

MINUTES
LOWELL BOARD OF LIGHT AND POWER
REGULAR MEETING OF APRIL 1, 2009

I. Call to Order and Roll Call: The meeting was called to order by Board Chairman Canfield at 5:30 pm. Present were Beachum, Canfield, Hall and Johnston. Beachum made a motion to excuse Valentine's absence due a new addition to his family. Hall supported the motion. It was unanimously approved. Also present were Mayor Hodges, General Manager Pierce, Generation Manager Russo, Administrative Manager Sawka, and Assistant Kalm.

II. Approval of Agenda: Before approval of the agenda Canfield asked if we could add *Appoint a Vice Chairman* to the agenda. Beachum made a motion to approve the agenda with a change adding Action Item E (Appoint a Vice Chairman) to the agenda. Johnston supported the motion. The motion, to approve the amended agenda passed unanimously.

III. Approval of the Special Board Minutes of February 26 and Regular Meeting Minutes of March 5. Johnston made a motion for approval of the February 26 special meeting minutes and the March 5 regular meeting minutes with corrections to the spelling of his name. Hall supported the motion and the minutes with corrections for February 26th and March 5 were passed unanimously. Hall also requested to have a larger font for the minutes.

IV. Public Comment (items not on the agenda): There was no public present therefore there were no public comments.

V. ACTION ITEMS

Energy Optimization plan and Renewable Energy Plan:

Pierce presented the utilities Energy Optimization (EOP) and Renewable Energy (REP) Plans. The EO and RE plans are due the beginning of April to the MPSC. Pierce is drafting a thank you letter for the help he received on these plans. Sue Warren in Lansing was a huge help on the EOP and Pete Schempke at MMPA was responsible for putting together the REP. The assistance made LLP's submission for these plans much simpler. **The utility will accept comments from the public until May 15th.** We must file these public comments with the MPSC by the first of June. **Plans are available at the utility and also on the Web.** The Plan itself is designed to allow us to meet the requirements of Public Act 295. Pierce went through the EO programs, explained how the plan works and how we will have to put the programs into action to meet the requirements of PA 295.

A group of municipal utilities will most likely hire an implementation contractor to follow through on distributing coupons and making sure that we get the credit for what we have put into action. Pierce explained to the Board how the implementation contractor would put this into effect. The implementation contractor would have experience with the most efficient way to implement the plan.

The second plan is the Renewable Energy plan and is also being submitted as a group through MPPA/MMEA. LLP has a zero net cost for implementing this plan so we will not have to charge our customers. The Granger Project will be our Renewable Energy provider. The Granger project will utilize landfill gas for electric power generation. The project is scheduled to be online by January 2010.

Pierce opened the discussion of the Plans for Public comment. There was no comment offered. The Board proceeded to make a motion to approve the plans. Johnston moved to approve the plans and Hall supported the motion. The plans were unanimously passed by the Board.

LLP Internet Policy: Pierce explained that staff has taken into account the comments of the Board to make revisions to the LLP Internet Policy presented last month. The City also has an Internet Policy that was written in 2004. The Board has the option to adopt the City's policy or the one developed by LLP staff. However, LLP staff believes its' plan is more current and recommends that the Board adopt the LLP Internet Policy as presented. The motion was made by Beachum and supported by Hall. The LLP Internet Policy was unanimously adopted by the Board.

MPPA Power Supply Contract: Pierce presented the MPPA Energy Services agreement as a solution that will work for all the members of the Agency. This is the most effective way to reorganize the Power Pool by 2010, after its dissolution. Pierce feels that there will be more members involved in the future and believes Lansing will be involved, which is important to the group. Pierce said this agreement will resolve concerns, meet the needs of the Agency as a whole, allow participants to begin developing purchased power agreements now and be prepared for 2011 and beyond. Pierce explained that the utility will be allowed to sell energy and/or purchase energy as needed. The members of the Energy Services Group are joining together to increase their buying power. Beachum made a motion to accept the Energy Services Agreement as presented and Johnston supported. The Board passed this with a unanimous vote.

Red Flag Policy: The Red Flag Policy or rule became effective by the United States Government on January 1, 2008. This rule requires utilities and other creditors and lenders to *establish an identity theft prevention program* on or before May 1, 2009. Failure to comply with Red Flag Rule can result in a substantial financial penalty. Sawka has researched different software companies to support this rule. Kalm and McQueen have interviewed with one of these companies to date. Johnston moved to accept the Red Flag Policy and Hall supported the motion. The Red Flag policy was passed unanimously by the Board.

Appoint Vice Chairman: Hall nominated Johnston as a Vice Chairman. Beachum supported this and pointed out the value of Johnston in this position with his knowledge and background in legislation and policies. Johnston would chair when Canfield is absent. All of the Board members agreed to appoint Johnston Vice Chair and Johnston abstained from the vote.

