

**MINUTES**  
**BOARD OF LOWELL LIGHT AND POWER**  
**REGULAR MEETING OF SEPTEMBER 12, 2013**

- I. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 5:31 p.m. by Chairman Canfield. Present were Beachum, Canfield, Cadwallader and Laponsie. 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. Vice Chairman Johnston arrived at 5:47. Also present were General Manager Pierce, Chief Accountant Donkersloot, Electric Distribution Manager Russo, Utility Services Coordinator Morris, City of Lowell Mayor Hodges and Lowell City Manager Mark Howe.
- II. **APPROVAL OF AGENDA:** There was a motion by Beachum, seconded by Laponsie to approve the agenda as presented. The motion passed by unanimous vote of the Board.
- III. **APPROVAL OF MINUTES:** (August 15, 2013 Regular Board Meeting & August 15, 2013 Closed Session Meeting). There was a motion by Beachum and a second by Laponsie to approve the August 15, 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 Cadwallader to approve the August 15, 2013 Closed Session meeting minutes. The motion passed by a unanimous vote of the Board.

IV. **PUBLIC COMMENTS:** (Items not on the agenda):

Barb Barber asked the Board to elaborate on the purchase of the CT and what customers can expect from this purchase. Chairman Canfield explained part of LLP's long range strategic plan is to have local generation as a backup plan should there be a catastrophic event and we lose power. The CT's would allow us to keep the lights on for our customers.

Pierce and Board Members addressed public comment regarding additional gas supply options.

## V. ACTION ITEMS:

### A. Lowell Light and Power, Fiscal Year Ending 2013 Annual Audit:

Pierce reported this is the earliest LLP's annual audit has been completed. Doug Vredevelde and Matt Smith were present on behalf of Vredevelde Haefner. Doug gave a presentation of the audit findings. LLP received a good clean audit.

There was a motion by Johnston, seconded by Cadwallader to approve the audited financial statement for fiscal year 2013. 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 July performance data. Total electric requirements were 6,301.571 kWh, which is up from the previous month and down from the previous year. July was cooler, compared to last year. Peak demand was 15.673, which is highest peak recorded in LLP history.

Pierce stated August electric sales were down from the previous month and up 6% from the previous year. Total residential customer count was slightly down from the previous month and up from the previous year. Residential kWh sales were down from the previous month and the previous year. Commercial sales were down from the previous month and the up from the previous year.

Delinquent accounts are up from the previous month and previous year most likely due to a high July billing month. Balance after shut offs was down from the previous month and significantly down from the previous year. The delinquent amount still owing from the previous month is \$51. The overall cash and investments are up slightly.

There were 3 outages in the month of August; effecting 41 customers, those customers were out for a total of 2,490 minutes; approximately 1 hour per customer. These outages were caused by an animal, a tree limb and lightning.

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

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

**B. Income Statement (August 2013):** Pierce reported, August was a good month. Revenue was \$724,968.64. Purchased Power was under budget, the 2<sup>nd</sup> month in a row. Purchased Power was down primarily because this summer was much cooler than last summer.

Our Total Operating income was \$146,000 for the month of August. We had Net Income for the month of \$109,000.

Pierce reviewed the Capital Expense summary. We have \$628,000 remaining in the Capital budget.

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

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

Pierce reminded the Board about the MMEA Annual Fall Conference at the Crowne Plaza in Grand Rapids, September 25-27.

At the MPPA meeting this week another renewable energy project was introduced, a biogas facility in Gaylord. Interested members may buy into this project for 4.7¢ per KWh with a 2% escalator over the next 20 years. This is the least expensive rate MPPA has been approached with for renewable energy in the past couple years. Our cost would be \$7.6 M over the next 20 years, should we decide to buy into this renewable energy project to meet a 10% RPS.

Pierce stated he received a final proposal from Spart, indicating an average cost of 5.1¢ per KWh. The Spart project appears to be the best option to meet our needs for renewable energy for the future.

