

AGENDA
COMMON COUNCIL
REGULAR SESSION
AUGUST 3, 1983, 7:30 P.M.
COUNCIL CHAMBERS

- I. ROLL CALL
- II. AGENDA SUMMATION
- III. MESSAGES FROM COUNCILMEMBERS
- IV. MESSAGES FROM THE MAYOR
- V. PETITIONS AND COMMUNICATIONS
- VI. LEGISLATION FOR DISCUSSION/VOTE - SECOND READING
 - 1. Ordinance 83-40 To Transfer Appropriations
Within the Parks and Recreation Fund.
Committee Recommendation: Do-Pass 7-0
 - 2. Ordinance 83-42 To Amend the Zoning Maps
from RE to ML regarding the "Kennedy Farm"
North of Whitehall Pike and East of Hartstrait
Road (Bloomington Development Corp.)
Committee Recommendation: Do-Pass 7-0
- VII. INTRODUCTION OF ORDINANCES FOR FIRST READING
 - 1. Ordinance 83-47 An Ordinance Reviewing and
Modifying the Budget of the Bloomington
Public Transportation Corporation.
- VIII. MINUTES FOR APPROVAL JULY 20 and JULY 27, 1983
- IX. ADJOURNMENT

In the Common Council Chambers of the Municipal Building held on August 3, 1983, at 7:30 PM, with Council President Dilcher presiding over a Regular Session of the Common Council.

COMMON COUNCIL
REGULAR SESSION
AUGUST 3, 1983

Councilmembers present: Morrison, Porter, Dilcher, Murphy, Olcott, Gross, Hogan. Towell arrived at 7:35.
Absent: Service (Vacation)

ROLL CALL

Council President Dilcher gave the Agenda Summation.

AGENDA SUMMATION

Morrison said that Council President Dilcher should drive by the Underpass the next time it rains hard.

MESSAGES FROM
COUNCILMEMBERS

Towell gave a short history of Council salary raises:
In 1971, when the Council salary was \$1500, Mayor Hooker appointed a blue-ribbon committee which recommended that the Council salary be raised to \$3500. The Council declined to do this. At that time, the HT approved of the raise. In 1975, the Council adopted this salary, and the HT objected to it. In 1979, the Council adopted a 19% increase to \$4150 which is the current figure. This was an average of less than 5% annually.

Recently, a proposal to raise the salaries by 20% was advertised and was called "excessive" in an HT editorial. This is again about 5% annually. The HT also said the raise had been adopted. Councilmember Towell has protested this and other factual errors but has not gotten a response. Every group in the City has had larger raises, the lowest raises in the last 4 years have been 7%, 7%, 8%, and 3.5%.

Olcott countered by saying that he felt the 20% was excessive. The token 3% is not right, and a compromise somewhere in the middle is more appropriate, say \$4500, or roughly 10%. He said he had no problem raising the Mayor's salary, since it is a full time job.

Gross said she was saddened by the death of Willie Streeter, and that the community has lost a major force for good.

Hogan was concerned with the budgeting process, and felt that it took a tremendous amount of time for the Council to scrutinize budgets which may, in fact, be better than the last year's budget. He proposed a more compact time frame, and spending more time with department heads on general operations before the budget process.

Mayor Allison said that with the death of Willie Streeter, Bloomington has lost one of its most active and concerned and loving citizens. She gave unstintingly of her time to the elderly and others in need of help. She will be sadly missed by all who knew her.

MESSAGES FROM
THE MAYOR

Tom Zoeller said PSI planned Marble Hill 10 years ago when the growth rate was high. Now it is actually declining and PSI is stuck with a white elephant and needs a bail-out. He is representing a group of citizens opposing the proposed "trended rates" scheme for Marble Hill. He presented conclusions indicating that the electricity from Marble Hill will not be needed for 10-15 years, even with a strong economic recovery. PSI is not allowed at present to charge consumers for plants under construction, but has lobbied intensively to change that law--the so-called CWIP legislation, which the General Assembly has repeatedly rejected. The Public Service Commission, ignoring the Legislature, has decided to work out a plan specifically for Marble Hill to bail out PSI. This "trended rates" plan would cause an average of 8.4% increase in rates per year, just for Marble Hill, not including any other factors which may cause a rate increase. The rates for the City itself will be even higher, 9-11%. He spoke of the different cost estimates to build the plant, from the original of \$1 billion up to estimates of \$10 billion. He also pointed out that last year PSI got over 17% profit (return on equity). At a low estimate, PSI stands to make a \$9 billion dollar profit over the 30 year life of Marble Hill, and assuming a higher rate of return, the profit could be \$20 billion.

