

**MINUTES
BOARD OF LIGHT AND POWER
REGULAR MEETING OF AUGUST 4, 2009**

- I. Call to Order and Roll Call:** The meeting was called to order by Board Chairman Canfield at 5:30 pm. Present were Canfield, Hall, Johnston, Valentine and Beachum. Also present were General Manager Pierce, Administrative Manager Sawka, Intern Steve Donkersloot and Mayor Hodges.
- II. Approval of Agenda:** Beachum made a motion to approve the Agenda as presented. Johnston supported the motion. Approval of the Agenda passed unanimously by the Board.
- III. Minutes of July 2, 2009:** Pierce had one correction where a "G" was missing in the title of section VIII. It was corrected and there was a motion made by Hall to approve the minutes. The motion was supported by Valentine. Approval of the July 2, 2009 Regular Board Minutes passed unanimously by the Board.
- IV. Public Comment (items not on the agenda):** There was no public present and no public comments.
- V. ACTION ITEMS:**

MPPA Energy Services Committee Authorization: Pierce explained that the Power Pool is disappearing and the Power Pool contract ends December 31, 2010. MPPA has come up with a group of energy buyers and LLP is part of this group. At this time the Board needs to appoint a person or a group to engage in purchased power agreements for the Utility, as they arise. The Utility's authorized representative(s) must decide, on short notice by the Energy Services Group, whether they would like to take part in a particular purchase. Pierce explained LLP's needs and the approach he would take for making the first of these decisions that will occur August 5. It was agreed that to the extent possible, at least one Board member would be made aware of prospective purchases prior to the transaction. After much discussion by the Board, a motion was made by Beachum to authorize Pierce to make a decision on August 5 for future energy purchases recognizing

what the Boards wishes and concerns are. Hall supported this motion. The authorization to appoint Pierce to make energy purchase decisions for LLP was passed unanimously by the Board.

Smart Grid Stimulus Grant: Pierce explained that there would be grant money available for smart meters. Pierce and the Board have discussed this topic at previous meetings and recognize the advantages of having smart meter technology, the time savings for meter reads, and how smart meters are expected to revolutionize the interaction between customers and the utility. The Smart grid Grant application will be submitted by MPPA for member utilities and includes the replacement of our usage/production control communications devices with MPPA (Lansing) and ITC.

When Bowes Rd. sub was built the utility put in fiber to bring data from our new substation back to the plant and tie it to our three generators. However, this process was only partially completed and installing the additional fiber would also be part of the smart grid grant. The grant would be distributed over a three year period and is a 50% match program. Our portion of the \$27M grant application is \$893,400 of which 50% (\$446,700) would be our match responsibility. This grant would allow us to complete in 3 or 4 years what might have otherwise taken us 7 to 10 years. Beachum made a motion to accept this opportunity and join in applying for a Smart Grid stimulus grant. Hall supported the motion and it was passed unanimously by the Board.

VI. INFORMATIONAL ITEMS:

A. Performance Data: Pierce noted that LLP has completed an annual cycle as of June 2009. The total electric requirements were down for the month and also for the year (5.2%) compared to 2008. LLP was down 18% in residential sales for the month and down 20% from the prior year. Pierce believes this is due to cooler weather, decreased air conditioning and the economy. The commercial sales were up from last month but still down from a

year ago. Pierce felt that in spite of this fact, the utility has had a good year. LLP has new commercial customers coming on this next year (Walgreens and Self Serve Lumber) which will help offset these commercial declines. Pierce explained how the MPPA Trust Fund is funded by contributions of refunds processed through MPPA. One of the expected contributions for 2009-2010 is from DTE where the Belle River facility coal purchased by MPPA is being bought back by DTE for their new "clean coal" process at Belle River. The utility will get 4% of approximately 10M which will go into the trust fund. There was a jump in peak demand between May and June. The peak demand was up because of a couple of very warm days in June where more air conditioning was being utilized. The peak demand is still a full mega watt under our capacity and two mega watts under our peak for 2008. Average billing data will be updated next month. The aging analysis is pretty consistent. The utility has a potential write off of \$4,454.00. This write off is on closed accounts that the utility is trying to collect on. There were five unscheduled outages for the current month. The largest impact was for 151 customers. The longest outage time is 180 minutes long. The average number of customers is 37 customers and the average duration is 108 minutes. The current month had one scheduled outage that affected four customers. This outage lasted 75 minutes. The utility has been able to reduce the number of outages, through tree management, that are due to tree limbs. The utility is building a data base for outages and we will soon be able to track our performance on outages.

