

**MINUTES**  
**BOARD OF LOWELL LIGHT AND POWER**  
**REGULAR MEETING OF DECEMBER 8, 2011**

- I. **CALL TO ORDER AND ROLL CALL**: The meeting was called to order at 5:33 p.m. by Chairman Canfield. Present were Beachum, Canfield, Hall and Valentine. There was a motion by Beachum, seconded by Hall to excuse Vice Chairman Johnston. The motion was passed by a unanimous vote of the Board. Also present were General Manager Pierce, Electric Distribution Manager Russo, Chief Accountant Donkersloot, Utility Services Coordinator Morris, City of Lowell Mayor Hodges and Lowell City Manager Mark Howe.
- II. **APPROVAL OF AGENDA**: Pierce requested to add Action Item (C) Gas Supply Contract and to move Action Item (A) the Fiscal Year 2011 Audit – Peter Haefner’s presentation ahead of Old Business. There was a motion by Beachum and a second by Hall to approve the agenda as amended. The motion passed by a unanimous vote of the Board.
- III. **APPROVAL OF MINUTES** (November 10, 2011 Regular Board Meeting). There was a motion by Hall and a second by Valentine to approve the November meeting minutes as presented. The motion passed by unanimous vote of the Board.
- IV. **PUBLIC COMMENTS** (Items not on the agenda): There was no public comment.
- V. **OLD BUSINESS:**

A. Bio-Digestion Project

Area residents’ attended from three households in the area of Chatham to voice their concerns about the facility in their neighborhood. One resident asked the Board to consider an alternative property owned by Litehouse currently undeveloped near there facility.

A resident also asked about obtaining a performance bond of \$5-\$6 million. Chairman Canfield felt that was a quite large for this project. The resident expressed interest in circulating a petition around the neighborhood. The Board agreed they would take a look at it once it was submitted.

Pam Landes, Strategist from Spart addressed resident concerns regarding foul order, noise and traffic. Pam shared several visuals to describe, in more detail, the wash station which occurs after the dumping and +the CHP installed inside a containerized system to minimize noise. In addressing traffic concerns (regarding trucks idling on the street) Pam stated there would likely be two liquid delivery trucks and one manure truck making trips so she did not feel there would be any idle trucks waiting to unload. There is plenty of room on the site to stage 3-4 trucks if needed. The hours of operation would be 6a-6p, Monday –Saturday.

## VI. ACTION ITEMS:

- A. **Fiscal Year 2011 Audit:** Peter Haefner with Vredeveld Haefner LLC gave a presentation on the audit. Peter remarked that the Utility received the highest opinion one can receive for an audit. He also thanked Steve for the excellent job he did in preparing for the audit. As Peter reviewed the year-end financial statements he included slides reiterating his findings.

A motion was made by Beachum to accept the audit as presented, supported by Valentine. The motion was passed by a unanimous vote of the Board.

- B. **Appoint Personnel Committee:** Pierce discussed the need to appoint a personnel committee as stated in the handbook. Hall made a motion to appoint Beachum and Johnston to serve as the two Board members on this committee it was seconded by Valentine. The motion passed by a unanimous vote of the Board.

- C. **Gas Supply Contract:** Pierce discussed the potential gas supply at Chatham. The gas supply consultant that has been working on the Kalkaska CT met with Greg. Pierce stated he would like to work with this consultant since he already is familiar with his work. Pierce believes working with him to negotiate the gas supply contract for the Utilities CT's will insure the best contract is negotiated. Pierce asked for the Board's permission to enter in a consulting contract not to exceed \$50,000. The Board asked Pierce to obtain bids from other

consultants including a breakdown of what is involved in their process and fee structure.

## I. INFORMATIONAL ITEMS:

A. **Performance Data:** Pierce reported to the Board that October performance data was discussed last month with the exception of the Total Electric Requirements which were up about 11% from the previous year. Peak demand was down from the previous month at 9.63 MW and up about 8% from the previous year.

Pierce stated November performance data was similar to October usage and revenue in Residential as well as Commercial. Residential customer count was slightly up from the previous month and year. Commercial customer count was down from the previous month and year. Delinquent accounts were down from the previous month and up from the previous year. The balance after shut offs were about the same as last month and up from the previous year.

The overall investments are down due to the purchase of the Combustion Turbine (CT); that payment was taken from the Payne Webber investment account. We are in process of getting funds back from our municipal trust fund to reimburse part of the Payne Webber account, and to move forward with purchase of the Ford CT. The aging analysis for the month of November was down from the previous two months.

Pierce reported in the month of November there was 1 outage, a total of 33 customers lost power due to a tree coming down. A large majority of the line crew's man hours were spent on preparing for the arrival of the Combustion Turbine and work on 28<sup>th</sup> Street.

B. **Income Statement (November 2011):** Pierce reported November was an ok month. We had good operating revenue, slightly under budget for the month. Total operating expenses for the month are in good shape; we are under budget in most categories. However, overall we were about \$35,000 under budget for the month and approximately \$15,000 under budget year to date.

