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A regular meeting of the Council of the Town of Bedford, Virginia, was held in the Council Hall of the Municipal Building at 7:00 p.m., January 10, 2017.

Members present: Mayor Robert T Wandrei; Vice Mayor Tim Black; Councilman Stacey L. Hailey; Councilman Bruce M. Johannessen; Councilman Steve C. Rush; Councilman Bryan Schley; and Councilman James A. Vest

Members absent: None

Staff present: Town Manager Charles P. Kolakowski; Town Attorney W. W. Berry, IV; and Clerk of the Council Teresa W. Hatcher

Mayor Wandrei opened the meeting and led all present in saying the Pledge of Allegiance to the Flag.

Mayor Wandrei declared that the minutes of a regular Council meeting held on December 13, 2016, and the minutes of a Council work session held on December 13, 2016, were approved as distributed.

Town Manager Kolakowski reported on the following:

- Complimented the Public Works employees and the Public Safety employees for handling the situation with the hazardous weather over the past weekend - the roads were kept clear and safe with minimal difficulties with the public.
- On January 16 at 10:00 a.m. the NAACP Bedford Chapter is having its annual Martin Luther King celebration starting with a march from the Court House over to the Washington Street Baptist Church where a program will be held. He encouraged everyone to attend to show support and honor for Dr. Martin Luther King.
- March 24 is Virginia Municipal League (VML) Day at the State Capitol - meetings have been scheduled with Senator Newman as well as Delegate Austin in addition to the VML events later in the afternoon. He asked Council members to let his office know if they will attend.
- Reminded Council that the Financial Disclosure Forms are due in on Tuesday, January 17, 2017. He asked that Council bring the forms into his office and get them on file.
- The playground equipment at Liberty Lake Park is almost completely installed with some final work to be done in the next couple of weeks.
- The diesel generators have been installed on Orange Avenue with some final control work to be completed in the next couple of weeks-operational status is scheduled for February 1, 2017.
- The Chief Executive Officer, Joel Olsen, and Chief Operating Officer, Adam Foodman, of O2 emc (the people who are going to construct and operate the solar facility in Town) are scheduled for a visit to Bedford on January 12 at 11:00 a.m. if anyone is interested in meeting them. He said they are planning a community

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stakeholders meeting towards the end of the month in order to keep the community informed and involved in the project - details will be given when the meeting is finalized.

- Gary Christie is here and will be mentioning that the GO Virginia process is moving forward and part of the process is that they are looking for people to serve on the regional boards. He asked members of Council to give some thought to some business people or other interested people in the area who could serve in this venture and bring those names forth as it will be a nomination process.
- Mayor Wandrei has asked him to work with staff to develop a proposal for conducting a visioning retreat with Council - the proposal will be presented at the work session on January 24.
- Last night the Bedford County Board of Supervisors passed an Enterprise Zone Tax Abatement Program to match the Town's program. He thanked Supervisor Dooley and the Board for partnering with the Town in this effort.
- On site visits by the engineers are scheduled for the Middle School facility hopefully for this coming weekend so they can begin the process of doing the structural and environmental analysis of the building in order for the Town to help determine what the positive reuse of that facility can be once it is empty in about two years.

Mr. Ron Brown, 1221 Longwood Avenue, Apt C, spoke about his concern that the pertinent business that is done by Council gets shuffled off to the work session. He said he thought that the work session and the regular Council meeting should be together so that the citizens gain the benefit of public disclosure about what Council is considering. Mr. Brown spoke about the Council meetings starting at 6:00 p.m. with the agendas being forwarded to the newspaper in hopes that the agendas would be published to start getting citizens involved. Mr. Brown also spoke about the following: having routine reports from the department heads to overcome this administrative filtration of suggestions that they might have; the need to get the Town energized.

Mayor Wandrei said the work sessions were established primarily to give Council additional time to discuss various issues amongst Council members and there is an agenda that is posted for the work sessions. He said those work sessions, just like all Council meetings are open to the public.

The Town Manager said the agendas have always been forwarded to the press prior to the meetings.

Councilman Hailey expressed his thanks to the Public Works Department and Police Department employees for their work during the snow event.

Vice Mayor Black, Chairman of the Electric Committee, reported that the committee met on January 9 and reviewed the change in the Power Cost Adjustment (PCA). The Vice Mayor said that Electric Director Wagner explained the PCA in quite a bit of detail on how that calculation is going to happen. The committee also got an update on some of the Town's capital projects: solar facility, speed increaser work is moving ahead; the

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control system at the Snowden Hydro Plant is moving ahead; and the diesel generators have been installed and hope to be tested in a couple of weeks.

