

MINUTES

BOARD OF LOWELL LIGHT AND POWER

REGULAR MEETING OF NOVEMBER 11, 2010

- I. **CALL TO ORDER AND ROLL CALL**: The meeting was called to order by Chairman Canfield. Present were Beachum, Canfield, Hall, Johnston, and Valentine. Also present were General Manager Pierce, Electric Distribution Manager Russo, Utility Services Manager Sawka, Staff Accountant Donkersloot, part time Human Resources person Anna Lindhurst and City of Lowell Mayor Hodges.

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

- III. **APPROVAL OF MINUTES** (October 14th, 2010 Board Meeting): There was a motion by Beachum and a second by Hall that the minutes of the October 14th regular Board meeting be approved as written. The motion passed by unanimous vote of the Board.

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

- V. **ACTION ITEMS**
 - A. **Employee Handbook**: Pierce explained to the Board that all of the suggestions identified at the October Board meeting had been incorporated into the new personnel handbook. However, the results of the attorney review had not been received. Pierce offered the

board the option to postpone final review of the handbook until attorney comments could be incorporated. The Board agreed that they would prefer to review a completed final version before giving approval. There was a motion by Beachum and a second by Valentine to postpone approval of the new Personnel Handbook until the December 9th Regular Board Meeting. The motion passed by unanimous vote of the Board. Lindhurst left the meeting.

B. Smart Meter Pilot, Installation Approval: Pierce updated the Board on the Smart Meter Pilot. He said that money has been budgeted in the annual Capital Plan. The Capital Plan for 2009 and 2010 each had line items of \$40,000 to initiate a smart meter pilot project. Pierce has been working with a vendor, Elster, to develop such a pilot. The project would incorporate 190 residential and 10 commercial customers in the Whispering Hills/ Meijer's area. The project would include a new digital meter to each of these customers and the ability to collect monthly electric data remotely as a pilot for 90 days. After 90 days the utility would have three options. 1) Purchase the equipment and software to continue the automatic collection of meter data themselves, 2) engage a third party data collection service to collect the data, or 3) simply collect data from the new meters manually. Pierce also said that the project/meters ultimately have the potential to collect water meter data. Pierce indicated that he has approached the Water/Sewer Dept. and they are interested but everyone wants to see how this pilot works out. A water module could be added to the Elster electric meter if the City were interested in joining the project at some time in the future. After more discussion by the Board there was a motion by Beachum and a second by Valentine to approve the smart meter pilot with Elster at an expense of \$27, 000. The motion passed by unanimous vote of the Board.

VI. INFORMATIONAL ITEMS

A. Performance Data: Pierce reported that September was a typical month, down slightly from August due to cooler temperatures but up overall from last year. Total usage was down slightly in terms of kilowatt hours but sales revenues were up as were the number of customers. Delinquent accounts were slightly over the previous month and the previous year, but the amount left uncollected at the end of the month was zero. Pierce reported that the investments were holding well and overall up 10% over last year. He also reported that uncollectable accounts or potential write offs were up to \$13,249. However, the utility has sent a list of eight accounts to the City to have tax liens placed on the properties with winter taxes. The amount to be placed as liens is about \$4,700, which would leave an uncollected amount of \$8,500 (up from last year about \$3,000).

Pierce reported that September was the month that we had the bad storm and had outages affecting approximately 120 customers. The utility's after hours call center was not operating the night of the outages which Pierce attributes to the storm. The average outage time per customer was five hours. He said the utility had received several calls and comments from customers thanking the utility for its quick response.

B. Income Statement (September 2010): Pierce reported to the Board that he was pleased with the ongoing refinements to the income statement and thanked Steve for his work. He reiterated that the statement now shows a more realistic monthly budget based on historic trends. The utility was slightly over budget on the revenue side (about 1%) for the month and about 1.50% for the quarter. He said the expenses are slightly over budget primarily due to an accounting anomaly in purchased power which had been discussed previously.

Pierce indicated that the operating income was under budget year to date but still strong and healthy.

C. **Manager's Report:** Pierce gave updates on the following items:

1. **MPPA/MMEA**

- Pierce and Russo attended a Risk Management training session at MPPA. Lowell's short term risk is low due to ownership of Campbell, Belle River, Kalkaska CT and Granger. However, the economy, coal transportation costs, environmental regulations and the uncertainty over Carbon regulations raise the question of long term certainty and exposure to risk.
- MMEA and MPPA have submitted an intervention with FERC on the socialized transmission issue.

