

**Minutes for the
Board of Lowell Light & Power's
Regular Meeting – February 8, 2018**

I. CALL TO ORDER AND ROLL CALL:

The meeting was called to order at 6:10 p.m. by Chairman Beachum. General Manager Steve Donkersloot called the roll.

Present: Board Members: Perry Beachum, Jeff Dickerman, and Andrew Schraub

Absent: Tina Cadwallader

It was MOVED BY DICKERMAN, SUPPORTED BY SCHRAUBEN, to excuse the absence of Cadwallader.

Yea: 3 Nay: 0 Absent: 1 Motion Carried

Also Present: General Manager Steve Donkersloot, Utility Services Coordinator Sharon Morris, Plant Accountant Megan Keyser, Lowell City Council Liaison Jim Salzwedel, and newly appointed Board Member Dave VanKeulen

II. APPROVAL OF AGENDA:

It was MOVED BY DICKERMAN, SUPPORTED BY SCHRAUBEN, to approve the agenda as presented.

Yea: 3 Nay: 0 Absent: 1 Motion Carried

III. APPROVAL OF MINUTES:

It was MOVED BY DICKERMAN, SUPPORTED BY SCHRAUBEN, to approve the January 11, 2018 Regular Board Meeting Minutes.

Yea: 3 Nay: 0 Absent: 1 Motion Carried

IV. PUBLIC COMMENTS (for items not on the agenda):

There was no public comment

V. ACTION ITEMS:

A. Adoption of Solar/Net Billing Rate

Interest in residential and small commercial solar systems are more popular due to the fact that many people want to “go green”, coupled with the fact that solar panels continue to decrease in price to the point that they now make economic sense for some people to purchase.

Mark Beauchamp, President of UFS, presented details on a Solar/Net Billing Rate.

It was MOVED BY DICKERMAN, SUPPORTED BY SCHRAUBEN, to adopt the Solar/Net Billing Rate and insert as Policy 4-15 in LL&P’s Rate Schedules Policy book.

Yea: 3 Nay: 0 Absent: 1 Motion Carried

B. Adoption of Standby Rate

Donkersloot stated in the changing energy landscape, it is becoming more common for large commercial and industrial customers to install generation units to produce all or a portion of their own energy. As this takes place, customers still desire to remain connected to the grid to ensure reliable power supply. This occurs because of several factors: (1) often the customers generating unit is not capable of fully providing the power supply needs and the customer requires the supplemental power provided by the electric utility. This service is often billed to the customer from applicable rate tariffs offered by Lowell Light and Power. (2) The customer’s generating units require periodic maintenance.

Mark Beauchamp, President of UFS, presented details about the rate design.

It was MOVED BY DICKERMAN, SUPPORTED BY SCHRAUBEN, to adopt this Standby Rate, which will be inserted as Policy 4-14 in LL&P's Rate Schedule Policy book.

Yea: 3 Nay: 0 Absent: 1 Motion Carried

C. Adoption of Financial Matrices Guidelines

Donkersloot stated, as a follow-up to the recently approved Cash Reserves Policy, that he believed it was important for the Board to formally adopt a key financial metrics policy. The purpose of this policy is to keep LL&P in a strong financial position.

Mark Beauchamp, President of UFS, reviewed this policy with the Board.

The Board decided to table this until next month's meeting to allow staff to develop specific guidelines on this policy.

D. Consumers Energy Gas Extraordinary Facilities Agreement

Donkersloot presented the Gas Extraordinary Facilities Agreement with Consumers Energy (The Agreement). This will allow for the construction of a gas regulator station which is the best and most cost-effective solution so that LL&P has the ability to run both C.T.'s 24/7/365 – a long-term goal and strategic plan of the Board.

The cost of the project is \$789,500, with one-third due upon execution of The Agreement, one-third is due upon completion of the engineering/design work, and one-third is due when construction is finished. The cost of the project will be funded through the Fiscal Year 2018 and 2019 Capital Budgets; specifically reallocating the majority of the C.T. Upgrade's \$300,000 in this fiscal year.

There is the potential, based on a variety of variables, for LL&P to recover the entire \$789,500 investments over the course of the next seven years.

The City Attorney has reviewed The Agreement and gave his approval.

It was MOVED BY SCHRAUBEN, SUPPORTED BY DICKERMAN, to approve the Gas Extraordinary Facilities Agreement with Consumers Energy for \$789,500.

Roll Call Vote: Beachum, Dickerman & Schrauben – Yes
Cadwallader - Absent.

Yea: 3 Nay: 0 Absent: 1 Motion Carried

E. Regulator Station Easement for Consumers Energy

The final proposed easement and easement drawing with Consumers Energy (CE) for a natural gas regulator station that CE proposed building and installing for LL&P was presented.

The regulator station is the most cost-effective way to get the natural gas supply needed to run any time of the year. The regulator station drawing detailed the station will be located within the fenced-in area on the south-side of the LL&P Office Building where there is already other electric equipment (transformers, cooling tower, generator, piping, and more).

This easement has been reviewed and approve by LL&P staff and the City Attorney.

It was MOVED BY DICKERMAN, SUPPORTED BY SCHRAUBEN, to approve this easement with Consumers Energy for a natural gas regulator station. The easement will be presented at the next City Council meeting for final approval.

