ACCOUNT BUDGET PLAN AND IT IS ADVERTISED FOR AVAILABILITY IN MARCH OF EACH YEAR ( RESOLUTION #2004-4)

**IF I AM UNABLE TO PAY MY BILL BY THE DUE DATE MAY I GET A PAYMENT PLAN?**

YES, THE BOROUGH REGULARLY PROVIDES THIS TYPE OF ASSISTANCE TO OUR CUSTOMERS. HOWEVER, IF YOU ARE A RENTER YOU MUST FIRST RECEIVE PERMISSION FROM YOUR LANDLORD.

SPECIAL MEETING AUGUST 1, 2016

**ELECTRIC DEPT. SERVICES SUPPORTING LOCAL GOVERNMENT:**

INSTALLING LIGHTING AND POWER OUTLETS FOR SPECIAL EVENTS AND FESTIVALS

MAINTAIN STREETLIGHTS, TRAFFIC SIGNALS AND STADIUM LIGHTS

PERFORM ELECTRICAL MAINTENANCE AND REPAIR TO BOROUGH OWNED FACILITIES

MAINTAIN, PRUNE AND TRIM BOROUGH OWNED TREES

PLACING CITY SIGNS AND BANNERS

HANG HOLIDAY LIGHTS AND DECORATIONS

SHARE ELECTRIC DEPT. EQUIPMENT AND VEHICLES WITH OTHER DEPTS.

SPECIAL COUNCIL MEETING AUGUST 1 2016

### **WHAT IS PUBLIC POWER ?**

A PUBLIC POWER UTILITY :

- BRINGS ELECTRICITY TO HOMES AND BUSINESSES
- MAY GENERATE AND/OR BUY POWER
- IS A NON PROFIT ENTITY
- IS OWNED BY THE COMMUNITY
- IS USUALLY A DIVISION OF LOCAL GOVERNMENT
- IS TRANSPARENT ( SUBJECT TO SUNSHINE LAWS)
- INVOLVES CITIZENS IN ITS DECISION MAKING



## SPECIAL COUNCIL MEETING AUGUST 1, 2016

SOME QUESTIONS ASKED ABOUT THE ELECTRIC DEPT.

**WHAT IS A LOAD FOLLOWING SUPPLY CONTRACT?** TO MITIGATE THE BOROUGH'S POWER SUPPLY RISK A LOAD FOLLOWING PURCHASE WAS RECOMMENDED. A LOAD FOLLOWING PURCHASE IS AT A FIXED PRICE WITH THE SUPPLIER SERVING ANY AND ALL THE LOAD REQUIREMENTS OF THE BOROUGH. THE LOAD FOLLOWING AGREEMENT ALLOCATES THE RISK OF UNFORESEEN LOAD FLUCTUATIONS ON THE POWER SUPPLIER AND NOT THE BOROUGH. GENERALLY, LOAD FOLLOWING CONTRACTS WERE COMPARATIVELY MORE EXPENSIVE THAN BLOCK PURCHASES. HOWEVER RECENT DECREASES IN THE POWER PRICES REDUCE THE PREMIUM WITH A LOAD FOLLOWING CONTRACT AND MAKE A LOAD FOLLOWING CONTRACTS A WAY TO MITIGATE POWER SUPPLY RISK.

**WHY DID THE BOROUGH CONTRACT FOR A FIVE YEAR TERM IN FEBRUARY 2015?** THE BOROUGH REQUIRED ADDITIONAL POWER AT THAT TIME SINCE A 3 MW BLOCK PURCHASES TERMINATED AT THE END OF 2014.

**WHY ENTER INTO A MULTI YEAR CONTRACT?** SINCE FORWARD POWER CONTRACTS WERE RELATIVELY LOW AT THAT TIME, A LONGER TERM CONTRACT WAS ADVISED FOR COST AND PRICE STABILITY.

**WAS IT A GOOD TIME IN THE POWER MARKETS TO MAKE A PURCHASE?** AT THAT TIME POWER PRICES WERE GENERALLY LOW. **WHY IS A LOAD FOLLOWING CONTRACT IMPORTANT?** TO PROVIDE THE LEAST COST SUPPLY TO THE BOROUGH, WE NEED TO MITIGATE THE RISK OF PURCHASING TOO MUCH OR TOO NOT ENOUGH POWER.

SPECIAL COUNCIL MEETING AUGUST 16, 2016

QUESTIONS CONT.