- **System/Generation Upgrade Progress:** Pierce reported we are still in the process of ironing out some minor issues with the Solar turbine. There were some gas and voltage regulators problems, but the engine started and ran for various lengths of time. A new gas regulator was installed, the voltage regulator was shipped this week; we expect it will be installed within a week. These final tweaks, adjustments and cleanings are all part of the process of bringing the unit to run under full load.
- **Biodigestion Update:** Pierce received a final package from SPART. A verbal commitment was received from a private party to fund 30% of the project, with Caterpillar as a main investor; 70% of the project. The purchase power agreement is designed for the 1<sup>st</sup> 5 years with an option for LLP to purchase the facility after 5 years.
- **Amphitheater Project 2013:** The project is underway, transformers have been ordered and we have a design for how the changes to the area will transpire (including removal of the East Sub). One issue is how to handle service to the existing school property where not much electric is being used there now. Currently, the school property adjacent to the project is for sale. Once the building sells, we will have an idea of what the eventual owner will need be for the building.
- **Adopt a Road:** The next scheduled clean up date is scheduled for Tuesday, October 1<sup>st</sup> at 5:10.
- **Whites Bridge Dam and Hydro:** Pierce reported he had attended the Great Lakes Renewable Energy Association meeting and met Mr. Leabu, the current owner of the Whites Bridge Hydro facility. They will continue to stay in contact regarding the possibility of buying hydro power from the facility in the future.
- **Harvest Festival:** Pierce mentioned the Lowell Harvest Festival is Saturday, October 12<sup>th</sup>. We will be grilling, painting pumpkins, giving bucket rides and offering energy savings tips to our community. The week leading up to Harvest Festival is Public Power Week; we will be doing some promotional activities for Public Power during that week.
- **Contract Negotiations:** We just past the 18<sup>th</sup> month mark since the first contract negotiation session with the IBEW began in February 2012. Negotiations have proceeded through initial negotiations, mediation and

fact finding. Negotiating the first contract is always the most difficult since there is no current contract language in place that parties are merely modifying or fine tuning. The fact finders report arrived earlier this week, therefore we can work towards reaching a contract agreement.

- **Riverside Building Maintenance:** Last year we spent several thousand dollars on mold remediation at the Broadway facility. Included in that process, several walls throughout the office were painted. This summer with the humidity more wallpaper peeling occurred throughout the building. Over the last five years we have made several attempts to re-glue the wallpaper with no success. We are in the process of removing the wallpaper and preparing the walls for fresh paint. Although it is currently quite a construction mess, in a couple weeks we will have that all behind us and enjoy a bright new office look.
- **PCA Customer Inquiry:** Donkersloot presented information regarding the PCA (Power Cost Adjustment) listed as a line item on customer's bills. Steve explained, the PCA is a variable number that can fluctuate from month to month; basically a pass through. Since 2010, LLP's purchased power cost has increased 35.53%. In 2012, LLP absorbed \$500,000 of purchased power cost that could have been passed on to our customers.
- **Payables:** Pierce presented August 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, October 10, 2013.

#### VIII. **BOARD COMMENT:**

Johnston congratulated Steve and the team on a clean audit.

Beachum stated he would love to see continued public attendance at meeting each month. This would give everyone a good understanding about decisions being made rather than attending one meeting and question why the Board made a specific decision. Perry thanked Lowell Light and Power for hanging the Pink Arrow banners on Main St. and LLP employees for volunteering

during the Pink Arrow game. Perry would like to have a discussion about what to do with the line shack.

Laponsie stated it is great to see so many public attendees at the Board meeting.

Mayor Hodges reported Chief Police Barry Getzen is retiring in November. City Manager Mark Howe has put together an interview team; consisting of himself, three Police Chiefs from surrounding area and the City Attorney. BP is gone and in the process of a \$1.2M improvement; the Dollar Tree is moving along well. There will be a meeting September 23rd with all the City Boards to review the City's Strategic Plan.

Lowell City Manager Howe reported they are replacing a mile and a ¼ of sidewalks throughout the City all with grant funds. Mark stated they continue working with MDOT to put a left turn light at Main and Hudson.

Canfield thanked the public for attending.

There was a motion by Beachum and a second by Johnston to go into closed session at 6:57 p.m. The motion passed by a unanimous vote of the Board.

There was a motion by Beachum, seconded by Laponsie to raise the GM's base pay a minimum of 3% with a potential of up to 5% after further review. The motion passes by a unanimous vote of the Board.

There was a motion by Beachum seconded by Laponsie to come out of the closed session at 9:03 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 Laponsie to adjourn the regular meeting at 9:04 p.m. The motion passed by a unanimous vote of the Board.

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Chairman Canfield

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Date