

**MINUTES**  
**BOARD OF LOWELL LIGHT AND POWER**  
**REGULAR MEETING OF AUGUST 15, 2013**

- I. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 5:32 p.m. by Chairman Canfield. Present were Beachum, Canfield, and Laponsie. Johnston and Cadwallader were both absent. There was a motion by Laponsie, seconded by Beachum to excuse the absence of Johnston and Cadwallader. The motion passed by a unanimous vote of the Board. Also present were General Manager Pierce, Chief Accountant Donkersloot, Electric Distribution Manager Russo, Utility Services Coordinator Morris and City of Lowell Mayor Hodges.
- II. **APPROVAL OF AGENDA:** Item X, possible closed session meeting was deleted from the agenda. There was a motion by Laponsie, seconded by Beachum to approve the amended agenda. The motion passed by unanimous vote of the Board.
- III. **APPROVAL OF MINUTES:** (July 11, 2013 Regular Board Meeting & July 11, 2013 Closed Session Meeting). There was a motion by Beachum and a second by Laponsie to approve the June 11, 2013 Regular Board meeting minutes as presented. The motion passed by a unanimous vote of the Board.

There was a motion by Beachum, seconded by Laponsie to approve the July 11, 2013 Closed Session meeting minutes. The motion passed by a unanimous vote of the Board.

- IV. **PUBLIC COMMENTS:** (Items not on the agenda): There was no public comment.
- V. **ACTION ITEMS:**

A. **Review and Accept LLP Annual EO and REP Reports:**

Pierce reviewed each report. The Energy Optimization report was filed as part of a single report, through MPPA, which is allowed by the Michigan Public Service Commission (MPSC) for Michigan municipal utilities. The report indicated LLP was able to exceed its MWh savings goal for the year by 4% at a cost of \$63,247, which was a savings of 26% compared to what was budgeted for the year.

The Renewable Energy Report of LLP indicates we had 2,561 MWh of renewable energy in our portfolio for 2012, which represented 4% of our total energy requirements. PA 295 is a phase-in process for adding renewable energy to a utilities' portfolio. The guidelines require at least 20% of the 10% final goal be reached in 2012, 33% in 2013, 50% in 2014 and 100% in 2015. Therefore, our 4% renewable energy figure reflects that we attained twice the 2012 requirements of 2% and are well on our way to reaching the 10% goal by 2015. There was a motion by Beachum, seconded by Laponsie to accept the 2012 Energy Optimization (EO) and the 2012 Renewable Energy Report (REP) reports. The motion passed by a unanimous vote of the Board.

## **B. Public Comment on the updated LLP Renewable Energy Plan**

Pierce gave a brief overview of LLP's Renewable Energy Plan (REP). PA 295 requires Michigan utilities to file updated plans every two years to keep the Michigan Public Service Commission (MPSC) posted on how the utility expects to fulfill the requirement of 10% renewable energy by 2015 and what charge the customer is paying (not to exceed the caps in the Act) to achieve the Plan.

The REP indicates the LLP has a Plan that will insure it meets the State's Renewable Portfolio Standard through 2029. The primary source of renewable energy will be from landfill gas through the Michigan Public Power Agency (MPPA), and that LLP is investigating renewable supply from a bio-digestion facility.

LLP has provided this information to its customers via its website, [www.lowell-light.org](http://www.lowell-light.org), hard copies are available at the main office (127 N. Broadway, Lowell, MI). Comments could have been presented at the Lowell Light and Power Board meeting August 15, 2013 or in writing submitted to the General Manager.

Open for public comment: There was no public comment.

There was a motion made by Beachum and a second by Laponsie to accept the Lowell Light and Power updated Renewable Energy Plan (REP). The motion passed by a unanimous vote of the Board.

### **C. Approval of Shoreline Metal Fabrication:**

Several months ago Shoreline Metal Fabricating was selected (as low bidder) to complete the metal fabricating and installation of duct work and building structural changes to facilitate the assembly of the two combustion turbines in our Chatham facility.

When the bid specifications were developed, there was a list of items we knew needed to be completed. As we began configuration, putting the pieces back together, it was determined additional items were needed to complete installation. Now that the installation has been completed, additional costs were incurred that were not part of their original quote. The additional work completed by Shoreline for both turbines totaled \$44,665.

