

**MINUTES**  
**BOARD OF LOWELL LIGHT AND POWER**  
**REGULAR MEETING OF NOVEMBER 10, 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. The Board excused the absence of Valentine. Also present were General Manager Pierce, Electric Distribution Manager Russo, Chief Accountant Donkersloot, Utility Services Coordinator Morris, City Council Member Schrauben and Lowell City Manager Mark Howe.
  
- II. **APPROVAL OF AGENDA**: There was a motion by Johnston and a second by Hall to approve the agenda as presented. The motion passed by a unanimous vote of the Board.
  
- III. **APPROVAL OF MINUTES** (October 13, 2011 Regular Board Meeting). There was a motion by Johnston and a second by Hall to approve the October meeting minutes with a few minor changes. 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**:
  - **Ford Combustion Turbine Purchase**: Pierce discussed options for moving forward on the purchase of the Ford combustion turbine in addition to the recent purchase of the Ivex 4.0 MW combustion turbine, generator unit. After significant discussions by the Board, there was a motion by Beachum and a second by Hall to approve the purchase of the Ford 3.5 MW combustion turbine, generator and boiler unit for a base price of \$325,000. The motion passed by a unanimous vote of the Board.
  
- III. **INFORMATIONAL ITEMS**:
  - A. **Performance Data**: Pierce reported to the Board that September performance data was discussed last month with the exception of the Total Electric Requirements which were up about 5% from the previous year, down from the previous month. Peak demand was down from the previous month 12.299 MW and up about 6% from the previous year.

Pierce reviewed October performance data which revealed usage and revenue were up from the previous year and down from the previous month. Residential customer count was slightly down from the previous month and up from the previous year. Commercial customer count was up, usage and sales were down from the previous month and up from the previous year. Delinquent accounts continue to grow; they were slightly up 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 up from the previous month.

The overall investments were slightly up from the previous month and slightly down from the previous year. The aging analysis for the month of October was down from the previous month.

Pierce reported the line crew's activities for the month of October included rebuilds on S. Pleasant and S. Center; also time was spent on Metric and The Garage conversions. There were 6 outages and a total of 14 customers lost power during October.

- B. Income Statement (October 2011):** Pierce reported October 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 for the month and slightly over for the year. Our purchased power expenses are on track for the month, which is the first time in a number of months. We are still over budget for the year in purchased power.

Pierce reported our operating income was almost \$44,000 for the month, \$355,000 year to date. Net Income was positive.

Pierce reviewed the capital expenses; with a yearly budget of \$650,000 capital expenses were at \$227,375 year to date. The majority of phase one Attwood expenses are included. The portion of the year-to-date budget still available is currently at \$422,625.

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

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

**MPPA/MMEA**: Pierce gave an update. FERC denied the transmission hearing. The Michigan Transmission Alliance including MMEA will be filing suit against FERC on this issue.

Pierce reported on the annual meetings with DTE and Consumers. Belle River and Campbell are both going through major upgrades including environmental renovations for the next five years. Consumers believe this will raise their cost \$7-\$8/MW.

- **System/Generation Upgrade Progress**: Pierce reviewed the line crew's activities for the month of October.
- **Strategic Plan Punch List**: Pierce reported on the following.
  - The website progressing again, we are updating and inputting site data.
  - The Elster pilot meters are installed and up and running.
  - Construction on the Lowell Ventures project-Phase I is complete, starting to organize Phase II
  - The offer made on the Ford combustion turbine was accepted.
  - Bio-digestion project is moving forward; the planning commission approved the Chatham site plan subject to some minor conditions.
- **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 next step is to add some "test" water meters to the 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 this week. The process may be partly dependent on the availability of contractors to complete the work.

We have had additional conversations with the Lowell Schools and Comcast regarding their utilization of the conduits we will be installing under the river. The estimated cost for the schools is \$14,000 to reconfigure their fiber and they do not have the funds. The estimate for Comcast is \$23,628 and they are hesitant to spend the funds for something not required. This might be a project for them to present to the DDA or to apply for funds from the Community or LCTV Fund to accomplish this aesthetic improvement.

- **Biodigestion Update:** Pierce reported the project is moving forward securing the feed stock contracts and SPART is finalizing projections for the feasibility study and transaction documents. Pierce meets with the USDA next week to review the conditions of the Rural Energy for America Program (REAP) Grant award. Several discussions took place regarding Smith Street.
  - **New Generation:** This was already discussed at length under Action Items.
  - **Christmas in Lowell:** Pierce reported Lowell Light and Power donated new LED lighting which was used to decorate the community tree this week. We will have vehicles in the Christmas parade as well.
  - **MERS:** The City Council approved the adaption of the 2% COL for LLP retiree's by a 3/2 vote at their September 17 Council meeting.
  - **Payables:** Pierce provided the October 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, December 8<sup>th</sup>, 2011. Vice Chairman Johnston is unable to attend.

V. **BOARD COMMENT:**

Beachum commented on the nice “rate adjustment” letter to customers in the last bill. He also discussed the APlus programs and the WLHS.radio.org site.

IX. **ADJOURNMENT:** There was a motion by Hall and a second by Beachum to adjourn the meeting at 6:58 p.m. The motion passed by a unanimous vote of the Board.

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Chairman Canfield

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Date