

MINUTES
BOARD OF LOWELL LIGHT AND POWER
REGULAR MEETING OF JANUARY 10, 2013

- I. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 5:34 p.m. by Chairman Canfield. Present were Beachum, Cadwallader, Canfield, and Johnston. Laponsie was absent. 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, Utility Services Coordinator Morris, Mayor Hodges and Lowell City Manager Howe.
- II. **APPROVAL OF AGENDA:** There was a motion by Johnston, seconded by Beachum to approve the agenda as presented. The motion passed by unanimous vote of the Board.
- III. **APPROVAL OF MINUTES** (December 13, 2012 Regular Board Meeting & December 13, 2012 Closed Session Meeting). There was a motion by Johnston and a second by Cadwallader to approve the December 13, 2012 Regular Board meeting minutes as presented. The motion passed by a unanimous vote of the Board.
- There was a motion by Beachum and a second by Cadwallader to approve the December 13, 2012 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 Property Declaration:

In October the Board authorized pursuit of selling the proposed bio-digester property at 625 Chatham to SPART, rather than leasing the facility. LLP staff has been working with Dickenson Wright, Roosien and Associates (surveyors) and the City to identify a property description and a potential sales document.

Pierce discussed the survey in detail, pointing out a number of easements. A meeting is scheduled for next week to finalize draft sales documents.

A motion was made by Beachum, supported by Johnston to declare parcel #2 of Chatham property as unnecessary for operations of LLP. 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 November performance data. Total electric requirements were 5,786,697 kwh, which is down slightly from the previous month, up 3.8% from the previous year and peak demand was down slightly from the previous year.

December was a good month. Overall revenue is up 5.7% from the previous year. Total residential customer count is holding constant, commercial customer count is up 2.0% from the previous year.

Delinquent accounts are down slightly from the previous month and the previous year. The delinquent amount still owing from the previous month is significantly down. The overall cash and investments are holding steady.

The aging analysis is consistent with the past couple of months.

B. Income Statement (December 2012): Pierce reported December was a good revenue month. Our operating revenue was over budget, which brings us closer to year-to-date. We are .03% off budget half way through the year. Pierce noted December reflects we are over budget on distribution expenses, because of Hurricane Sandy. Those expenses are being reimbursed and will show up in January's revenue when we receive the cash. All other major categories are under budget with the exception of Purchased Power where we are over budget approximately 5% for the year.

Total Operating income was almost \$40,000 for the month of December. Operating Income year-to-date is at 48% half way through the year, so we are in good shape. Our Net Income was approximately \$6,000 for the month.

Pierce stated December Capital Expenses are on track. Remaining budget for the year is \$340,000.

There was one outage in December. Three customers were out for a total of 105 minutes due to a squirrel. Our outage statistics still indicate we are available 99.98% of the time.

The majority of the crew's hours were spent on preparing space at Chatham, safety training & overhead line maintenance.

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

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

There is nothing new to report on MMEA & MPPA both meetings were postponed until next week.

Pierce made the following announcements:

- Sharon Morris successfully completed her certification through APPA as an Energy Efficiency Manager.
- Andy Johnston has been selected as a representative for APPA's Policy Makers Council and will represent the interests of IL, IN, MI, OH and WI.

Pierce congratulated them both on being the first LLP employee to receive these designations.

APPA Legislative Rally is March 11-14. Pierce will be attending as a representative of MPPA and MMEA. Any Board member interested in attending should contact staff.

- **System/Generation Upgrade Progress:** Pierce reported the MDEQ Air Permit has been received. A meeting with the contractors was held today, we will be starting construction in about 2 weeks, with an April 1st target date for completion. Johnston asked to have the Board tour the facility to see the progress as it begins.

Pierce stated the boiler has arrived from Ford safely.

Pierce reported he is getting closer to identifying additional options for long-term gas supply for the turbines. Pierce believes a special meeting will take place in February or March to discuss those options.

