

Minutes for Public Utilities

May 17, 2016

Members present: Mrs. Blevins, Mr. Cumston, Ms. Cunningham.

Minutes of February 9, 2015; Mr. Cumston moved to approve, Ms. Cunningham 2nd; Roll call, Ayes all. Minutes are approved.

Item 1. Discussion: Aqua Ohio notification of their filing for an overall increase for water rate service of 9.2%.

Mr. Russell spoke: This happens every 3 years. We've been holding the Water Co. accountable for their increase. Aqua has asked for 9.2%. Since 2000, over 130% increases. They have been only granted 52% since 2000. 2013 case was resolved by agreement was only 1.8%. We are going to continue to work together and hold the Water Company accountable for these increases.

Mr. Cumston said Marion is for water district A - not the only County this will affect. Mr. Russell said it goes as far north as Ashtubula, and Mansfield, Crawford County, Tiffin and Lawrence County, it's a large customer base that this will impact. The water district hasn't changed. Mr. Cumston said when we put in the water district, in years past, before Aqua, major improvements in other systems, and we helped pay for them. How many service customers are in Marion? Mr. Ballinger said just under 18,000. Mr. Cumston said it's about 11 million thousand a year for the increase. Blending ponds, indicated the cost for that, what was that cost. Mr. Ballinger said tanks, filter projects, close up to six million. Six years it would be paid. Mr. Cumston said whatever improvements we do; we pay for our own.

Mr. Ballinger said I've been coming to Council for the past couple of years and letting you know what jobs we are doing with the infrastructure. The last increase was very minimal, almost nil for the Marion residents. Average customer use is about 3500 gallons is about 9.5% for Marion. 9.2% is for overall of all the customers 150,000 range. Out of the 52 million 15 million is spent here in Marion. 29% of the 52 million. I have to justify everything to improve things. We have gotten a lot of money here in Marion. A few of the projects – 27 water main replacement projects – 6 million dollars. The pre-treatment out there is something that has been needed for many years. Recently with the City, we have come across some sewer projects, didn't have on our radar, will be able to work along with the City. It doesn't take much to put in water mains. We are putting the money back in and making the infrastructure in Marion a lot better today than it was yesterday. We have to raise the rates.

Mr. Josh Daniels spoke: if increase is 9.5%, additional revenue of 1 million. 15 million investments. Cost of business to go back to the consumer. 20 years ago asked for rate increases, those projects are paid for. We would be shareholders then. This rate increase is forever. These investments are going to be paid off in 6-10-15 years, but they will still be receiving the million dollars, the same way that happened 20 years ago. Get credit for investments made in the past.

Mr. Cumston said is this separate from the SB 5? This could be 13.7%. I didn't know. When we get a rate increase from Col. Gas, Elect Co – they don't come here. I respect you for that, I like you and your sincere. You do answer concerns and calls. Nothing personal. SB 5 and the increase – it's a lot. My point is it's my intention to go through the process with PUCO and negotiate for a better rate. If we didn't do this in years past, maybe they would have given OAW the 24%. It would be nice if the other utilities do it to. Josh makes a good point. The increase goes on for the next millennium. I think we should go through PUCO. Mr. Ballinger said out of the 52 million, Marion got 29%, the second closest one was 9 million. The goal is to continue to invest. You invest, you'd want a return. We bring good stuff here, I thought I would bring the bad stuff as well.

NO ACTION WAS TAKEN

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Item 2. Discussion: Authorization to renew and complete all documents necessary to continue the City of Marion Natural Gas Aggregation Program, continue the plan of operation and governance, continue the relationship with VESI (Volunteer Energy Services Inc.) all based on the approval of the voters in 2001.

Law Director Mark Russell spoke: This is the successful program that was passed by the voters on the ballot in 2001. Lifetime have saved over 5 million dollars. Natural Gas – we have a choice – best source is the PUCO apples to apples chart on the internet in regards to Gas and Electric. We have the Guaranteed Service Program.

Col. Gas and Ohio Edison – will provide the Service. ½ is the delivery and transportation; ½ is the component of electric and gas itself. Col Gas every year goes out to market on NYMEX. We get a discount on what that price is. Col. Gas Customer will pay 1.7 cents. Our savings is around .11 – about a nickel on every CCF. We need to act and continue the relationship with our natural gas program.

Mr. Cumston said we have a lot of people calling us and wanting us to switch. There is a contract with them. Mr. Russell said if you go to the apples chart, 32.9 cents per CCF – Col. Gas is .34 cents. The last ten years we have seen gas prices go down. Mr. Russell said they will offer you a lower rate of what you're paying now, in a couple of months the rate will go up.

Mayor Schertzer said we are getting to a time where those solicitors will be here. They have to register with the City. We have to be very careful of what happens.

Mr. Mike Thomas said there was an article in the dispatch. The majority with the people of State of Ohio which stayed with Columbia Gas has saved money. My advice is to stay on the aggregation program. Mrs. Blevins said if somebody does call and ask, how do they know about your bill. Mr. Thomas said they would see the voluntary energy service on the bill, along with Columbia Gas. It will tell you what you are paying per CCF. This is the best program we are on. Stay with your regular gas company.

Mr. Russell said just to add, we prosecuted solicitors that have been misrepresenting facts to residents. They have been banned in the City. It's not uncommon the solicitor will go over the line. The City of Marion will not endorse any solicitor going door to door.

Mr. Josh Daniels said the apartment business we pay the gas. The aggregation program is the absolute cheapest route per CCF you are going to find. If you put out a sign, all utilities paid apartment, people call me and try to change my gas supplier. Their incentive is much like a pyramid structure of business. They go out to sell their friends to change the electric, gas. They receive a small retainer with everyone they sell. You're still paying more. They changed their tactics.

Mr. Cumston moved to send onto Council, Ms. Cunningham 2nd. Roll call: Ayes all, motion carried. **LEGISLATION GOES TO COUNCIL WITH A 3-0 APPROVAL.**

With no further business to come before council, Mrs. Blevins adjourned the meeting.

Chairman Blevins

Clerk of Council