

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

- I. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 5:35 p.m. by Chairman Canfield. Present were Beachum, Canfield, Caldwellader and Laponsie. Johnston was absent. There was a motion by Beachum, seconded by Laponsie to excuse the absence of Johnston. The motion passed by a unanimous vote of the Board. Also present were General Manager Pierce, Chief Accountant Donkersloot, Electric Distribution Manager Russo and Utility Services Coordinator Morris.
- II. **APPROVAL OF AGENDA:** There was one item added to the agenda; Action item D). Retiree Cola – 2014. There was a motion by Beachum, seconded by Laponsie to approve the amended agenda. The motion passed by unanimous vote of the Board.
- III. **APPROVAL OF MINUTES:** (June 13, 2013 Regular Board Meeting & June 13, 2013 Closed Session Meeting). There was a motion by Beachum and a second by Laponsie to approve the June 13, 2013 Regular Board meeting minutes as presented. The motion passed by a unanimous vote of the Board.

There was a motion by Beachum, seconded by Laponsie to approve the June 13, 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. **East Sub Transformer Replacement:**

Pierce stated that contractor bids were received for the transformers necessary to relocate/reconfigure the East substation. Bids were submitted from Soloman, Wesco, Howard Industries, Cooper and T&R. The low bid which included transformers and necessary configuration, was Soloman at \$50,900.

There was a motion by Beachum, seconded by Laponsie to approve the bid from Soloman for \$50,900 for the purchase of two (2) 1500 KVA transformers from Soloman at a cost of \$50,900. Beachum also requested staff check on available FEMA funds. The motion passed by a unanimous vote of the Board.

B. State Low Income Energy Assistance Fund

The Governor has signed the Low Income Energy Assistance Fund legislation and Michigan municipal utilities are now required to let the MPSC know whether they will participate or opt-out of the program. Based on preliminary discussions last month, the consensus of the Board was to opt-out for the first year and see how it fares with our customers.

After further discussions this month with MPPA and other utilities, it has come to our attention that we are only the collection agent for all low income customers who need assistance with their energy, (gas, propane or electric) in our service area. If we collect from our electric customers, Flat River Outreach (FROM) would be eligible to apply for funds from this program. Therefore, additional funds would be available to assist qualified low income residents in our community.

There was a motion by Laponsie, seconded by Cadwallader to “opt in” to the State Low Income Energy Assistance Fund. The motion passed by a unanimous vote of the Board.

C. Fiscal Year ending June 30, 2013 Write-offs

Donkersloot reported on write offs for fiscal year end 2012. The current write off is \$6,799.22. When comparing these amounts to our total electric sales, our percentage has dropped to .089%, compared to last year’s .097%.

Steve stated, compared to other utilities of our size throughout the nation (utilities with 2,000-5,000 customers), the impressive work of our customer service team really shines! APPA’s Annual Statistics Report states, on the average, utilities of our size write-off .15% of total sales annually.

As we continue to make improvements in our billing process, we anticipate a decrease in write offs for the upcoming years.

There was a motion by Beachum and a second by Laponsie to approve the 2012 fiscal year end write off of \$6,799.22. The motion passed by a unanimous vote of the Board.

D. Retiree Cola 2014

In past years, a valuation was done to determine the cost of providing a cost of living adjustment (COLA) to our Retirees. This year, the published social security COLA increase is 1.7%.

The cost of the valuation is \$150 for the first valuation and \$100 for each additional valuation.

There was a motion by Laponsie, seconded by Cadwallader to move forward on the valuation for 1.7%. 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 May performance data. Total electric requirements were 5,701,093 kWh, which is down from the previous month and from the previous year. Peak demand was 12.299, which is up from the previous year.

Pierce stated June electric sales were down from the previous month and previous year. Total residential customer count was up from a year ago. Residential kWh sales were down from the previous month and from the previous year. Commercial sales were down from the previous month and the previous year. Commercial customer count was up from the previous month, the highest in several years.

Delinquent accounts are staying consistent and balance after shut offs was significantly down from the previous month and previous year. The delinquent amount still owing from the previous month is \$9. The overall cash and investments are down slightly.

The aging analysis is down from the past couple of months.

There was one outage in the month of June; 138 customers were out for 30 minutes. The outage was due to a tree that hit the lines causing a fuse to blow.

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

Most of the crews work during June has been allocated to the Combustion Turbine project.

B. Income Statement (June 2013): Pierce reported June is always a difficult month to budget; sometimes it's hot, sometimes not; sometimes expenses get held for the paid before the fiscal year end, sometimes nothing unexpected. Revenue was under budget by almost \$50,000. Year to date we are only .38% off budget. Most other expenses are either at or under budget, except Purchased Power. Purchased Power was over budget for the month of June, we are over budget year-to-date by 4.85%. Our year-to-date Total Operating Expenses are slightly over budget by .18%.