Mayor Wandrei added the following item to the agenda: Consultation with Legal Counsel.

The Town Manager read aloud the following Public Hearing Notice:

**PUBLIC HEARING NOTICE OF  
PROPOSED CHANGE IN ELECTRIC TARIFF-  
POWER COST ADJUSTMENT (PCA)**

Notice is hereby given that the Town Council of the Town of Bedford, Virginia, at 7:00 p.m. on Tuesday, January 10, 2017, will hold a public hearing at the Council Hall in the Town Municipal Building at 215 E. Main Street, Bedford, VA 24523 to consider an ordinance to amend and reenact the Town of Bedford, Virginia, Electric Tariff changing the method of calculating the Power Cost Adjustment (PCA).

The proposed change in the calculation of electric rates is authorized by the general authority granted to the Town of Bedford, Virginia, to provide electric service, to operate an electric utility, and to set rates from time to time under Section 15.2-107 and Section 15.2-2109 of the Code of Virginia, 1950, as amended, and under the Charter of the Town of Bedford, Virginia.

The PCA is an adjustment of each electric customer's monthly bill that is applied to the customer's individual kilowatt hour consumption in order to recover costs of generation and purchasing power when there are increases and to reduce such charges when there are decreases in power costs. Under the proposed tariff amendment, PCA adjustments in billing for power cost changes will be made automatically at six (6) month intervals rather than on a monthly basis in order to avoid monthly changes in rates charged on the amount of each kilowatt hour sold and to lessen monthly fluxuations in billings as a result of monthly changes.

The proposed ordinance is intended to simplify calculations, utilize more in-house data, and provide more stable prices to customers. The proposed ordinance requires reports to members of Town Council of the proposed PCA automatic changes that will go into effect under the ordinance. Under the proposed amendment to the tariff, the proposed PCA adjustments will be made automatically at (6) month intervals, subject to changes that may be made by the Town Council.

A copy of the full text of the proposed ordinance and a copy of the complete Town of Bedford Electric Tariff, including the proposed

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amended PCA, is available for inspection by the public in the Office of the Clerk of the Town Council, Town Manager's office, 215 E. Main Street, Bedford, VA 24523.

By Order of the Clerk of the Town Council

The Mayor stated that in response to the Public Hearing Notice, members of Council received a letter from John R. Cline, Attorney, representing Bedford Weaving concerning this particular proposal and asked, among other things, that Council not take any action on it this evening. Mayor Wandrei said the letter from Mr. Cline, for anyone who would like to view it, will be on file in the Clerk's office for visual inspection by anyone.

Mayor Wandrei opened the public hearing at 7:16 p.m.

Electric Director Wagner said that this is a modification of the existing Power Cost Adjustment (PCA). He said that in the long term the staff feels that these modifications will better recover the Town's costs and this will afford customers with a more consistent price. Mr. Wagner said he thinks this is an improvement on the existing PCA.

As there were no further comments, the Mayor closed the public hearing at 7:18 p.m.

Mr. Ted Guy, 1001 Lynchburg-Salem Turnpike, spoke about requesting a change of Ordinance 30-26 for fortune telling. Mr. Guy said that this business is prohibited and he would like to have it changed to acceptable as he would like to open this business in Bedford. He stated that he had given Assistant Town Manager Warner some documents that this business being prohibited is unconstitutional.

Mayor Wandrei asked Mr. Warner to give Council a write-up as to the proposed changes being requested, go through the appropriate proceedings, and Council will take it up at a Council meeting. The Mayor told Mr. Guy that he will be notified when this comes up before Council and give him the opportunity to speak on the subject.

Mr. Gary Christie, Executive Director, Virginia's Region 2000 Local Government Council, stated that the Council is the Planning District Commission that serves Lynchburg and the surrounding counties. Mr. Christie gave a report of what has been going on in the region. He gave an overview of what a Planning District Commission is and how it operates. Mr. Christie said that Council members had received copies of the Local Government Council's annual report and reviewed highlights of the report.

Mr. Ben Bowman, Workforce Development Director, gave an update on activities in Workforce Development: the recently completed Comprehensive Economic Development Strategy; Workforce Strategic Planning; SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis.

