

**MINUTES
BOARD OF LIGHT AND POWER
REGULAR MEETING OF MARCH 5, 2009**

Call to Order and Roll Call: The meeting was called to order by Board Chairman Canfield at 5:30 pm. Present were Beachum, Canfield, Hall, Johnston, and Valentine. Also present were General Manager Pierce, Administrative Manager Sawka, Kalm Temporary Assistant, Generation Manager and Mayor Hodges.

Approval of Agenda: Beachum made a motion to approve the Agenda with a change of adding Action Item D-Cher's Sun Tanning business. Hall supported the motion. The motion to approve the agenda and addition passed unanimously.

Approval of the Regular Board Minutes: Beachum asked, if there is a vote taken and there are Board members who oppose, should these members who are for and opposed be listed by name. The Board agreed that the individuals should be listed. Canfield asked that his statement be removed from the minutes of February 5, 2009 regarding compensated absences. Canfield said he supports the employees and their hard work but felt 15 days instead of 17 days was what he would like to support. The two opposed were Hall and Canfield. Beachum made a motion to approve the minutes with the changes stated. Hall supported this motion. The minutes from February 5, 2009 were approved unanimously with the changes above.

ACTION ITEMS

A. Fitness/Wellness Plan: The Board approved compensating \$400 to each employee who joins a fitness club of their choice to encourage a healthy life style. This would be handled by the utility employee paying the initial fee and the employee would then be reimbursed by the utility. The monthly fees would be paid to their club by the utility. The \$400 is based on a participation of a minimum of 80 days a year and would be subject for review annually. Enrollment must take place by May 1, 2009. This membership will be a one year trial. Beachum made a motion to approve the Fitness/Wellness Plan as stated above. Hall supported this motion. The motion was passed unanimously by all Board members.

B. 2009 – 2010 Budget: Pierce pointed out that he did not make many budget changes since the original review by the Board February 26th. Pierce added a separate line item for tree trimming under Distribution Expense and took the tree trimming expenses out of Maintenance of Overhead Lines where it had originally accounted for. Pierce also pointed out; in 2008 we spent \$117,825 for tree trimming. This year the utilities' budget was \$100,000 for tree trimming and we will only be spending about \$85,000. Pierce has budgeted \$65,000 for tree trimming in 2010. Some of this trimming next year will be done in house and the rest will be outsourced. Pierce took about \$20,000 out of the Distribution General Expenses since some of these salary hours will now be in tree trimming. Pierce also added a Customer Assistance Fund Account and placed \$6,000 in that account to get it started for 2009-2010. The utility will plan on getting their "A Plus"

program in full swing this summer and try to include a round up your bill promotion. The utility will also look for matching funds and grant money. One of the questions asked, was “what goes into the Other Compensation account?” Pierce informed the Board last year was the General Managers other compensation at the time of his leaving. The rest of this was all standby pay and back pay plus any payments to the employees for “in lieu of insurance” benefits. Pierce took about \$20,000 out of the Distribution General Expenses some of these salary hours will now be in tree trimming. When you roll all this up it makes a difference of \$20,000 higher in net revenue. The Capital budget was not passed out in this report as nothing has changed from last week. Beachum made a motion to approve this budget and send it on to City Council. It was supported by Johnston. The budget passed unanimously.

C. LLP Internet Policy: Pierce presented the LLP Internet Policy which was researched by Sawka and Russo and our personnel attorney, Steven Girard. There was much discussion by the Board and there was concern about the way the policy was worded. Pierce recommended that revisions be made and bring the policy back for final approval or rejection at the next meeting. Johnston made a motion to table the Internet Policy until the next meeting and Hall supported the motion. The motion to table the Internet Policy until the next meeting passed unanimously.

D. Cher’s Back Bill: Pierce said he would need approval to provide credit to Cher for the error in billing this would be a potential credit. Hall made a motion to repay Cher for this back billing Johnston supported the motion. The motion to repay Cher her back bill error was unanimously passed. Hall requested a policy be written for this situation in the future. Pierce will bring a sample of policies to the Board.

INFORMATIONAL ITEMS

A. Performance Data: January was a very cold month and residential usage was up in both revenue and KW hours. Commercial sales were up from a year ago. Commercial sales were down in KWH from the previous year and also from the previous two months. Beachum asked why we had 22 customers less. Pierce believes that some are moving away but expects to see this pick back up again. Beachum asked Pierce why the revenue is higher when we had less KWH. Pierce explained that this is attributed to having all customers on the correct rate. We also are seeing the demand portion of our rate go down as some of our customers are changing from working 8 hour shift to 6 hour shifts. Pierce stated it was all in all a good month from a revenue standpoint. However, this is the first month we have seen a decrease in the utilities’ investments. The utility is down 1.7% in the month of January from the previous two months. Beachum inquired about the MPPA Trust Fund and why the large decrease this month. Pierce explained that this is a combination of the investment and MPPA regularly takes money out of the fund for the normal payment process and a quarterly amount was taken out in the month of January. Hall inquired about getting a reliability report. Pierce agreed to provide this report on a simple monthly statement of outages and location and times.

