

**MINUTES**  
**BOARD OF LOWELL LIGHT AND POWER**  
**REGULAR MEETING OF March 10, 2011**

- I. **CALL TO ORDER AND ROLL CALL**: The meeting was called to order by Vice Chairman Johnston. Present were Beachum, Hall, Johnston and Valentine. Also present were General Manager Pierce, Electric Distribution Manager Russo, Chief Accountant Donkersloot, Utility Services Coordinator Morris, part-time Human Resources person Lindhurst and City Councilman Andrew Schrauben. A motion was made by Hall and a second by Beachum to excuse the absence of Board Chairman Canfield.
  
- II. **APPROVAL OF AGENDA**: There was a motion by Hall and a second by Valentine to approve the agenda as presented. The motion was passed by unanimous vote of the Board.
  
- III. **APPROVAL OF MINTUES** (January 27<sup>th</sup>, 2011 Special Meeting & February 10<sup>th</sup>, 2011 Regular Board Meeting): There was a motion by Beachum and a second by Hall to approve the minutes for both meetings as submitted. The motion passed by unanimous vote of the Board.
  
- IV. **PUBLIC COMMENTS** (Items not on the agenda): There was no public comment.
  
- V. **ACTION ITEMS**:
  - A. **Board Governance Policy**: Pierce reviewed the corrections made in section 2.5 (A) and 2.2 (F) which were discussed at the February Regular Board Meeting. Beachum made a motion seconded by Hall to approve the revised Board Governance Policy as presented. The motion passed by unanimous vote of the Board.
  
  - B. **Board Code of Conduct**: There was a motion by Valentine and a second by Hall to approve the Board Code of Conduct as presented. The motion passed by unanimous vote of the Board. The Board

Member acknowledgement page was signed and collected by Anna Lindhurst in Human Resources.

- C. **MPPA Risk Management Position**: Pierce reviewed the Risk Management Policy, briefly discussed at the February Board meeting. Pierce also reviewed the MMPA Member Board questionnaire item by item to determine our current plan strategy. The Board agreed the General Manager would have the final approval authority over the risk management/hedging objectives. Pierce stated he would not move forward on final approvals without the Board's permission. The Board determined LLP should adopt the Moderate Plan. There was a motion made by Valentine and a second by Hall to approve the Moderate Risk Plan. The motion passed by unanimous vote of the Board.

## VI. **INFORMATIONAL ITEMS**:

- A. **Performance Data**: Pierce reported to the Board that January was an okay month. We were slightly down from a year ago in overall total electric requirements. He also reported residential sales (\$) and (kWh) were both up from the previous month and previous year. Residential customer counts were down from the previous month, however up from the previous year. Commercial customer sales were down from the previous month as well as the previous year. Delinquent accounts continue to inch up. The balance after shutoffs, which was up from the previous month, was down slightly from the previous year. The delinquent amount outstanding at the close of the month was down slightly from the previous month.

Payne Webber investments were up for the month. Our cash in the bank was down due to increased expenses in January. Overall investments and cash are about the same as last year. Pierce reported updated quarterly billing stats for January; residential kWh usage and average bill remained nearly the same as last year. Commercial usage was up slightly, the average bill was down and the average cost per kWh was down from the previous year. Pierce believes these decreases were primarily due to a continued effort to get customers on the correct rate and the fact that Litehouse switched over to primary metering which is a lower rate plan. Also a number of customers have

taken advantage of energy efficiency incentives. The aging analysis is remaining pretty consistent. Pierce further reported there were no outages in January. Crews spent most of their time surveying poles and collected information on pole attachments.

**B. Income Statement (January 2011):** Pierce reported to the Board that January was not as good as he had hoped; total revenue was down from the previous month. However year-to-date our total operating revenue is less than 1% below budget. He also reported our operating expenses are doing well; although purchased power year-to-date is high. A PCA factor adjustment was made in the month of February. We will begin to realize the increased revenue in next month's statement and throughout the remainder of the year. Total expenses show we are over budget by \$175,000; however we are really only over by \$25,000 because of the \$150,000 June/July purchased power anomaly. Our operating income shows a loss of \$4,700 for the month; however we are still in good shape year-to-date.

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

- **MPPA/MMEA/APPA Updates:**

**MPPA/MMEA:** Washington was a good trip. It was an intense three days of meeting with legislators who appear to have gotten the message that the people of our country are not happy. The group had personal meetings with Levin, Upton, Camp, Huizenga, Benishek, Dingell and Walberg who all appeared to be listening intently. Although legislators were briefed on several issues, the main concern and most potential impact was the Transmission Socialization issue. Probably the most beneficial conversation was with Carl Levin who was fully engaged on this issue. He requested additional information and documentation, including the legal brief from our intervention and a legal opinion from our attorneys on why we believe FERC is not acting responsibly on this issue.

