

**MINUTES  
BOARD OF LOWELL LIGHT AND POWER  
REGULAR MEETING OF SEPTEMBER 13, 2012**

- I. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 5:35 p.m. by Chairman Canfield. Present were Beachum, Cadwallader, Canfield, and Laponsie. There was a motion by Beachum, seconded by Cadwallader to excuse Johnston (expected to arrive late due to commitments with his employer). The motion passed by a unanimous vote of the Board. Johnston arrived at 5:49 p.m. Also present were General Manager Pierce, Electric Distribution Manager Russo, Chief Accountant Donkersloot, Utility Services Coordinator Morris, Mayor Hodges and Lowell City Manager Howe.
- II. **APPROVAL OF AGENDA:** There was a motion by Beachum, seconded by Cadwallader to approve the agenda as presented. The motion passed by unanimous vote of the Board.
- III. **APPROVAL OF MINUTES** (August 9, 2012 Regular Board Meeting). There was a motion by Beachum and a second by Cadwallader to approve the August meeting minutes as presented. The motion passed by unanimous vote of the Board.
- III. **PUBLIC COMMENTS** (Items not on the agenda):
- Peggy Covert (982 N. Washington) and Barb Barber (318 King St.) commented on the City of Lowell and Light and Power union negotiations.
- Larry Dyer (non Lowell resident) commented on the Greg Canfield letter to the editor in the Lowell Ledger.
- V. **ACTION ITEMS:**
- A. **Resolution Regarding the Michigan 25 by 25 Ballot Proposal:** Pierce stated the 25 by 25 Constitutional Amendment Proposal will be on November's ballot. Michigan Municipal Electric Association (MMEA) has joined an organization called CARE (Citizens for Affordable Renewable Energy), who opposes the constitutional venue for this issue. Individual utility and municipal organizations are encouraged to adopt resolutions opposing this constitutional amendment. Pierce shared

background information as to why this is not a good way to implement renewable energy standards. We currently have renewable energy legislation in place that was a well thought out plan. Johnston commented he strongly believes that energy policy does not belong in the constitution and supports adopting this resolution. Johnston stated this is Proposal 3 on the November 6<sup>th</sup> ballot. There was a motion by Beachum, seconded by Laponsie to adopt the resolution to oppose the 25 by 25 constitutional amendment. The motion passed by a unanimous vote of the Board.

#### IV. INFORMATIONAL ITEMS:

**A. Performance Data:** Pierce reported on the two components missing from July performance data, which both set an all-time record for Lowell Light and Power. Total electric requirements of 7,592,305 and peak demand 15.134.

Pierce reported August was a good month, we had additional hot days; total sales were almost the same as July and up 7% from the previous year. Residential sales were down slightly from the previous month and up 2.5% from the previous year. Commercial customer sales were up from the previous month and previous year.

The delinquent accounts are up from the previous month and the previous year. The balance after shut offs are down from the previous month and from a year ago. The delinquent amount still owing from July was down significantly (82%) from the previous month and (94%) from the previous year.

The overall cash and investments are consistent with the previous month. The aging analysis reveals higher totals than the past couple of months. Pierce reported this is primarily due to the increase in usage and higher monthly bills during the hot weather.

**B. Income Statement (August 2012):** Revenue was good, almost exactly on budget. Expenses were all on or under budget; with the exception of Purchased Power expenses which were over budget by \$46,650.47.

We had a good Operating income for the month of August of over \$71,000 and a net income of nearly \$27,000.

Pierce stated Capital Expenses for the month of August were around \$167,000, the summary shows the breakdown by category.

Pierce reported there were two outages in August. A total of 6 customers were out. This had little effect on our outage statistics which still indicates we are available 99.98% of the time. The majority of the crew's work was spent on tree trimming.

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

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

**MPPA:** MPPA continues to find proposals from MISO (Midwest Independent Systems Operators), which impact our transmission billing and tariffs and could potentially have a negative impact on our costs.

**MMEA:** Pierce reported on the MMEA Fall Conference schedule. He discussed specifics on Board training sessions as well as other scheduled events.

Spart will be presenting at one of the breakout sessions of the MMEA conference entitled "Waste to Energy". Spart will use the Lowell project as an example of how a biodigester can work and have a positive impact in a small community.

- **System/Generation Upgrade Progress:** The mechanical and duct work for the Combustion Turbines is out for bid and we plan to begin reassembly of the two units into their new configuration this fall. The air permitting application has been filed for both turbines and any work toward installation of the generators needs to wait until we have the air permit from the MDEQ (technically called a "Permit to Install"). Construction of the generation interconnect line to connect the turbines to our system has been completed.