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Vice Mayor Black asked that members of Council be given copies of a power point presentation about economic development.

Councilman Rush stated that the Community Development Committee is working with the staff on doing a SWOT Analysis on economic development forecast. Councilman Rush and the Town Manager felt it would be beneficial to have Mr. Bowman attend a meeting of the committee.

Town Manager Kolakowski stated that Town Council is authorized under state law (including the Town Charter) to operate an electric department and to set rates charged to the customers. The rates are set forth in the Town Electric Tariff as amended from time to time. Mr. Kolakowski reported that the Town has implemented such Power Cost Adjustments (PCA) from time to time, the last having been made July 2015 when the Town Council enacted a Power Cost Adjustment Schedule which resulted in monthly adjustments in power bills based upon averaging the last six (6) prior months to determine the next month's rates. This has resulted in variations in rates on a monthly basis which are difficult for customers to understand and which for large customers causes difficulties in planning and budgeting for electric purchases from the Town.

The Town Manager reported the Electric Director has developed a new "Fixed Average PCA" to go into effect automatically in May and in November of each year. These changed dates have been selected in order to spread out the cost variations based upon the weather and normal heating months of December, January, and February, and cooling months of July, August, and September. The proposed Fixed Average PCA provides for the new PCA to be changed only at six (6) month intervals rather than on a monthly basis, for review of the automatic adjustments by the Town Council before any such automatic rates become effective, for notice to customers of any changes in the rates in the monthly bills of customers, and for a "true-up" adjustment at each six (6) month interval to account for difference between the past six (6) months power costs which were included in the last PCA rate and the actual costs incurred by the Town for that six (6) month period.

Town Manager Kolakowski said the Electric Director has calculated the PCA which would be applicable if the new provisions went into effect on February 1. This shows that there would be an immediate reduction in the PCA factor. The proposed PCA would result in a reduction of the PCA from \$0.02471/kWh to \$0.02036/kWh and to a reduction for primary power customers from \$0.02471/kWh to \$0.01995/kWh. In order to give the customers the benefit of new calculations and in order to retain the May and October change dates, the proposed ordinance includes a transitional period for the new rate adjustment to be made immediately in February for the period February through April and for the new formula to be applied again in May. A public hearing on the PCA schedule change was advertised in the Bedford Bulletin for the Town Council hearing on January 10 and the ordinance has been posted in accordance with applicable laws. The Town Manager and the Electric Director recommend that Council, after the public hearing, adopt the proposed ordinance which provides for the new Fixed Average Power Cost Adjustment.

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Councilman Rush moved that the ordinance amending the electric tariff be adopted. The motion was seconded by Councilman Black.

Councilman Black spoke about the change in the Power Cost Adjustment.

The motion was then voted upon and carried unanimously by the following roll call vote:

Vice Mayor Black	aye
Councilman Hailey	aye
Councilman Johannessen	aye
Councilman Rush	aye
Councilman Schley	aye
Councilman Vest	aye
Mayor Wandrei	aye

The ordinance follows as adopted:

**ORDINANCE NO. 17-1**

**AN ORDINANCE AMENDING THE ELECTRIC TARIFF OF THE TOWN OF  
BEDFORD TO INCLUDE A REVISED POWER COST ADJUSTMENT  
SCHEDULE**

**BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF  
BEDFORD, VIRGINIA:**

**Section 1.** The Electric Tariff of the Town of Bedford is hereby amended and re-enacted to include the following revised schedule for Power Cost Adjustment to replace the Power Cost Adjustment enacted on July 8, 2015, effective August 1, 2015:

**TOWN OF BEDFORD, VIRGINIA  
SCHEDULE P.C.A.  
(FIXED AVERAGE PCA)**

**APPLICABILITY:**

The Power Cost Adjustment (PCA) shall be applicable to and become part of each electric rate schedule in the tariff except Schedule O.L.

**METHODOLOGY:**

The PCA is an adjustment to each electric customer's monthly bill that is applied to the customer's individual kWh consumption in order to recover changing

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power costs when there have been increases in such costs and to reduce said charge when there have been decreases in power costs. Several conditions affect the cost of power including, but not limited to weather, demand, transmission costs, and contract stipulations. When there are increases in power costs, the PCA allows recovery of those costs. If the cost of power decreases, decreased costs are passed along to the customer as well.

A six (6) month Fixed Average PCA formula set forth in this schedule is designed to provide customers with a stable rate structure which will be adjusted every six (6) months in order to reflect changes in power costs.

