

# MINUTES

## BOARD OF LOWELL LIGHT AND POWER

### REGULAR MEETING OF DECEMBER 9, 2010

- I. **CALL TO ORDER AND ROLL CALL**: The meeting was called to order by Chairman Canfield. Present were Beachum, Canfield, Hall, Johnston, and Valentine. Also present were General Manager Pierce, Electric Distribution Manager Russo, Utility Services Manager Sawka, Staff Accountant Donkersloot, part-time Human Resources person Anna Lindhurst and City of Lowell Mayor Hodges.
  
- II. **APPROVAL OF AGENDA**: There was a motion by Hall and second by Beachum to approve the agenda as presented. The motion passed by unanimous vote of the Board.
  
- III. **APPROVAL OF MINUTES** (November 11th, 2010 Regular Board Meeting): There was a motion by Johnston and a second by Valentine to approve the minutes as written with the exception of changing the wording Flat River Inn to Flat River Grill under Board comments. The motion passed by unanimous vote of the Board.
  
- IV. **PUBLIC COMMENT** (Items not on the agenda): There were no public comments.
  
- V. **ACTION ITEMS**:
  - A. **Employee Handbook**: The Board discussed the noted changes to the handbook and the approval by the attorney. Beachum made a motion seconded by Valentine to approve

the Personnel Handbook as presented. The motion passed by a unanimous vote of the Board.

## **VI. INFORMATIONAL ITEMS:**

- A. Performance Data:** Pierce reported that October was warmer this year than last year, usage was down slightly, but revenue was up. Residential sales were up from last year as were commercial sales. One commercial customer and four residential customers were added from last month. Pierce also reported Paine Webber Investments were down slightly, however Huntington Bank, Chase Bank and MPPA Trust Fund were all up. Overall the utility was up 8% in investments and cash from last year. Pierce commented on the updated quarterly customer data indicating the average residential and commercial usage was up, however the cost per kwh was down slightly. He also reported the outstanding collectable balance for October remains about the same as the previous month. Pierce reported that potential write-offs are nearly \$12,000, however after subtracting those to be posted as tax liens; the balance is only about \$1,500 more than last year.

Pierce reported there were four small outages the month of October. Thirteen customers were without service for approximately two hours, which had very little impact on our annual data. LLP is still available 99.9% of the time and the average interruptions are about an hour or less.

**B. Income Statement (October 2010):** Pierce reported to the Board that October was an average month, although not as good as last October. Pierce stated revenue and most major expenses are on budget. He stated the purchase power expense was over budget \$40,000 for the month of October. Pierce reminded the Board that the large YTD overage in purchased power was due to the June/July anomaly and should be adjusted by approximately \$120,000 next month. Operating revenue was at \$16,000 this month although not as good as last year. Total YTD operating income is about \$400,000 once the \$120,000 adjustment is made. Pierce indicated a purchased power budget amendment may need to be done in the spring.

**C. Manager's Report:** Pierce gave updates on the following items:

**1. MMPA:**

- Pierce reported the majority of the MMPA meeting was spent on 2011 budgeting. The big issue is the cost of the energy from Campbell and Belle River; two facilities in which LLP are part owners. The projected increased costs for 2011 are \$10-\$12 per mwh.
- One area we thought could off-set this cost is the Chem Mod program. This is an additive DTE planned on mixing with their coal to keep environmental costs down and provide tax breaks. The process has been tested since May but not showing anticipated results. DTE has until the end of the year to make this work, results should be known by next month if the plan is successful.
- Granger is not going to be able to meet the level of production they promised, other options are being reviewed. The Board

will need to spend some time on this in the next three/four months to determine LLP's future energy supply. Pierce discussed a graph prepared of potential future purchased power for LLP explaining the utility's challenges. Over the past eight years the utility's purchased power has increased 20%. Campbell and Belle River's prediction for the next year indicates a 25% increase for them.

- No news on MMEA and MMPA FERC transmission intervention. A ruling is expected in the next couple weeks.
- The Annual Legislative Rally is coming up at the end of February/ first of March for anyone interested.

## **2. System/Generation Upgrade Progress:**

- The fiber has been installed; we have a signal intact from the substation to the office.
- Final quote to upgrade generators for the RICE Rules was substantially more than expected; nearly \$200,000

## **3. Expansion:**

- Load data was received from Steelcase and the usage for Atwood is around 300,000 kwh/month. GRP is looking into the best configuration option to be able to service them.
- Last week a second meeting with The Right Place occurred regarding the possibility of partnering with the German manufacturer to bring a bio-digester operation to Lowell. A lot of positive feedback from Dependable Gas, Litehouse and The Lowell Wastewater Plant has been received.

