

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

- I. **CALL TO ORDER AND ROLL CALL**: The meeting was called to order at 5:35 p.m. by Chairman Canfield. Introductions were made by all present to introduce the two new Board members Cadwallader and Laponsie to everyone. Present were Beachum, Cadwallader, Canfield, Johnston and Laponsie. Also present were General Manager Pierce, Electric Distribution Manager Russo, Chief Accountant Donkersloot, Utility Services Coordinator Morris, City of Lowell Mayor Hodges and Lowell City Manager Mark Howe.
- II. **APPROVAL OF AGENDA**: Beachum requested to add Action Item (D) Appointment of new PILOT review team member to replace Hall. There was a motion by Beachum and a second by Laponsie to approve the agenda as amended. The motion passed by a unanimous vote of the Board.
- III. **APPROVAL OF MINUTES** (December 8, 2011 Regular Board Meeting). There was a motion by Beachum and a second by Johnston to approve the December meeting minutes with one 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. **Action to Authorize Board Votes by Beachum 7/1/11-1/3/2012**: Pierce stated in the process of appointing our new Board Members, it was noted that Perry Beachum's appointment to the Lowell Light and Power Board expired July 1, 2011. Beachum was formally reappointed at the January 3, 2012 City Council meeting, and the LLP Board needed to affirm Beachum's voting activities on all Board actions from July 1, 2011 through January 2, 2012. A motion was made by Johnston seconded by Laponsie affirming the results of all Board actions where Perry Beachum voted as a Board member on behalf of the Lowell Light and Power Board during the period of July 1, 2011 through January 2, 2012. The motion was passed with a 4 member vote, Beachum abstained.

- B. **Fiscal Year 2012 Financial Institution Authorized Signatures:** Pierce reviewed the process for authorized bank signatures for Chase, Huntington and Fifth Third Bank. Due to the recent resignation of Jim Hall, he is being removed from the list of authorized signatures and replaced by Andy Johnston. There was a motion made by Laponsie, seconded by Beachum to approve the authorized bank signatures as indicated. The motion passed by a unanimous vote of the Board.
- C. **Personnel Committee Report:** Chairman Canfield read the letter written by the Personnel Committee in response to an employee grievance. There was a motion by Laponsie, seconded by Cadwallader to approve the recommendation of the Personnel Committee. The motion passed by a unanimous vote of the Board.
- D. **PILOT Review Representatives:** The Board had discussion outlining, to the new Board Members, the PILOT review process. Johnston nominated Beachum to assist as needed in this review, seconded by Laponsie. The motion passed by a unanimous vote of the Board.

I. **INFORMATIONAL ITEMS:**

- A. **Performance Data:** Pierce reported to the Board that November performance data was discussed last month with the exception of the Total Electric Requirements which were up about 12.5% from the previous year. Peak demand was up from the previous month at 10.143 MW and up about 12% from the previous year.

Pierce then reported on the December performance data. December was a good month. Residential sales dollars were up from the previous month and up 24.3% from the previous year. Residential customer count was down slightly from the previous month and up slightly from the previous year. Commercial sales were up from the previous month and year. Commercial customer count was down from the previous month and year. Delinquent accounts were down from the previous month. The balance after shut offs was about the same as last month and up from the previous year.

The overall cash and investments are down due to the purchase of the IVEX Combustion Turbine (CT). The aging analysis for the month of December remains consistent with the previous months.

Pierce reported in the month of December there were 2 outages totaling 420 minutes. Our 12 month outage statics reveal we are available 99.978% of the time. The majority of December man hours were spent on connecting North & South Pleasant Street primary overhead and the CT project.

- B. Income Statement (December 2011):** Pierce reported December was a good month. Revenue was over budget for the month and on budget year-to-date. Total operating expenses for the month are in good shape; we are under budget in most categories for the month and year-to-date.

Pierce reported our operating income was \$92,000 for the month. We had a net income of almost \$55,000 for the month; we are over budget for the year.

Pierce reviewed the capital expenses; with a yearly budget of \$650,000 capital expenses were at \$465,123.57 year-to-date. We also had \$12,555 in net capital sales. The portion of the year-to-date budget still available is currently at \$197,431.43.

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

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

**MPPA/MMEA:** Pierce stated MPPA continues to work toward finalizing the agreements with AMP-O for the Fremont Combustion Turbine and on a purchased power agreement for nuclear.

MMEA continues to press forward on the transmission issue with the Federal Energy Regulatory Commission (FERC) and with pursuing a “right to serve” case that would help us get the Great Wolf Lodge decision back to the State Supreme Court.

The MMEA/APPA Legislative Rally in Washington is schedule for March 12<sup>th</sup>-14<sup>th</sup> this year. It is open for any Board member interested in attending.

