

April 17, 2009

BOROUGH OF MONT ALTO ELECTRICAL SYSTEM

This letter is an attempt to inform you of how the Borough of Mont Alto's electrical system is organized and operates.

First it is a very unique situation because the Borough is one of only fifty such systems within the state of Pennsylvania. Here in Franklin County the only other such system is the Borough of Chambersburg. The Borough of Chambersburg is probably the most advanced system within the state. I am proud to say that the Borough of Mont Alto and the Borough of Chambersburg work hand in hand, with Mont Alto receiving the most benefit from this relationship.

Mont Alto owns all the wire, transformers and street lights. Most of the poles are owned by the Embarq Telephone Company. The electrical system is maintained by a contract with GW Electric in Greencastle. Engineering and design work is provided by Raymond Slothour by contract, Raymond is retired from Adams Electric Cooperative Inc. in Adams County.

The Borough also has an Electrical Engineering consultant Downes Associates Inc. from Salisbury, Maryland. These people are our eyes and ears when bidding a contract for power generation, setting rates etc.

The electrical industry today, as a result of deregulation, is divided into two commodities, one is for capacity (generation) and the second is for transmission (delivery).

Questions have been asked as to why we get our electricity from Detroit. We negotiate a contract with power generator suppliers for capacity and whoever provides us with the lowest bid is who we sign with. One year ago we ended a 5 year contract with DTE of Michigan. When requests were made for a new contract we had 5 bidders to choose from. Again we selected DTE because they were the low bidder for a 5 year contract.

Questions come to us all of the time as to why don't we purchase our power from Allegheny Power? Good question, the Allegheny Power that we know here in our area is a distributor, and we do pay them for the transmission of the capacity that we buy from elsewhere. There is an Allegheny generating system and we had a bid from them, but they were higher than DTE.

Another question that is asked is what is the PPA? (PPA) PURCHASED POWER ADJUSTMENT: The PPA is an amount per KWH to be added to or subtracted from customers' billing each month

so that increases or decreases in costs of purchased power, fuel and other costs deemed appropriate will be collected or credited. The PPA charge or credit shall be used for each month of a twelve month forecasted period unless a "relevelization" is required and implemented by the Borough. A "relevelization" may be required if, (a) the Borough's wholesale supplier of purchased power has a rate change that goes into effect during the period; or (b) the actual recovery of PPA costs is not in the range of 3% (plus or minus) of the total twelve month forecasted amount; or (c) a PPA forecast revision is required due to unforeseen circumstances such as dramatic increases in the costs of purchased power, other costs deemed appropriate by the Borough, material increases or decreases in the number of customers, or if a material error in computing the PPA forecast is discovered.

The Borough is organized so that every property is charged for utilities be it a residential or business including the Borough itself. Yes, the Borough Office, the maintenance shed, well number one and the Park-Playground (not to be confused with Mont Alto State Park) is billed for its usage the same as you and I. When all is said and done it is still better owning our system than being in a system where the service is less, and you could be paying more than you do now, and we would have less control. This is not to say that the day may come when we may not be able to do or say that.

Ladies and Gentleman we as council people really work hard to try to make the Borough a better place to live. What we do as a Borough Council affects us as property owners just as it does you.

I hope this has helped you understand how and what happens with our electrical system. I am available most of the time to discuss any items you may have. We may not agree all the time, but I can assure you that your thoughts and suggestions will be considered.

My final suggestion is that everyone should become involved and serve a term on Council and/or on the Municipal Authority or the Zoning Hearing Board. There are lots of opportunities to contribute your time to help the Borough become a better place to live.

There are many questions about utility bills. I am willing to sit down with anyone and discuss your bill with you any day, night or weekend.

Thank You,

Dennis Monn, Chairman
Borough Electrical Committee
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