

**MINUTES  
BOARD OF LIGHT AND POWER  
REGULAR MEETING OF JULY 2, 2009**

- I. Call to Order and Roll Call:** The meeting was called to order by Board Chairman Canfield at 5:31 pm. Present were Canfield, Hall, Johnston, Valentine and Beachum. Also present were General Manager Pierce, Utility Plant Foreman Russo, Administrative Manager Sawka and Mayor Hodges.
- II. Approval of Agenda:** Hall made a motion to approve the Agenda as presented. Beachum supported the motion. Approval of the Agenda passed unanimously by the Board.
- III. Minutes of June 4, 2009:** Johnston made a motion to approve the June 4, 2009 minutes with the corrections as stated and the motion was supported by Hall. Approval of the June 4, 2009 Regular Board Minutes were passed unanimously by the Board.
- IV. Public Comment (items not on the agenda):** There was no public present and no public comment.

**V. ACTION ITEMS:**

**Energy Efficiency Services Committee Resolution:** Pierce explained that the MPPA, of which the LLP is a member, has received a proposal from Franklin Energy to act as the implementation contractor for member utilities. Franklin Energy will help the utility reach their EOP goals. Franklin Energy will join with LLP to follow up with the customer(s) to make sure the utilities' customers are correctly utilizing the opportunities for efficiency and rebates. Franklin Energy has the experience to help the LLP meet their Energy Optimization goals and monitor the procedures and paper work. The utility will not need Franklin Energy for the residential lighting program. LLP has a residential lighting plan already in progress. Johnston made a motion to approve the Energy Efficiency Service Committee's resolution to use Franklin Energy as the implementation contractor for the Energy Optimization Plan. The motion was supported by Valentine and passed unanimously by the Board.

**Transformer Purchase:** Pierce requested approval of capital funds for a spare transformer to use as a backup unit but more importantly it would be available to use as a "leap frog" unit as LLP converts sections of the system. In other words, rather than taking an outage while the utility moves one of the existing step down transformers to a new location further up the line, the utility can simply install the spare transformer at the selected location. Once everything is connected and ready to go, then the utility can take the downstream transformer out of service and have it available for the next segment of conversion. The cost is \$19,995 which is almost 20% less than when the first three transformers were ordered last winter. There are sufficient funds in the LLP capital budget for this year (2008-2009). Beachum made a motion to approve the purchase of the transformer as

requested by Pierce. Hall supported the motion. The motion was passed unanimously by the Board.

**VI. INFORMATIONAL ITEMS:**

**Performance Data:** Pierce noted that the total electric requirement is down this month from last year at this time. The electric requirements are down about 3% from last month and about 1% from last year. The revenue is up for the month of May compared to a year ago. The commercial sales are down slightly this month. The utility is holding its own as far as revenue is concerned. The delinquent accounts were down but not significantly. The cash balance was down in April because of three payrolls and some payments for the transformers but back up where it should be at the end of May. We have not used our generators yet, however, Russo and staff have done a couple of start ups. LLP is expecting a call from MISO, through MPPA for the annual simulated test run. We have also submitted data that lowers our entry price into the market by about \$20 a kw. We recently did a recalculation using lower natural gas prices and overhead costs, which lowered the entry price. The aging analysis has stayed fairly consistent over the last three months. The utility had two unscheduled outages in May. One of the two outages involved 52 customers. The cause of this outage was a branch that came down on the line. The outage lasted about 50 minutes. The second outage was caused by a single customer who accidentally caused an outage while trimming a tree. He was out for a couple of hours. The utility had one scheduled outage, the conversion from the South Sub to the step-down transformers. This outage lasted about 2.5 hours and was in the middle of the night on a Sunday. It was scheduled at this time to cause as little inconvenience as possible to our residential and commercial customers. The outage involved 750 customers. Beachum asked that the Board be kept updated monthly on the LLP bad debt.

