MINUTES
BOARD OF LOWELL LIGHT AND POWER
REGULAR MEETING OF OCTOBER 14, 2010

I. CALL TO ORDER AND ROLL CALL: The meeting was called to order by Vice Chairman Johnston. Present were Beachum, Hall, Johnston and Valentine. There was a motion by Beachum and a second by Hall to excuse the absence of Chairman Canfield. The motion passed by unanimous vote of the Board. 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: Pierce asked to have an item added to the agenda. He asked for the addition of Item C to the Action Items for the Board to approve an alternate Commissioner to MPPA. There was a motion by Beachum and a second by Hall to approve the agenda with the addition of Action Item C. The motion passed by unanimous vote of the Board.

III. APPROVAL OF MINUTES: (September 9th, 2010 Board Meeting) There was a motion by Hall and a second by Valentine that the minutes of the September 9, 2010 regular Board meeting be approved as written. 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. Fiber Installation Bid Approval: Pierce reviewed with the Board the control upgrades to the utility’s generators, the decommissioning of the Wolverine tie to Lowell and the upcoming end to the Power Pool. A component of this overall transition is how the utility will communicate their usage and generator operations to MPPA. Pierce indicated that this
transition to a new, modern form of communication system was budgeted for in the 2010-2011 Capital Plan, but that there were several alternatives.

In his opinion, Pierce thinks that the best alternative is to invest in finishing the installation of fiber that began when the new substation was built on Bowes Rd. At that time, fiber was installed from the substation to the corner of Bowes Road and Hudson Street but never completed all the way to the plant. Completion of this last section of fiber would be the most effective way to communicate between the utility’s generators and MPPA. It would also provide several options for the future which includes using the fiber as a communication system for our smart meters. After more discussion among the Board members, there was a motion by Beachum and a second by Valentine to accept the Fiber Optic Cable Installation bid from Western Tel-Com for the amount of $13,275.00. The motion passed by unanimous vote of the Board.

B. **Employee Handbook:** Johnston thanked Lindhurst for the very clear and concise presentation of the revised employee handbook. Lindhurst briefly went over the sexual harassment section in the handbook and gave an example to the Board. She also went over some other sections in the handbook such as the laws, the mission statement, at will employees, and other rules and guidelines.

Pierce related that the last update to the Employee Handbook was in 1997. After more discussion by the Board on some minor changes that seemed appropriate, there was a motion by Beachum, with a second by Hall to postpone approval of the Employee Handbook until those changes could be incorporated and a final legal review could be obtained. The Board was hopeful that approval could be made at the next regularly scheduled meeting, November 11th, 2010. The motion passed by unanimous decision of the Board.
C. **Approval of MPPA Alternate:** Pierce informed the Board that there is a need to have an alternate representative to MPPA. It was his suggestion that Electric Distribution Manager Russo be appointed as the alternate. There was a motion by Valentine and a second by Hall to appoint Russo as the utility’s alternate representative. The motion passed by unanimous vote of the Board.

VI. **INFORMATIONAL ITEMS**

A. **PERFORMANCE DATA:** Pierce reported to the Board that the utility had a good month in August which was most likely due to the hot weather. He pointed out that residential sales were up as well as total sales. Residential and Commercial customer counts were also up from the previous month, but commercial sales (both kwh and $) were again down from prior year. Delinquent accounts were up from last month but down from a year ago. July delinquent account amount still due, was only $68.00. The peak demand was similar to last month and up over last year. The August aging analysis was up slightly but was normal for the month of August. Pierce also reviewed the outage summary for the Board.

B. **INCOME STATEMENT:** Pierce presented the August Income Statement to the Board. He pointed out that the revenues are close to budget and thanked Donkersloot again for the trending data that helped to establish more accurate monthly budget projections. Pierce went on to discuss expenses, indicating that most expense categories are under budget for the first two months of the year. The exception is Purchased Power which had the discrepancy from June/July which impacts the income statement since those two months are in different fiscal years. Overall Operating Income and Net Income are at healthy levels for the first two months of the fiscal year.

C. **MANAGERS REPORT:** Pierce gave updates on the following items
1. **MPPA/MMEA and APPA.**
   - Wolverine Power and Holland BWP have both filed suit against the State of Michigan for denying air permits for coal plants.
   - Pierce updated the Board on the new RICE (reciprocating engine) rules including the need for catalytic converters on our own generators. The cost could be in the $25,000+ range per engine.
   - Pierce reported on the quarterly Kalkaska CT meeting where the new operating policies for “post Pool” operations were discussed. The primary upshot is that all owners would like to find a way to operate the unit more cost effectively and be “in the market” more consistently. New gas contracts and a more flexible air permit might help toward that end.
   - MMEA was in Washington recently to lobby for our needs with respect to the socialization of joint transmission.
   - We successfully submitted our RP3 data to APPA this month.

2. **System/Generation Update**
   - Generators are back online.
   - Completing an upgrade of the old “RTU” method of communicating with Lansing/MPPA by using digital meters at the Bowes Rd. Substation and a fiber link connecting the Sub to the Plant.

3. **Expansion**
   - Discussions are continuing with Steelcase regarding the possibility of providing power to Atwood at their Lowell facility.

4. **Strategic Planning**
   - Plan is finished and a condensed version is being prepared to be placed online. No new updates on the Action Items Punch List and a review of the Long Range Financial Planning Model will be presented after the annual audit is complete.

5. **New Position(s)**
   - Interviews were completed but no decision has been reached regarding the Energy Services Coordinator.
6. **Department Picnic**
   - A fun afternoon was had by all who attended the picnic at the Double R Ranch on September 25th.

7. **Report of the Board**
   - The Report of the Board was published in the Shoppers Guide last week and was also included as an insert in the last billing.

8. **Electric Vehicle Charging Stations**
   - A grant for electric charging stations became available and it appears that we have passed the first round in the site selection process. Five sites have been proposed for Lowell and we are waiting for the final approval.

9. **Web Page**
   - LLP has joined with the City and sent out a scope of work to a dozen web design companies to submit cost proposals for web site updating.

10. **Retirees Cost of Living**
    - Everything was completed and sent to MERS for the retiree cost of living increase and we are waiting on final approval from City Council for the Benefit E adoption.

11. **Harvest Festival**
    - LLP's Harvest Festival activities were a great success. Thank you to Tom Torres and Adam McGregor for manning the bucket truck and to Gail Waldron and Kenda Haines for the pumpkin and face painting.

12. **Payables** were presented to the Board.

**D. Schedule of Meetings** was presented.

**E. Complaint Register** - no new complaints.

**VII. Next Regular LLP Board Meeting** Thursday November 11th.

**VIII. Board Comments** – Valentine mentioned his appreciation for LLP’s proactive pursuit of the electric charging stations. Beachum noticed
the fence down and area cleaned up around the old line shack; offered kudos to the staff for the new Employee Handbook and confirmed that we were still on track with the landfill gas project from Granger. Mayor Hodges mentioned the loss of former Mayor Shores, the prospect for improvements along the Flat River west bank, a future date change for the Fallasburg Festival and the recent MML Conference.

**IX. Adjournment:** There was a motion by Hall, seconded by Johnston to adjourn the meeting at 8:46. The motion passed by unanimous vote of the Board. The meeting adjourned at 8:46 PM.

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Chairman Canfield

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Date