

**MINUTES  
BOARD OF LIGHT AND POWER  
REGULAR MEETING OF SEPTEMBER 2, 2009**

- I. Call to Order and Roll Call:** The meeting was called to order by Board Chairman Canfield at 5:30 pm. Present were Canfield, Hall, Johnston, Valentine and Beachum. Also present were General Manager Pierce, Administrative Manager Sawka, Utility Foreman Russo, Lead Lineman Droog and Mayor Hodges.
- II. Approval of Agenda:** Hall made a motion to approve the Agenda with the change to move item V. B., GM Evaluation, to after the Board Comments section for possible closed session. Valentine supported the motion to approve with the change. The motion passed by unanimous vote.
- III. Minutes of August 4, 2009:** Hall had a correction to item VIII. LCTB Fund should read LCTV Fund. There was also a correction under Performance Data. The statement should read "write off" as opposed to "writes off". Johnston made a motion to approve the minutes of the September 2, 2009 meeting as amended. Hall supported the motion. The motion passed by unanimously vote.
- IV. Public Comment (items not on the agenda):** There was no public present and no public comment.

**V. ACTION ITEMS:**

**Transformer Purchases:** Pierce explained that there are a number of transformer purchases required to complete conversion of some of our system in preparation of installing the new switch gear and removing the Wolverine tie. This purchase is \$19,095. The next project, as the utility has time in the next few months is to continue to convert the system to 12-4-7. The line staff has done some work behind Laurels of Kent and Root Lowell clearing and putting in a new primary line. A transformer is needed at Laurels of Kent. The utility also needs transformers to get the second line off Foreman Street and a couple of transformers are needed at Litehouse. The transformer purchases are not to exceed \$47,000. The projects are scheduled to get done before Christmas. Pierce explained these transformer purchases are part of the Capital

Budget. Beachum requested to have a report on the balance of the Capital Budget at the next Board meeting. Beachum asked if these were permanent transformers and Pierce said the transformers are permanent. Beachum moved to approve the purchase of these transformers not to exceed \$47,000 total. Hall supported the motion for the transformer purchases. The Board unanimously passed the purchase of the transformers as requested.

**GM EVALUATION:** This discussion is moved to after Board Comments to a closed session.

**VI. INFORMATIONAL ITEMS:**

A. ***Performance Data:*** This is the first month of a new fiscal year. Therefore, there is no history on the income statement. July is down from June and this is not the usual situation. July tends to be hotter and thus usage and income is higher. July is also 13% down from last year. This is a fairly significant decrease. The reason for this, Pierce believes is a combination of weather and the economy. The utility had a fairly significant drop in peak demand. This again was due to weather. Residential sales in terms of KWH are up significantly for the month of July even though it was a cool July. The delinquent accounts are \$0. This seems to be consistent with last year in July and may be attributed to consumers getting caught up in the month of July. Looking at the investments, the cash flow is good and the bank balance is up a third from last year. Average billing data shows usage for residential was down to 593 kwh per month. Commercial was down 7975 kwh from the previous quarter. This is not typical in a quarter that ends in July. That is actually down a 130 kwh per residential customer. Pierce states that this is fairly significant. There is not much change on the Aging Analysis. The values outstanding are pretty consistent with previous months. There was only one outage in July and the outage affected 92 customers for 60 minutes. This was an unscheduled outage. The utility now has a running outage report. In comparison to all utilities, LLP reliability is 99.98 out of 100. The last outage was done by kids throwing a rope over the line electric lines. Beachum asked how

the utility is going to maintain staying in the black with encouraging our customers to conserve energy. Pierce explained that the utility will continue to cut expenses and that the utility can sell excess power to those in need. The utility will also continue to find other ways to cut costs as necessary.

B. **Income Statement JULY 2009:** The income statement was late this month because the format was changed. LLP added new lines for energy optimization. LLP also added new budget line items and Pierce is still not sure that this statement is entirely accurate. However, Pierce feels the numbers are close. Revenue is down from budgeted. Commercial sales-GS are at \$46,000 compared to \$95,000 budgeted. Commercial sales for demand primary are half of what the utility budgeted. The utility has also added a new line this is the Energy Optimization line. The utility is \$26,000 under budget in revenue and \$17,000 under budget in expenses. The net impact is that the utility is \$9,000 under budget in revenue.