PETITIONS AND
COMMUNICATIONS

Mike Andrews spoke about the local economic impacts of Marble Hill. The Public Service Commission (PSC) has proposed a "rate control"

plan to avoid "rate shock" which would hit consumers when Marble Hill came on-line, indicating that the impact of this is going to be momentous. PSI has said that the high end of this impact is impossible to state, and the company has not studied the effect on consumers.

Andrews then showed several charts pointing out the various cost impacts on the electricity consumers in Bloomington and Monroe County. Many of these figures were also on the attached hand-out sheet, "Local Economic Fact Sheet: PSI's Marble Hill Plant". He noted that these increased electricity bills could ultimately account for from 9 to 20% of consumer spendable income, using retail sales figures specific to Bloomington. The effect on the City of Bloomington budget was also noted; the 1984 City budget sets aside some \$1.3 million for electricity and the first year of trended rates will cost the City over \$100,000 and that doesn't count profits.

He then presented a petition to the Council asking them to act to protect the consumer. The petition is attached.

Phyllis Radke, president of the union for City workers, responded to Towell's comments about the Council budget. She said it showed poor judgement and bad timing and a total disregard of the people who rely on the City for their total income. She felt it was a bad idea to raise salaries 20% when other city workers took 3%.

Sara Hunt, another City employee spoke in the same vein. She felt the Council should follow the same salary guidelines as the other employees.

Towell responded that the Council has been more generous to other groups than to themselves; the AFSME has had 25.5% over the last 4 years. A discussion followed regarding the part-time nature of the Council's work.

Jim Greaves, taxpayer-citizen, asked the Council to represent him to the State government in intervening with PSI.

Terry Wilson, InPIRG president, said we are subsidizing the provision of electricity to other states. Don't reward PSI's managerial mistakes.

Murphy asked if resolutions need a sponsor on the Council. Council Attorney Powell said they did. Murphy volunteered to act as the sponsor.

Mayor Allison said she would present a request to intervene to the Indiana Association of Cities and Towns (IACT) both in the PSI rates and the phone rates. It is feasible to hire an experienced attorney in combination with other cities.

Mike Andrews responded that one of their members contacted IACT and were told that IACT did not have a position on trending. He went on to say that IACT was not that effective last time, and the City may be better off on an individual basis. He urged the City to take the lead and hire someone to work full time for the next 6-8 months.

Hogan said that Andrews raised a lot of concerns for all. Hogan recommended that any resolution presented to the Council should just deal with the central issue of rates and not get into side issues such as nuclear power per se.

Tom McGlaun, tax and ratepayer, asked for a full-time lobbyist for one year for all utilities, as Indiana Gas is also asking for a rate increase. He said poor people could not survive if this goes on much longer.

Towell said that the Mayor must propose on this issue, since hiring someone would take an appropriation ordinance. We need to be sure what we are doing and to what purpose. Some discussion sessions are needed.

Tom Greaves said that the buck stops here; the Council should not budget for the increase, or refuse to pay for it.

Olcott moved and Morrison seconded a motion to introduce and read Ordinance 83-40 by title only. Deputy Clerk Fernandes read the ordinance by title only.

INTRODUCTION OF
LEGISLATION FOR
SECOND READING
Ord. 83-40
Approp. Transfer
Parks & Rec Fund

Olcott moved and Morrison seconded a motion to adopt Ordinance 83-40. Murphy gave the Committee report.

Olcott commented that it was ironic that the money was available for transfer because of conservation of electrical usage.

The ordinance received a roll call vote of 8-0.

Olcott moved and Morrison seconded a motion to introduce and read Ordinance 83-42 by title only. Deputy Clerk Fernandes read the ordinance by title only.

Ord. 83-42
Re-zoning of
"Kennedy Farm"
from RE to ML

Olcott moved and Morrison seconded a motion to adopt Ordinance 83-42. Murphy gave the Committee report.

Olcott commended Tim Mueller of the Planning Department for his efforts in solving the problems involved with this site.

Olcott moved and Morrison seconded a motion to adopt Ordinance 83-42. The ordinance received a roll call vote of 8-0.