VI. INFORMATIONAL ITEMS:

Performance Data: Pierce noted that the total electric requirement is down this month from last year. This has been the basic trend for the last several months. The revenue is up because of the rate adjustment that the utility implemented last spring. The residential customer count is up slightly. The utility is down about 8 commercial customers. The biggest change continues to be the increase in delinquent accounts. Last year the delinquent accounts were \$300 to \$400 a month and now it is three times that amount. The utility continues to collect on most of these accounts. However, they are taking longer to collect. Last month Pierce reported that it was the first time the utility has seen a decrease in their investments.

This month the utility is back in the positive for their investments. Although small, it is positive. Johnston inquired who our investment company was and Pierce said it was UBS Paine Webber. Beachum inquired into the balance after shut off. Sawka said this was just for the month. Beachum asked what were the outstanding receivables. Beachum would like the Board to know the cumulative total after each month. This way there will be no surprises at the end of the year. Pierce stated that generally we write off \$4,000 to \$5,000 a year which is a small amount when you look at the overall revenue.

Income Statement February 2009: Pierce thanked Sawka for the great graphs that she used to demonstrate the income statement. The graphs made the income statement user friendly. Utility had a loss for the month. This is because February is a short month. Therefore, revenue is down. Pierce said a better view of our condition is the year to date data. The utility is close to budget, within a percent on Revenue and under budget on Expenses. The utility is over budget on net income. Beachum asked about the Campbell facility and wondered if there were unexpected expenses. The over budget condition was described as part of the budget averaging dilemma and of down time at Campbell. The utility may have under budgeted Campbell last year. Purchased power in total is under budget year to date. Pierce said the individual line items in purchased power are the hardest item to project.

Manager's Report: Pierce stated the majority of activity for MPPA has been the development of the Energy Services Group which was discussed earlier.

Pierce explained that he had completed the evaluations with the employees at the utility. Pierce will sit down with the employees a couple of times a year and go over their

goals and see how the employees are doing with these goals and objectives. This evaluation process was done in March instead of December because of the survey that was being completed on the job descriptions and the salaries and benefits that apply to these positions at the utility. Pierce indicated that LLP was appropriately compared to other utilities of our size. Johnston inquired as to the need of the survey and the frequency of this survey. Pierce felt that this survey was valuable at this time. Hall mentioned that the comparison cities and utilities that were used in the survey were on target for the purposes of Lowell Light and Power.

Strategic Planning: Pierce refreshed the Board on the plan. The vision, mission, core values, environment, goals, and specifically objectives/strategies were reviewed. The implementation of strategic planning demonstrates the intent to support and improve Lowell Light and Power by the staff. Johnston requested that timelines be added to the strategic planning. Pierce indicated that timelines were the next step after the objectives themselves were reviewed, modified and accepted by the Board.

Rate Adjustments for 2009: After much discussion by the Board it was noted that we have taken steps not to raise the rates compared to other utilities. The utility will have to raise rates and this will be approximately half of what the major utilities are doing. LLP will continue to be a good steward of the funds collected and keep rates adjustments to a minimum without jeopardizing the integrity of the utility's ability to function. Beachum made a motion for the General Manager of LLP to raise rates and the rate would be kept under 6%. Johnston seconded this motion which was passed unanimously by the Board.

APPA Annual Meeting: Pierce announced that the Annual APPA Meeting will be June 13-17th in Salt Lake City. Pierce has some brochures if anyone is interested in attending.

Payables: This report is attached for review. Beachum inquired about waste costs and inquired if it would be a good idea to send this item out for bids. Sawka said she would look into this.

Schedule of Meetings: A schedule of meetings for the month of April is enclosed in the Board packet.

Date of Next Regular LLP Meeting: The next regularly scheduled Lowell Light and Power Board meeting will be held May 7, 2009.

VII. BOARD COMMENTS: Mayor Hodge said that the joint meeting of City and LLP was one of the best meetings that he has attended. The Mayor encouraged all to go out and check out the Mason website. Mayor Hodge felt this was a very well done web site. Mayor felt the Expo went very well and appreciated the involvement of LLP in the Expo. The Mayor also asked if LLP could join together with the City to research a windmill ordinance. Hall was happy to see LLP and Pierce participate in the Expo. Johnston wished the Valentine family congratulations on their new family member. Johnston would like to see the newsletter for LLP via e-mail. Beachum inquired about the smart grid technology and Pierce supported the answer with a description of the Smart Grid and a hand out. Beachum felt the letter to the editor of the Ledger was very well written by Pierce. Beachum suggested getting a skirt for the table for Expo and other events where we would pass out informational items. Hall asked if we could get quick facts about LLP updated and put on the website. Pierce mentioned that Kalm has been hired as a LLP employee. Canfield

complimented Pierce on the good job that is done with information and handouts at the meetings.

VII. ADJOURNMENT

There was a motion by Hall to adjourn and a second by Johnston. Motion passed by unanimous decision of the Board.

The meeting was adjourned at 7:30 p.m.

Chairman, Greg Canfield
Date