**DOES THIS CONTRACT COVER CAPACITY?** NO, THE CONTRACT IS FOR ENERGY ONLY. CAPACITY COSTS ARE GOVERNED BY THE AUCTION.

**DOES THIS CONTRACT COVER TRANSMISSION?** NO, THIS CONTRACT IS FOR ENERGY ONLY. TRANSMISSION COSTS ARE GOVERNED BY THE TRANSMISSION PROVIDER.

**WHAT ROLE DOES AMP PLAY?** AMP IS THE BOROUGH POWER SUPPLIER. THE RECOMMENDED POWER SUPPLIER WILL SELL THE LOAD FOLLOWING POWER TO AMP. . . AMP ALSO PERFORMS THE IMPORTANT ADDITIONAL ROLES OF COLLATERALIZING THE TRANSACTION AND POSTING THE COLLATERAL WHEN MARKET PRICES INCREASE OR DECREASE REQUIRING SECURING THE TRANSACTION.

**IS THE COST FAVORABLE TO THE RECENT CONTRACT?** IN 2014 , THE BOROUGH ENERGY COST, LESS THE NEW YORK POWER AUTHORITY (NYPA) ALLOCATION WAS \$56.83 PER MWH. THE LOAD FOLLOWING CONTRACT WOULD BE \$58.44 PER MWH FOR A SIX YEAR CONTRACT.

SPECIAL COUNCIL MEETING AUGUST 1, 2016

**WHY ARE CONTRACTUAL MINIMUMS AND MAXIMUMS NOT IN THE BOROUGH 'S INTEREST?** THE NET EFFECT OF CONTRACTUAL MINIMUMS AND MAXIMUMS WOULD BE THE POTENTIAL TO INCREASE PRICES TO THE BOROUGH. UNDER THESE LIMITS, THE BOROUGH MAY BE REQUIRED TO PAY FOR POWER NOT USED OR PAY ESCALATED PRICES FOR POWER TAKEN IN EXCESS OF LIMITS. TAKE OR PAY AGREEMENTS HAVE NEVER BEEN IN THE BOROUGH'S INTEREST.



# UTILITY ENGINEERS, PC

861 St. John's Road, Suite 6, Drums, PA 18222  
(570) 788-2211 (570) 788-2277 Fax

*Boveri  
Mgr  
Ed.  
Mayon*

February 17, 2015

**RECEIVED**

FEB 17 2015

Robert Vilella  
Borough Manager  
Ellwood City Borough  
525 Lawrence Avenue  
Ellwood City, PA. 16117

**BOROUGH OF ELLWOOD CITY**

Re: Request for Proposals  
Electric Power Supply  
Borough of ~~Greve-City~~ *Ellwood City*

Dear Mr. Vilella,

At the request of the Borough, we offer the final pricing and recommendations to the Borough request for proposals for the Borough electric supply for 2015 and beyond. Two viable proposals are currently under consideration, Constellation and Next Era.

## EXISTING BOROUGH ELECTRIC SUPPLY

The Borough purchases wholesale electric through American Municipal Power (AMP), the existing power supplier. Presently, a block purchase has terminated in December of 2014, and the Borough requires replacement power.

Generally, available resources include contract resources and generation project resources. A contract resource is an energy purchase from a specific supplier at a fixed price. Contract purchases include base load resources, 24 hours per day. Additionally, contract resources can include purchases five days per week, 16 hours per day, Contract purchases can be for a fixed term, monthly, seasonally or annually.

Original contracts before the transition to the open market were load following contracts providing all Borough power requirements. In the open markets, the Borough has purchased fixed blocks of contract resources and generation output. Load following contracts became cost prohibitive; load fluctuations were supplied with pool power. The practical limitation with pool power is that when the Borough requires additional resources, other members will likely require the same resources, increasing the price of the power additional power.

# ***UTILITY ENGINEERS, PC***

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**February 17, 2015**  
**Robert Vilella**  
Page Two

Block purchase recommendations are based on price and term whereas generation project recommendations are based on risk, price and term when solicitations are available. To date, contract resources have generally been preferred over generation resources based on risk, term and price. However, each recommendation for a power purchase is specific to the offering being considered.

The Borough's power purchases are specific purchases made in support of the Borough's requirements. Purchases are made in support of the Borough's anticipated loads. Pool purchases supplement fixed purchases. One limitation to the fixed purchases is that the Borough is subject to risk for changes in its load curve due to weather or consumption changes.

The Borough's present supply contains block power purchases, an output contract for EDI landfill gas power and pool power.

