

MINUTES
BOARD OF LOWELL LIGHT AND POWER
REGULAR MEETING OF APRIL, 11 2013

- I. **CALL TO ORDER AND ROLL CALL**: The meeting was called to order at 5:35p.m. by Chairman Canfield. Present were Beachum, Canfield, Johnston and Cadwallader. There was a motion by Beachum, supported by Johnston to excuse Laponsie's absence. The motion passed by unanimous vote of the Board. Also present were General Manager Pierce, Electric Distribution Manager Russo, Chief Accountant Donkersloot, Utility Services Coordinator Morris and Mayor Hodges.
- II. **APPROVAL OF AGENDA**: Pierce made an addition to the agenda adding Action Item (A), Chatham Block Wall Construction. There was a motion by Beachum, seconded by Johnston to approve the agenda as amended. The motion passed by unanimous vote of the Board.
- III. **APPROVAL OF MINUTES** (March 14, 2013 Regular Board Meeting & March 14, 2013 Closed Session Meeting). A minor correction was made, page 2, 1st paragraph. There was a motion by Beachum and a second by Cadwallader to approve the March 14, 2013 Regular Board meeting minutes as amended. The motion passed by a unanimous vote of the Board.

There was a motion by Johnston and a second by Cadwallader to approve the March 14, 2013 Closed Session meeting minutes. The motion passed by a unanimous vote of the Board.

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

A. **Chatham Block Wall Construction**:

Pierce reviewed the contractor bids for construction of the block wall/firewalls at Chatham to separate the turbine area from the rest of the warehouse.

The Stedfast Construction (Alto) bid for \$36,924 was the only bid that met the specs which included materials and installation of the two overhead doors and service entrance.

There was a motion by Beachum, supported by Cadwallader to accept the bid from Stedfast Construction of \$36,924. The motion passed by a unanimous vote of the Board.

IV. INFORMATIONAL ITEMS:

A. Performance Data: Pierce reported on the two additional items for the February performance data. Total electric requirements were 5,586,567 kwh, which is down slightly from the previous month and from the previous year. Peak demand was up slightly from the previous year.

Pierce stated since February was slightly higher than normal due to a longer-than-normal billing cycle, March is down slightly due to the variation of billing cycles. Total electric sales were down from the previous month and the previous year. Residential and Commercial customer counts were up for the month.

Delinquent accounts were up significantly and balance after shut offs was up. The delinquent amount still owing from the previous month is \$179. The overall cash and investments were up slightly from the previous month.

The aging analysis is up slightly but staying consistent with the past couple of months.

B. Income Statement (March 2013): Pierce reported March was a good month. Revenue was slightly over budget. Purchased Power was under budget for the second month in a row. Purchased Power is still over budget year-to-date, 2.38%, the majority of expense categories are under budget. Total Operating Expenses we are under budget nearly \$14,000 year-to-date.

Total Operating income was \$66,000 for the month of March and we are approximately \$64,000 over budget year-to-date. Our Net Income was \$30,000 for the month, which brings us on budget year-to-date.

Pierce stated March Capital Expenses are on track. Remaining budget for the year is \$401,458.87.

There were five outages in March. Three were unscheduled and two were scheduled for service. Four were due to overhead equipment failure, one due to a customer's underground service failure.

Our outage statistics still indicate we are available 99.98% of the time.

The majority of the crew's hours were spent working on the Combustion Turbine installation.

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

- **MPPA/MMEA Updates:**

MMEA and Holland received a favorable decision with regard to Holland's ability to serve a new customer that was contested by Consumers Energy. The Ottawa Circuit Court ruled that since the customer had not ever received service from Consumers at the contested property, it has the right to choose its provider. This is a great win for Municipal Utilities in view of the Great Wolf Supreme Court decision. It does not, however, get us to the next step toward overturning Great Wolf unless Consumers decides to appeal the decision.

APPA: Two awards were presented to LLP at APPA's Lineworkers Rodeo and Technical Conference. We received the 2012 National Safety Award for our utility size and also the 2012 APPA RP3 designation for the second time in a row. This award is a huge honor in that only 90 municipal utilities out of over 2000 in the country received this award. Not only did we receive it for the second time in a row, but we moved up a level from Gold to Platinum. Pierce gave kudos to all the LLP staff for being recognized as a Reliable Public Power Provider.

Pierce stated an article was written in 2013 Current DEED Projects on our Bio-Digester and the \$75,000 Grant we were awarded toward that project.

- **System/Generation Upgrade Progress:** Pierce gave an update on the progress. Although progress is taking longer than expected, we continue moving forward. The exhaust/ventilation process has taken longer; rain has made it difficult to install the units on the roof.

- **Biodigestion Update:** Pierce stated there has been a minor setback. The potential investor, NSU has decided not to move forward and SPART is working with other potential investors.
 - **LLP Load Requirements and Future Generation Options:** Pierce reviewed a packet of information from MPPA and gave a detailed overview of our load and supply characteristics as a utility. Reducing our Purchased Power Cost is an area we need to focus on for the next couple of years, exploring ways to help mitigate the rising costs of power supply to our customers. Although steps have been taken in that direction with the new CT's and Bio-digestion project, these only represent a small portion of our supply portfolio. LLP's future costs are expected to increase over the next several years as renewable sources continue to ramp up. Discussion took place how to best manage use of our main supply from Campbell, Belle River and the market. What should we look at for replacement when coal facilities are retired? MPPA is investigating the possibility of combining all of the smaller utilities into a single group called an "all requirements" pool where we would share existing assets and needs.
 - **Lowell Kill-O-Watt Program:** Pierce stated we received a thank you note from KDL for partnering on this project.
 - **Payables:** Pierce presented March payables.
- 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 9th, 2013.

VIII. **BOARD COMMENT:**

Beachum mentioned he would like to see defibulators on all LLP units. He would like to have staff get a cost for putting a light sensor on the LLP neon sign. Perry gave thanks to Sharon for working with FROM on upcoming projects. He is pleased the LLP staff will be taking the lead on upcoming FROM projects. Perry would like to see LLP adopt a highway, the stretch on Alden Nash from Segwun to Emery or 36th Street.

Cadwallader is pleased the Kill-O-Watt Library Program is in place.

Mayor Hodges mentioned the Vision Group visited with an Economic Development group out of Hastings. A similar program is being discussed in the Greater Lowell Community for the future. The City's strategic plan is underway. Mark is finishing up the budget which will be presented shortly. LCTV Endowment Board met recently, recommendations will be brought to the City Council meeting Monday night.

Chairman Canfield attended the APPA Lineworkers Rodeo and Technical conference. He had a great time watching the various events, the linemen compete and showing great pride in their achievements. He encouraged other Board members to attend in the future. Greg congratulated the LLP staff on the RP3 and Safety Awards.

There was a motion by Beachum and a second by Cadwallader to go into closed session for a Contract Negotiations update at 6:52 p.m. The motion passed by a unanimous vote of the Board.

There was a motion by Beachum seconded by Johnston to come out of the closed session at 7:00 p.m. and return to the regular meeting. The motion passed by a unanimous vote of the Board.

Pierce mentioned LLP had received very favorable employee benefit renewal notices for insurance. He will present next month.

IX. **ADJOURNMENT**: There was a motion by Beachum and a second by Johnston to adjourn the regular meeting at 7:01 p.m. The motion passed by a unanimous vote of the Board.

Chairman Canfield

Date