

Minutes
Board of Light & Power
Regular Meeting – August 31, 2006
Lowell Light and Power Offices

Call to Order: Chairman Austin called the meeting to order at 5:30 PM with Board members Perry Beachum and Jim Maatman present. Also attending was General Manager; Tom Richards, Administrative Manager; Mary Sawka and Mayor pro tem Al Mathews.

Approval of Minutes: A motion was made by Beachum and supported by Maatman to approve the minutes of the July 27 Board meeting. The motion passed with the unanimous vote of the Board.

Accounts Payable: A motion was made by Beachum and supported by Maatman to approve the July accounts payable as presented. The staff answered Board member's requests for clarification on specific expenditures. The motion to approve passed with a unanimous vote of the Board.

Confidentiality Resolution – MPPA Power Supply Negotiations: A motion was made by Maatman and supported by Beachum to keep certain information it may receive confidential. The resolution stated that as a member of MPPA, the City may receive specific pricing and proprietary information regarding the purchase of electricity from, or the possible construction of a new base load electric generation plant. By resolution, the Board committed to keep such proprietary information confidential and exempt from the any public disclosure requirements. The resolution passed by a unanimous vote of the Board.

Removing Uncollected Debt from Accounts Receivable: It was recommended by staff that the Board approve the removal from the utility's accounts receivable, a list of electric charges that were incurred during July 2004 through June 2005 period that have not been successfully collected during the past 12 months. It was discussed that by writing off these debts (which may still be collected), the accounts receivable balance for future periods will more accurately reflect the financial performance for that period. Staff answered the Board's questions regarding the specific efforts made by the utility and its collection agency to collect these unpaid debts. Staff clarified that the unpaid debts represent the debt remaining after the customer's security deposit has been applied to the unpaid balance. A motion was made by Beachum and supported by Maatman to remove the list of debts totaling \$4,131.11 from the accounts receivable and write off the lost revenue for the 2005-2006 fiscal year. The motion was passed by a unanimous vote of the Board.

Right-of-Way Restoration & Stump Removal: Chairman Austin explained that the Board had met in a work session meeting with City Council the previous night, where the Board and Council agreed that when the utility removes a tree (with approval of the DPW Director or City Manager) for the purposes of electric line clearance, the utility will be responsible to remove the tree stump, fill the depression with black dirt and re-seed the

area. Austin recommended that the utility's stump/restoration policy should be consistent with the requirements that exist in the city or township that it serves.

Austin felt that the Board should develop a policy to cover those trees that may be removed from private property, outside of the road right-of-way. Richards informed the Board of the utility's current practice. When a property owner elects to remove a tree, rather than the trimming to the extent that is required, the utility provides the tree removal at no cost to the customer, and informs the customer of the economical stump removal options offered by the tree contractor. If the customer then elects to have the stump removed or the lawn restored, the work is done by the contractor at the customer's cost. He pointed out that while stump removal and lawn restoration is not inexpensive, it represents a small fraction of the cost to remove the tree.

Board member Beachum suggested that the stump removal should be the property owner's expense if they request the removal of the tree. If the property owner is reluctant to remove the tree, but agrees to it, he felt the stump removal should be the utility's responsibility. He recognized that in many cases, it would be difficult to determine who should pay for stump removal, especially if property owners are able to manipulate the policy to their advantage.

Board member Maatman shared his opinion that the utility's only obligation regarding trees was the safety of the power lines, and to trim the trees appropriately. By removing trees (when requested or approved by the property owner) we are doing everyone a favor, at some considerable expense. He didn't believe it was the utility's responsibility to remove stumps and restore lawns at the expense of our electric customers.

Discussion followed about the limiting our line clearance to tree trimming... avoiding tree removal, even if that's the most beneficial solution.

Richards commented that the utility would be criticized for either solution it chose, either (a) trimming the tree and possibly leaving it disfigured and unattractive or, (b) removing the tree with the approval of the property owner. In the later case, the eyesore of a disfigured tree doesn't remain as a source of irritation, and it removes the potential of the tree endangering the citizens and the utility lines. He reminded the Board of the considerable expense of tree removal and how stump removal (and lawn restoration) added an additional cost to the utility that would ultimately be reflected in the electric rates.

