

**MINUTES**  
**BOARD OF LOWELL LIGHT AND POWER**  
**REGULAR MEETING OF APRIL 12, 2012**

- I. **CALL TO ORDER AND ROLL CALL**: The meeting was called to order at 5:36 p.m. by Vice Chairman Johnston. Present were Beachum, Cadwallader, Johnston and Laponsie. There was a motion by Beachum and a second by Cadwallader to excuse Chairman Canfield. The motion passed by a unanimous vote of the Board. Also present were General Manager Pierce, Electric Distribution Manager Russo, Chief Accountant Donkersloot, Utility Services Coordinator Morris, Mayor Hodges and Lowell City Manager Mark Howe.
- II. **APPROVAL OF AGENDA**: There was a motion by Beachum and a second by Cadwallader to approve the agenda. The motion passed by a unanimous vote of the Board.
- III. **APPROVAL OF MINUTES** (March 8, 2012 Regular Board Meeting). There was one minor change to the meeting minutes. There was a motion by Beachum and a second by Laponsie to approve the March meeting minutes with the minor change. 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. **Refinancing LLP Revenue Bond**: Pierce discussed that the current LLP revenue bonds are available for refinancing this June. It is in LLP's best interest to refinance. Warren Creamer with Robert W. Baird explained in detail the process and anticipated results to the Board. Refinancing the bonds would save approximately \$250,000 to \$354,000 over the life of the bonds depending on current market rates.

There was a motion by Beachum, seconded by Cadwallader to approve Pierce moving forward to obtain City council approval for refinancing current LLP revenue bonds. The motion passed by a unanimous vote of the Board.

- B. **Theka Engineering Invoice Approval:** Pierce reviewed Theka's invoice for electrical engineering and necessary design of the new Combustion Turbine controls and connections to our system. There was no preapproval amount for this activity in that the complexity of the integration of our old components with the new generator (s) was not known at inception. Theka provided an itemized invoice for their services and expenses provided to date totaling \$30,225.02.

A motion was made by Beachum seconded by Laponsie to approve Theka's electrical engineering and design invoice of \$30,225.02. The motion passed by a unanimous vote of the Board.

- C. **Removal and Relocation of Ford CT:** Pierce reported he received two bids for removal and relocation of the Ford CT. He was disappointed they both came in higher than expected. The lowest bid was \$188,000 the second bid came in at \$247,000. It is difficult for these bidders to give firm quotes based on possible transportation issues. They are concerned the boiler size may include taking down overhead wires and avoiding expressway underpass due to size restrictions. There was a motion by Beachum and a second by Cadwallader to approve Pierce moving forward to seek other bids and authorizing him to accept the lowest bid to not exceed \$188,000. The motion passed by a unanimous vote of the Board.

#### IV. **INFORMATIONAL ITEMS:**

- A. **Performance Data:** Pierce reported to the Board that February performance data was discussed last month with the exception of the Total Electric Requirements which were up about 9.8% from the previous year. Peak demand was up from the previous month at 10.241MW and up about 6.5% from the previous year.

Pierce then reported on the March performance data. March was a very good month. There was good growth in both residential and commercial sales. Delinquent accounts were up from the previous month and down from the previous year. The delinquent amount from February is reduced down to \$157 from \$3,400. Pierce reiterated how pleased he is with the efforts of the office staff in collecting on delinquent accounts. The balance after shut offs is up slightly from the previous month and down from the previous year.

The overall cash and investments are down due to the purchase of the Ford Combustion Turbine (CT). The aging analysis for the month of March remains consistent with the previous months and the potential write off is down \$1,158 to \$6,564.

Pierce reported in the month of March there were 2 outages, effecting 23 customers for a total 185 minutes. Our 12 month outage statics reveal we are available 99.98% of the time. The majority of the crew's work was spent on tree trimming during March.

- B. Income Statement (March 2012):** March was a great month. We had great operating revenue due to high usage. Our total Operating Revenue year to date is over budget by \$50,000. Purchased Power was under budget this month, which is a first in a long time. All other expenses are in line, several categories are under budget. Our total Operating Expenses are nearly \$73,000 under budget year to date.

Our Operating Income for the month of March is \$145,000. We are approximately \$133,000 over budget year to date.

Pierce reported that included in the 2012 Capital Expense Summary is an itemized list. We still have over \$375,000 remaining in the year's budget. A good portion of that will be spent on the current river bore as well as the upcoming expenses to get the combustion turbine up and running. We sold some old transformers from our inventory for approximately \$20,000.