We are still working on the transport on the boiler from the Ford Rawsonville plant. We have received the quote to ship by rail and are waiting for a final determination on truck transportation. The target date is November.

Pierce reported on discussions with a potential gas provider for our turbines and we should have a proposal from them shortly.

- **Biodigestion Update:** SPART is working to finalize an agreement with Litehouse. SPART will present the signage and site landscape plan to the Planning Commission on September 24<sup>th</sup>.

Pierce reported he, Greg Northrup and Dick Wendt met last week to start drafting a lease of the biodigester portion of the Chatham property. As the discussions began the question came up about possibly selling it to SPART rather than drafting a lease. We believe this may be a more viable option. It would put that portion of the facility back on the tax roll, which is good for the City and alleviate possible issues SPART may have in financing the facility.

- **Strategic Plan:** Staff is working on recommendations, feasibility and timetables for action items to meet the Strategies/Goals suggested by the Board. Those recommendations should be available at the October meeting.
  - **Building Maintenance:** Pierce stated the restoration of the Broadway St. building from its mold issue is almost complete. The interior work should be complete shortly. The exterior work (under warranty) will be finished during September.
  - **Lowell Transmission Line:** No new development.
  - **Board Ad Hoc Personnel Committee:** Pierce reported the Ad Hoc Personnel group met with each of the two parties currently pursuing grievances through the Lowell Light and Power grievance process. A report of the Ad Hoc Committee's findings was provided to Board members at the meeting for their review. A motion was made by Beachum and a second by Johnston to hold a Special meeting on Tuesday, September 18<sup>th</sup> at 6:00 p.m. to determine the final grievance decision.
  - **Payables:** Pierce provided the August 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, October 11<sup>th</sup>, 2012.

**VIII. BOARD COMMENT:**

Mayor Hodges stated Tuesday, the Greater Lowell Vision committee met and shared with various other interested parties where the Lowell community is heading (Lowell Schools, Chamber of Commerce and the Townships). Community conversations will be held at the High School (Freshman Center) October 10<sup>th</sup>, 23<sup>rd</sup> & 25<sup>th</sup> for those interested in attending.

Laponsie stated although contract negotiations continue and because they are not open to the public which leads to a lot of speculation. As a Board member she expressed she truly has the Cities best interest at heart.

Beachum thanked Lowell Light and Power employees, Ron Vanoverbeek, Sharon Morris, and her husband Ken Morris and Tom Russo for volunteering at the Pink Arrow game. He gave special thanks for Tom Russo for assisting with power issues they faced earlier in the day and for helping clean up on Saturday.

Beachum commented on the fact that there are two bargaining units, one for the Lowell City and one for Light and Power. He stated as a Lowell Light and Power Board member he is only responsible for decisions made on their behalf. He said nowhere have the negotiations led to a cut in pay. Beachum reported this is his 7<sup>th</sup> year on the Board and since he has been a Board member they have always approved merit raises. Perry stated when he became a Board member Lowell Cable was in the process of being sold. He did vote on that issue based on the fact that the technology was outdated and the amount of money the cable system needed to keep up with technology was not in the best interest of the community.

Johnston commented on his new family addition, Peter. Andy stated he loves boasting about Lowell Light and Power and the great things we are doing with the biodigester project. He also encouraged everyone to educate themselves on the ballot issues. He stated this is the most ballot questions Michigan has had at one time in the past 30 years.

Canfield stated his letter to the editor was written from his perspective as an individual not a Board member. He felt it was important to point out inaccuracies. Greg mentioned when he became a Board member he was told Lowell Cable had been sold. Canfield stated he appreciates the Lowell City employees and the Lowell Light and Power employees for their quick response to the community.

There was a motion by Beachum and a second by Johnston to go into closed session for a Contract Negotiations update at 6:42 p.m. The motion passed by a unanimous vote of the Board.

There was a motion by Beachum seconded by Laponsie to come out of the closed session at 7:43 p.m. and return to the regular meeting. The motion passed by a unanimous vote of the Board.

There was Board discussion regarding Board member access to background information for the upcoming Special meeting.

- IX. **ADJOURNMENT**: There was a motion by Beachum and a second by Laponsie to adjourn the regular meeting at 8:00 p.m. The motion passed by a unanimous vote of the Board.

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Chairman Canfield

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Date