## **LOAD FOLLOWING SUPPLY**

To mitigate the Borough's power supply risk, we have considered a load following power purchase. A load following purchase is at a fixed price with the supplier serving any and all the load requirements of the Borough. The load following agreement allocates the risk of unforeseen load fluctuations on the power supplier and not the Borough.

With a block supply, excess purchased power is resold, often at a lower price than the amount paid. Additionally, when additional unforeseen power is required, the additional power is at market price often at a price greater than the contract price. Since municipal electric systems prefer price certainty for their customers, block supply agreements can introduce price risk unless mitigated.

Generally, load following contracts were comparatively more expensive than block purchases. However, recent decreases in power prices reduce the premium with a load following contract and make load following contracts a way to mitigate power supply risk.

# **UTILITY ENGINEERS, PC**

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**February 17, 2015**  
**Robert Vilella**  
Page Three

Requests for proposals were solicited from American Electric Power, BP Energy, Constellation, First Energy, Next Era and PPL. Since the purchase is structured through AMP, and AMP maintains specific financial requirements for their trading partners, the selection of suppliers was focused on interest, financial health, ability to structure a contract of the size required by the Borough and ability to structure a load following contract.

## **CONSTELLATION**

Constellation has proffered a six year proposal. The Constellation proposal contemplates a purchase of the Borough's power commitments of EDI Landfill power. The purchase is load following with no maximum or minimum. The contract price is \$44.18 per MWH for the energy purchase and \$37.34 per MWH for the energy sale to Constellation. Both the energy purchase and sale price are considered in the six year evaluation.

The evaluated cost with the purchase of the EDI landfill energy, excluding the capacity benefit to be retained by the Borough would be \$58.44 per MWH.

We pursued the possibility of an alternate proposal excluding the resale of the EDI landfill energy. Constellation declined based on the relatively low volume of sale.

## **NEXT ERA**

Next Era has proffered both a five year and an eight year proposal. The Next Era proposal also contemplates a purchase of the Borough's power commitments of EDI Landfill power. Negotiations slowed for a time when Next Era was requiring load bands, contract maximums and minimums. During recent negotiations, Next Era has removed its load band requirements of providing load following energy with a contractual obligation of plus and minus 12 percent purchase constraints.

The evaluated cost for the five year proposal is \$62.64 per MWH and \$62.73 per MWH for the eight year proposal. Specified ancillary services are offered at \$0.65 per MWH for 2015 and 2016.

We pursued an alternate proposal excluding the resale of the EDI landfill energy. Next Era also declined citing an insufficient volume of sale associated with the transaction.

# UTILITY ENGINEERS, PC

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February 17, 2015  
Robert Vilella  
Page Four

## RECOMMENDATION

In our professional opinion, the low cost proposal would be the Constellation six year proposal of at an evaluated cost of \$58.44 per MWH. Since the Borough's power requirements began on January 1 of 2015, we would recommend that the Borough move to contract at this time based on the proposals received today.

## GENERAL QUESTIONS

**Why should the Borough contract at this time?** The Boroughs requires additional power supply at this time since a 3 MW block purchases terminated at the end of 2014.

**Why enter into a multiyear contract?** Since forward power contracts are relatively low at this time, a longer term contract would be well advised for cost and price stability.

**Is now a good time in the power markets to make a purchase?** Yes, since power prices are generally low at this time.

**Why is a load following contract important?** To provide the least cost supply to the Borough, we need to mitigate the risk of purchasing too much or too not enough power.

**Why did all suppliers not offer a final proposal?** Proposals must be internally approved by each power supplier. Not every power supplier is in a position to offer all products. Only companies in a financial position to offer a load following proposal made the final list of suppliers.

**Will the Borough keep its New York Power Authority (NYPA) Allocation?** Yes, by NYPA rules, the allocation cannot be sold or traded. Since the Borough NYPA allocation the most cost effective power purchase by the Borough, it is in the Borough's interest to keep the allocation.

**Does this contract cover capacity?** No, the contract is for energy only. Capacity costs are governed by auction.

**Does this contract cover transmission?** No, the contract is for energy only. Transmission costs are governed by the transmission provider.

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February 17, 2015  
Robert Vilella  
Page Five

**What role does AMP play?** Amp is the Borough's power supplier. The recommended power supplier will sell the load following power to AMP, and in turn, AMP will resell the power to the Borough. Amp also performs the important additional role of collateralizing the transaction and posting the collateral when market prices increase or decrease requiring securing the transaction.

**Is the cost favorable to the recent contract?** In 2014, the Borough energy cost, less the New York Power Authority (NYP&A) allocation was \$56.83 per MWH. The recommended load following contract would be \$ 58.44 per MWH for a six year contract.