B. Income Statement January 2009:

Sawka explained the detail on the income statement. Sales Revenue was previously explained by Pierce as being up because January was extremely cold. Service revenue is up due to customer late charges and other customer service fees being collected. This is the first month that we have seen a decline in Miscellaneous Revenue. According to what is happening in today's markets this is fortunate that this is the first time the investments have been down. Miscellaneous Revenues are due to investments and other interest income. In all total electric revenue is up from budget and from last year. Sawka detailed expenses – Generation Expenses are down considerably. Purchased Power expense is down this January compared to budget and YTD compared to YTD a year ago. Distribution expenses are also down slightly comparing current month to the budget. Customer Accounting Expenses are up slightly from the budgeted amount. Marketing and Advertising expenses are down approximately 37% from budget and from year to date last year. Admin/Gen/Outside Services expenses are up 33.8% this is mainly in the outside services category. Total electric expenses are up slightly in the current month actual to what was budgeted, but are down year to date actual compared to year to date budget. Beachum asked if it is worthwhile to do a monthly budget. Pierce didn't think the effort would be worth it at this time.

Manager's Report: Presented to the Board by Pierce.

- **MPPA Update:** Our "Intent to Comply" forms have been submitted for our EO and RPS plan and the utility has set a date of April 1st (coincident with our April Board Meeting) to hold a public comment session regarding our Plans. Rates have been tentatively set at \$.0011618/kwh for Residential customers (approximately \$.70/ customer), \$3.50/customer for Commercial customers and \$100/customer for Primary customers per month. This change is scheduled to go into effect with the implementation of the billing software upgrade in April. The dollars generated from the EO Plan will be deducted from the overall rate adjustment expected for April or May.
- **Shut Off Policy and Limiters:** The bills have not yet become a law. Pierce feels that this will probably pass because of all the media attention it is receiving.
- **LLP 2009 Benefits Review:** The majority of the employees have completed the necessary requirement for conversion to the new health plan.
- **Compensation Survey Update:** Pierce received the final draft Compensation Survey from Rehmann Robson. Pierce found a couple of necessary revisions, but the report seems comprehensive and applicable. Pierce will supply a copy of the report at the next board meeting.
- **Strategic Planning Update:** Pierce attached a copy of the Strategic Plan. This will be reviewed by the Board at the next meeting.
- **2009 Rate Adjustment:** Pierce explained that our cost of service study should be completed in the next week or two and we will have a good idea of how that will impact our upcoming rate adjustment. Pierce believes that the utility will need a 6% adjustment to take effect in May.

- **Joint LLP Board/City Council Meeting:** A tentative date of March 26th, 7:00 pm at City Hall was recommended. If the Board agrees, Pierce will firm up the date. One of the main topics will be an informational discussion of Payment in Lieu of Taxes.
- **APPA Annual Safety Award:** Pierce announced that LLP has won the National 2008 Safety Award for Group B utilities. Pierce also stated that this is an indication of our commitment to Safety. Russo will try to get mention of this in the Lowell Ledger.
- **Payables:** This report is attached for review. Beachum inquired when the decision would be made on the temporary assistant after reviewing Accountemps. Pierce is reviewing the position at this time. Beachum asked why we pay Grand Rapids taxes. Sawka replied that the utility has an employee that lives in Grand Rapids.

Complaint Register: (No new complaints since March 2008)

Date of Next Regular LLP Meeting: The next regularly scheduled Lowell Light and Power Board meeting will be held April 1, 2009.

PUBLIC COMMENTS

There was no public present. Therefore, there were no comments.

BOARD COMMENTS

Valentine inquired as to how Matt from Medco is doing. Sawka said that he is progressing. Valentine offered congratulations on Safety Award. Valentine thanked Pierce and staff for all the work that went into the Plans. Valentine asked if meeting times could be changed.

Hall stated that meeting times can be changed.

Beachum reminded everyone present there will be a meeting held regarding the trails on March 11 at Lowell Township at 6pm. Beachum asked that as many as possible be present to show interest as the DNR will be there with a possible opportunity for grant money for this project. Beachum asked if we changed the meeting time could the utility put a note in the paper regarding a change.

Johnston gave a thank you for all the research on all the Plans.

Canfield thanked the utility for all the hard work that they put into policies and plans.

ADJOURNMENT

There was a motion by Beachum to adjourn and a second by Johnston to adjourn the meeting. Motion passed by unanimous decision of the Board.

The meeting was adjourned at 7:30 p.m.

Chairman, Greg Canfield

Date