**Income Statement MAY 2009:** Sales revenues are down a bit. We are under budget almost \$ 200,000 in revenue for this year, which should be offset by the recent rate adjustment. Expenses are down because we have been diligent in watching our expenses. For the year LLP is doing well. The utility had a net income of \$33,577 for this month. This is a good place to be for this time of year. June is usually not a good month for income since the utility tries to close out all the expenses for the year by month end. Purchased power was under budget due to a number of credits that were all booked in May. This was the main reason May was as positive as what it was. The net income, YTD, is up about \$50,000 from what was budgeted. The operating income for May YTD is up \$55,000 from what was budgeted. Year to date our operating income is \$406,000.

**MANAGERS REPORT:**

**A. APPA CONFERENCE:** Pierce felt the conference was very informative and suggested looking at the website to see the information on the conference. Pierce and Canfield noted how informative the speakers at the conference

were and discussed some of the information on electric cars and the smart grid.

- B. ENERGY OPTIMIZATION PLAN:** In April, 2009 LLP filed their Energy Optimization Plan and the MPSC had 60 days to review it. LLP was not immediately approved, because the utility decided to not charge their customers. It was determined that LLP's "allocation" was in fact the same as the Act's term "surcharge". The MPSC has now been satisfied and LLP has received approval of their EOP.
- C. RATE ADJUSTMENT:** The spring 2009 Rate Adjustment has been fully implemented. There was only one customer comment regarding the rate change. Pierce felt that this was pretty positive considering that we have 2500 customers and there no other complaints voiced. Pierce said the utility would see how the CFL coupon return response was and possibly consider a light bulb exchange next fall at the open house. The LLP also has coupons available at the office.
- D. SOUTH SUB DECOMMISSIONING:** Pierce explained that the South Sub is decommissioned and the site is ready for seeding. Pierce gave congratulations to Russo for his, and the crews' great job on the South Sub project. The LLP team sat down together to look at their objectives for the coming year. One of the major projects will be converting some portions of the town to the new voltage. Wolverine would like to know the utility's plan for decommissioning the 69KV feed; if the utility stays with Wolverine more than another year they would need to do some major updating. Another goal, then, is to have the plant conversion complete so that Wolverine can disconnect by next summer.
- E. JOINT LLP AND COUNCIL MEETING:** The quarterly meeting was at City Hall and there were several topics discussed. One of the topics was a comparison of non-salary benefits between the City, the Police and LLP. The comparison showed that although there are some minor differences, basically the packages are very similar. Also discussed was the progress with the joint billing and Pierce committed to having the project accomplished by this fall. Lastly Pierced informed the Council of our A Plus program and that Pierce had been working with Pasquale to make it a City wide campaign. The whole process could be greatly simplified with joint billing and in full swing citywide by then. The LLP has applied for a grant from the Cable TV Endowment Fund for seed money for the program.
- F. PAYABLES:** This report is attached for review. A question about why we have a need for a new name plate. Pierce said it was because we changed titles.

**Schedule of Meetings:** A schedule of meetings for the month of July is enclosed in the minutes.

**Date of Next Regular LLP Meeting:** The next regularly scheduled Lowell Light and Power Board meeting will be held August 6, 2009.

**VII. BOARD COMMENTS:** Johnston mentioned that the MMEA web site links to the City not the LLP. Pierce will look in to this. Valentine corrected his statement about \$100,000 swing on the balance sheet; it was \$260,000 which Valentine said made it even more impressive. Valentine is very pleased with the lofty goals and praised Pierce for his leadership. Beachum says that he is involved with the Pink Arrows. Beachum asked, if the Pink Arrows needed any in kind services, that the LLP please consider offering their services. Hall said that it was mentioned at the Council meeting that the Bowes road decommissioning of the substation was very much appreciated. Canfield appreciates the good job that Russo, Pierce and Sawka are doing. Canfield also encouraged Board members to attend the APPA conferences as they are very informative. Canfield also looks forward to the next year after the success that LLP has had this year. Hodges informed the Board that City Manager Pasquale plans to be around for awhile and continues to have support of the Council.

**VIII. G.M. EVALUATION :( Closed Session)** Hall moved that the Board go to closed session at 6:40, supported by Valentine and passed unanimously by the Board. The Board returned from closed session at 7:21

It was moved by Hall and seconded by Beachum to adjourn at 7:22. Motion was passed by unanimous vote.

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**Chairman, Greg Canfield**

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**Date**