

MINUTES
BOARD OF LOWELL LIGHT AND POWER
REGULAR MEETING OF SEPTEMBER 13, 2011

- I. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 5:32 p.m. by Chairman Canfield. Present were Beachum, Canfield, Hall and Johnston. Also present were General Manager Pierce, Electric Distribution Manager Russo, Chief Accountant Donkersloot, Utility Services Coordinator Morris, City of Lowell Mayor Hodges and City Manager Mark Howe. Absent was Valentine. A motion was made by Beachum to excuse Board Member Valentine, supported by Hall. The motion passed by a unanimous vote of the Board.
- II. **APPROVAL OF AGENDA:** Pierce requested an addition to the agenda. Action Item (D), Energy Services – Hedging Policy Resolution. There was a motion by Hall and a second by Beachum to approve the amended agenda. The motion passed by a unanimous vote of the Board.
- III. **APPROVAL OF MINUTES** (August 11, 2011 Regular Board Meeting and September 1, 2011 Special Meeting). There was a motion by Beachum and a second by Johnston to approve the August 11th, 2011 Regular meeting minutes. The motion passed by unanimous vote of the Board.
- There was a motion by Johnston and a second by Hall to approve the September 1st, 2011 Special Meeting minutes. The motion passed by unanimous vote of the Board.
- I. **PUBLIC COMMENTS** (Items not on the agenda): There was no public comment.
- II. **ACTION ITEMS:**
- **2012-2015 EO Plan:** Pierce reviewed the revised 2012 Energy Optimization Plan (EOP) along with the added 2013-2015 plan. The plan was filed with the Michigan Public Service Commission (MPSC). A public notice was published in the Lowell Ledger regarding the availability of our plan on our website and at our office. The published announcement also referenced the fact that there would be time for public comment on The Plan at this Board Meeting. The meeting was opened for public comment. There was no public comment. There was a motion by Johnston and a second by Hall to approve

the 2012-2015 Energy Optimization Plan (EOP). The motion passed by a unanimous vote of the Board.

- **Rate/Revenue Adjustment**: Pierce discussed the possibility of continuing with summer rates rather than lowering them in the winter months since purchased power costs are higher in the winter. Lowell Light and Power have not increased rates since April 2008. The average increase would be approximately 2.2%. There was a motion by Beachum and a second by Hall to approve the change in rate structure which would result in an increase of approximately 2.2%. The motion passed by unanimous vote of the Board.
- Pierce reviewed our Renewable Energy Portfolio. Renewable Energy costs are now beginning to escalate as more landfill gas generation comes on line. The projected cost for 2012 is expected to be \$182,222. Under PA 295 Utilities are allowed to pass on incremental costs to their customers to help offset the renewable energy costs. The increase would equate to a 2.5% adjustment. This was tabled until October's meeting.
- **Chevy Volt**: Pierce discussed the possibility of acquiring an electric vehicle for Lowell Light and Power. A Chevy Volt is now available for lease. This vehicle would be available to staff for errands, meter readers, miss digs, bank runs, travel and other local activities. This would be a more efficient means of transportation. There was a motion by Johnston and a second by Beachum not to enter into an electric vehicle lease at this time. The motion passed by unanimous vote of the Board.
- **Risk Management Resolution**: There was a motion by Johnston and a second by Hall to approve the MPPA Energy Services Resolution as previously adopted, with the addition of the new MPPA Risk Management Policy. The motion passed by unanimous vote of the Board.

III. **INFORMATIONAL ITEMS**:

- A. **Performance Data**: Pierce reported to the Board that July performance data was discussed last month with the exception of the Total Electric Requirements which were up from the previous month and the previous year. Peak demand was up to 14.740 MW, the third highest peak demand in Lowell Light and Power history.

Pierce stated August performance data reveals a good month, usage was up. Revenue was up over the previous month and year. Residential customer count was slightly down from the previous month and up from the previous year. Commercial customer sales were up from the previous month and the previous year. Delinquent accounts were down from the previous month. Since we are reporting this data earlier in the month than last year, delinquent amounts are not reflected similarly from the previous year. The balance after shut offs were down from the previous month.

Overall investments were down slightly from the previous month and up 3.3% from the previous year. The aging analysis overall was up slightly from the previous month.

- B. Income Statement (August 2011):** Pierce reported August was an excellent month. Revenue was slightly under budget, less than 2% year to date. Pierce believes this will be on target once Attwood gets online. Purchased power costs were high again this month. We are significantly over budget for the month as well as for year to date (+\$64,183).

Pierce reported our operating income was over \$87,000 however because of our high purchased power costs our year to date operating expense is over by \$37,000. Net Income was \$70,000, \$173,000 year to date. Pierce reviewed the capital expenses; with many projects still in progress, the year to date budget available is currently at \$564,000.

- 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 the “open house” for the new AMP Fremont Combustion Turbine, Tuesday, September 27th. EO plans were submitted 8/31/2011.

Pierce reported he would be attending the MMEA fall conference September 15-16 in Coldwater.

- **System/Generation Upgrade Progress:** Pierce reviewed the line crew's activities for the month of August. Conversions/rebuilds continue and S. West, S. Pleasant and 28th Street are completed.
- **Strategic Plan Punch List:** Pierce reported on the following.
 - The website is moving slowly.
 - The Elster pilot meters are installed and up and running.
 - Construction on the Lowell Ventures project is underway.
 - Bio-digestion project is moving forward.
- **Short Term Punch List:** Pierce stated these items are underway.
 - Community Disaster Plan
 - Joint Billing
 - Township Supervisors
 - PILOT
- **Pilot Meters:** Pierce reported we are able to read 187 meters remotely from our office. There are a few minor bugs we are currently working out of the system.
- **Ventures LLC Building Service Update:** Pierce reported; construction began in August on the new line to Attwood . Kent Power made excellent progress until the hurricane hit the east coast. At that time they were pulled off the project and sent east to help restore power. They were gone two weeks and will begin work again on September 12th. This has put us a couple weeks behind in connecting Attwood, but we are scheduled to make the conversion the first of October.
- **Biodigestion Update:** Pierce reported he made a presentation to the City Council on September 6th. There was a full consensus on the merits of the project and towards LLP moving forward with SPART. Pierce will meet with City staff and planners regarding use of the Chatham site for the bio-digestion facility; and the Planning Commission on the evening of September 26th.

SPART has been provided with a Chatham property site plan so they can begin site planning activities.

- **New Generation:** Pierce reported on September 2nd management traveled with engineer, Dan Girvan for an inspection. Based on that inspection, there was no reason not to proceed with the purchase of the turbine. An offer was made; if the offer is accepted Pierce will request a boiler and turbine inspection as a contingency of the sale.
- **Harvest Festival:** Pierce discussed the details of our open house, Saturday, October 8th. We will be doing a hotdog cookout, have bucket rides, energy bike and other activities. During the open house we will have a display on the bio-digestion facility and the new combustion turbine.
- **Payables:** Pierce provided the August 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.

IV. **NEXT REGULAR LLP BOARD MEETING:** The next scheduled Board meeting will be held, Thursday, October 13, 2011.

V. **BOARD COMMENT:**

Perry stated he would like to see us stay on top of tree trimming.

Hall inquired about the status of the Rotery Club.

Mayor Hodges commented the Chamber selling the Harvest Festival scarecrows for \$5. He also commented on the fact that this year it is LLP's turn to coordinate the City holiday party.

IX. **ADJOURNMENT:** There was a motion by Johnston and a second by Beachum to adjourn the meeting at 7:18 p.m. The motion passed by a unanimous vote of the Board.

Chairman Canfield

Date