Yea: 3 Nay: 0 Absent: 1 Motion Carried

F. Temporary Working Agreement for Consumers Energy

Donkersloot presented a Temporary Working Agreement (TWA) with Consumers Energy for them to install the natural gas regulator station (which was reviewed and discuss as the previous action item).

The TWA has been reviewed and approved by LL&P staff and the City Attorney.

It was MOVED BY DICKERMAN, SUPPORTED BY SCHRAUBEN, to approve the Temporary Working Agreement. This TWA will go to the City Council for final approval.

Yea: 3 Nay: 0 Absent: 1 Motion Carried

G. Office Breakroom/Hallway, and Lobby Renovation

After the January Board Meeting discussion regarding the office renovation project, LL&P reached out to two contractors who submitted bids. The first inquiry was about the tile. Inquiries were made about the slip co-efficient standards for commercial/public buildings, what sizes of tile can be selected, and what different types of material are options at the quoted price point. Staff also asked them to provide pictures or samples of the kitchen cabinets, as well as what brand and types of wood the cabinet were within our cabinet allowance. Lastly, it was asked if the quote would change if part of the project would be done after hours and/or on weekends.

We heard back from Harmony Construction and did not hear back from Cascade Home Improvements by the January 12th deadline.

Harmony Construction worked through many of the concerns the Board had at the January Meeting. As a result, the quote went up by \$228.00. The new total for the breakroom, hallway, and lobby was \$16,988.00. The details and photos of the specific tile and cabinets were presented to the Board.

It was MOVED BY DICKERMAN, SUPPORTED BY SCHRAUBEN, to award the renovation project to Harmony Construction for \$16,988.00.

Yea: 3 Nay: 0 Absent: 1 Motion Carried

VI. INFORMATIONAL ITEMS:

- A. Performance Data:** Donkersloot reported on January's data.
- B. Monthly Outage Report:** Two outages occurred in the month of January.
- C. Income Statement:** Donkersloot reported on the January 2018 Income Statement.
- D. Capital Projects Report:** Donkersloot reported on the January 2018 Capital Project Report.
- E. Manager's Report:** Donkersloot gave updates to the Board on the following:
 - A. MPPA/MMEA/APPA Update:**
 - a. MPPA:** Donkersloot was appointed as Chair of the MPPA's Audit Committee.
 - b. APPA:** There will be five-line staff attending the Lineworkers Rodeo (April 26th – 29th). Mark Droog, Zac Walker, and Steve Shade will be competing as a team in the Journeyman Division. Rich and Justin Mutschler will each be competing individually in the Apprentice Division.

The APPA Legislative Rally in Washington D.C. is February 25th – 28th. Steve will be attending.
 - B. System/Generation Upgrade Progress:**
 - a. Bio-digester:** Nothing new at this time.

b. Five Year Plan: Numerous timeline updates were given about Projects #102, 104, 106, 107, and 108.

c. Other System Projects: Staff completed the body maintenance of the last bucket truck, #41.

Vergennes Broadband completed their Pole Attachment Application. Staff started running their fiber (South Hudson to Bowes to Alden Nash).

C. LL&P Long Term Natural Gas Supply: This was discussed in detail through three Action Items.

D. Solar: Performance Services has initiated discussions regarding proposed site location on Bowes Rd.

E. Comcast Pole Attachment Agreement: Donkersloot and Teachworth had a very positive conversation with Comcast Sr. Manager of Construction for Michigan.

F. LL&P Welcome Letter: The office staff has been going through the process of putting together an official “Welcome Letter” and “Welcome Packet” for all new LL&P customers. The packet was presented to the Board.

G. Cyber Audit: Betsy and Kore Hi-Com are reviewing three quotes received and prioritizing the different components of a potential cyber audit.

H. Fiber to Home: Nothing new at this time

I. Payables: January payables were included.

Additional items were discussed as part of the Manager’s report.

F. **Schedule of Meetings:** February/March was presented.

VII. **NEXT REGULAR LL&P BOARD MEETING:**

The next Board Meeting will be held on Thursday, March 8, 2018.

VIII. **BOARD COMMENT:**

Schrauben really likes the “Welcome Packet” for new customers. Andrew is happy we are starting partnering with Consumer Energy to be part of Cherry Creek’s 4th grade curriculum. Andrew discussed details about the NextEra solar and wind energy article he recently read.

Salzwedel enjoyed attending the LL&P meeting; he really missed being a Board member. Jim will report back to the City on the LL&P meeting and discuss the possibility of the new customer “Welcome Packet”.

Dickerman really likes the “Welcome Packet” and “School Curriculum” programs that are being put together.

Beachum appreciates the LL&P staff continuing to come up with new ideas and staying ahead of the curve. Perry believe the Welcome Packet and the curriculum at the school demonstrates to the Community that Lowell is a great place to be!

ADJOURNMENT:

It was MOVED BY SCHRAUBEN, SUPPORTED BY DICKERMAN, to adjourn the Regular Board Meeting at 9:09 p.m.

Yea: 3 Nay: 0 Absent: 1 Motion Carried

Chairman Beachum

Date