

Minutes
Board of Light and Power
Regular Meeting – August 2, 2007
LL&P Office

Call to Order: Chairman Maatman called the meeting to order at 5:30PM with Board members Greg Canfield, Perry Beachum also present. Also attending were General Manager; Tom Richards, Operations Manager; Jeff Mullins, Administrative Manager; Mary Sawka and Lowell DPW Director Dan DesJarden. Lowell residents Mark Ritzema and Annette Lalley of 525 N. Hudson Street were also in attendance.

Approval of Minutes: A motion was made by Canfield and supported by Beachum to approve the minutes of the regular July 12 Board meeting. The motion passed with the unanimous vote of the Board.

Accounts Payable: The Board reviewed and discussed the list of June accounts payable. A motion to approve the full list of payables was made by Beachum and supported by Canfield. Beachum asked about the high number of deposit refund checks paid during the month. Richards explained that the Cable system was required to refund all security deposits for analog cable converters that were in the possession of cable customers. This was a requirement of the Asset Purchase Agreement with Comcast. Beachum also asked if the July payables would include cable programming license fees for the month of June. Richards responded that it would. The accounts payable was approved by a unanimous vote of the Board.

Performance Data: Richards provided and the Board reviewed financial, sales and performance data from the June operations of the utility compared to the prior month and the previous June. He pointed out that electric usage and revenues had increase from May, but were relatively steady compared to June 2006. He also noted that the City indicated its plan to repay the remaining balance of the loan to Cable TV (\$471,000) on August 8. Richards indicated that the funds would be added to the utility's invested reserves for emergencies and funding for future projects.

Income Statement: The Board reviewed the utility's revenues and expenses for June and Richards noted the significant variations in revenues and expenses as compared to the budget projections and the normally anticipated levels, including:

- Slight decreases in residential and commercial revenues compared to June 2006
- \$9,300 in added revenue from the insurance reimbursement for the stolen copper conductor.
- Continued high operating costs for back-up energy during the final weeks of the Campbell 3 plant's outage for maintenance and emission control upgrades. The plant had several failures and multiple-day repairs in the weeks following the maintenance work. Also discussed was the impact of the higher costs on the power supply cost recovery factor for the next billing cycle.

Other Items: Richards updated the Board on topics including:

- Staffing changes that were announced following the installation of Lansing's new general manager, Peter Lark. Richards expressed optimism that the changes at

- Lansing might signal the possibility of improvement in the strained relationship between Lansing and the other MPPA Power Pool members.
- A contract for the work to provide DEQ required venting for the generation plant fuel tanks. Leaks Petroleum provided most competitive and responsive bid, which will replace three separate fuel tanks with a single double walled tank and the required venting. The contract is for \$19,000 in materials plus labor. LL&P personnel will be providing some of the mechanical labor for the project.
 - Power line clearance work is proceeding on the city's west side. A very passionate protester attempted to stop the crew's work earlier today until they were calmed by Lowell Police officers.
 - Bids for closed circuit surveillance for the Chatham property are still being scrutinized and clarified. It's expected that the contract will be approved within the next few weeks. A local provider; Browning Security has provided a very competitive offer.
 - A progress report and time-line for the work leading up to the retirement of the South substation (Bowes at Valley Vista) was shared with and discussed by members of the Board. Richards advised that the final removal could be done earlier if the utility moves and stores the substation transformer off site until it is ready to be installed at the Riverside/Broadway site for generation interconnection purposes. Richards explained this plan would result in added transportation and storage costs, but that it could significantly shorten the time until the substation could be completely removed.
 - A memo sent to Dave Pasquale and Dick Wendt regarding reimbursement of Cable expense items paid from LL&P funds. Richards indicated that in his meeting with the City Manager and City Attorney, additional financial information was requested to justify the expenses and cash position before the request for reimbursement would be supported. He expressed concern about the suggestion that additional scrutiny by the City or the Council was needed or justified after the Board had fulfilled its responsibility in reviewing and approving the payments and financials. He reminded the Board that if Cable expenses are not reimbursed, they will become a cost paid by the electric customers.
 - Beachum asked about the status of upgrading the transformer serving the businesses in the Main and Monroe street area. Staff advised that the needed transformer had arrived but the completion of the project would be delayed until back-ordered connectors arrive. Richards and Mullins informed the Board that the business owners have been cooperative when asked about the possible need to temporarily reduce their electric load if it becomes necessary.
 - Beachum asked if the utility is testing to determine other circuits that may fail under high load conditions. Staff explained that load growth is normal, but there is little opportunity to accurately assess peak load except for the brief times when persistent hot weather has created the right conditions. They further explained that when circuits are nearing overload conditions, the utility is usually made aware of the issue by customers reporting abnormal conditions, well before there is a failure of the circuit or it's fusing. Mullins also explained that a previous underground fault contributed to the July 9th failure under peak load.
 - Desjarden asked for clarification on how the Parks Commission will be advised of tree trimming necessary in Richard's park and other parks. Tom Richards indicated that the utility planned to meet with whomever the Parks Commission

delegates to keep the group advised. Beachum volunteered to meet with the LL&P supervisor for line clearance and inform the Parks and Rec. Commission on the trimming that's necessary.