#### **4. New Positions:**

- The two new positions have been filled with Julie Stewart and Sharon Morris, both from Lowell. Julie will be working in the front office along with Steve in accounting and customer service. Sharon will be working with energy optimization and track projects as well as their budgets. This fulfills the vacancies at LLP as the utility restructured three previously held positions.

#### **5. Strategic Plan Punch List:**

- A scope of work for the web page redo was sent to a dozen potential bidders for a proposal, we are starting to see some of those proposals back.
- In the process of finalizing the details for the smart meters from Elster. One challenge presented is the interface with Daffron which we are currently working on.
- Developing a plan with GRP to be able to make a proposal to Steelcase. Russo and Pierce met with GRP regarding the modeling project and were pleased with the outcome.

#### **6. Short Term Punch List:**

- Ivan Blough Plaque - completed and in our office to hang.
- Ivan Blough Scholarship Fund – in the process, still working with the Chamber
- Lowell Ledger article is forthcoming on the charging station and on APLUS this month.

#### **7. Electric Vehicle Charging Stations:**

- Due to an overwhelming response from larger communities in Western Michigan, LLP was unable to obtain the number of

charging stations originally projected. We were awarded a single charging station which will charge two vehicles, one on 110V and one on 220V. We are responsible for installation costs where we will be doing the majority of the work with the exception of the final hookup, which a licensed electrician is required to complete. The most cost effective site to install the charging station is the parking lot across from Larkins.

#### **8. Energy Optimization:**

- We surpassed our residential CLF savings goal by approximately 10,000 kwhs.
- We surpassed our residential refrigeration/freezer recycling goal by about 17% which is an area we fell short in last year.
- We are close to reaching our goal for Multi Family currently at 83% of our 66,000 kwh goal.
- We are at 90% of our commercial/industrial program goals with a couple small projects yet to finish this year.
- Our low income goal has been met, last year we gave away a refrigerator to a family that needed a replacement. We are looking at doing the same this year. The information received from the contractor indicates they have located a family in need and are in the process of working out the details.
- The only program area we have fallen short in is the residential HVAC incentive, which is a small part of the overall plan.
- All programs combined we are at 100% of the kwh savings goal and have spent 81% of our budget.

#### **9. Mary's Retirement:**

- Has been postponed a month due to some requirements through MERS as well as work that needs to be done here through the month of January.
- Mary's retirement party will be on Saturday, January 22 at Noto's in Cascade (time tbd).

**10. AAP Lineworker's Rodeo:**

- Both apprentices are interested in attending March 18<sup>th</sup> and 19<sup>th</sup>. The Rodeo is followed by an Engineering and Operations Technical Conference March 20-23 for those interested in staying. LLP is considering renting a van for those interested in attending

**11. Payables:**

- Beachum questioned (page 13) West Michigan Flag Pole service cost. Pierce explained, we purchased and installed a flag pole.

**D. Schedule of Meetings:** Pierce discussed moving the January meeting from the 13<sup>th</sup> to the 6<sup>th</sup>. There was a motion by Beachum and second by Hall to support the date change. The motion was passed by unanimous vote of the Board.

**E. Complaint Register:** There were no new complaints.

**VII. Next Regular LLP Board Meeting:** The next scheduled Board meeting will be held, Thursday, January 6<sup>th</sup>, 2011.

**VIII. Board Comments:** Mayor Hodges reported the Christmas party will be held at Main Street Inn, Saturday, January 29<sup>th</sup>, 2011 and thanked Canfield for allowing use of his building.

Mayor Hodges reported a meeting was held on Monday, November 29<sup>th</sup> at the City Hall at 7:00 pm with the facilitator discussing the search for City Manager. The process is underway to develop a “search piece” to advertise throughout the area regarding the City Manager search. Advertisement will begin late January, with interviews beginning late March.

Canfield reiterated his comments made at the beginning of the meeting stating great things are happening at LLP. He particularly noted the great job on decorating the building with holiday decorations.

**IX. ADJOURNMENT:** There was a motion by Hall and second by Valentine to adjourn the meeting. The motion passed by unanimous vote of the Board at 6:50pm.

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Chairman Canfield

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Date