

MINUTES
BOARD OF LOWELL LIGHT AND POWER
REGULAR MEETING OF April 14, 2011

- I. **CALL TO ORDER AND ROLL CALL**: The meeting was called to order at 5:34 pm by Chairman Canfield. Present were Beachum, Canfield, Hall, Johnston and Valentine. Also present were General Manager Pierce, Electric Distribution Manager Russo, Chief Accountant Donkersloot, and City of Lowell Mayor Hodges.

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

- III. **APPROVAL OF MINTUES** (March 10th, 2011 Regular Board Meeting): There was a motion by Hall and a second by Beachum to approve the minutes as written. The motion passed by unanimous vote of the Board.

- IV. **PUBLIC COMMENTS** (Items not on the agenda): There was no public comment.

- V. **ACTION ITEMS**: There were no action items.

- VI. **INFORMATIONAL ITEMS**:
 - A. **Performance Data**: Pierce reported to the Board that February's overall requirements and total sales were up from the previous month as well as the previous year. Even though customer counts were down slightly from the previous month, overall usage was up. Delinquent accounts were down from the previous month, however balance after shut offs were up. When we don't do shutoffs during the winter months, some customers begin to figure out they are not going to get shut off. There were about a dozen customers who took advantage of that situation and we are working internally to figure out a way to manage that better next year.

Overall investments were down slightly from the previous month although up approximately 1% from the previous year. MPPA Trust Fund is up slightly. The aging analysis has been fluctuating the past few months. The totals are up slightly due to the increase in outstanding balances in the 1-30 day category.

B. Income Statement (February 2011): Pierce reported to the Board that revenue was up slightly; we began realizing the PCA we initiated in February. Revenue was over budget for the month, which brought total revenue over budget for the year. Expenses are all in good shape with the exception of purchased power, which continues to increase. Belle River was down so we had to buy off the market; when that happens we not only have to pay for purchased power we also pay the overhead for Belle River which put us \$105,000 over budget. With the exception of purchased power our expenses are approximately \$53,000 under budget. We had a loss in our operating income as well as net income for the month of February. We are working hard to make sure that does not continue.

(March 2011) Pierce also handed out March financials and reported March numbers look much better than February. We are back to having a positive operating income which will be approximately \$22,000 for March and \$333,000 year-to-date.

Pierce also reported there were two outages in the month of February. A total of 96 customers were affected; one was due to an overhead equipment failure the other due to a vehicle which struck a pole. The major project for the month of February was getting the bus garage transferred over so the second set of poles could be removed from Foreman. The majority of the man hours were spent at the bus garage and the LineWorker's Rodeo. Pierce updated The Board on the capital expenses through March. We have budgeted \$400,000 for the fiscal year and through March we have incurred \$181,000 in expenses. We currently have an outstanding bill to AT&T for \$10,000, once that is paid our remaining balance is \$228,000. Meters will be ordered this week, that bill will be approximately \$30,000. Pierce suspects with only three months to go, capital expenses will be under budget.

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

- **MPPA/MMEA/APPA Updates**:

MPPA/MMEA: Pierce updated The Board on a great Nashville trip. He thanked many employees for attending and for their assistance in putting the details together. He also thanked Perry for attending, representing The Board and driving. He gave kudos to Tom Torres who competed at the Rodeo. Pierce also updated The Board on Adam McGregor's last minute injury which prevented him from attending the Rodeo. Perry also gave an overview and shared photos of the Rodeo. Next year Perry would like to see more participation from LLP lineman. In addition, he encouraged Board Members and office staff to attend next year in Cleveland. Tom Russo described to The Board details of several event competitions which took place.

The MMEA Spring Conference is May 18-20 in South Haven. If any Board members would like to attend, please let us know and we will make necessary reservations.

- **System/Generation Upgrade Progress**: Pierce reviewed the attached copy of the activities completed by the line crews during the month of March. Now that the weather is getting better we will be doing more trimming and transformer change outs. We will also be starting the process to eliminate one set of poles along Foreman. Ultimately we will be decommissioning the North Substation and should have that completed by fall. The other major project this spring/summer is to complete new service to the east side of town and be set up to provide service to the Ventures LLC facility (more discussion in a later section).
- **Strategic Plan Punch List**: We have made progress on several of the items on the Strategic Plan action items list.

-We are meeting with the new website design contractor and are making progress toward the new site.

-The interface between Daffron and Elster has been confirmed. Daffron is working on the interface and we will be ordering the meters next week. We have had discussions with the Lowell water department and they will be participating in our pilot to assess how our wireless data collection system will work for the water data.

-We received confirmation from Lowell Ventures LLC to move forward with providing electric service. We met with GRP this week, toured the facility again and GRP is providing an updated proposal to provide service as timely and cost effectively as possible.

- **Short Term Punch List:** Ivan Blough Scholarship Fund – in process (In hands of Chamber).

-Need to schedule meetings with Lowell and Vergennes Township Supervisors & Clerks.