Pierce reported our operating income was almost \$20,000 for the month about \$40,000 under budget for the year. We had a slight loss in net

income for the month similar to previous years. This should be the last month this occurs due to our rate adjustment.

Pierce reviewed the capital expenses; with a yearly budget of \$650,000 capital expenses were at \$336,546 year-to-date. The entire phase one Attwood expenses are included. We also had \$12,555 in net capital sales. The portion of the year-to-date budget still available is currently at \$326,009.

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

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

**MPPA/MMEA:** Pierce stated there were no items to report, both meeting are schedule for next week.

- **System/Generation Upgrade Progress:** Pierce reviewed the line crew's activities for the month of November.

- **Strategic Plan Punch List:** Pierce reported on the following.

- The website progressing again, we are updating and inputting site data.
- The offer made on the Ford combustion turbine was accepted. The final details of the purchase agreement are in the process.
- Bio-digestion project is moving forward; there was a good turnout for the Town Hall meeting.

- **Short Term Punch List:** Pierce stated these items are underway.

- Community Disaster Plan
- Joint Billing
- Township Supervisors-met with Jerry Hale
- PILOT

- **Pilot Meters:** Pilot meters have been installed and the system is working. We are now able to read these 187 meters remotely from our office, for this month's billing. The City decided not to add water meters to our system.

- **Ventures LLC Building Service Update:** Pierce reported phase two of the project, the underground (river) boring and new conductor, is underway. The application for a permit to the MDEQ was approved and we are waiting for GRP to finish the bid specs.

No further discussions have transpired with Comcast regarding their potential use of our extra conduit.

- **Biodigestion Update:** Pierce reported the project continues moving forward securing the feed stock contracts and SPART is finalizing projections for the feasibility study and transaction documents.

Pierce reported on his meeting with the Michigan Grant Coordinator for the USDA REAP Grant. Dick Wendt is reviewing the documents and believes there may be a couple issues that need to be worked out with the USDA. Pierce does not anticipate any issues that would impair the grant process.

An engineering report on Smith Street by Williams and Works was completed as part of the outcome of the Planning Commission review of the site plan. The report basically suggests that approximately \$38,000 of resurfacing should be completed to handle the additional traffic into the Chatham site. This amount was not part of the City budget for road repairs.

- **New Generation:** The Ivex Combustion turbine has been delivered and most of the extraneous parts and pieces have or will be delivered in the next few days. Final contract invoice details are still being worked out with Ford. Ford has pretty stringent criteria regarding interruption of activities at the building currently housing the combustion turbine because there are other operations in the building. Removal of the CT would be disruptive and include temperature variations' during the winter months. Due to the onset of winter, Ford agreed to allow us until June 1, 2012 to remove the unit.

We are still working out details of gas supply for the units and the consultant is confident we can get the needed supply. The consultant will determine our options and develop the most cost effective scenario.

- **Holiday Party:** Pierce stated it is Lowell Light and Power's turn to host the Holiday Party for the City employees. The dates available at the Main Street Inn are January 14<sup>th</sup> and 21<sup>st</sup>. There was a motion by Beachum and a second by Hall to hold the holiday party at the Main Street Inn on January 14<sup>th</sup>. The motion passed by a unanimous vote of the Board.
  - **FERC:** Pierce reported a motion was filed with FERC (Federal Energy Regulatory Commission) by ITT (the transmission company) to have FERC allow them to waive \$75,000 they owe Lowell. This was caught on the federal register by the MPPA's FERC attorney. We have filed a protest so we can have basic discussions with FERC to find out if we are entitled to those dollars.
  - **Payables:** Pierce provided the November payables for the Board's review.
- D. **Schedule of Meetings:** Pierce presented the schedule of meetings to the Board.
- E. **Complaint Register:** Pierce reported he received a letter from Giggles and Gumdrops. The letter stated concerns regarding the rate adjustment. Pierce met and addressed all concerns with the owner.

II. **NEXT REGULAR LLP BOARD MEETING:** The next scheduled Board meeting will be held, Thursday, January 12, 2012.

### III. **BOARD COMMENT:**

Hall stated it is his last LLP Board meeting, "he has felt rewarded and honored to serve on this Board."

Beachum thanked Hall and Valentine for their service as Board members as they move on and serve as City Council members. He also thanked LLP for assisting in the efforts getting the car out of the river.

Valentine commented it was his last meeting as well before he begins serving on the City Council.

Mayor Hodges thanked Hall and Valentine and he looks forward to seeing them on the City Council. He thanked Lowell Light and Power for helping decorate the town and their participation in the parade.

Canfield thanked Steve for a great job on the audit going well. He thanked Hall and Valentine for their efforts and great strides LLP has made due to their visions.

IX. **ADJOURNMENT**: There was a motion by Valentine and a second by Hall to adjourn the meeting at 7:21 p.m. The motion passed by a unanimous vote of the Board.

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Chairman Canfield

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Date