

Minutes
Board of Light & Power
Regular Meeting – June 29, 2006
Lowell Light and Power Offices

Call to Order: Chairman Austin called the meeting to order at 5:35 PM with Board members Perry Beachum and Jim Maatman present. Also attending was General Manager Tom Richards and Mayor Pro Tem Al Mathews.

Approval of Minutes: A motion was made by Maatman and supported by Beachum to approve the minutes of the June 8 Board meeting. The motion passed with the unanimous vote of the Board.

Accounts Payable: A motion was made by Maatman and supported by Beachum to approve the May accounts payable as presented. The motion to approve passed with a unanimous vote of the Board.

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

- An increase of 43 residential electric customers from May 2005
- Energy sales (kWh) at their annual low, but higher compared to the prior May.
- A reduction in invested reserves resulting from charges related to the warehouse property and generator maintenance projects.
- An extremely high (13.7 megawatt) peak demand due to a rare 90 degree day in May.

Richards also noted that the power-supply-cost-recovery charge was responsible for about \$40,000 per month of additional electric revenue which will serve to recover extraordinary costs from the October through March period.

Income Statement: The Board reviewed the May 2006 income statement and a summary of significant trends and notable variations from the anticipated levels of revenues and expenses.

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

- MPPA cities have agreed to enter into a ‘reserve sharing group’ which will help each city by jointly arranging for the reserve generation capacity the group may need to meet the peak load of the group.
- The cities in the Campbell 3 project are filing a formal complaint with the FERC to reverse MISO charges assessed for alleged failure to properly provide notice of an outage at the plant.
- MPPA has reached a compromise settlement with the ITC transmission organization for resolution of disputes over O&M charges the revenue sharing allocations.
- Another MPPA settlement was announced, resolving fuel charge disputes with Detroit Edison for operation of the Belle River plant.

- Two base load generation projects have been announced. One by DTE with a possible additional unit at the Belle River site. Another project, a clean-coal gasification plant is proposed by SEMCO energy to be located in Alma. The company plans to locate the plant to support a planned petroleum refinery.
- MMEA efforts to avert the likelihood that the state and/or federal legislatures may approve franchising laws that would usurp local franchise rights for cable and telecom. Richards advised that he has been briefing City Manager Pasquale on the developments and providing information for communicating the city's position with our legislators.
- MMEA is acting on Lowell's request for updating the association's wage and benefits survey, last conducted in 2004. Results should be available in September.
- MMEA is recommending to the Michigan Public Service Commission that any state wide requirements for renewable energy should exempt municipal utilities. The MPSC is being asked to respect the rights of each municipality in determining their community's unique needs for renewable energy.
- An informational insert on trees and power line safety is being included in all July electric bills. The line clearance program is getting generally positive response.
- A recommendation by the IT consultant that the utility convert to an in-house e-mail server to better manage staff usage and increase reliability and flexibility.
- Proposed changes to the Lowell City Charter, which would largely eliminate the independent Board structure and its control over the utility funds and operations. Discussion followed regarding the need to discuss the any issues and concerns in meetings between the Council and the Board.
- The suggestion in a Council work session of the possible benefit of selling the city's electric utility.
- Questions regarding the electric and cable utilities are reported to be included in a citizen's survey, that will be used to guide in the development of a new Master Plan for the Planning Commission. Richards has submitted a request for a draft copy of the survey for review by the Board.
- The need for signage to direct the public to the location of the utility Board meetings. Richards promised to resolve that.
- Board member Beachum's concern that the public may not know about the utility Board, their meetings and their accessibility in discussing matters of interest to the customers. Richards advised that customers calling the utility with concerns are advised about the Board and its leadership role.
- Concerns about dirt mounds surrounding newly installed poles (including Bowes Rd.) and discussion of the need for dirt to compensate for inevitable settling. Richards explained that the dirt was necessary but that rocks were being removed from the mounds.
- Plans to do more local advertising to help educate the utility's customers on its operations and the advantages they have with a community owned not-for-profit utility.
- Chairman Austin's experience in working for other municipalities with electric utilities. He noted that conflicts, misunderstandings and jealousies are common and that other departments often don't appreciate the competitive and complex requirements of the electric utility business. He reiterated to Councilman

Mathews that the Board is interested in meeting jointly with the Council to help improve the level of understanding and respect.

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 July 27 at the Light and Power offices.

Adjournment: The chairman adjourned the meeting at 6:43 PM

Dave Austin – Chairman

Date