C. **MANAGERS REPORT:**

a. **MPPA/MMEA/APPA Update:** At the last Board meeting, the eminent power purchase through MPPA for the new Energy Services Committee was discussed. The purchase was transacted the following day and the utility purchased .5 MW of peak power this locked in half of the LLP's potential need. This left the LLP with the ability to purchase remaining peak needs through summer blocks, from Lansing or Grand Haven at a later date. General Manager Pierce did a comparison of three like utilities using graphs to show how well the LLP is doing in comparison. Pierce believes that good planning and ground work has helped make LLP a sound and stable utility for years to come. Pierce also reminded the Board of the MMEA fall conference to be held on October 1<sup>st</sup> and 2<sup>nd</sup> in Marquette, Mi. If anyone is interested in attending, please let Pierce know.

b. **Alternative and Renewable Energy Sources:** September 8<sup>th</sup> the LLP is hosting a presentation here at LLP for a new

Biomass Generation Plant to be constructed in Mancelona. Pierce has an acquaintance from the Traverse City area that is developing the facility and at this point they are looking for partners and/or purchase power agreements. Representatives from MPPA and Holland will be at LLP to discuss this new opportunity. Biomass is the next best economical option for base load generation.

- c. Fall Festival and Public Power Week:** The Public Power week is October 4<sup>th</sup> through 10<sup>th</sup> and the utility's Fall Festival Open House is October 10<sup>th</sup>. The utility will offer hot dogs, pop and chips for lunch. The LLP will also offer free bucket rides and facility tours. LLP is also offering a light bulb exchange. Customers can trade in up to 10 incandescent for CFLs. There will also be information available regarding the refrigerator rebate program and other energy optimization opportunities. Pierce will put a relevant article in the Ledger that week and welcomes any Board member's ideas. Hall requested more picnic tables than last year. Beachum suggested contacting Ron Wenger from the Fairgrounds to get picnic tables. Valentine inquired about the newsletter from the utility and Pierce says the work is in progress and will be completed in the near future.
- d. A Plus Program:** The utility postponed a flier in the August billing until September. Pierce recently identified an agency that will most likely administer our "Low Income Weatherization". The organization is called Acset and is handling similar programs for other local communities including Grand Rapids. The LLP would like the customers of LLP to benefit from this fund and the LLP has \$6,000 set aside to match funds for this program.
- e. October Board Meeting:** The next scheduled LLP Board Meeting will fall on October 1<sup>st</sup>. This falls during the MMEA Fall Conference and Pierce suggested that the Board move the meeting to the following week on October 8<sup>th</sup>. Johnston suggested that the meeting be moved to October 8<sup>th</sup>. Hall supported the motion. The date of October 8<sup>th</sup> passes unanimously by the Board.

**f. Payables:** Attached you will find a copy of the payables. Hall asked, what was needed for generated repairs? This was for an emergency generator. There was one other question on the Grand Rapids City taxes. Pierce responded, the utility has one employee who lives in Grand Rapids.

**D. Schedule of Meetings:** A schedule of meetings for the month is enclosed in the minutes.

**E. Complaint Register (No new complaints)**

**VII. Date of Next Regular LLP Meeting:** The next regularly scheduled Lowell Light and Power Board meeting will be held October 8, 2009.

**VIII. BOARD COMMENTS:** Johnston had no comment. Beachum hopes that the utilities' employees realize that the Board is doing all they can for the employees in light of all the hard economic times and the employees are appreciated. Valentine stated that it is good to see the capital an improvement coming across the table that means a lot of good work is being done all around. Valentine says keep up the good work. Mayor Hodges says that he met with Reverend Lawarre regarding the compensation report. Reverend Lawarre apologizes he will not be able to deal with this issue until October. Mayor Hodges stated on August 31 the City had a goal setting session with City Council. The City appreciates all that the utility has done under the leadership of Pierce and in cooperation with the City. Beachum mentioned that Gilda's Club dedication is September 13<sup>th</sup>. Beachum invites all to come to the blessing of the house on Sunday September 13<sup>th</sup>. Canfield noted that it was encouraging to see the good shape that the utility is in and thanks the employee's of the LLP and the General Manager Pierce for the direction the utility has taken.

**IX. G.M. EVALUATION :**( Closed Session) Beachum moved that the Board go to closed session at 6:20 pm which was supported by Johnston. The motion passed unanimously. The Board returned from closed session at 8:15 pm to move back into regular session with a motion by Valentine, seconded by Beachum and passed unanimously by

the Board. Canfield moved and Beachum supported a pay increase for General Manager Pierce of 7.5% retroactive to July 1, 2009. This increase was passed unanimously by the Board. Beachum made a motion for adjournment at 8:16 pm, seconded by Valentine and passed unanimously by the Board.

---

**Chairman, Greg Canfield**

---

**Date**