There was also a meeting with Matt Ward, an attorney from the Ferguson Group who specializes in positioning and strategies for obtaining federal funding. He was enthusiastic about the

biodigestion project and felt confident he could help with funding. He will prepare a tactics document and cost proposal for us this week.

- **System/Generation Upgrade Progress:** Copies of the activities completed by the line crew during the month of February were distributed and discussed. We sent a crew (Mark Droog and Tom Torres) to Hillsdale last week to assist with the ice storm outage/damage. They had hundreds of customers without electricity and crews from several other communities helped to restore power.
- **Strategic Plan Punch List:** Progress has been made on several items on the strategic plan/action items list.
  - Contract for the new website design with I2Integraion was approved by the Council. The target start date is the third week in March.
  - The interface between Daffron and Elster has been confirmed. Daffron has provided an interface connection with Elster for the utility in Hamilton, Ontario and will be able to use that work to generate our interface. The interface will not do "continuous reads" which is fine for the pilot. If the pilot is successful and we continue to install the meters throughout the system, that portion of the interface will have to be upgraded. It is believed that Elster would provide the upgrade as part of their service at no charge since we are a member of APPA's Hometown Connections.
  - We are close to having an answer regarding new service to the former Steelcase facility.
- **Short Term Punch List:** Ivan Blough Scholarship Fund – in process (In hands of Chamber).
  - Need to schedule meetings with Lowell and Vergennes Township Supervisors.
  - Get strategic plan on web as website gets revised.

- **APPA Lineworker's Rodeo**: The Rodeo is March 18<sup>th</sup> and 19<sup>th</sup> in Nashville, followed by the Engineering and Operations Technical Conference March 20<sup>th</sup>-23<sup>rd</sup>. There are six going and staying until Monday to receive our two awards. We were informed last week that we won the first place award in our division for Safety again. The Safety award along with the RP3 award will be presented at Monday morning's ceremony.
- **Lowell Ventures LLC Building Service Update**: Pierce gave an update and reviewed the three GRP proposals. Pierce and Russo have had discussions with GRP. Initially we thought the "over the river crossing" was our best option for getting power to the Eastside of town. Then we discussed the "Main Street/bridge crossing" option rather than spending \$100,000 on the "overhead crossing" which had no long-term benefits. After understanding this would take approximately 90 additional days, the earliest we would be able to provide power to the facility would be September.
  - After further discussion, we believe the "under the river" option may be our best solution. This would allow us to meet our long term goals as well as provide service in a timely manner to the Ventures facility. This option would only take 30 days longer than the "over the river" option.
- **Biodigestion Update**: As Pierce mentioned earlier, he had good meetings with Matt Ward in Washington regarding potential funding sources for our project. Ward obtained funding on similar projects for a couple other communities. Rick Chapla at The Right Place has indicated he is still working on the draft of the feasibility study.
  - Pierce had a second meeting with a German design company (enco<sub>2</sub>) and has given them samples of the waste streams from the WWTP and Litehouse. Enco<sub>2</sub> will begin working on a design. He has investors who are interested in funding this type of project so they can take advantage of the federal 30% tax credit.
  - The biodigester would also be able to receive septic waste; WWTP cannot currently handle septic waste and septic haulers are paying

5¢ a gallon to dump their waste elsewhere. Also we could take garbage waste as well as live stock waste.

- Pierce reported he had contacted a used equipment dealer who has, found a 1984 3½ MW combined cycle generator from a Ford Plant in Detroit with only 8,000 hours. We received a quote to dismantle the unit and install it here for less than \$1 million.
- **Payables**: Pierce provided the January payables for the Board's review.

D. **Schedule of Meetings**: Pierce presented the schedule of meetings to 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, April 14, 2011.

VIII. **BOARD COMMENT**: Hall directed a comment to Councilman Schrauben asking about Board member compensation and review of the Pilot. City Council is supposed to review compensation on an annual basis. Hall, as did Johnston, thanked employees Mark Droog and Tom Torres for going to Hillsdale. Pierce gave a Kalkaska update; turbine is back from Connecticut, the bearings were rebuilt, it was installed and tested last week there was a small vibration, so they are going to do additional testing. He also reported Belle River Two has been down for (6) weeks and should be back in service the end of March. Johnston commented he was excited about the biodigestion project and wanted to make sure the residents are properly informed about the project. He also thanked Anna for putting together the Board Governance and Code of Conduct; he felt this was a positive step in the right direction.

IX. **ADJOURNMENT**: There was a motion by Hall and a second by Beachum to adjourn the meeting. The motion passes by unanimous vote of the Board at 7:32p.m.

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Chairman Canfield

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Date