- **System/Generation Upgrade Progress:** Pierce reviewed the line crew's activities for the month of December.

We are in the process of working out the reconfiguration details to begin setup of the IVEX (Solar) turbine this spring; optimistically targeting a June 1<sup>st</sup> start date.

- **Strategic Plan Punch List:** Pierce reported on the progress.
  - The website is progressing; we are in the process of rewriting and updating a significant portion of the current site data.
  - The offer made on the Ford combustion turbine was accepted. We are waiting on Ford for final details of the Ford CT purchase agreement.
  - Bio-digestion project is moving forward (more details in a separate section).
- **Short Term Punch List:** Pierce stated these items are underway.
  - Community Disaster Plan
  - Joint Billing (on hold)
  - Township Supervisors-a second discussion with Jerry Hale
  - PILOT
  - Comcast-under the river discussions
- **Pilot Meters:** Pilot meters are performing as expected. We are now discussing with Elster how we would implement a full build out over a two year period.
- **Ventures LLC Building Service Update:** Pierce reported on phase two of the project. The underground (river) boring and new conductor is in the process of being bid out and is anticipated to begin this spring.
- **Energy Optimization:** Pierce reviewed the detailed breakdown of the Residential and Commercial program goals vs. actual for 2011. We have now finished another Energy Optimization (EO) year and have exceeded our goals. Our annual overall goal was 435,280 kWh and we achieved documented savings of 583,311 kWh.
- **Biodigestion Update:** Pierce reported the project continues moving forward securing the feed stock contracts and SPART is finalizing projections for the feasibility study and transaction documents. SPART believes they are close to signing contracts with the major feed stock suppliers. They are also close to an agreement with local grease and oil haulers which would provide the feed stock for phase two of the project.

SPART has also been working on a redesign of the facility to mitigate the issues raised by the MDEQ regarding the location of the facility with respect to the flood plain. The best solution appears to be achieved by moving the majority of the operation into the Chatham warehouse building. The new design puts all of the operations, except the up flow/down flow reflow tanks, in the eastern portion of the building. The operation would utilize the docking bays and overhead door on the south side of the building for the majority of access to the facility. We believe this design also helps to further minimize any potential for aesthetic impact to the neighborhood as well as the need for exterior site work and construction.

A copy of the revised site plan is attached and once all the details are incorporated, it will be resubmitted to the MDEQ for approval and then to Williams and Works to see if the revisions require another Planning Commission review.

Once the MDEQ and Planning Commission (if necessary) give their approval of the site plan, it appears the only contingency not resolved from the original Planning Commission review is the issue of resurfacing Smith Street.

- **New Generation:** As already mentioned, the Ford offer has been accepted and final invoice terms and conditions are forth coming. Ford agreed to give us until June to have the unit removed.

Now that we are finalizing the design and location of the biogas facility, permanent plans can be made for the location of the turbines and move forward on their installations. The goal is to have the Ivex turbine up and running this spring so it is available for the summer peaking season and the Ford turbine operating the following year for summer 2013 peaking.

Consumers confirmed they are able to supply the current volume needed to run the combustion turbine at no significant cost for upgrades. Consumers could only guarantee they could supply volumes to meet our needs May-September. However, in their peak season (the winter months), when the furnaces are running, they would not be able to supply us enough volume to run our turbines.

Pierce recommends continuing to look for options to find the best solution to meet our gas supply needs continuously.

- **Holiday Party:** Pierce stated Saturday is the City Holiday Party at the Main Street Inn at 7:00 p.m.
- **Payables:** Pierce provided the December 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.

**II. NEXT REGULAR LLP BOARD MEETING:** The next scheduled Board meeting will be held, Thursday, February 9, 2012.

### **III. BOARD COMMENT:**

Beachum mentioned the APlus program; he encouraged those who are able to continue giving to help the community in times of need. Beachum and Johnston also addressed issues brought up during the grievance process, not related to the grievance. Beachum would like to make sure the lineman receive a copy of their response.

Johnston welcomed the new Board members.

Mayor Hodges reported Monday night was the 1<sup>st</sup> orientation for the new council members and all went very well.

Lowell City Manager Mark Howe announced the DDA approved today to purchase the lot behind the 200 block of Main St., directly behind the MOOSE, for additional City parking.

Laponsie stated she is happy to be part of the Lowell Light and Power Board.

Cadwallader stated she is going to research the Ford Turbine and the appearance of the silos to get a clearer picture of the change occurring at Chatham.

Canfield welcomed the new Board members and thanked them for taking time to serve on the Board.

IX. **ADJOURNMENT**: There was a motion by Johnston and a second by Beachum to adjourn the meeting at 6:56 p.m. The motion passed by a unanimous vote of the Board.

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Chairman Canfield

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Date