

MINUTES
BOARD OF LOWELL LIGHT AND POWER
REGULAR MEETING OF MAY, 9 2013

- I. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 5:32p.m. by Chairman Canfield. Present were Beachum, Canfield, Johnston and Laponsie. There was a motion by Beachum, supported by Johnston to excuse Cadwallader'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, City Manager Howe and Mayor Pro-Tem Ellison.
- 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** (April 11, 2013 Regular Board Meeting & April 11, 2013 Closed Session Meeting). There was a motion by Beachum and a second by Johnston to approve the April 11, 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 Johnston to approve the April 11, 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. **Lowell Light and Power 2014 Operating and Capital Budgets:**

Pierce reviewed the Final Annual 2013-2014 Operating Budget. A few minor changes occurred since the approved draft budget in March. As we looked at the variables of Generation and Purchased Power, we found areas where we had been too conservative in the past. Generations was increased by \$82,000 and Purchased Power expenses were increased by approximately \$200,000 from the draft budget.

Pierce reviewed the Long Range Financial Planning Model. The model shows the impact of the current budget to the long range plan as well as the foundation for the Capital Expense Plan. The 2013-2014 Capital Expense outlines capital expenses of \$900,000.

There was a motion by Beachum, supported by Johnston to approve the 2013-2014 Operating and Capital Budgets. The motion passed by a unanimous vote of the Board.

B. Fiscal Year 2014 Benefits Renewal:

Pierce reviewed the renewal benefits package. Our Health insurance renewal, for the current coverage, represents a 5% increase. Our total benefits renewal package represents an overall increase of 4.35%, or about \$8,200 more per year.

There was a motion by Laponsie and a second by Johnston to approve the renewal of the Health, Dental, Life and Disability as presented. The motion passed by a unanimous vote of the Board.

C. Reverse Osmosis Water Treatment for CT's:

Pierce stated bids were received for supplying the De-ionized water system (Reverse Osmosis) for the combustion turbines. Bids were received from Artesian Inc. and Processes Engineering and Equipment. Artesian Inc. was the lowest bid at \$35,660.48. The bids were higher than anticipated; this additional \$26,000 was not in the amended Capital Expense Budget approved by the Board in February. The system will not be delivered until July 2013, that amount has been included in the 2013-2014 Capital Expense Budget.

There was a motion by Johnston and a second by Laponsie to approve the bid from Artesian Inc. for \$35,660.46 to provide the Reverse Osmosis water system 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 March performance data. Total electric requirements were 6,407,760 kwh,

which is up from the previous month and from the previous year. Peak demand was slightly less than the previous year.

Pierce stated April was a good revenue month. Total residential customer count was up. Residential kwh and sales were up. Commercial sales were up from the previous month and year. Commercial customer count was up from the previous year.

Delinquent accounts were down significantly and balance after shut offs was consistent with the previous month and previous year. The delinquent amount still owing from the previous month is \$223. The overall cash and investments were down slightly from the previous month.

The aging analysis is down, although staying consistent with the past couple of months.

B. Income Statement (April 2013): Pierce reported April was a good month. Revenue was slightly over budget. Purchased Power was over budget, however, by approximately \$60,000. Purchased Power is still over budget year-to-date, 3.74%, the majority of the remaining expense categories are under budget.

Total Operating income was negative \$32,000 for the month of April and we had a net loss of \$26,000 for the month. We are still in good shape year-to-date.

Pierce stated April Capital Expenses are on track. Remaining budget for the year is \$327,716.57.

There were eight total outages in the month of April. The majority were short outages (less than an hour). Four were equipment failures, two were due to animals and two were due to a downed tree.

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

The crew spent the majority hours in April on the Combustion Turbine installation.

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

- **MPPA/MMEA Updates:**

MMEA/MPPA Board meeting are both the week of May 13th and coincide with a Michigan Utilities vendor conference in Lansing and the semi-annual MMEA membership meeting.

The MMEA Board and members were pleased with the annual meeting we hosted last year at the Crowne Plaza. The Board decided to hold the annual conference there again next year. MMEA is hoping another local utility will host this event; LLP will assist the host utility with coordination.

APPA: Pierce announced Tom Russo was elected to the APPA RP3 Review Board as a Representative and facilitator for utilities with less than 5000 customers. Pierce congratulated Tom for being selected and the opportunity to take his expertise to other small utilities around the country.

- **System/Generation Upgrade Progress:** Progress is still underway. The stacks and ventilation equipment have been installed, the block wall is done and much of the outside work for the transformers and compressor has taken place.
- **Biodigestion Update:** Spart is working with other potential investors, has had positive response.
- **Flood of 2013:** Pierce reported on the recent flood activities. All of the LLP outside staff were involved in the monitoring and efforts to minimize the impact of the flood to residents/customers. Fortunately, we were able to “keep the lights on”. We faced communication challenges throughout the three days of intense activity and we have had several discussions and brainstorming sessions on how we might better communicate to our customers during future events. Pierce thanked all those who were involved to help minimize the impact to our customers.
- **Lowell Light and Power Recycling Event:** Pierce reported on the recycling event scheduled for June 1st.

- **Lowell Light and Power Shut-off Process:** As we have been working to minimize our delinquent receivables by developing payment plans, etc., we have noticed an area in our shut-off procedures that tends to exacerbate potential delinquent problems. Steve presented a spreadsheet explaining our current procedure and a new procedure he is proposing. Basically we would be moving the delinquent payment due date up, 10 days earlier.
- **Adopt-A-Road:** Pierce stated Alden Nash is available between Segwun and Emery.
- **Payables:** Pierce presented April 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, June 13, 2013.

VIII. **BOARD COMMENT:**

Johnston gave congratulations to Tom on his appointment to the APPA's RP3 Board. He was pleased with the City's response in the flood efforts.

City Manager Howe mentioned there is a Public Hearing scheduled on May 20 regarding budget, which would include a modest reduction in the millage rate. A second public hearing is scheduled the same day on trash pickup, the contract renews at the end of this year. Mark thanked the LLP staff for their efforts in partnering with the City in the flood efforts, he also thanked FROM for taking the lead on post flood community relief.

Canfield, Beachum and Laponsie offered congratulations to Russo on his recent appointment.

There was a motion by Beachum and a second by Laponsie to go into closed session for a Contract Negotiations update at 7:01 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 7:22 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 7:23 p.m. The motion passed by a unanimous vote of the Board.

Chairman Canfield

Date