Olcott moved and Morrison seconded a motion to introduce and read for first reading by title only Ordinance 83-47.

INTRODUCTION OF
ORDINANCES FOR
FIRST READING:
Ord. 83-47
Public Transporta-
tion Corp. Budget

Deputy Clerk Fernandes read the ordinance by title only. Ordinance 83-47 An Ordinance Reviewing and Modifying the Budget of the Bloomington Public Transportation Corporation.

The minutes of July 20 and 27, 1983, were approved by voice vote.

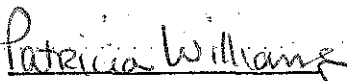
MINUTES FOR APPROVAL

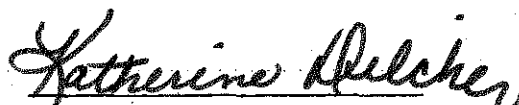
The meeting was adjourned at 8:50 P.M.

ADJOURNMENT

ATTEST:

APPROVE:


Patricia Williams
City Clerk


Katherine Dilcher, President
Bloomington Common Council

Local Economic Fact Sheet: PSI's Marble Hill Nuclear Plant

HOW MUCH WILL MARBLE HILL COST?

There have been so many cost overruns & problems that no one really knows. Here are some of the estimates:

PSI.....\$5.16 billion

Public Service Commission..... \$6.0 billion

Utility Consumer Counselor.....\$7.9 billion

Save The Valley.....\$7.5 to 9.5 billion

PSI owns 83% of the project, which represents between \$4.28 to \$7.9 billion, depending on cost estimate used. These figures are for construction & borrowing for construction only---they do not include profits that the utility would earn on Marble Hill after it is completed.

WHAT ABOUT PROFITS?

In 1982 PSI was allowed to earn profits of over 17% on investment. If consumers pay off the investment to PSI evenly over 30 years, PSI's profits on Marble Hill would equal, depending on the cost estimate used:

---At a 14% profit rate.....\$9.0 to 16.6 billion

---At a 17% profit rate.....\$10.9 to 20.1 billion

SO WHAT'S THE TOTAL IMPACT ON CONSUMERS?

The sky's the limit!

Estimates of construction & borrowing costs plus profits for PSI's share of Marble Hill add up to between \$13.28 to 29.6 billion. This does not include any costs for fuel, operation & maintenance, accidents, repairs or decommissioning. PSI says there are so many variables that it is "impossible" to forecast how much Marble Hill might wind up costing its customers.

HOW MUCH WILL IT COST THE PEOPLE OF BLOOMINGTON & MONROE COUNTY?

Once again PSI says it's impossible to say.

However, we obtained these 1982 figures from the local PSI office:

| | # of Customers | Kilowatt-Hours Sold | % of Total |
|--------------------|----------------|---------------------|------------|
| PSI--Indiana | 541,797 | \$17.635,000,000 | 100. % |
| PSI--Monroe County | 32,000 | 760,389,161 | 4.3% |
| PSI--Bloomington | 21,000 | 499,111,578 | 2.8% |

Using the percent of PSI's kilowatt-hrs sold locally, we estimate the extra amount local consumers will have to pay for Marble Hill construction, borrowing & profits, over & above the amount paid for present consumption, will fall within the following ranges (depending on construction cost & profit rate):

| | Bloomington | Monroe County |
|----------------------|----------------------|------------------------|
| Total, All Customers | \$376 to 838 million | \$571 to 1,273 million |
| Annual, " " | \$31 to 70 million | \$ 48 to 106 million |
| Monthly, " " | \$2.6 to 6.3 million | \$ 4 to 9.6 million |
| Total, Per Customer | \$17,800 to \$39,800 | |
| Annual, " " | \$1,500 to \$3,300 | |
| Monthly " " | \$124 to \$276 | |

These are EXTRA, Marble Hill costs ONLY.

DO WE NEED MARBLE HILL?

No.

Consumption of electricity in PSI's area actually went down between 1980 and 1982. The trend in Indiana in recent years (as well as nationally) is toward more conservation, especially in the face of rising prices. With the emphasis on the manufacturing of more energy-efficient appliances, increased conservation awareness of consumers, and U.S. Census forecasts of low population growth for Indiana during the rest of this century---Indiana customers may never use any of the electricity to be produced by Marble Hill.

If we do need additional generating capacity during the next 30 years, it is a well-known fact that in Indiana coal-fired power plants are much cheaper & faster to build.

