

MINUTES

BOARD OF LOWELL LIGHT AND POWER

REGULAR MEETING OF SEPTEMBER 9, 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 Canfield, Hall, Johnston and Valentine. Board member Beachum was absent. There was a motion by Hall and seconded by Johnston to excuse the absence of Beachum. The motion passed by unanimous vote of the Board. Also present were General Manager Pierce, Electric Distribution Manager Russo, Utility Financial Services Manager Sawka, Staff Accountant Donkersloot, City of Lowell Mayor Hodges and Police Chief Hinton.

- II. **APPROVAL OF AGENDA:** Canfield asked that the Board go into closed session for a personnel matter. Pierce suggested adding the closed session as Item IX B, immediately after Strategic Planning. There was a motion by Hall and a second by Johnston to approve the agenda as amended. The motion passed by unanimous vote of the Board.

- III. **APPROVAL OF MINUTES: (August 12, 2010 regular Board meeting)** Hall indicated that the motion to approve the minutes for the July 1, 2010 meeting was made by Hall rather than Beachum. Johnston made a motion to approve the minutes of the August 12, 2010 meeting as amended. There was a second by Hall. 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:

LLP Retiree COL: Pierce refreshed the Board on the status of the retiree's Benefit E, Cost of Living, adjustment option. The Board had asked Pierce to obtain the special Actuarial Valuation report from MERS to determine the actual cost of adding the benefit effective January 2011. Pierce reported he had heard back from MERS and that the cost would be \$42,974, which would need to be paid in full by October 15, 2010. The \$42,974 includes a catch up 2% for the 2010 and pays in advance the liability for 2% effective January 2011. After little more discussion, there was a motion by Hall and a second by Valentine to approve the COL (2% for 2010 and 2% for 2011) Benefit E expense for the utility's retirees. The motion passed by unanimous vote of the Board.

VI. INFORMATIONAL ITEMS:

- A. Performance Data:** Pierce reported to the Board that July was an excellent month. Total sales and usage were up from June and also from a year ago. Residential customers were down slightly but residential usage and income were both up. Commercial usage was down slightly for the month but up from a year ago. Pierce noted that the balance after shut off collection for the month of July was \$1,928 and at August 30 only \$178 was still outstanding. Investments and the MPPA Trust Fund balance were both up for the month. Pierce said that peak demand was up and reached the highest point of the last two years, which he attributes to the extremely hot weather. Pierce further noted that the average residential and commercial bills were both up slightly and that the aging analysis has remained consistent over the last several months. The outage summary for the month of July reflects three outages; one of those being tree related and the other two were service related.
- B. Income Statement (July 2010)** Pierce reported that the income for the month of July 2010 was good. The total revenue was 7.43% over budget.

He said this is the first statement of the new fiscal year and reflects weighted monthly budget figures for the first time. He thanked Donkersloot for the excellent job in trending the historic data from the last six years to develop the monthly budget figures.

C. **Manager's Report:** Pierce gave an update on MPPA/MMEA/APPA

1.

- **MPPA:** Holland suing State of Michigan over failure to approve air permit for their new “clean” coal fired generation facility.
- New emissions standards in effect January 2013. LLP has been in communications with Fairbanks-Morse and believes it can meet new standards by installing catalytic converters to the exhaust systems for its generators.
- Granger will most likely not be able to provide the landfill gas energy LLP agreed to purchase. This would mean a second landfill gas contract would be necessary to meet our Renewable Energy Portfolio requirements. MPPA is working with another landfill gas developer to try and purchase the potential Granger shortfall.
- MPPA completed revised load forecast. LLP has made good buying decisions and has a very little load at risk over the next five years. In fact, by 2015 we should have excess energy to sell.
- **MMEA:** MMEA supports the MISO Transmission intervention with FERC.
- MMEA retained Steve Transeth who will represent us in congressional and FERC hearings and lobbying efforts related to transmission issues.
- MMEA fall conference is in Wyandotte September 15-17.

- **APPA:** Steve Donkersloot will attend an APPA accounting and finance training session in Indianapolis September 19-22.

2. System/Generation Upgrade Progress:

- Generators back on line and we completed testing that will meet requirements for annual capacity verification.
- Pierce gave a copy of activities completed by crews for the month of August.
- Crews continue to do routine tree trimming. We have also received transformers required for upgrades to the 12470 voltage at various commercial locations in the system. Their installation will occur this fall.

3. Expansion: Pierce talked to Chris Drees at Atwood about providing electric service to them. Atwood is interested but their electricity is included in their lease with Steelcase. Pierce will contact Steelcase to see if they are interested. Pierce received an updated, statewide, rate comparison. Light & Power is extremely competitive, has not had a rate adjustment since May 2009 and is averaging 15 -25% less than comparable rates for Consumers.

4. Strategic Planning: Pierce provided an updated review of the approved Strategic Plan. The Board will review it later in this meeting.

5. New Position: The Energy Services Coordinator position has been posted on the website and in Currents magazine with several responses received. Interviews will be held in September. Office Assistant Amanda Geiger has resigned.

6. **Department Picnic:** Employee Appreciation Picnic at Double RR Ranch would be possible on the date of September 25th. Based on Board participation, a final determination will be made by Monday September 13th.

7. **Report of the Board:** Pierce supplied to the Board a copy of a “Statement from the Board.” Pierce will send this statement to press after this meeting, most likely during Public Power Week. It was recommended that we add a sentence about our competitive rates as discussed above.

8. **Policies:** Pierce handed out the new revised Employee Handbook to the Board for their review in September and discussion at the October Board meeting.

9. **Punch List:** Pierce believes the primary punch list is the “Action Items” list in the Strategic Plan. He will be giving quarterly updates to the Long Range Financial Model. He will incorporate a Long Range Planning update as it relates to capital improvements and capital project planning and expenses, and will continue to give a monthly report on the employee activities.

Short Term Punch List: Pierce updated the Board on the following:

- Ivan Blough Plaque in process
- Ivan Blough Scholarship Fund moving forward through the Chamber.
- Board Press Release

- Lien on Superior Furniture Property
- Joint Billing with the City

10. **Payables**: The July payables were provided and reviewed.

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

VII. **SCHEDULE OF MEETINGS**: Pierce provided the Board with a schedule of meetings for September. The next regular Board meeting will be October 14, 2010

VIII. **BOARD COMMENTS**: Hall relayed to the Board that Councilman Altoft would like to see video recordings of the LLP Board meetings. Hall also mentioned Councilwoman Ellison's frustration with the delays in the joint billing between LLP and the City. Hall further indicated that he thought that the utility should have a secondary tree trimming policy and mentioned a conversation with Chris West of the Flat River Grill regarding a possible catering business operating out of the line shack.

Mayor Hodges made note that he also heard that there was interest in video taping of other City meetings. Hodges also stated that the City will be contacting the Michigan Municipal League after the first of the year for assistance in searching for a new city Manager.

There were no further Board comments.

IX. A. STRATEGIC PLANNING: The Board reviewed and discussed the Strategic Plan.

B. CLOSED SESSION FOR PERSONNEL MATTER: There was a motion by Valentine, supported by Hall to go into closed session to discuss a personnel matter. The motion passed by unanimous vote of the Board. The Board went into closed session at 7:15 p.m. There was a motion by Johnston and a second by Hall to return to open session at 7:59 p.m. The motion passed by unanimous vote of the Board.

X. ADJOURNMENT: There was a motion by Hall and a second by Valentine to adjourn the meeting. The motion passed by unanimous vote of the Board. The meeting adjourned at 7:59 p.m.

Chairman Canfield

Date