B. Income Statement JUNE 2009: The Operating Report #020 is the Net Operating Statement. The utility is under budget for revenues for the end of our fiscal year by \$186, 000, there will be some adjustments due to auditing. This reflects the economy and the decrease in sales. The electric expenses are \$307,000 under budget and \$407,000 under last year. June is usually a difficult month to show a profit since we try to book all of the outstanding expenses in June (year end). However, this year the utility had some good sales at MPPA and a very low Pool bill in June which resulted in a net income for June of \$58,000. Net income for the

year is \$120,000 over budget. This is a great financial place to be at the end of the fiscal year. The other income statement is the Operating Report #350. The LLP Operating Income was budgeted at \$395,954 and the actual Operating Income was \$497,887 which is \$101,933 over budget.

C. MANAGERS REPORT:

A. MPPA/MME/APPA Update: Pierce informed the Board of the fall conference dates for MMEA which are October 1 and 2 in Marquette, MI. If anyone is interested in attending, please let him know so arrangements can be made. Pierce has been asked to serve on the MMEA Board and asked for the Boards' input. The Board was in favor of his serving on the MMEA Board.

B. Joint Utility Billing: LLP and the City are making progress. Daffron has been determined to be the better capacity software to process the import and export of data from BSA software. A mock up of the joint invoice is attached.

C. Financial Auditing for 2009: LLP and the City requested bids for combined auditing services. After the bids were in, it was more cost effective for the City to go with Rehmann Robson and for LLP to stay with Vredeveld and Haefner.

D. LLP Community Contributions: Pierce explained that the LLP field staff appreciate the opportunity to be of service to the community. The most recent contribution was to drill holes for the new play ground equipment at Richards Park and to assist with a tree removal at Senior Neighbors. The Board had also directed a contribution of \$1,000, to the Lowell Community Trail Capital Campaign, from LLP.

E. A PLUS PROGRAM: LLP plans to launch our A-Plus program with a flyer in the August billing. The utility has not worked out all the details at this time. LLP will be asking our customers to round up their bills to the next dollar. Since joint billing will be happening in another month or two, LLP and City hope that customers will round up both components of the bill. Beachum mentioned that through the Pink Arrow project money will also be available to those in the community with needs.

F. LLP Newsletter: Pierce would like to start a LLP Newsletter. This would be put out quarterly at first and not only news items but fun and informational things as well. This newsletter would promote energy efficiency information, have a kids' corner, talk about upcoming projects, tell stories about energy efficiency successes and generally promote community involvement, communication and good will. Pierce has given Geiger copies of the Lansing newsletter and a co-op newsletter called County Lines as examples. If anyone has any ideas or examples please get them to Pierce or Geiger.

G. Payables: Attached are the June payables for your review.

D. Complaint Register: Although there were no actual complaints this month, a customer was upset because he felt the conversation over a broken meter tag was an accusation of stealing electricity. A second call came from a member of the Arbor Board who was disappointed that two trees on Bowes Rd. had been topped. This was an error on our tree trimming company's part. LLP has discussed this with the tree trimming company and this will not happen again. The utility has spoken with our customer and explained the situation. He seems to be satisfied.

E. Schedule of Meetings: A schedule of meetings for the month of August is enclosed in the minutes.

VII. Date of Next Regular LLP Meeting: The next regularly scheduled Lowell Light and Power Board meeting will be held September 2, 2009.

VIII. BOARD COMMENTS: Hall commented that last month there was an executive session and asked if minutes were submitted. Since none had been submitted, Hall said that he would put the minutes together. Hall wanted input on current Board Member Compensation. Mayor Hodges will work on this Compensation question. Also regarding street lights, Hall asked if LLP was participating with the street light study with DesJarden? DesJarden is looking for funding. Hall asked if capital funding might come from LCTV Fund. Beachum asked about safe walks for schools and a light pole that needed to be moved. Pierce indicated that they have moved the location of the walk and it is not necessary to move the pole. At their request LLP moved some guy wires for them instead. Thank you from Beachum to LLP for the efforts on the tree solution at Senior Neighbors. Hall wanted to thank Dave Thompson for the letter in Ledger. Johnston would like to go to closed session after the end of the meeting. A motion will be made to do so. Hodges is pleased to see LLP helping with the community needs. Valentine wanted to thank the LLP for doing such a great job.

IX. G.M. EVALUATION :(Closed Session) Beachum moved that the Board go to closed session at 7:13 which was supported by Hall. The motion passed unanimously. The Board returned from closed session at 7:42 with a motion by Beachum, seconded by Valentine and passed unanimously. Beachum made a motion for adjournment at 7:42, seconded by Valentine and passed unanimously.

Chairman, Greg Canfield

Date