**Why are contractual minimums and maximums not in the Borough's interest?** The net effect of contractual minimums and maximums would be the potential to increase prices to the Borough. Under these limits, the Borough may be required to pay for power not used or pay escalated prices for power taken in excess of the limits. Take or pay agreements have never been in the Borough's interest.

**Why should the Borough Council vote to contract at this time?** Power prices are relatively low at this time. We do respect the fact that Council may vote to contract at this time or delay the vote. Since power prices change hour to hour, day to day and month to month, there is no guarantee that the market will decrease or increase when council does eventually vote.

If you have any questions or if we can be of any additional service, please give us a call.

UTILITY ENGINEERS, PC



James J, Havrilla, PE

cc:/ Edward Leymarie, Borough Solicitor  
Norman P. Baron, PE

SPECIAL COUNCIL MEETING AUGUST 1, 2016

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SIMS ST. CIRCUIT-INCLUDES THE 5<sup>TH</sup> WARD

Woods  
1/6-16

# ELLWOOD CITY ELECTRIC DEPT. 2015 OUTAGE REPORT

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In 2015 the Borough suffered 12 outages total across the 5 circuits that make up the system. I am tracking these outages for 2 reasons, one is to show that our system is not as unreliable as some of the public believes, but the most important reason is to expose any problem areas that need attention. You will see below that the outages show no pattern and the reasons are somewhat random and beyond our control. I will continue to track these events in an effort to make our system as reliable as possible.

The 5 circuits are as follows,

Industrial Circuit: Covers most of our industrial customers east of 2<sup>nd</sup> St.  
Franklin Ave. Circuit: Covers the 2<sup>nd</sup> ward and the southern portion of the 1<sup>st</sup> ward  
West Beaver Circuit: Covers the 3<sup>rd</sup> ward and the northern portion of the 1<sup>st</sup> ward  
Pittsburgh Circle regulating station circuit: Covers the 5<sup>th</sup> ward and Hospital  
6<sup>th</sup> St. regulating station circuit: Covers the 4<sup>th</sup> ward

| OUTAGE DATE | CIRCUIT  | REASON  | LEGNTH OF OUTAGE |
|-------------|--|---|------------------|
| 1/04/15     | Industrial                                     | Wind Storm                                    | 1.5hrs.          |
| 1/15/15     | West Beaver                                    | Bad Transformer                               | 1.5hrs.          |
| 2/22/15     | Pitt. Cr.<br>6 <sup>th</sup> St.<br>Industrial | 2 <sup>nd</sup> St. bridge contractor mistake | 45min.           |
| 2/24/15     | Pitt. Cr.<br>6 <sup>th</sup> St.               | 2 <sup>nd</sup> St. bridge contractor mistake | 5min.            |
| 3/20/15     | Pitt. Cr.                                      | Planned/ service equipment                    | 5min.            |
| 5/19/15     | West Beaver                                    | Truck Hit Pole                                | 45min.           |
| 6/14/15     | West Beaver                                    | Lightning Storm                               | 1.5hrs.          |
| 6/22/15     | Franklin Ave.                                  | Failed Equipment                              | 30min.           |
| 7/18/15     | West Beaver                                    | Tree into Wires                               | 1hr.             |
| 8/27/15     | Borough Wide                                   | PennPower /lost feed                          | 20min.           |
| 8/31/15     | Pitt. Cr.                                      | Failed Switch                                 | 30min.           |
| 11/13/15    | 6th St.  | Wind Storm                                    | 1hr.             |

SPECIAL COUNCIL MEETING AUGUST 1, 2016

**WHAT CAN WE LEARN FROM THIS?** THERE ARE ALWAYS A LOT OF GOOD POINTS THAT ARE EXCHANGED WHEN PRODUCTIVE DIALOGUE TAKES PLACE.

WE WILL LOOK FOR THE MEANS TO PROVIDE ADDITIONAL INFORMATION ON THE BILL SUCH AS USAGE THIS YEAR VS LAST YEAR .

WE WILL CONTINUE TO SEEK OUT A COMPREHENSIVE UTILITY AND BILLING PACKAGE THAT CAN INCLUDE MORE INFORMATION ON THE UTILITY BILLS.

WE WILL CONTINUE TO PROVIDE FULL WINDOW HOURS DURING PEAK COLLECTION PERIODS.

ISSUES RELATIVE TO THE ORDINANCE WILL BE EXPLORED AND MODIFIED WHERE NECESSARY AS DETERMINED BY COUNCIL