

**MINUTES  
BOARD OF LIGHT AND POWER  
REGULAR MEETING OF MAY 7, 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, Johnston, and Valentine. Also present were Mayor Hodges, General Manager Pierce, Generation Manager Russo, and Administrative Manager Sawka.
- II.** **Approval of Agenda:** Johnston made a motion to approve the agenda and Hall supported the motion. The motion was passed unanimously.
- III.** **Approval of the Regular Meeting Minutes of April 1.** Hall made a motion to correct the second page from MMPA to MPPA. Beachum pointed out that under Board Comments the spelling of Mayor Hodge should be Mayor Hodges. Beachum made a motion to approve the minutes of the April 1<sup>st</sup> Board Meeting after the corrections were made and the motion was supported by Johnston. The motion passed unanimously.
- IV.** **Public Comment (items not on the agenda):** Mayor Hodges stated that Mayor Exchange day is May 14, and the Mayor and staff of Mason, Michigan will be coming to Lowell. Mayor Hodges and Lowell City staff will go to Mason on the 19<sup>th</sup> of May.
- V.** **ACTION ITEMS**
- A. New rates have been initiated. The overall impact is 5.5% and a summary of the new rates by class is attached. This information has also been sent to the City Council to meet the 30 day notice requirement. The adjustment will be implemented for a portion of the billing period mailed in late May/ early June. The LLP's customers still enjoy a lower rate than most comparable Consumers Energy customers. Consumers Energy has currently requested an 11% rate adjustment.

In addition, LLP staff would like to initiate a "Net Metering" rate that would allow the Utility to facilitate metering commercial and residential applications for renewable energy such as wind turbines or solar arrays. The Lowell High School is adding a wind turbine that was donated to them by Cascade Engineering. The high school would like to meter this

wind turbine to see what kind of impact it has on their energy use. The net metering rate plan would also be in place for others who may utilize other sources of renewable energy. A motion was requested by Pierce to approve the Net Metering rate. Valentine made a motion which was supported by Hall to accept the Net Metering plan. The motion passed unanimously.

A Senior Citizen Rate was proposed by staff to be used primarily as an aid in identifying our senior citizens. After much discussion, the request was tabled until the final parameters of the proposed State shutoff legislation are known. A motion was made by Johnston and seconded by Beachum to table the Senior Citizen Rate review until more information is obtained. The motion was passed unanimously.

## **VI. INFORMATIONAL ITEMS:**

**Performance Data:** Pierce explained the difference between the March 2009 "Electric Requirements (kWh)" and "Electric Sales" or usage. The utility purchases more kw than we sell. The line losses are about 5%, on the average. Because February is a short month the impact looks greater in March when compared to February for those categories. March was a good month with positive investments. Shut offs are significant and keep growing compared to the previous years. Pierce believes this is due to the economic condition. Pierce stated that past due bills (31-90 days) are at approximately \$5,000. LLP usually writes off \$4,000 to \$5,000 a year of uncollectable debt so the current past due balance is not that different from normal on an annualized basis. The accounts are just taking longer to collect. The biggest impact on revenue is loss of commercial dollars. Sales in terms of revenue and kWh for commercial customers continues to decline. Pierce believes this is a sign of the market. The utility has lost one of their large commercial customers, Superior. However, a new commercial customer, Walgreens, is coming on board soon and this will offset the loss. The Utility had no scheduled or unscheduled outages in the month of March. LLP will continue to keep track of the outages.

**Income Statement- March 2009:** Pierce presented the income statement at the Board Meeting. The sales revenue was down slightly for the month. However, year to date sales revenue is off by only about \$100,000 in total. Service and miscellaneous revenue is up. Year to date the utility's electric revenue, when combined, is only \$45,000 less than budgeted. We

are under budget significantly in the expenses. Pierce expects April to be a good month as the utility received a sizeable credit from the Pool.

### **Manager's Report:**

- **MPPA/MMEA update:** The last month has been busy at MPPA as we have been interviewing for the Agency's General Manager. Dave Walters, General Manager of Zeeland, was offered the position after narrowing the selection to four candidates. The Commissioners believed Dave Walters brought the best combination of skill sets and experience to the agency. The MMEA Spring Conference in Grand Haven is May 13-15<sup>th</sup>. The utility has arranged for a reduced registration fee if Board members are interested in attending a portion of the conference. Pierce also reported that he was elected as Vice Chair of the MPPA.
- **Daffron Software Upgrade:** The software update has been completed, and the monthly billing was late due to a few glitches. Most of the issues have been resolved.
- **Tree Trimming:** The utility has started tree trimming for work that was not completed last fall. Pierce sent a notice to the Ledger regarding the scheduled locations and requested the information be published. The notice did not appear. The residents affected by the trimming had previously signed off on the work and no issues are expected.
- **Energy Optimization:** Pierce informed the Board that the MPPA members of the Energy Optimization Committee have not yet contracted with an implementation Contractor for the energy efficiency program services. There have been initial discussions with Franklin Energy, who is implementing for Lansing, Consumers, and DTE. No details have been ironed out for contracting. LLP has kicked off its CFL program at the Lowell Expo and will supply coupons to customers in the May billing.
- **South Substation Decommissioning:** Pierce informed the Board of the outage scheduled for May 18<sup>th</sup>. A letter is being sent out to the customers who will be affected by the outage. The date was chosen because the overall community activity is less on a Sunday night.

- **Payables:** Beachum inquired about several vendors on the payables and questioned what these vendors do for us. Beachum inquired about Lites Plus and the cost of CFL lights. Pierce explained these lights are 400Watt and used in the warehouse and work very well for this purpose. LLP was reminded that the utility should continue to use local vendors as much as possible. Johnston inquired about the testing of Cher's Tanning Salon meter and Russo explained this was a test to make sure the meter and transformer were working correctly. Valentine inquired about Pierce's trip to Arizona. Pierce said it was very informative. It was an APPA seminar on energy audits. Pierce brought back information to use in house for both commercial and residential audits.
- **Schedule of Meetings:** The MMEA Spring Conference is May 13-15. Memorial Day the utility offices are closed.
- **Complaint Register:** (No new complaints since March 2008)
- **Date of Next Regular LLP Meeting:** The next scheduled LLP Board meeting is Thursday June 4.

**VII. BOARD COMMENTS:** Mayor Hodges had no comments. Hall asked about the lines coming in at the Boy Scout cabin and if they were active. Russo explained these are Wolverine power lines. These lines will probably remain active until next summer when they can be removed. Valentine thanked everyone for last month and the Board's consideration during his absence. Beachum inquired about the results of the Priority Health insurance Healthy Choice plan. Pierce responded that everyone was able to remain on the preferred level. Russo is the only one that has joined a health club. Pierce said that there maybe two others signing up before the closing date of May 31. Johnston asked where LLP and City were with working on the wind energy ordinance. Pierce said that he passed information on to the City, but has not had any further communications. Johnston said he is thoroughly impressed with the staff's attention to even the small details that the Board requests. Canfield appreciates that under Pierce's leadership, LLP has had no complaints. Canfield also congratulates the staff on the progress on the decommissioning of the South Sub.

**VIII. ADJOURNMENT :** There was a motion by Hall to adjourn and supported by Valentine. The motion passed unanimous and the meeting was adjourned at 6:38 pm.

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Chairman, Greg Canfield

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Date