WHAT WILL HAPPEN IF MARBLE HILL IS CANCELLED?

The Public Service Commission has indicated that cancellation would cost consumers more than completing the plant. However, this conclusion is based on the outrageous assumption that consumers would pay back PSI not only money already spent on Marble Hill, but profits on top of that for the next 30 years even if the plant never produces a single kilowatt of electricity. Consumers have no legal obligation to pay PSI one red cent for Marble Hill.

If the state doesn't buy PSI's plan to force consumers to pay for Marble Hill, PSI will simply have to default on its bonds, probably leading to bankruptcy or receivership for the utility.

WHAT WILL HAPPEN TO ELECTRICAL SERVICE IF PSI GOES BANKRUPT?

Nothing.

Electrical service will continue to all of PSI's customers just as it does now. All of the company's current generating facilities, transmission lines, local offices & employees will continue working---except probably under new ownership and better management. Consumers would be saved billions & billions of dollars in unnecessary cost & profits over the next 30 years.

HOW DO "TRENDING RATES" FIT INTO ALL OF THIS?

The state Public Service Commission is on the verge of forcing consumers to begin paying for Marble Hill NOW, even before the plant is finished, under a plan called "trending". Hoping to avoid stirring up a hornet's nest of public opposition, the Commission has proposed raising rates gradually over the next 6 years. "TRENDING" is just the tip of the iceberg. Similar or even larger increases will probably be required for a much longer period than 6 years.

CAN ANYTHING BE DONE TO PREVENT THIS RIP-OFF?

Yes.

But time is short and the next 6 to 8 months will probably be critical. The 3 members of the Public Service Commission are appointed by the Governor; they can be asked to resign or replaced for misconduct in office. The Commission has shown clear bias toward PSI and disregard for the interests of consumers.

Also, the legislature can enact legislation to outlaw trending and prevent the Commission from adding Marble Hill to the rate base. Individuals and small businesses can make clear to their local and state elected officials that they should not be forced into bankruptcy to preserve the profits of PSI's out-of-state stockholders.

PETITION

TO: the BLOOMINGTON CITY COUNCIL

- 1) We are concerned that the "trended rates" proposal before the Indiana Public Service Commission will have a dramatic economic effect on the City of Bloomington, and on its residents.
- 2) The city's annual utility bill, including Utility Department, is over \$1,000,000, and the "trended rates" proposed represent more than an \$80,000 per year increase for the City's budget for each of five years, and will undoubtedly cause an increase in the utilities rate charged to citizen's.
- 3) The proposed "trended rates" seem to be illegal, and an appeal is pending in the courts.
- 4) These increases would go to pay for the Marble Hill plant, currently under construction, not currently delivering electricity. It is most likely that this plant's power will not be needed for at least 15 years.
- 5) The total impact of the Marble Hill plant on Bloomington residents will be between \$376 to \$838 MILLION dollars, depending on whose cost estimate is used. Even the lower figure is more than the entire cost of city government over the next thirty years.

WE ASK THE COUNCIL TO:

- 1) Pass an ammendment to the 1984 budget ordinance before the City Council deleting any allowance for PSI's "trended rates" increase.
- 2) Pass a strongly worded resolution by the City Council:
 - a) Calling for cancellation of the Marble Hill plant
 - b) Opposing a bail-out of PSI by consumers for money already invested in Marble Hill.
 - c) Opposing "trended rates", "CWIP", and any other subterfuges intended to charge consumers with the costs of Marble Hill before it is even built.
 - d) Urging the Governor to act quickly and decisively to prevent the Public Service Commission from approving "trended rates". This may require calling a special legislative session or removing the commissioners from office for misconduct.
 - e) Urging the state legislature to enact legislation to prevent addition of Marble Hill costs into the rates paid by customers.
- 3) Pass an amendment to the 1984 budget ordinance before the City Council to fund a full-scale effort to prevent the state from forcing the addition of Marble Hill costs to our electric bills. Among other things, such an effort should include:
 - a) Informing other local governments in the PSI area of the situation and enlisting their help in preventing the Marble Hill rip-off.
 - b) Facilitating the participation of local individuals and small businesses in the effort to stop these unfair rate increases.
 - c) Lobbying the General Assembly and Governor to support legislation to stop the Marble Hill rip-off.
 - d) Appearing before the Indiana Public Service Commission to protest the "trended rates" proposal.