

MINUTES
BOARD OF LOWELL LIGHT AND POWER
REGULAR MEETING OF JUNE 13, 2013

- I. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 5:30 p.m. by Chairman Canfield. Present were Beachum, Canfield, Johnston, Caldwellader and Laponsie. Also present were General Manager Pierce, Chief Accountant Donkersloot, City Manager Howe and Mayor Hodges.
- II. **APPROVAL OF AGENDA:** There was a motion by Laponsie, seconded by Johnston to approve the agenda as presented. The motion passed by unanimous vote of the Board.
- III. **APPROVAL OF MINUTES:** (May 9, 2013 Regular Board Meeting & May 9, 2013 Closed Session Meeting). There was a motion by Beachum and a second by Johnston to approve the May 9, 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 May 9, 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. **CT Plumbing/piping installation bids:**

Pierce review the bids for completing the final piping and plumbing necessary to hook up gas and water to the combustion turbines. Bids were received from Northern Boiler (\$71,600), Lakeside Mechanical (\$36,562) and Riteway Plumbing and Heating (\$38,974). Our mechanical engineer, Dan Girvan, had reviewed the bids and saw no reason not to accept the low bid. Chairman Canfield also checked out the credentials of Lakeside Mechanical and received a favorable report.

This amount is budgeted in the 2013-2014 Capital Expense Plan.

There was a motion by Beachum, seconded by Laponsie to approve the bid from Lakeside Mechanical for \$36,562 to complete the plumbing installation for the combustion turbines. 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 April performance data. Total electric requirements were 5,847,167 kwh, which is down from the previous month and up from the previous year. Peak demand was up slightly from the previous year.

Pierce stated May revealed electric sales were up from the previous month and previous year. Total residential customer count was up. Residential kwh and sales were down slightly from the previous month and up from the previous year. Commercial sales were up from the previous month and the previous year. Commercial customer count was the highest since 2009 (414 commercial customers).

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 \$2. The overall cash and investments are holding steady.

The aging analysis is staying consistent with the past couple of months. Our estimated potential write-off is \$6,873.

There were two outages in the month of May; 24 customers were out for 94 minutes. One outage was weather related, the other a squirrel.

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

The crew spent the majority of hours in May on the Combustion Turbine project and Flood Relief.

B. Income Statement (May 2013): Pierce reported May was a good month. Revenue was over budget 6.24%. All other expenses are either at or under budget, except Purchased Power. Although Purchased Power was nearly right on budget for the month of May, we are still over budget year-to-date by 3.49%. Our year-to-date Total Operating Expenses are right on track, under budget by .05%.

Our Total Operating income was \$66,000 for the month of May, which puts us over budget year-to-date by 13.31%. We had a good Net Income for the month of May.

Pierce stated May Capital Expenses are on track. Remaining budget for the year is \$264,000.

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

- **MPPA/MMEA Updates:**

MMEA is still working to get the Great Wolf Lodge decision back in front of the Michigan Supreme Court. We are still in the process of waiting to see how the court of appeals will respond to the Consumer's Appeal in the Holland case.

MPSC has agreed to hear the MPPA case regarding potential Kalkaska CT gas supply overcharges by Michcon. The process has moved forward with a formal amended complaint being submitted to the MPSC by MPPA. The amended complaint has been accepted by the Commission and we are currently waiting for a hearing date.

Pierce gave an update on MPPA's "all requirements group". This group allows smaller utilities to pool their resources and spread the cost over nine utilities. In most cases, this worked out to be a savings for utilities. An engineering firm is being hired to perform an analysis to determine what each individual utility would save.

We lost the Federal Court case against FERC and MISO, regarding the cost that will be spread over all utilities to build the transmission super highway from the Dakotas to the East Coast. Pierce believes this case will be appealed.

It appears on a State level a bill will pass asking all utilities to collect \$1/month per meter to establish a "low income" energy relief fund. There is an opt-out provision for smaller utilities. If we collected \$1/month per meter it would equate to \$32,000. We typically write off \$5,000-9,000 each year. However, if we choose to opt-out, we are not allowed to shut off

residential customers between November-April 15th. There was Board discussion on how to best handle this legislative action.

