

SPECIAL MEETING OF THE TOWN BOARD OF COMMISSIONERS OF JANUARY 10, 2012

Town Board Present: Mayor David Wilkes, Vice Mayor Gary Drake, Commissioner John Dotson, Commissioner Amy Patterson, Commissioner Brian Stiehler and Commissioner Eric Pierson.

Also Present: Interim Town Manager Bob Zoellner and Public Works Director Lamar Nix.

1. Meeting Called to Order

Mayor Wilkes called the meeting to order at 7:00 p.m. He added an agenda item to discuss ceiling tiles at the Performing Arts Center.

2. Ceiling tiles at PAC

Commissioner Stiehler said the ceiling tiles at the PAC building needed replacing. By lease agreement, the Town is required to handle maintenance at the PAC. Some of the tiles had fallen last April and there were some safety concerns as well as timing issues. The PAC Board had other work to be completed before a scheduled February 2012 event. One bid from Poindexter Enterprises Inc. had been solicited in the amount of \$9,561.20. It would also cost approximately \$500.00 more to drop the electrical boxes. There was concern and discussion of getting only one bid and price. Commissioner Patterson noted that Poindexter had done good work and had reasonable pricing for past work for her.

Moved by Commissioner Patterson, seconded by Commissioner Stiehler, and unanimously approved to spend up to \$10,061.20 for ceiling tile replacement and dropping electrical lights at the PAC.

3. Discuss Electric Rates

Lamar Nix gave the background history on the possible rate structure and amounts he was presenting. This question began in Budget hearings in June 2011 when Commissioner Patterson asked what is necessary to have a financially sound utility. Lamar stated he looked at other utilities and available industry information to see if we could meet our goal and have competitive rates.

He noted the three components of determining where we need to be on rates are (1) cost of purchased power; (2) operating expenses; and (3) rate of return to the Town.

The first two are fixed by Duke and operation history as reflected in the Budget. The third is a variable and one has to look at other utilities to determine a proper rate of return.

Lamar discussed the various rate structures: declining and straight. His possible scenario used a straight residential rate of 10.54 cents per kWh. This rate compared well with other utilities.

Commercial rates vary greatly from utility to utility. Lamar said other utility's advice was to look at demand rates closely. His scenario for commercial rates raised demand rates and modified energy charges into a declining three tier rate structure.

Overall rate of return compared to Duke's 12.4% net profit return on sales.

The Mayor and Board discussed the percentage increase presented and timing. There was the feeling that our customers would be more concerned about "their" bill than how it compared to what other utility customers were paying. The proper rate of return was questioned. What does that return need to be?

The Board asked Lamar to generate a rate proposal based upon a 10% rate of return for consideration at the Jan 17 regular meeting. It was generally agreed that a straight residential rate was the preferred rate structure and that a more demand driven commercial rate was preferred.

4. Adjournment

As there were no further matters to come before the Board of Commissioners, Commissioner Dotson moved to adjourn, which was seconded by Commissioner Patterson and upon unanimous vote, the Town Board adjourned at 8:25 p.m.

Mayor David Wilkes

Robert A. Zoellner
Interim Town Manager

Rebecca Shuler
Town Clerk