

MINUTES

BOARD OF LIGHT AND POWER

REGULAR MEETING OF JANUARY 7, 2010

- I. **Call to Order and Roll Call:** The meeting was called to order by Vice Chairman Andy Johnston. Present were Hall, Valentine, Johnston and Beachum. Also present were Mayor Hodges, General Manager Pierce and Generation Manager Russo. A motion was made by Beachum to excuse the absence of Board Chairman Canfield and seconded by Hall. The motion passed by unanimous decision of the board. Chairman Canfield arrived at 5:38PM.
- II. **Approval of Agenda:** Hall made a motion to approve the agenda and Valentine supported. The motion was passed by unanimous vote.
- III. **Approval of Minutes (December 3rd, 2009 board meeting):** Valentine made a motion to approve the board minutes of December 3rd, 2009 and Hall supported. The motion was passed by unanimous vote.
- IV. **Public Comment (Items not on the agenda):** There was no public comment.
- V. **Action Items:**
 - A. **2009 Fiscal Year Audit:** Peter Haefner with Vredeveld Haefner LLC was there to give a presentation on the audit. A slide presentation was shown and Peter remarked that the utility received the highest opinion you can receive from an audit. The slides showed that 2009 was the first year LLP operated in the black since 2005.

Beachum asked how we compared to other public utilities and Peter responded that we are comparable and that most utilities had a profitable year.

Valentine asked Haefner about the OPEB (Other Post Employment Benefits) liability and how can we show it as a liability without expensing it? Haefner responded that the law now requires that we recognize, on our books as a liability, that those future costs exist. The law does not require that we put money aside for those future expenses; only that we recognize they exist.

A motion was made by Valentine to accept the audit and Hall supported. The motion was passed by unanimous vote.

- B. **Terminating the Wolverine Tie:** Pierce explained there was an unexecuted contract between LLP and Wolverine. The contract contained details of services provided by Wolverine from January 2006 to present. The General Manager and Wolverine negotiated during December and settled. Wolverine will be removing all of their lines and we will be replacing about 10 poles. A motion was made by Canfield to authorize a payment of \$40,000 to Wolverine for transmission services from January 2006 thru December 2009 and Hall supported. The motion was passed by unanimous vote.
- C. **Power Plant Upgrade:** Pierce gave a summary on Phase 2 of the plant upgrade. Most of the old equipment has been removed, and will be replaced with new modern equipment. GRP and its subcontractors-Newkirk Electric have submitted a bid for constructing the new equipment.

Pierce commented the cost of this project is within our 2009-2010 Capital budget, and that we should be back on line by April. A motion was made by Canfield to accept the bid and authorize the work for \$104,365 and Hall supported. The motion was passed by unanimous vote.

VI. **Informational Items:**

- A. **Performance Data:** Pierce explained the utility had a pretty typical month. The total electric requirements were down 6% from the requirements of the previous month, probably due to the season. This is the second month in a row that the numbers have come close to what they were in 2008 which indicates maybe we are hitting the bottom of the economic decline. This month had the largest volume of delinquent accounts, however the amount outstanding after shut off collections was lower than October. LLP only had 2 outages in November, due to the generation substation conversion.
- B. **Income Statement (November 2009):** The operating report shows revenue for the month was slightly under budget but yet still over budget year to date. Total expenses continue to be under budget. LLP has shown an operating income each month for the first five months of this fiscal year. Pierce commented we are in a real good situation. The net income shows the utility breaking even for the month, but well ahead of budget year to date. LLP's financial condition is well.

C. **Manager's Report:**

- Pierce commented there will be another meeting with MPPA and Mancelona Biomass Facility group at LLP on January 14th at 10:00AM. The APPA Legislative Rally will be February 21st through the 24th in Washington. Pierce will be attending as a Director for MMEA.
- Pierce explained LLP has completed the EO Plan for 2009; the plan for 2010 is starting to be put together. The refrigerator recycling program fell short of its goal, but the overall KWH savings in 2009 was greater than required by the plan.
- The APlus program has been implemented. Pierce told the board the plan has had a very good response. Beachum wondered if the APlus program donation line could somehow go on the actual billing itself, as to not waste paper. Pierce explained it is possible in the future after the joint billing is figured out.
- The first LLP newsletter has gone out.
- A cost effective employee fitness program was worked out with the new Lowell fitness center SNAP. The utilities contribution will pay for employees to attend the gym.
- Russo put together a summary of the generation substation revamping. Beachum asked about the lineman working on Foreman and where that fell into the project. Russo explained the Foreman project will be on hold for now. Pierce commented the whole system is being re-evaluated. Beachum requested to see a schedule of events in the upgrading.
- Pierce explained the joint billing with City has been pushed back. Pierce is confident that it will be finalized soon.
- Dave Morris is retiring in June of 2010; in anticipation of this, the utility has hired 2 lineman apprentices to start January 18th, 2010. Steve Donkersloot has also been hired in the accounting department and will start fulltime in June 2010. Valentine inquired how this would affect the budget; Pierce commented there is money in the budget for the new employees.

- The cost of living increase for the LLP retirees could not be implemented. The utility does not qualify. Pierce has ideas how to work towards qualifying. A joint meeting between the Board and City Council should be set to discuss the possibilities.
- The payables were distributed among the board. Hall inquired about the deposit refunds and Pierce explained the procedure.

D. **Schedule of Meeting:** Beachum informed everyone about the City employee party. It will be January 30th at Lowell Senior Neighbors.

E. **Complaint Register:** No new complaints.

VII. **Date of Next Regular LLP Meeting:** The next scheduled LLP board meeting will be Thursday, February 4th, 2010.

VIII. **Board Comments:** Canfield expressed praise that is being shared around town towards Pierce and the employees. Beachum also expressed what he had heard and gave kudos to Pierce and the staff. Mayor Hodges gave a brief summary on City activities, and explained that a couple of the boards had openings.

IX. **Strategic Planning:** A strategic planning meeting will be held after the board meeting.

X. **Adjournment:** There was a motion by Hall to adjourn and supported by Beachum. The motion passed unanimously.

Chairman, Greg Canfield

Date