- **Biodigestion Update:** Litehouse has decided to continue with SPART in the Bio-digester project. Pierce met with SPART this week, discussions continue on final details.
- **Lowell Transmission Line:** We are still in the process of identifying ITC 's interest in purchasing our 6 miles of transmission line. No determination has been made at this time. If SPART were connected directly to our transmission line, it may be more attractive to ITC.
- **After Holiday Party:** Invitations have gone out for the City wide after Holiday party. The party is schedule for Friday, January 18th, 7-10 pm at the Lowell Historical Museum.
- **Meters:** Elster meters were installed last month due to a “recall” from Elster.
- **Library Sharing Program:** A “kill-a-watt monitor” lending program is underway, partnering with Englehardt Library. This program will allow our customers to check out watt monitors to test the electric usage of various appliances around their home. Their findings would identify ways to cut back on energy consumption, ultimately saving them money. This program is schedule to kick off in February.
- **Alternative/Renewable Energy Sources:** Pierce reported details prompted by Perry’s question at last month’s meeting regarding wind and solar as alternative renewable energy sources. Pierce stated when LLP began looking for renewable energy sources to meet the necessary PA 295 requirements, there were few renewable sources available; the renewable market in the US was young and inexperienced, and all new generation was expensive. Wind was well over 10 cents a kwh, Solar was over 30 cents a kwh and Landfill gas was around 8.3 cents a kwh. Pierce stated by time he came to Lowell, LLP was already committed to 1.4 MW of landfill gas renewable energy and this was the best alternative available. Landfill gas is a base load, 24/7 generation source and not subject to the sun not shinning or the wind not blowing.

In the marketplace today, it is possible to find purchased power contracts for wind for 20 years, with a 2.5% annual escalator. There is no good way to store wind and the wind does not always blow when you need it. A similar scenario is true for solar. Therefore, although the price seems attractive, the capacity and availability continue to be the issue. A utility is better off investing in a base load renewable source that produces 24/7. Our landfill gas fits that scenario but is a purchased power agreement. Our bio-digester project also fits this scenario and has the added benefit of potential long term ownership and operational control.

Pierce provided the December 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, February 14th. Johnston mentioned he will be out of town and unable to attend.

VIII. BOARD COMMENT:

Mayor Hodges stated City Manager Howe and his staff have put together a budget plan. He mentioned Jim Valentine resigned from the City Council. He is moving out of the City, thus leaving a vacant City Council seat. January 28th the City Council will meet to review letters of interest to fill Mr. Valentnie's seat.

Beachum asked for a representative from LLP to participate in two meetings FROM is scheduling to further train in-take volunteers. He believes this would be beneficial for the group of individuals to have a better understanding of LLP's shut off procedures for clients who are having trouble paying their electric bills.

Lowell City Manager Howe mentioned he was pleased with the turnout for the City staff Christmas potluck. Also he stated the City and LLP recently purchased a folding machine and will begin stuffing the electric and water bills rather than resourcing it out. He stated the AED's have arrived, an article was written in Ledger. He was pleased the grant they received not only included various City departments, also various other local organizations.

Johnston congratulated Morris on completing APPA's Energy Efficiency Management certification process. He stated this is part of the professional development plan outlined in our Strategic Goals. Johnston gave kudos to Pierce for his leadership and the direction he is taking Lowell Light and Power.

Chairman Canfield congratulated Johnston and Morris on their accomplishments. Canfield stated Jim Valentine has been a big asset to this community as well as the City Council. In the past, he was Lowell's Police Chief and served on the Lowell Light and Power Board. Canfield congratulated him as he begins a new phase in life. He stated, "This is a big loss in our community". Canfield read a statement to Lowell Citizens in an attempt to clear up incorrect information surfacing.

There was a motion by Beachum and a second by Johnston to go into closed session for a Contract Negotiations update at 6:20 p.m. The motion passed by a unanimous vote of the Board.

There was a motion by Johnston seconded by Beachum to come out of the closed session at 6:53 p.m. and return to the regular meeting. The motion passed by a unanimous vote of the Board.

The Board had a brief discussion about Hurricane Sandy, Mutual Aid and RP3.

IX. **ADJOURNMENT**: There was a motion by Johnston and a second by Beachm to adjourn the regular meeting at 7:07 p.m. The motion passed by a unanimous vote of the Board.

Chairman Canfield

Date