Discussion of Power Line Clearance Options – 903 N. Hudson: Board member Beachum referred to his personal request to manager to evaluate the option of rebuilding the aerial distribution circuit to avoid the hazards presented by a tree scheduled to be removed at 903 N. Hudson. He and the Board referred to a staff memo and drawing provided in response to his request.

Beachum proposed an alternative route (different from the one provided by staff) and asked why it wouldn't be possible. Mullins advised him that his suggestion wasn't workable because the attachments he suggested wouldn't provide needed clearance and prohibited the necessary guying support. Beachum said he had looked at similar situations on Lowell's system that were guyed at an angle instead of opposite to the supported line. Mullins explained what Beachum was referring to was not the same situation. Mullins clarified that guy support for dead-end connected lines require guying at 180 degrees to the tension.

Chairman Maatman asked why the Board would go to such lengths to rebuild the circuit around a danger tree. He pointed out that this would set a dangerous and potentially costly precedent for the future. Beachum suggested that the Board should look at the cost of avoiding a tree as opposed to just trimming or removing it. More discussion followed about the alternate designs Beachum was suggesting and the engineering and safety limitations that made the designs unworkable.

Richards reminded the Board that by rebuilding circuits to avoid specific trees, it could create a backlash from any customer whose tree has been trimmed or removed in the past due to power line clearance issues.

Beachum suggested the Board should now move on to other items on the agenda.

Complaint Register: Richards noted that no new complaints had been registered by customers since those that were reported in the May meeting of the Board.

Schedule of Meetings: Richards provided and the Board reviewed a schedule of upcoming meetings for the Board, the Lowell City Council, Michigan Public Power Agency and the Michigan Municipal Electric Association. Richards advised the Board that his scheduled presentation to the Lowell Rotary Club had been rescheduled to September 5. He reminded the Board of the date for the MMEA fall conference and presentations, September 19 through 21. He handed out information about the meeting and encouraged the Board members to attend this educational and networking opportunity if at all possible.

Public Comment: Mark Ritzema expressed his disapproval of the utility's power line clearance work. He expressed concern for his trees since he said his neighbor's tree was removed without permission.

Mullins clarified that homeowners are always notified prior to any trimming work. He further clarified that in this case it was the husband who discussed the trimming with staff and it was apparently the wife who complained.

Ritzema's other comments included:

- Customers will be harmed from higher air conditioning costs where shade trees are removed
- He asked specifically the number and location of trees to be removed on Hudson St.

Ms. Lalley, commented that moving the power lines more easily done than replacing mature trees.

Chairman Maatman clarified that the power lines are in the right of way, which are the spaces provided for the public utilities. He reminded her that mature trees are incompatible with the utilities in the right of way, regardless of whether the lines are aerial or underground.

Ms. Lalley expressed her other concerns, including:

- The decline in property values
- The impact on the environment and habitat for birds
- The impact on the attractiveness for homeowners and businesses who might consider coming to Lowell.
- Her opinion that even the Board's consideration of re-routing power lines around danger trees is an admission that other trees didn't have to be trimmed or removed.
- Her impression that trees are not trimmed away from power lines in New Jersey and Massachusetts.
- She questioned whether the tree trimming decisions are made by residents of Lowell.
- She suggested the utility was 'leveling' all the trees on Hudson St.
- She suggested that utility lines should be rebuilt underground.

Richards responded that while the Board and the staff respect the value and beauty of the city's trees, all utilities have the responsibility to keep their systems safe and reliable, and that any utility that doesn't adhere to the standards of safety are putting their customers and their community at risk. He explained that Lowell's utility has decided not take those risks. He explained some of the dangers and risks involved from a typical downed power line incident.

Board member Beachum responded that when there's no viable option but to remove a tree, even rebuilding that conflicting line underground will usually cause the death of the tree from the damage to the root system. He clarified that there aren't options available to save all trees that create power line hazards.

Richards added that the designated City staff is only making the decision to remove trees in cases where they aren't expected to survive the necessary trimming or where they will

clearly be an eyesore as a result. Discussion followed on how an independent arborist's professional opinion had been used in the decisions regarding the trees being removed.

Lalley asked about the percentage of trees being trimmed versus removed. Richards responded that only a very small percentage of trees are ultimately removed.

Ritzema asked what the utility is doing to replace trees. Richards responded that the utility is contributing \$250 per removed tree to the City's tree fund. He added that the City will be determining how, when and where new trees will be chosen and planted.

Ms. Lalley and Mr. Ritsema urged the Board to find a way to way to reduce the impact on trees and exited the meeting.

Next Meeting: The next regular meeting was set for 5:30 PM on Thursday September 6 at the Light and Power offices.

Adjournment: The Chairman adjourned the meeting at 6:38 PM.

Greg Canfield – Chairman

6 September 2007