- **2011-2012 Budget:** Pierce reported the continued efforts on the budget to fine tune the projections based on more actual data. Obviously the more actual data the better the projections. The PCA revenue received in March is helping the revenue side and it appears that maybe the purchased power costs are settling down after the initial shock of transitioning from the Power Pool to the new Energy Services Group. We have been working on ways to more closely and regularly analyze the impacts of our various purchased power components, allowing us to get better at predicting these expenses moving forward. Pierce stated the final revenue and expense budget draft as well as the 2011-2012 Capital Plan will be available for the Board's approval at May's meeting.

- **Lowell Ventures LLC Building Service Update:** Pierce gave an update on the status of the project. Our attorney Dick Wendt is in the process of drafting a MOU for our joint signatures. Several hours were spent with GRP this week to discuss the best alternative/route for delivering service to the Lowell Ventures LLC facility. Pierce stated the best long-term plan seems to be to utilize the overhead crossing in the short run to provide service to the facility as quickly as possible, then bore the river under the overhead crossing and install two conduits. They would bring circuit 208 over to the east side of town, which would become the main feed to the Ventures facility.

Once the connection of circuit 208 is complete, that circuit would be a temporary feed for the balance of the east side of town while we decommission circuit 201's overhead line and reconnect it through the second underground conduit. Once that is complete (before October) the ultimate goal of providing two circuits to feed the east side will be completed, both underground.

-GRP will be providing final proposal in the next few days and likely a "special meeting" will be called to discuss and approve GRP's moving forward with the design specs and RFPs.

- **Biodigestion Update:** Pierce updated the Board on his recent meeting with the German biodigestion design firm, econ₂, and they expect the results of the sample testing to be complete in the next week or two. This data will give them the information necessary to determine an appropriate design size for our initial facility. They do not believe the current volume of waste feed stock from the WWTP and Lighthouse will be enough to provide all the fuel necessary for a 3.5 MW combined cycle facility, but close. They will be looking at the possibility of adding the equipment necessary to accept organic household waste and septic waste to increase the BTU content of the feed stock and ultimately the output of the facility.
- They expect to have a proposal to us for review by mid-May. The expected proposal will be based on a major component of private investment where we would have some ownership interest based on site selection, feed supply, local design parameters and local infrastructure/equipment (generator) contributions with a scheduled municipal buyout after six years. There is currently a 30% federal tax rebate incentive. Therefore, there are some unique opportunities to partner with private investment on the initial project to include a built-in buy out scheduled after six years when the tax incentive criteria ends.
- **Electric Vehicles:** Pierce discussed acquiring a LLP electric vehicle. He believes as the electric provider we should set an example for our customers and have an electric vehicle presence. We have invested in two electric charge stations for Lowell and there is a

possibility that additional grant funds will be available for homeowner/business charger installation.

Currently, there is not a good electric vehicle on the market that would functionally serve our needs for the long haul. There are some electric hybrid service trucks and pick-up trucks, but nothing that would be a true service oriented vehicle that can function primarily off electric and a battery. Pierce believes the best approach would be to lease a Chevy Volt, which we can use around the office, for meter readings, shut offs and light duty around town. This would give us an electric presence without the major investment. The Volt will be available for a lease rate of somewhere around \$300/month for a 24-36 month lease. If the Board agrees with this approach, we will move forward do pursue a possible leased vehicle (depending on the rate and term, the lease would most likely fall within th GM's spending authority).

- **Lowell Expo:** Pierce reported the Expo was a great success. Our booth had a lot of exposure and hundreds of participants in the energy game. We gave away about 170 CFL's toward our energy optimization goals.
- **Relay for Life:** Pierce discussed corporate sponsorship opportunities with Relay for Life. After further discussions, a motion was made by Beachum and second by Valentine to secure the Bronze sponsorship of \$500 which includes the LLP logo on the event t-shirts, an ACS track sign at the event as well as the Lowell Light and Power name listed on the Relay web page. The Board also approved to sponsor \$25 toward each LLP employee who participates in the walk. The motion passed by a unanimous vote of the Board.
- **Payables:** Pierce provided the February payables for the Board's review.

D. **Schedule of Meetings:** Pierce presented the schedule of meetings to the Board.

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

VII. NEXT REGULAR LLP BOARD MEETING: The next scheduled Board meeting will be held, Thursday, May 12, 2011.

VIII. BOARD COMMENT: Beachum expressed how pleased he was with the results of the Expo. He also commented on the "customer service" article in the Public Power Magazine. The Board Members had a lengthy discussion on the recent Joint meeting and discussed ideas on how to make them more productive.

Mayor Hodges stated he would like to make sure an agenda is available for each joint meeting. He stated their recent challenges this month include the budget process as well as search for a new City Manager. On April 25th the Council will meet to review and narrow down the list of candidates being interviewed. Interviews will be conducted Saturday, April 30 and open to the public and City staff. In the month of May they have a Mayor Exchange with Belding. Belding will come here May 6th and Lowell will go to Belding on May 20. The City Council will hopefully announce the selection(s) for the new City Manager at its regular meeting May 2nd.

IX. ADJOURNMENT: There was a motion by Hall and a second by Valentine to adjourn the meeting at 7:20 p.m. The motion passed by unanimous vote of the Board.

Chairman Canfield

Date