

MINUTES

BOARD OF LIGHT AND POWER

REGULAR MEETING OF AUGUST 12, 2010

- I. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order by Board Chairman Canfield at 5:30 p.m. Present were Beachum, Canfield, Hall, Johnston and Valentine. Also present were General Manager Pierce, Electric Distribution Manager Russo, Utility Financial Services Manager Sawka, Staff Accountant Donkersloot and Lowell City Mayor Hodges. Public present were Lowell Police Chief James Hinton, Jon Francis, Tom Torres, and Adam McGregor.

- II. **APPROVAL OF AGENDA:** There was a motion by Beachum and a second by Hall to approve the agenda as presented. The motion passed by unanimous vote of the Board.

- III. **APPROVAL OF THE MINUTES:** (July 1st, 2010 Regular Board Meeting)
Beachum asked to have a change in Item VI-C from the word “her” to “him” regarding the letter from Kim at Greenridge. There was a motion by Hall and a second by Johnston to approve the minutes as corrected. The motion passed by unanimous vote of the Board.

- IV. **PUBLIC COMMENTS:** Items not on the agenda) There were no public comments.

- V. **ACTION ITEMS**

A. Lowell Light & Power Paid Time Off Policy: The Board reviewed the memorandum provided by Pierce, comparing Light and Power, City of Lowell and other public utilities regarding their personal time off policies. Johnston asked if the intent of the policy was to take all time off, and rolling it together as PTO time, with no designation as to vacation, sick time, etc. Pierce confirmed that was the intent. Beachum noted that Holland was going to be changing the policy at the end of the year and asked if the plan was similar to LLP's proposed plan. Pierce said that in theory it was similar. Canfield questioned the \$682.00 premium difference for having a STD plan starting on the 8th day as opposed to the 30th day. He asked if that was a total amount for all employees or an amount per employee. Pierce reported it was the difference in total amount for all employees. Canfield asked if the utility could offer two STD plans; one being the 8th day plan and another being the 30th day plan. Pierce will check with the provider to see if that could be a possibility. Johnston felt this was a good plan and is more aligned with the public sector and is supportive of the policy change. After more discussion there was a motion by Beachum and a second by Johnston to adopt the Personal Time Off Policy with a reduction in total days to be phased in by deducting two days in the first year and three days in the second year. The motion passed by unanimous decision of the Board.

VI. **INFORMATIONAL ITEMS:**

A. Performance Data: Pierce reported that the utility showed a very good month in all aspects. Kilowatt hours used and sales were both up mostly due to the extremely hot weather and high use of air

conditioning. Also up were the numbers of both residential and commercial customers. He reported that delinquent accounts were down after billing. Pierce also explained that, as the Board previously inquired, the amount still outstanding after July 31st from July's outstanding balance of \$2,102.00, was \$85.00. He reported Paine Webber investments were up as was the MPPA Trust Fund. He also reported that the potential write-off amount was up this month mainly due to \$3,500.00 outstanding with Superior Furniture and a single customer with a balance of \$1,500.00. LLP will continue to pursue collection. Beachum asked if a lien could be put on Superior Furniture. Sawka answered "yes" and Pierce reported that that process had already begun.

- B. **Income Statement (June 2010):** Pierce reported that the utility had a very good month. Total sales revenue was over budget for the month and also 4% over last year in the month of June. Pierce also indicated that Campbell had been down during the month and that we had to buy electricity from the market, which impacted the financials for the month. Beachum asked if the utility's generators had been operational could the utility have run and would it have been cheaper to do that? Pierce said it would have been hard for the utility to produce that much energy and the under the current MPPA Pool contract we can't just run whenever we want. Starting January 2011 it will be a possibility to run at our discretion and will determine at that time how cost effective it is for us to run compared to buying the electricity.

Pierce went on to report that the June financial statement is an unaudited look at the fiscal year-end and most major expense categories were under budget for the year. He said that total

operating expense was about 5% under budget. He reported that the utility had a net loss of \$375,000 in 2007 and will have a net gain in 2010 of about \$300,000 reflecting a turnaround of \$675,000. Pierce said there will not have to be a rate adjustment during 2010.