Chairman Austin felt that by removing the stump, at the utility's cost, would help to resolve the tree removal issues and eliminate prolonged discussions about who requested the tree removal and who benefited from it. He noted the liability concerns whenever the utility or a contractor does work on a customer's lawn. He suggested having the customer arrange the work with a contractor and the utility reimbursing the cost to the customer.

Richards suggested that if the utility does get involved with stump grinding and lawn restoration on private property, that it do so by assisting the customer in coordinating their arrangement with a trusted contractor, and limiting the utility's responsibility to reimbursing the cost after the work is done (and paid for). Board member Beachum

noted that some customers may have difficulty paying for stump removal and waiting for reimbursement. It was discussed that there could be a generous window of time for customers to request and pay for the stump removal.

Discussion followed about finding a ‘customer friendly’ alternative to the present practice of leaving stump removal or lawn restoration to the property owners. Richards said he could provide a recommended policy from the staff at the next Board meeting.

Performance Data: Richards reviewed financial, sales and performance data from the July operations of the utility compared to the prior month and the previous July. He noted:

- Lowell’s local generators contributed 22,000 kilowatt hours of energy in July, the highest monthly total since July of 2002.
- Lowell’s peak electric demand in July was 14.957 megawatts, which we were not projected to reach until 2008. Two days later we reached a 15.4 MW, a record high for the utility. He commented that the peak is a result of the combination of Lowell’s load growth and exceptionally warm weather.

Income Statement: The Board reviewed the July 2006 income statement and a written summary of significant trends and notable variations from the anticipated levels of revenues and expenses. Chairman Austin asked if the capital costs for the Chatham Street storage property were accounted for on a separate ledger. Mary Sawka said there was a separate accounting for those capital costs. Richards summarized the required improvements, mostly related to the environmental due-care plan requirements. Sawka offered to provide a copy of those costs to the Board members.

Other Items: The Board reviewed a written summary of current activities and projects for the utility; items discussed by the Board included:

- The need to get resolution to the occasional claims by DPW that the utility has responsibility to repair underground sewer or water pipes when they are struck in the process of setting poles or guy anchors. Richards expressed the staff’s frustration with the claims that somehow the utility has responsibility for hitting underground facilities if the owner of those facilities has failed to locate or mark them as required under the Miss Dig act. Richards felt that a legal opinion from the City attorney may be needed to clarify responsibility in these situations.
- A rough layout of sample print advertisement being planned for an informational and image campaign for the utility.

Schedule of Meetings: The Board reviewed a schedule of upcoming meetings including meetings of the Lowell City Council, Michigan Public Power Agency and Power Pool, Coordinated Energy Partnership Committee and Michigan Municipal Electric Association.

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

Public Comment: Several members of the public were in attendance for the meeting and expressed their comments and concerns to the Board.

Phil Schneider of 950 Riverside Drive expressed his concern over the fees the utility charges for his move from one residence in Lowell to another. He felt that he should not be subject to \$20 charges for (1) establishing a new account and (2) reading the meter. Richards responded explaining that the Board's policies regarding rates and fees are based on the concept of allocating and recovering costs from the customer who creates (or benefits from) the specific service. As a customer enrolling in a new service, those costs are billed to the customer instead of being socialized across all customers. He explained that some utilities don't bill on the same "cost of service" basis.

Beth Pfaller of 810 Bowes Road asked about tree stumps that were removed from property at Pebble Beach Apartments and the choice of contractors for removing stumps. Richards clarified that property owners are offered a special reduced rate for stump removal/restoration from the utility's contractor, who is used for any stumps that the utility will remove under the new agreements regarding restoration of the right-of-way. She questioned whether home-owners had been pressured into a decision to remove trees.

Mrs. Pfaller also read a letter from Mark Mundt of 800 Bowes Road expressing his concerns and opinions about the impact to the neighborhood of trees that were ultimately removed in connection with the utility's power line clearance program. He encouraged the Board to consider all alternatives before removing a tree that is dangerously close to electric lines.

Kelley Holst of 1111 Bowes Rd. expressed his opinion that the Board didn't demonstrate the proper concern for the aesthetics of the neighborhood, and that the Board had not communicated appropriately with the Bowes Rd neighborhood on the power line project. He felt the utility had a responsibility to replace shade trees that were removed. He was also upset that utility poles were not installed until a few weeks after they were delivered to each address which he said caused an inconvenience and damage to his lawn. He was concerned about the chemical smell of the new utility poles. He also asked for clarification on why utility poles were necessary on both sides of Bowes Rd.