The six (6) month fixed PCA calculation is based on the following eight considerations.

1. Base the PCA on fixed 6 month period of historical Bedford's billing data,
2. Automatically adjust twice per year in order to include heavy use months of June, July, and August in one six (6) month period and heavy use months of December, January, and February in another six (6) month data period,
3. Differentiate PCA charges by voltage level of service,
4. Allow for adjustments for known changes (such as the increase in transmission costs for this year),
5. Make a provision for an emergency adjustment for unforeseen cost events (storms, equipment failures, replacement power),
6. Provide for a "true-up" adjustment when the PCA revenue received in a six (6) month period does not match actual power cost for the period,
7. Provide Council with a report which calculates the PCA prior to the automatic adjustments, so that the Town Council may decide not to implement all or part of any PCA increase,
8. Include a notice in bills to customers when the PCA changes.

#### CALCULATION OF PCA UNDER FORMULA:

The amount charged for each kWh of energy sold by the Town of Bedford as set forth in the applicable schedules to this tariff shall be increased or decreased in accordance with the following PCA adjustment procedure:

##### Step 1 – Identification of Actual Historical Power Costs (PC):

The power source includes:

- (a) The Total AMP Bill
- (b) Snowden Operating Costs
- (c) Holcomb Rock Purchases
- (d) Diesel Fuel Purchases
- (e) Other Power Purchases (such as Solar Power)

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Step 2 – Adjustments:

- (a) Deduct AMP Administrative Costs (Found on AMP Bill)
- (b) Add or Deduct Known and Measurable Changes (Anticipated in Transmission Rates or Other Material Cost Factors during the Next Six (6) Months)

Step 3 – Deduct AMP Related Charges on AMP Bill or Other Quantities Applicable to Certain Customers Billed Under Rate Schedules not Subject to the PCA

Step 4 – Identify Actual Sales from the “Power Reports” for the Most Recent Six (6) Months

Step 5 – Calculate the Total Sales for the Most Recent 6 Month Period and the Total Adjusted Costs from the Most Recent 6 Month Period

Step 6 – Calculate the Six (6) Month Average Power Cost by Dividing the Total Adjusted Six (6) Month Costs by the Total Six (6) Month Sales

- Step 7 –
- (a) Compare the actual revenue recovered under the PCA for the Last Six (6) Months with the actual power costs during that Six (6) Month Period;
  - (b) Calculate the Difference in Over or Under Recovery during the Six (6) Month Period;
  - (c) True-Up the Over or Under Recovery by Dividing the Amount of Over or Under Recovery by the Anticipated Sales for the Next Six (6) Months. This calculation is intended to recapture actual costs not recovered during the six (6) month period under the PCA by spreading such recovery over the next six (6) months or by making corresponding reductions in the PCA over the next six (6) months to spread out Over Recovery.

Step 8 – Make Emergency Adjustments for Unanticipated Replacement Power or Other Unforeseen Conditions that May Have a Substantial Impact Upon Power Costs (storms, equipment failures, replacement power costs). Any Emergency Adjustments Must Be Approved By Town Council.

Step 9 – Add the Six (6)Month Average Power Cost (from Step 6) with the True-Up value (from Step 7) and any Emergency Adjustment (from Step 8). Note that all values are expressed in \$/kWh basis.

Step 10 – Subtract the amount of Power Cost included in the base rates from the adjusted power cost calculated in Step 9.

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Note: Loss Adjustment is applied for customers taking service at primary voltages by multiplying the average PCA calculated in Step 10 by .98.

#### APPLICATION OF PCA CHANGES:

The Electric Department shall recalculate the PCA at six (6) month intervals to become effective on November 1, and May 1 based upon actual data available from the most recent six (6) month period. The Town shall provide all electrical customers a notice of PCA changes as part of monthly billings.

#### REVIEW BY COUNCIL:

Calculations of proposed automatic PCA changes shall be reported to Town Council at its second meetings in April, at which time Council shall review the proposed PCA for the next six (6) months beginning on May 1, and at the second meeting in October for the next six (6) months beginning November 1. The proposed PCA for the next six (6) months shall take effect immediately on November 1 or May 1 unless the Council at the second meeting in October or April determines otherwise.