Our Total Operating income was \$23,000 for the month of June, which puts us over budget year-to-date by 3.65%. We had a Net Loss for the month of June of \$7,000.

The audit is scheduled for August 19th, which is the earliest we have ever done an audit. Reverse entries still need to be made and it looks like it will be in our favor.

Pierce stated \$143,796.21 is remaining in the June Capital budget. The funds have been allocated; we are waiting for invoices.

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

- **MPPA/MMEA Updates:**

MPPA established the "All Requirements Service Committee" at its last meeting and we joined as members. This is the group that will hire an engineering firm to look at what the benefits would be for each of the nine smaller MPA utilities, individually, in this type of a group. The estimated cost to Lowell to participate in the study is approximately \$9,000.

Monday, July 1st was the commissioning celebration for the new Lansing combined cycle natural gas combustion turbine generating facility known as Reo Town. Two combustion turbines will provide approximately 180 MW of electricity. The steam from the boilers attached to the turbines will provide most of the heat for the Capital area. Senator Stabenaw and Representative Rogers attended this event.

APPA Annual Conference in Nashville occurred last month, no one from Lowell attended. Pierce received reports from some who attended the conference. Reports state there was considerable discussion regarding rumors of President Obama's forthcoming Climate Action Plan. The Plan was released on June 25th. The basic thrust was not positive for the electric industry. The Climate Action Plan is asking the EPA to put tough new restrictions in place to cut carbon pollution primarily in the energy sector.

- **System/Generation Upgrade Progress:** Preliminary operating tests, alignment diagnostics, and a host of other final preparations are being completed on the Solar turbine by Doug Barnes, with positive results. Final wiring and cabling is underway to connect switch gear, control panels, fans and motors, and we are still scheduled for a July 24th start-up date.
- **Biodigestion Update:** Spart is moving forward with Caterpillar. We should have final numbers by next week to see how the financing will look.
- **Flood of 2013:** Pierce received news this week that the President did declare Kent County a disaster area for the Flood of 2013, which means we will be able to get expenses reimbursed for the flood efforts. There will also be some money available for implementing corrective or preventative activities that would decrease the possibility of disaster in the future. LLP may be able to take advantage of some of those funds to move/raise transformers and possibly even the relocation/reconfiguration of the East Sub.
- **FROM Food Fight:** The Food Fight is progressing well. The majority of the LLP employees have been involved in collecting food items from the designated drop off points. Pierce thanked Sharon for her efforts in coordinating this event.

- **Lowell Light and Power Shut-off Process:** During the June Board meeting, the front office stayed open late to facilitate late payments from those who had been shut-off following implementation of our new shut-off timing process. Most of the customers involved were able to get their payment made once they realized the timing had changed. Ultimately, there were 10 customers shut off and all but one of those paid by the end of the Board meeting that Thursday.
- **MISC Updates**
 - There may be interest in our diesel engines. Portland was here this week and looked at them this week.
 - Renewed interest in the Line Shack.
- **Payables:** Pierce presented June 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 Board meeting will be held, Thursday, August 15, 2013, a week later than the normal scheduled date.

VIII. **BOARD COMMENT:**

Canfield mentioned the General Manager's review is due. Since Johnston handles the logistics of this, he will have Andy get information to all Board members for them to fill out for the August Board meeting to discuss. Greg is very pleased with the staff and the budgeting presented. Canfield thanked Lowell Light and Power's staff for heading the FROM Food Fight pickups. He thanked Maryalene for her contributions to the community should she move out of the City.

Beachum mentioned some community residents were commenting on the new trees planted along South Jefferson, specifically that, "the City can't fix their roads, but they are spending money buying trees." Perry wanted to clarify these trees were paid for by the Arbor Board, not the general fund. His hope is that the community will get the facts before they begin spreading untruthful

rumors. Laponsie, who sits on the Arbor Board, stated they received a grant for the planting of the trees, and they try to get feedback on where the trees should be planted. The Pink Arrow kick off day is Tuesday, July 30, 10-7 at Gilda's Club.

There was a motion by Laponsie and a second by Beachum to go into closed session for a Contract Negotiations update at 6:43 p.m. The motion passed by a unanimous vote of the Board.

There was a motion by Beachum seconded by Laponsie to come out of the closed session at 7:05 p.m. and return to the regular meeting. The motion passed by a unanimous vote of the Board.

IX. **ADJOURNMENT**: There was a motion by Beachum and a second by Cadwallader to adjourn the regular meeting at 7:06 p.m. The motion passed by a unanimous vote of the Board.

Chairman Canfield

Date