

MINUTES
BOARD OF LIGHT AND POWER
REGULAR MEETING OF February 4, 2010

- I. Call to Order and Roll Call:** The meeting was called to order by Board Chairman Canfield at 5:38 pm. Present were Johnston, Hall, Canfield, Beachum and Valentine. Also present were General Manager Pierce, Administrative Manager Sawka, Utility Foreman Russo and Mayor Hodges.
- II. Approval of Agenda:** Hall made a motion to amend the Agenda to include an Authorized Signature Resolution for Huntington Bank as Action Item A. The motion was seconded by Johnston and approval of the amended Agenda passed by unanimous vote of the Board.
- III. Minutes of January 7, 2010:** Hall made a motion to approve the minutes of the January 7, 2010 Board Meeting with the spelling Peter Haefner's name corrected on page one. Valentine supported the motion. The motion passed by unanimous vote.
- IV. Public Comment (items not on the agenda):** There was no public present and no public comment.
- V. Action Items:**
- A.** A Resolution authorizing Board members Canfield, Hall and Beachum along with Pierce and Sawka as signators for Huntington bank was presented. A motion to approve the Resolution was made by Valentine, seconded by Hall and passed by unanimous vote of the Board.
- VI. Informational Items:**
- A. Performance Data:** December 2009 was a "smiley" month from a performance data perspective. It appears that maybe LLP has reached the bottom of the downward trend in sales and usage. Even though the total electric requirements were still down slightly from last year, they were up from the month of November. Residential and commercial sales were both consistent with last year. Peak demand was slightly above a year ago and the aging analysis showed that December had the lowest outstanding collectable balance of the last three months. The only down side for the month was that it was not a good month for the market and our investments dropped slightly. There were

two outages in the month of December. The new outage report was attached. The outage report shows the number of outages, cause, time, and whether scheduled or unscheduled. This report also displays relevant industry wide statistics and LLP's average service availability is 99.99%. One of the outages in December was scheduled as part of the Wolverine tie decommissioning and the other was a squirrel that caused approximately 1300 customers to be without service for 30 minutes.

B. Income Statement (December 2009): Overall revenues are still over budget for six months ending December even though there was \$28,500 net loss for the month. The loss occurred primarily because we booked the \$40,000 payment to Wolverine, had a \$29,500 tree trimming invoice from MEDCO and paid for our annual Audit. Therefore, overall expenses were roughly \$30,000 (7%) over budget for the month but still under budget \$147,000 (5.6%) for the six months year to date. Both our Operating Income and Net Income are well over budget for the year.

C. Managers Report:

MPPA/MMEA /APPA Update: A second meeting was held at LLP offices to discuss the possibility of some type of contracting arrangement with the Mancelona Biomass Project. This project is a 36 MW base load biomass plant to be constructed near Mancelona. Pierce and Hall represented LLP while members of the staff at MPPA and the Mancelona project were present for the discussions. Although there are still many details to investigate and work out, the project has possibilities.

EO Plan Update: The draft 2009 EO Plan data has been collected and sent to our Evaluation Contractor through MPPA. Basically we achieved higher usage savings than our Plan required and spent the budget dollars allocated for the first year of the Plan. We are allowed to carry forward 30% of any extra savings to the following year. Once the annual report is evaluated and finalized, we will know for sure how many kWhs of savings will actually be carried forward to 2010.

A Plus Program: Pierce reported that the A-Plus program is up and running and contributions from customers are coming in. Pierce also indicated that the City Council had approved participation in the program and contributed \$1,000 to help fund

the program. LLP had budgeted \$6,000 for the program to be contributed as a match to funds contributed by customers.

2009-2010 Projects: A brief review of the 2009 -2010 System Projects was given. The utility is ahead of schedule on the Plant Substation project and is expecting to have the generators back on line by April 2010. Other line upgrade work continues and conversion are being completed on South Broadway and for the replacement of the Old Wolverine lines coming into town along North Riverside and North Hudson. The goal for the utility is to have 25% of the system converted to the new 12470 voltage by the end of this fiscal year.

Joint Board City Council Meeting: A joint meeting has been set for March 8th. The main topic of discussion will be the recent MERS requirements for participation in the annual COL program. MERS raised their program requirements in 2009 such that participants must be 80% funded to qualify. Neither the City nor LLP are at the 80% level. The group will discuss possibilities for potentially achieving the requirement.

Budgeting: The 2010-2011 fiscal year budgeting process will begin in February and develop a draft budget for the Board's review at the March 4 meeting.

Payables December payables were attached for review. There was a brief discussion about putting the tree trimming services out to bid for the next season. Pierce indicated that seeking bids was his plan.

Pierce indicated that online payments are now available for utility customers, including credit card payments. Pierce also gave a brief update on the CT project meeting that occurred earlier in the week.

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

E. Complaint Register (No new complaints)

VII. Date of Next Regular LLP Meeting: The next regularly scheduled Lowell Light and Power Board meeting will be held Thursday March 4th.

VIII. BOARD COMMENTS: Canfield indicated that he would be out of town and not be available for the next Board meeting.

Beachum wondered if LLP could remove the old pump station across the street from the plant on Riverside and if the large poles associated with the Wolverine tie were going to be removed. Pierce indicated that the poles were going to be removed in the next couple of weeks and that the pump station could be removed at any time. Beachum also asked that as LLP pursues being the premier utility of its size (a strategic goal), how do we compare with other MPPA utilities of our size? Beachum would also like to see LLP involved in the National Lineman's Rodeo through APPA. Pierce indicated that there was some historic comparative data available for MPPA utilities and that he was already encouraging a couple of LLP staff to go and at least visit the Rodeo this year.

Hall had received a comment and questioned whether LLP was attending the MDOT bridge project meetings. Pierce indicated that LLP attended the meetings that were pertinent to their role in the project, as notified, but had not attended all the meetings. Hall also questioned how far the Chatham property extended to the west of the paved area. Russo and Pierce indicated that it went as far west as the stream. Johnston asked that Russo's list of projects be compared with the annual Capital Plan and also asked that we compare our A-Plus program with similar programs at other utilities.

Discussions continued regarding the LLP Strategic Plan. Goals were established and/or modified from the previous Plan and several action items were developed by the Board to help guide staff in achieving the established goals. Pierce will make the necessary changes to the plan and upon final approval by the Board will post the Strategic Plan on the LLP web site.

Canfield entertained a motion to adjourn.

IX. Hall made a motion for adjournment at 7:56 pm which was supported by Beachum and passed unanimously by the Board.

Chairman, Greg Canfield

Date