

PROPOSITION #1 INFORMATION
Petersburg Municipal Power and Light
2021

Ballot Question #1: Ordinance #2021-12: An Ordinance Authorizing the Issuance of Electric Utility Revenue Bonds in an Aggregate Amount not to Exceed \$7.8 Million

Ordinance 2021-12 was unanimously approved by the Petersburg Borough Assembly in its third and final reading on August 16, 2021 and must be approved by Petersburg's electorate to authorize the debt of the electric utility.

FREQUENTLY ASKED QUESTIONS

Q. If approved, what projects will this bond issue support?

A. The proceeds from the bond sale will be used to fund the completion of the Blind Slough Hydroelectric Plant Refurbishment project and the Scow Bay Standby Generation project.

Q. What are these projects and why are they being proposed by the Borough?

A. The Blind Slough Hydroelectric plant has provided power to Petersburg for almost 100 years and currently produces 25% of our power load. The Blind Slough Hydroelectric Plant Refurbishment project will rebuild the equipment in the existing powerhouse, which is reaching the end of its service life, to provide for a new turbine, generator, switchgear, mechanical equipment and electrical protective relays. The project will be able to produce up to 2 megawatts of electricity from the new, more efficient equipment and maintain the same project output that is currently licensed by the Federal Energy Regulatory Commission (FERC).

If the Blind Slough Hydroelectric Plant Refurbishment project is not approved for bonding by the voters, piecemeal repairs and upgrades would be made as needed over time. If at some point the Hydroelectric Plant is unable to produce power due to failure, 100% of Petersburg's power would need to be purchased from SEAPA. In that event, electric rates would need to increase above the bond related revenue requirements to account for higher expenses related to the loss of Blind Slough generation.

The Scow Bay Standby Generation project will add diesel generation to the community's standby power system, which is needed in the event of an outage of SEAPA power. Winter peak loads in Petersburg are approaching a condition whereby restoration of an outage in the coldest times of the year would be difficult with current amounts of standby power.

If a point is reached when the Blind Slough Hydroelectric Plant is no longer operational, standby power becomes even more important and plans to increase standby generation would be reconfigured and a new, larger Scow Bay Standby Generation project would need to be proposed to the Borough Assembly to meet current and future peak loads.

Q. What is the cost of each project?

A. Blind Slough is estimated to cost \$9 million total. \$6.3 million will come from the bond sale. \$2.7 million, or 30%, is being allocated from Petersburg Municipal Power and Light reserves.

Scow Bay Standby Generation is estimated to cost \$1.4 million total. \$980,000 will come from the bond sale. \$420,000 or 30%, will be allocated from the Petersburg Municipal Power and Light reserves.

Additionally, a required debt service reserve in the amount of \$420,000 and bond issuance costs of \$100,000 are included in the amount of the bond sale.

Q. Will my taxes increase because of this bond issuance?

A. No. This bond will be repaid solely through electric rates paid by customers of Petersburg Municipal Power and Light. No taxes are contributed to the debt service on the bonds.

Q. Will my electric bill go up if this bond issue is approved?

A. Yes. A rate study is currently being conducted to determine the level of increase needed to cover these projects. The last increase to electric rates occurred in 2015. Any rate increases would be brought before the Assembly by ordinance.