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

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

**MPPA/MMEA:** Pierce reported the APPA Legislative Rally in Washington went well. Pierce believes our legislators understand our concerns over the FERC transmission issues and the EPA emissions reduction issues.

It appears as if MMEA may have a case from which we can pursue review of the Great Wolf Lodge decision. There is a situation in Holland on new construction where the customer has asked Holland to

provide service (new construction on a currently undeveloped parcel) and Consumers is declaring that the Great Wolf Lodge ruling apply since they served the parent parcel in the past. This will likely be a long process if Consumers persists.

The APPA Lineworker's Rodeo and Technical Conference is April 13<sup>th</sup>-18<sup>th</sup>. Several employees, as well as Perry, are attending to observe the event this year since it is in Cleveland. The majority of the employees are leaving Friday afternoon (April 13<sup>th</sup>) and returning Sunday. Perry Beachum and Tom Russo will be staying for part of the Engineering and Operations Technical Conference to receive our third consecutive Safety Award (fifth in the last seven years).

- **System/Generation Upgrade Progress:** The primary activity completed by the line crews during the month of March continues to be tree trimming.

Pierce reported the process continues to move forward on the new CTs. We had a major meeting this week involving all the engineers looking at the Chatham facility and the layout to determine the best plan to situate the CTs, how it will hook to our current distribution center as well as incorporating the bio digester. The Chatham facility has been reorganized to facilitate both the addition of the CTs and the bio digester.

- **Pilot Meters:** We have received the three year implementation plan from Elster for the new metering system. The plan would be to install the new meters over a three year period. We would most likely use a third party to collect the meter data on the new meters as opposed to installing the necessary equipment to collect data in house at the beginning of the project. Once all the meters are installed, we would invest in our own data collection equipment and software. Pierce stated those with the old A-bottom meters (57 meters) would be looked at on a case by case basis; possibly there would be customers who would not be required to upgrade service to accommodate the new electronic meters.
- **Circuit 208 Extension Across the River:** Phase two of the project, the underground (river) boring and new conductor will begin on Monday. The conduit is being assembled on Unity High School grounds as the

contractor, Roemer, prepares to begin the boring process. Our goal is still to have the project complete by Memorial Day.

- **Biodigestion Update:** Spart will attend the joint meeting scheduled at City Hall Tuesday, April 24<sup>th</sup> at 5:30. This meeting is to discuss any outstanding concerns as well as secure a list of questions which need to be addressed during the Germany trip.

The feedstock contracts are ready to be signed; Litehouse is enthused about the possibility of processing all of their waste. There is discussion of having a direct pipeline rather than trucking their waste. Progress is being made on the Purchase Power contracts; we are in the process of finalizing the details.

Pierce reported he and Greg Northrup from Spart gave a presentation to Rotary on March 28<sup>th</sup>. Rockford Construction has been selected by Spart as the General Contractor for the biodigestion project.

- **Strategic Plan:** The Strategic Planning review is scheduled to take place immediately following the June meeting.
- **Website:** Sharon is putting final touches on the content and website training is scheduled prior to the soft launch.
- **Employee Benefits Renewal:** Pierce began preliminary discussions reviewing three options for the Board to think about for future discussions. We are not expected to receive the renewal proposals from Creative Benefits until mid April to further discuss in May. Pierce will provide a recommendation for a plan as well as lay out additional options for May's meeting.
- **Building Maintenance:** Pierce reported our main office has experienced elevated levels of moisture including mold under the wallpaper providing a strong musty odor. We are in the process of having some mold testing done to figure out the best solution.
- **Expo 2012:** The Expo went well. We had a lot of participation in the "Energy Wheel of Fortune".
- **Payables:** Pierce provided the March 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, May 17th, 2012.

VIII. BOARD COMMENT:

Beachum expressed his excitement of bringing the Biodigester to the community. Beachum stated he is pleased with continuing to see the delinquent accounts decrease. He gave kudos to the staff, and for the direction Lowell Light and Power is headed.

Mayor Hodges reported the City is working on their budget. He stated girls night out is April 18<sup>th</sup>.

Cadwallader stated she is unable to attend the May's meeting. Tina is concerned about the health care renewal. She will be meeting with Pierce prior to May 16<sup>th</sup> before she leaves to review the proposals.

Johnston stated he would like to have us contact the Chamber to have them promote our new website. Andy also thanked Perry for giving up his time to attend the Lineworker's Rodeo.

IX. ADJOURNMENT: There was a motion by Laponsie and a second by Beachum to adjourn the regular meeting at 6:46 p.m. The motion passed by a unanimous vote of the Board.

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Chairman Canfield

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Date