There was a motion by Laponsie and a second by Beachum to approve the additional fabricating and construction invoice from Shoreline Fabrication in the amount of \$44,665. The motion passed by a unanimous vote of the Board.

## **IV. INFORMATIONAL ITEMS:**

### **A. Billing Process and Shutoff Procedure Review:**

Pierce reviewed the billing process and shutoff procedure. The shutoff notice dates did not change, we shortened the time for the delinquent amount to be paid by 10 days. Our billing cycle reflects power that was used the previous month. This procedure change has proven to reduce the volume of our delinquent accounts.

**B. Performance Data:** Pierce reported on the two additional items for the June performance data. Total electric requirements were 5,284,754 kWh, which is down from the previous month and from the previous year. June was a fairly cool month, compared to last year. Peak demand was 12.733, which is down from the previous year.

Pierce stated July electric sales were up from the previous month and up 9% from the previous year. Total residential customer count was up from the previous month and the previous year. Residential KWh sales were up from the previous month and down from the previous year. Commercial sales were up from the previous month and the previous year. Commercial customer count is holding steady.

Delinquent accounts are down from the previous month and previous year and balance after shut offs was significantly down from the previous month and year. The delinquent amount still owing from the previous month is \$0. This is a big milestone we have been striving to reach. The overall cash and investments are down slightly.

This is a month where quarterly figures were calculated. Residential and Commercial usage was down from last year, and the average bills are relatively the same.

There were 8 outages in the month of July; 1,512 customers were out for 491 minutes. The cause of these outages include downed trees, a squirrel and equipment failures.

Our outage statistics still indicate we are available 99.98% of the time.

Most of the crews work during July has been allocated to the Combustion Turbine project.

**B. Income Statement (July 2013):** Pierce reported we had a very good month and start to the new Fiscal year. Revenue for July was only 1% off budget. Purchased Power was under budget for the 1<sup>st</sup> time in several months. Purchased Power was down partially because what we pay in July reflects June usage; June was cooler than normal. Total expenses were under budget.

Our Total Operating income was \$211,199 for the month of July. We had Net Income for the month of July of \$178,593.

Steve has been working diligently preparing for the audit next week. The preliminary numbers indicate we will finish the fiscal year approximately \$100,000 over budget for Net Income. Pierce gave kudos to Steve for having those numbers to us in August verses December.

Pierce reviewed the Capital Expenses. Our new fiscal year budget is \$900,000; we have \$71,000 remaining in the budget from fiscal year 2013, as we are waiting for some delayed invoices. There is \$60,000 available from the DEED grant, slated for the Biodigester project. Our total Capital funds available for 2014 fiscal year are \$1,000,000.

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

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

Pierce asked the Board to mark their calendars for the MMEA Annual Fall conference being held this year, September 25-27, at the Crowne Plaza in Grand Rapids. Pierce mentioned that this year MMEA's associate members will be hosting the conference. Since we hosted this conference last year, at the Crowne Plaza, Sharon will be helping the associate members coordinate this year's conference.

- **System/Generation Upgrade Progress:** Pierce reported there were some unexpected issues as the gas was put to the Solar Combustion turbine. We have rectified some of those items. We still have regulators that are not operating correctly; we were not able to operate it at full load. We have a voltage regulator and a gas regulator on order to rectify this issue. Once we get the engine running smoothly, we will "Commission It" and have a formal event.

- **Biodigestion Update:** Pierce met with Greg Northrup and is meeting again this week. Caterpillar has committed to funding 70% of this project, and their criteria include using a Caterpillar generator. The remaining 30% will be owned by private investors. Spart is going to lease a portion of the Chatham building rather than buying it. Pierce expects to have a final package from Spart by September's Board meeting.

- **Amphitheater Project 2013:** The transformers to replace the East Substation have been ordered. Steve met with the FEMA group when they were in town to determine what types of proactive measures could be covered under the FEMA funding process. Pierce reported there is no specific FEMA funding available for us to be proactive and raise the transformer pads to avoid future disasters. Steve reported on a 404 program now available in Kent County, which is partially funded with money contributed because of our recent FEMA event. We will need to

submit a hazard mitigation plan to the County. The grant money available is to do specific projects, like moving the transformers to a higher level to avoid future damage.