C. **Manager's Report:** Pierce updated the Board on the following activity.

MPPA:

- Small amount of Granger online this month with more by year end.
- LLP is one of 10 MPPA utilities completing a study of four potential sites for a Combined Cycle generating facility. The Kalkaska CT site is one of the four. LLP cost is \$10,000.
- Belle River Chem Mod program not fully operational yet.
- Belle River completed a new year 5 year rail contract for coal. Cost is up from \$8 per ton to \$20 per ton which could result in a 40% energy cost increase from Belle River in 2011.
- NERC and RFC working with MPPA to determine which agency utilities are part of the BES or Grid. LLP is one utility in question. GRP was hired to give a professional opinion. GRP's opinion is that LLP is not a part of the Bulk Energy System (BES).
- Lansing announced construction of a new 182 MW gas fired Combined Cycle Generator to replace some of their old Eckert facilities.
- **MMEA:**
- MMEA supports the MISO Transmission intervention with FERC.
- The MMEA fall conference is Sept. 15-17 in Wyandotte.

- **APPA:**
- Steve Donkersloot will be attending the APPA accounting and finance training session in Indianapolis Sept 19-22.
- **System/Generation Upgrade Progress:** Pierce reported that the utility still does not have the generators back online. The new PT's were installed and working properly, but during final testing there were regulators (engines 5 & 6) that didn't allow equipment to sync properly and caused engine shutdowns. New regulators ordered (Newkirk expense) and are scheduled for installation & testing August 16-19.

LLP crews continue to do routine tree trimming and are waiting on several transformers for upgrade to 12470 voltage this fall at various commercial locations (Litehouse, Root-Lowell, and Metric).

Expansion: The City attorney (Dick Wendt) is working on a new resolution for City Council to adopt, reversing the 1960's Resolution regarding Atwood and Consumers. Pierce is setting up a meeting with Chris Drees at Atwood to discuss potential electric service.

Strategic Planning: Pierce attached copies of the approved Strategic Plan in the June Board Member packets. Beachum made a motion to postpone any action on the strategic planning until the September Board meeting. There was a second by Johnston. The motion passed by unanimous decision of the Board.

New Position: The Energy Services Coordinator position has been posted on the website and in the MMEA Currents Magazine.

Employees: Pierce provided to the Board members a listing of all LLP employees with their pictures, position/title and a brief bio.

Newsletter, Website, Customer Communications: Pierce informed the Board that the summer Newsletter will be going out in August.

Pierce is working with the City to find a vendor to update our websites. A bill stuffer went out in the August bill promoting the APLUS program and EO program for low income families. To date LLP has collected \$746.77 from its customers, which was matched by LLP for a total of \$1,493.54. Since inception of the APLUS program, the utility has helped customers with \$1,266.58 from the APLUS fund.

Daffron Upgrade: The Daffron software upgrade is progressing. LLP is waiting for a T1 data line to be installed. Also, two employees (Kenda & Steve) will be attending a Daffron training session in late August/ early September.

Smart Meters: Pierce reported that the utility is in final stages of preparing for installation of their Smart Meter pilot program. The plan is to test meters in approximately 190 homes in the Whispering Hills area and a few commercial customers in the same west end area.

Policies: Pierce reported that the utility is continuing to work on a new Employee Handbook. The plan is to have a copy to the Board in September for review.

Punch List: Pierce asked the Board for input on what should be included on a “punch list”; the list would contain updates on items not already addressed at regular meetings. Beachum suggested a quarterly/semi-annual update on the utilities 5-10 year projected financial and capital projects plans. Valentine commented he would like to see a monthly update on the employee activities.

LLP Open House: The utility is planning on the annual Open House for Saturday, October 9th. Liz Baker requested the utility have the bucket ride activity on Main Street, but without the food. Pierce and the Board decided to have the bucket truck on Main Street this year, no food and no open house but a booth on site with the bucket truck.

Department Picnic: Interest in a staff picnic has been expressed. Double R Ranch was suggested; canoeing, golfing and horseback riding are all activities available. Pierce will look into it.

Payables: Pierce provided a list of payables to the Board for review.

D. Schedule of Meeting: A schedule of meetings was enclosed in the board packet.

E. Complaint Register: Canfield had brought attention to a letter he had received from an unsatisfied customer last month. Pierce looked into it and the customer complaining has been given “grace” before. Pierce and Canfield addressed the customer by letter. A revised procedure has been put into place to insure LLP drop box retrieval accountability. This should avoid any potential for similar issues in the future.

VII. **NEXT REGULAR BOARD MEETING:** The next regular meeting of the Board will be Thursday, September 9, 2010.

VIII. **BOARD COMMENT:** Johnston has been in touch with Lisa Posthumus (State Representative candidate), hoping to educate her on the Utility.

Valentine suggested a press release in the Lowell Ledger and/or Grand Rapids Press explaining the Utility will not have a rate increase this year.

IX. **ADJOURNMENT:** There was a motion by Hall and a second by Beachum to adjourn the meeting at 7:07 pm. The motion passed by unanimous vote of the Board.

Chairman Canfield

Date