2. **System/Generation Upgrade Progress:**

- Fiber make ready work was completed by staff and fiber installation by Telcom should be finished by the end of November.
- Lighthouse is completing the electrical work necessary for their addition and we will have them converted over to a demand customer when they come back online.

3. **Expansion:**

- Continued contact with Steelcase has resulted in load data which will help us determine what would be required to provide energy to the Lowell facility (Atwood).
- Meeting scheduled with The Right Place regarding possibility of having Bio Gas facility located in Lowell.

4. **New Position:**

- Energy Services Coordinator position remains unfilled.

5. **Strategic Plan Punch List:**

- A scope of work for the web page redo was sent to a dozen potential bidders for a proposal.
- Received final quote from Elster for smart meter Pilot project.
- Continued discussions with Steelcase to hopefully secure Atwood's business.
- System modeling completed and having first post model meeting with GRP this month.

Short Term Punch List:

- Ivan Blough Plaque- in progress
- Ivan Blough Scholarship Fund-in progress (in hands of Chamber)
- Board Press Release-completed locally.

6. **Electric Vehicle Charging Stations:**

- Site review completed by ChargePoint America and preliminary indication is that all five sites will be selected.

7. **Retirees Cost of Living Resolution:**

- City Council approved LLP's request for retiree's Benefit E Resolution at their October 18th Council Meeting.

8. Customers:

- The utility received a couple phone calls and a couple personal acknowledgements after the State's "worst wind storm of the Century" thanking the utility for its great service.

9. Tax Liens:

- Pierce found out that tax liens get recorded and placed on the record twice a year when the tax bills go out for summer and winter taxes. LLP has submitted several, including Superior Furniture to be included on the winter tax bill which is due in February.

10. Payable:

- Pierce provided the August payables for the Board's review.

11. Mary's Announcement:

- Pierce announced that the Utility Services Manager Mary Sawka has given notice that she will be retiring on December 31, 2010. She said she had met most of her goals and she has faith in Steven Donkersloot's ability to take over her position. She said she has worked with a lot of good people. The Board congratulated Mary and thanked her for her service.

D. Schedule of Meetings: Pierce presented the schedule of meetings to the Board. Pierce also noted that the utility is closed on Thursday, Thanksgiving Day and the Friday following.

E. **Complaint Register:** There were no new complaints.

VII. **NEXT REGULAR LLP BOARD MEETING:** The next regularly scheduled Board meeting will be held December 9th, 2010.

VIII. **BOARD COMMENTS:** Canfield asked where the five electrical charging stations were going to be located. Pierce said one is across from Larkins in the parking lot next to Shell, another is at the Memorial parking lot across from the Flat River Grill, another is the Avery Street parking lot across from City Hall and next to the school administration building, another is behind the old cable TV building next to the Chamber and the fifth is yet to be determined.

Beachum attended a Pink Arrow/FROM Fund raiser over the weekend and would like the utility to have another push on the A-Plus program. Perhaps another article in the Ledger would help raise community awareness and help aid the less fortunate people in our area. He also wanted to thank Tom and Greg for their immediate response to a restaurant's question regarding their high bill. He asked if the utility was meeting its goals in the optimization program. Pierce said he would have a report for the Board at the next month's Board meeting. Beachum asked about shut offs. Beachum asked about a holiday party with the City. He noted that the utility had carried the ball for the party last year and suggested the City organize it this year. Beachum read in the APPA magazine about the annual national lineman rodeo being held in Nashville this year in March and asked if anyone from the utility would be attending. He said he would be interested in going and he would encourage any of the utility's linemen to participate.

Hall noted that it is audit time and he said he would like to have an outside firm do an audit after the original audit is complete as a second

opinion and viewpoint. After some Board discussion, Pierce said he will set it up.

Hodges wanted to add two additional dates to the schedule of meetings. He wished to add on Monday, November 29th the meeting with the facilitator at City Hall at 7:00 p.m. regarding the search for a City Manager. He also wished to add Saturday, December 4th Coffee with Council at 8:00 a.m. and the Christmas Parade at 6 p.m. He said the next City Council meeting is Monday, December 6th. Hodges repeated that the City Council had passed Light and Power's request for a cost of living adjustment for its retirees. He said the matter passed by a 3 to 2 vote, but inspired the Council to work towards a solution for their retirees as well. Hodges also said that the City will discuss the challenge brought up by Beachum regarding the interdepartmental holiday party for all departments of the City.

Canfield congratulated Mary on a job well done in her 22 years at the utility and he appreciates her years of service.

IX. ADJOURNMENT: There was a motion by Hall and a second by Johnston to adjourn the meeting. The motion passed by unanimous vote of the Board at 6:57 PM.

Chairman Canfield

Date