During the early excavating at the amphitheater site it was discovered that the underground boring, completed as part of providing service to the Ventures (Attwood) site, was not completed according to our specifications. The boring and conduits (with wire) were supposed to be installed at a minimum of four (4) feet below the grade of the East Substation. This was to insure our new line was well below the retaining wall and its footings that run parallel to the line. During early excavation, Williams and Works uncovered our conduit adjacent and in some cases lying on top of the footings of the retaining wall, instead of the required four (4) feet below it. The contractor who did the original work incurred all expenses for digging a trench along the footings of the retaining wall to locate the conduit at the proper depth where it should have been placed originally.

- **FROM Food Fight**: The FROM food fight was a huge success this year. Over 20,000 food items and \$22,000 were collected to support the food pantry. Pierce shared a letter he received from FROM thanking the Lowell Light and Power staff for assisting with the pickup and delivery of food throughout the campaign.
- **Whites Bridge Dam and Hydro**: Pierce reported he had recently received a call from Victor Leabu, the current owner of the Whites Bridge Hydro facility. The Whites Bridge Hydro was the original source of power for LLP and we owned it from 1896 through 1970 when it was determined it was too expensive to maintain and upgrade the limited amount of power. Mr. Leabu is currently generating approximately 3M KWh per year and selling the majority of power to Consumers Energy. Mr. Leabus is currently getting around .07¢/KWh from Consumers for the electricity.
- Mr. Leabu indicated his contact with Consumers Energy is up in 2016 and he is wondering if we might be interested in purchasing the power to provide renewable energy to the community. The 3M KWhs produced

from the hydro facility would constitute approximately 4% of our estimated load by 2016.

Mr. Leabu's facility is being featured at the August meeting of the Great Lakes Renewable Energy Association, which Pierce plans to attend and tour the operation.

- **Evart, MI**

Pierce indicated he had an opportunity to give a talk to the Evart, MI Economic Development Board. The Board recently completed a feasibility study regarding the possibility of starting a municipal utility in their community. During the feasibility process they contacted MMEA and MPPA who recommended they spend time with a Manager of a municipal utility whose community would be similar in size. They invited Pierce to come and speak with the Board. Pierce spent a half of day with them and described to them the pros and cons of owning a municipal utility in a City with 4,000-5,000 people. They are excited about moving forward in pursuing the municipal utility option and it was encouraging to them to find out how a small municipal utility can operate effectively, efficiently and become a "Premier Utility for its Size". They were impressed that a municipal utility of our size could be profitable, offer rates less than the competition and provide excellent service to their customers. Pierce stated there are several communities around the country looking at forming their own municipal utilities.

- **Payables**: Pierce presented July payables.

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 Board meeting will be held, Thursday, September 12, 2013.

VIII. **BOARD COMMENT**:

Beachum mentioned the Pink Arrow game is Friday, September 6<sup>th</sup>. There will be 8-11 jerseys auctioned off Thursday, August 29<sup>th</sup>. The auction will be held

between the JV (4:00) game and the Varsity (7:00) game. Beachum thanked the LLP staff for hanging the Pink Arrow banners along Main St.

Mayor Hodges reported BP is in the process of a \$2M expansion; they bought the white house to west.

Canfield congratulated the LLP staff on getting the generator up and running. Greg is pleased with the participation of LLP staff in the Adopt-A-Highway clean up as well as their participation in the FROM Food Fight pickups and deliveries this year.

There was a motion by Beachum and a second by Laponsie to go into closed session for a Contract Negotiations update at 6:36 p.m. The motion passed by a unanimous vote of the Board.

There was a motion by Laponsie seconded by Beachum to come out of the closed session at 7:04 p.m. and return to the regular meeting. The motion passed by a unanimous vote of the Board.

IX. **ADJOURNMENT**: There was a motion by Laponsie and a second by Beachum to adjourn the regular meeting at 7:05 p.m. The motion passed by a unanimous vote of the Board.

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Chairman Canfield

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Date