Richards responded, explaining the Board's policy for the replacement of specific trees identified as needing removal for the new power line project. He explained why poles were delivered to the planned location and the time required to actually install all of those poles. He also explained the engineering and safety considerations that made it necessary to install a second line of poles to carry the additional electric circuits. He also reminded Mr. Holst that all residents of Bowes Rd were invited, by mail, to an information meeting that was held prior to the Bowes Road project's construction.

Jim Reagan of 680 Bowes Rd. expressed his concern about the visual impact of the utility's tree trimming policy on the neighborhoods, and the contrast with the downtown area where utility lines have been replaced with underground distribution. He felt there had been a commitment from a former Board to build all new lines underground. He encouraged the Board to take a more conservative policy, trimming trees less and building new circuits underground. He felt he had been treated fairly and honestly by the tree trimming crew, but felt that others residents may have been pressured to remove trees.

Austin responded, stating that he was unaware of any commitment by the Board to build all new lines underground. He explained that alternate routes for the Bowes construction and underground construction had been considered by the Board (and reviewed with Council). He explained that all reasonable options had been considered prior to deciding on the current design as the most responsible design for the benefit of the utility's owners and customers. He explained that aside from the extraordinary high cost of underground construction, that there are many other problems and complications inherent with buried utilities. He also explained that with the community's input, the Board is doing it's best to balance aesthetic and financial priorities, without compromising the safety of the public or the utility staff.

Board member Maatman added that the Board had agonized over the choices for the Bowes Road project, but chosen the most reasonable direction. He also pointed out that building electric circuits underground doesn't mean trees won't be lost or affected. He added that often trees will be damaged or require removal because underground lines conflict with the tree's roots. He also reminded those present that low and affordable electric rates cannot be sustained if the utility chooses the high cost construction options (i.e. underground) where it isn't necessary or reasonable. He stated that higher electric rates could lower the attractiveness of the community to the current residents and potential new residents.

Austin suggested that if underground construction is what the community desires, it may look at other sources of funds (such as grants) to finance the additional cost.

Sandy VanStee of 421 N. Jefferson expressed her opinion that neighbors had been threatened or misled into allowing the removal of trees. She again objected to the number of trees that had been removed for line clearance.

Richards stated that each property owner was consulted and provided with the alternatives between trimming and removal and an opinion of a tree professional on the possible outcomes. He reiterated that in every case, the home-owner made the decision on whether to trim or remove the tree.

Sandee Johnston of 1201 Sibley, expressed her strong objections to look of the neighborhoods where mature trees have been removed. She referenced her conflict with the City in 2004 when she opposed the trimming of a tree on her property. She asked for a count of the trees that have been removed.

Chairman Austin explained that the recent discussions have resulted in a new policy and procedure requiring approval of the DPW Director or City Manager for any tree trimming or removal in the road right-of-way. He also pointed out a city restriction against planting trees in the right-of-way and discussion of a possible tree planting program.

Mayor Pro-Tem Mathews commented that the City Council and the Board are actively working together to supervise and manage work in the right-of-way and how both groups appreciate the interest and concern shown by the citizens.

Leo Pfaller of 725 Bowes Rd expressed his opinion that he didn't believe LL&P was following the national standards on tree trimming as he understood it. He felt the staff have a bad attitude, and the policies regarding charges to extend service to the customer's building were more restrictive than other utilities.

Mr. Holst asked about the crews working on the Bowes Rd. project, stating that he had observed the crew using foul language. Richards responded that such language was unacceptable and that he would address that with the contract crew involved.

Chairman Austin expressed how important community input is, and how rarely the Board is contacted by citizens with concerns. He encouraged anyone with a concern to bring it to a Board member, or a Board meeting, without waiting for a popular issue to build up. Richards added that while it's infrequent that the staff can't satisfy a customer's concerns, but in those cases, customers are advised on how to contact the Board with their concerns.

Chairman Austin read a letter from Veronica Blough of 3035 Nyala Drive stating her concerns that customers should be contacted before work is done on their property. She also expressed her disapproval of the number of trees that had been removed and her hope that community input would be sought before trees were removed in the future.

Adjournment: The chairman adjourned the meeting at 7:55 PM

Dave Austin – Chairman

Date