APPA: Annual Meeting in Nashville June 14-19.

- **System/Generation Upgrade Progress:** The CT installation is well underway, great progress has been made the past month. The start-up date for the Solar turbine is July 22nd. Over the past several weeks we have had the next phase of fiber installed. A section of fiber from the Broadway building to the Chatham building is complete. We now have fiber from the main Substation and Chatham linked to the Broadway facility where ultimately we will have a control center to monitor the substation, generation from Chatham and meter data.
- **Biodigestion Update:** Spart is working with other potential investors and have had positive response and several meetings are set for the second step of investor due diligence.
- **Lowell Light and Power Recycling Event:** Pierce stated the Lowell Light and Power recycling event was a success. Many residents took advantage of the event and we collected nearly 10,000 lbs of electronics. Pierce thanked Sharon for her efforts, partnering with Consumers Energy and bringing the event to fruition. Customers appreciated taking advantage of this event and commented on how they would like to see this event yearly.
- **Municipal Grid Enhancement Summit:** Earlier this week, Tom and Greg attended a municipal summit focusing on enhancing the effectiveness of the electric grid. There is an increased emphasis, on a national level, to develop better security, reliability and overall efficiency to the electric grid. From generation to transmission to distribution to substation maintenance to meters to interactive customer demand response, the industry is being encouraged to upgrade their sometimes outdated infrastructure and inefficient operations. A new broad concept is evolving out of the green, carbon reduction, renewable/sustainable, efficient communities movement called “Smart Communities”, where technology based infrastructure architecture is being developed to modernize communities so they can meet the cultural needs of the future. The technology has advanced and you can purchase “apps” where cell phones allow customers to control their usage remotely.

- **Procedure Change**: Pierce stated this was the first month we implemented the new procedure, where past due bills are due 10 days after the shut-off letters. Yesterday, we tagged 141 customers; today we shut-off 10 customers. The office stayed open late to take necessary payments.
 - **Food Fight**: Pierce discussed Lowell Light and Power is taking the lead on picking up all the food donations. This has been a significant undertaking for employees. More food was collected this past week than was collected the entire first year of Food Fight.
 - **Payables**: Pierce presented May 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, July 11, 2013.

VIII. **BOARD COMMENT**:

Laponsie thanked Lowell Light and Power and the Board for sending flowers to the funeral home for her husband's passing, it meant a lot to her.

Beachum mentioned a couple articles he read about DTE and the Campbell plant. Beachum stated Pink Arrow banners will be going up; we can place our current banner up for \$100. Beachum asked for clarification of the use of the \$75,000 DEED grant. Beachum likes the newsletter and questioned why SS#'s were asked for in updating records.

Johnston mentioned he will be on vacation during July's meeting and unable to attend. He thanked the staff for providing a great income statement.

Mayor Hodges congratulated LLP on providing quarterly Newsletters. He feels the information provided by LLP and the City has greatly improved and is valuable to our constituents. He thanked LLP for their recycling event; he was able to take advantage of this event.

The Mayor also mentioned the Summer Concerts begin tonight. The Fireplace shop had their grand opening this afternoon. The City adopted its budget on May 20th.

Mark Howe stated the Small Business administration is making available low interest loans for those who had damage due to the flood. Bids for the Riverwalk project have been received. That project should be moving forward in July.

The building inspector received an email from an architect who stated structural damage occurred to the Robert E. Lee during the flood. A structural engineer recommended that public not be on the boat until certain things are repaired. Volunteers have come together to get that work accomplished.

There was a motion by Laponsie and a second by Beachum to go into closed session for a Contract Negotiations update at 6:27 p.m. The motion passed by a unanimous vote of the Board.

There was a motion by Johnston seconded by Laponsie to come out of the closed session at XXX 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 Laponsie and a second by Johnston to adjourn the regular meeting at 6:51 p.m. The motion passed by a unanimous vote of the Board.

Chairman Canfield

Date