The Town Council retains at all times its authority to set electric rates, including changes to proposed automatic rates. The Council at any time may make emergency adjustments for unanticipated replacement costs or other unforeseen conditions that may have a substantial impact upon power costs, subject to applicable requirements of law.

**Section 2.** All of the terms of the existing tariff and rate schedules, including the rate schedules enacted on February 24, 2015, effective March 1, 2015 except as modified herein, are re-enacted and shall remain in effect.

**Section 3.** Severability. If any clause, sentence, paragraph or part of this Ordinance shall for any reason be adjudged by any court of competent jurisdiction be invalid, such judgment shall not affect, impair, or invalidate the remainder of the tariff, but shall be confined in its operations to the clause, sentence, paragraph or part thereof directly involved in the controversy in which such judgment shall have been rendered, and such invalid term clause or provision shall be construed to most closely reflect the original intent of the ordinance.

#### **Section 4.** Effective Dates.

(a) Initial PCA effective February 1, 2017. The initial Fixed Average PCA for the period February 1, 2017 through April 30, 2017 shall be \$0.02036 kWh and the Primary Power PCA shall be \$0.01995 kWh.

(b) Rates beginning May 1, 2017 shall be adjusted under the formulas set forth under the paragraphs above entitled "Methodology" and "Calculation of PCA under Formula."

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(c) The ordinance shall go into effect immediately upon passage for billings after February 1, 2017.

Mr. Kolakowski said that a discussion had been held regarding continuation of having Council workshops prior to the second meeting of the month where Council can have more detailed discussions of issues that come before the Council and department heads can give reports on the operation of their departments. He said the work shops appear to be a useful function for Council. It has been useful for staff to disseminate information to Council. He encouraged Council to continue having holding these meetings and said the resolution would authorize the meetings through November 28, 2017, to be held from 5:30 p.m. to 7:00 p.m. on the second meeting of each month.

Councilman Rush moved that Council adopt the resolution continuing the Council Workshop Sessions through November 28, 2017. The motion was seconded by Councilman Hailey.

Councilman Vest explained to Ron Brown that there are no decisions made at the work sessions, the public is invited to these meetings, there is an agenda, and Council does not take any action. He said that Council just hears reports and gets data so that they can make decisions during the regular meetings. Councilman Vest said that he is in favor of the work sessions.

The motion was then voted upon and carried unanimously by a roll call vote, Roll call vote follows:

Councilman Hailey	aye
Councilman Johannessen	aye
Councilman Rush	aye
Councilman Schley	aye
Councilman Vest	aye
Vice Mayor Black	aye
Mayor Wandrei	aye

The resolution follows as adopted:

**RESOLUTION  
BEDFORD TOWN COUNCIL  
TO HOLD WORKSHOP SESSIONS**

**WHEREAS**, be it hereby resolved that the Bedford Town Council will meet in workshop sessions on the evenings of the second regularly scheduled Town Council meeting starting January 24, 2017, from 5:30 p.m. to 7:00 p.m. and continue through November 28, 2017;

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**NOW, THEREFORE,** these sessions will be held prior to the regular Council meeting and no formal action will occur. These sessions are for informational and discussion purposes on topics of general interest to the Council.

Councilman Hailey moved that Council adjourn into closed session pursuant to Section 2.2-3711(a)(7), of the Code of Virginia of 1950, as amended to consult with counsel. Councilman Black seconded the motion. The motion was voted upon and carried by the following roll call vote:

Councilman Johannessen	aye
Councilman Rush	aye
Councilman Schley	aye
Councilman Vest	aye
Vice Mayor Black	aye
Councilman Hailey	aye
Mayor Wandrei	aye

Council adjourned into closed session at 7:42 p.m. The following non-council members attended: Town Manager Kolakowski, Town Attorney W. W. Berry, IV, Police Chief Todd Foreman, and Assistant Town Manager, Barrett Warner.

Council reconvened into open session at 7:58 p.m.

The Clerk of Council read aloud the following resolution:

**BE IT RESOLVED** that the Council of the Town of Bedford hereby certifies that (1) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (2) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Council.

On motion by Councilman Rush, seconded by Councilman Hailey, voted upon and carried by a roll call vote, Council adopted the resolution. Roll call vote follows:

Councilman Rush	aye
Councilman Schley	aye
Councilman Vest	aye
Vice Mayor Black	aye
Councilman Hailey	aye
Councilman Johannessen	aye
Mayor Wandrei	aye

Mayor Wandrei adjourned the meeting at 7:59 p.m.