

**MINUTES
BOARD OF LIGHT AND POWER
REGULAR MEETING OF OCTOBER 9, 2008**

Call to order and Roll Call: The meeting was called to order by Board Chairman Canfield at 5:35 pm. Present were Board members Beachum, Canfield, Hall and Valentine. Also present were Interim Manager Pierce, Administrative Manager Sawka, Safety Director/Generation Superintendent Russo and City Council Member Hodges.

Approval of Agenda: Beachum asked to have a closed session after the strategic planning session added to the agenda. There was a motion by Beachum and second by Valentine to approve the agenda with the addition of a closed session after the strategic planning session. The motion passed by unanimous decision of the Board.

Approval of Minutes of September 4, 2008 Board Meeting: Hall pointed out a minor typographical error on page one of the minutes. The word year needed to be changed to the word years. There was a motion by Beachum and a second by Hall that the minutes of the meeting of September 4, 2008 be approved with the correction. The motion passed by unanimous decision of the Board.

ACTION ITEMS

Accounts Payable, August 2008: Beachum asked for an explanation for what the meaning was for “balance of energy draft”. Sawka explained that some customers receive energy drafts from the government to help pay their electric bills. After the electric bill has been paid, if there is any remaining amount, that customer can receive the cash back.

Valentine noticed on page 2 of the paid vendor history list an expense to Bernard’s Ace Hardware for \$387.93 for a weed trimmer and asked if the utility was now doing in-house lawn maintenance. Pierce confirmed that the utility is now doing all lawn maintenance.

Valentine asked if the expense for Everett’s Landscape Management on page 4 for July was the last expense the utility has to pay to this vendor. Sawka confirmed that the Everett expense for July was the last bill the utility would receive from this vendor.

Valentine turned to page 9 and asked what the expense to Scholten Landscape was for. He asked if this expense was for tree trimming repair. Pierce explained that on a service call one night the service crew left some ruts in the customer’s yard and this expense was for repair of that lawn. Valentine asked if the utility anticipated any additional equipment expense needed for the lawn care or was the utility now set in that respect. Pierce and Russo agreed that the utility was set with the equipment it has now to take care of the lawn care maintenance.

Valentine went back to page 4 and asked about the Dell Latitude D830 Laptop and wondered if the expense was excessive. Sawka explained that the new computer was for

her and that \$1800 was budgeted but only \$1673 was paid for it. She also explained that it has more memory on it than most other computers and it also has a wide screen for producing spreadsheets.

Valentine referred to page 6 and asked about the Model replenish first aid supplies item. Russo explained that about once a month the vendor Model checks the main first aid stations both at the power plant and the Chatham Street warehouse and replenish the supplies as needed. He said the utility's vehicles also have first aid kits in them and they are also checked and replenished as needed. Sawka added that this was not a monthly expense but an as needed expense.

Beachum made a motion to approve the accounts payable as presented. It was seconded by Valentine. The motion passed by unanimous decision of the Board.

Cost of Service Study: It was Pierce's recommendation that the utility do a cost of service study. He said the last study was done in 2004 and it should be done every 3 to 5 years. Because of the changes in the economy it is his suggestion that the utility conduct a cost of service update before finalizing any rate adjustment in the spring. He acquired a quote from Utility Financial Solutions for the amount of \$9,500 all inclusive. Valentine asked if there was another company that could do the study maybe a little cheaper than UFS. Pierce explained that because the utility has used UFS in the past it would be cost effective to use them because they have the utility's past background data. To use another company that would have to glean all the information anew is what would be costly. He said there are portions of the work plan that he could complete in house so he expects the final cost could be less than the \$9500. He estimated that the portion that he could do on it may save one quarter of the cost.

Canfield felt comfortable using UFS as the utility has used them in the past. And he said if Pierce could assist with the work plan to save money that would be a good idea.

After a little more discussion there was a motion by Beachum for the utility to conduct a cost of service study not to exceed \$9,500. There was a second by Hall. The motion passed by unanimous decision of the Board.

Revised 2008-2009 Light and Power Budget and Capital Plan: Pierce updated the Board on the revised budget for the years 2008-2009. In his final draft he explains that the overall impact was that net income for the year rose slightly from the previous draft revision to \$20,400. He said the major impacts of the final revised budget are that projected revenues have decreased from the original budget by \$760,000, expenses have decreased by approximately \$558,000 and net income has decreased approximately \$200,000. He said staff's primary goal for this year will be cost containment.

A revised Capital Plan already reflects some savings. \$60,000 was budgeted for the roof repair at the Chatham Street building and the utility contracted to complete the work for a not to exceed price of \$47,000. Also, \$50,000 was budgeted for truck repair to a bucket truck and a digger truck. Staff agreed that repair to the bucket truck only was needed and

that the digger truck could be sold. This would reduce the Capital Plan expenses by another \$30,000 and will generate some revenue from the sale of the old digger truck. After a little more discussion there was a motion by Beachum to approve the revised budget as presented and to present the revised budget to the City. The motion was seconded by Hall. The motion passed by unanimous decision of the Board

INFORMATIONAL ITEMS

Performance Data: Pierce reviewed the August performance data with the Board.

Income Statement (August 2008): Sawka reviewed the income statement with the Board. She said even though there was a significant increase in Purchased Power expense for the month, there was also a significant increase in sales revenue due to more air conditioning days and therefore a healthy net income for the month.

Pierce brought to the Board's attention that Russo had discovered that there were a number of commercial customers not being correctly rated on the demand charge. Effective October 1st a review was done and corrections made. It was determined that this change affected approximately 20-25 commercial customers. Valentine asked for a list of the customers affected.

Manager's Report: Pierce reviewed with the Board:

- MPPA Update.
- Public Power Week.
- Tree Trimming Update.
- Mers Annual Meeting of Sept. 30th through Oct. 2nd.
- Meter Reader Katie Mendez.
- Compensation Survey.
- Substation Decommissioning.
- Electric Rate Comparison.
- Chatham Street Warehouse.
- New Michigan RPS Legislation.

Schedule of Meetings: The Board reviewed the schedule of meetings.

Complaint Register: There have been no new complaints since March 2008.

Date of Next Scheduled LLP Board Meeting: The next regularly scheduled LLP Board meeting is scheduled for Thursday, November 6, 2008.

PUBLIC COMMENT

There were no public comments.

BOARD COMMENTS

Beachum requested that the LLP Board continue to have quarterly work session meetings with the Lowell City Council.

Beachum also asked if the MPPA had answered the utility's request at doing dual billings between the electric and water. Pierce replied that the utility had heard from 2 of the MPPA members after his request. Sawka said that she would have Simmons contact other utilities and inquire if they do dual billings and if they are successful.

Beachum also added that he was pleased with the progress Light & Power is making since Pierce has joined the utility. He liked the article that Pierce put in the Ledger and he feels Pierce is helping to put the utility's best foot forward.

Hodges asked to have added to the schedule of meetings: October 13, City Council Work Sessions and October 20, City Council Meeting.

Valentine said that he appreciates the effort Pierce and the staff are making in relation to the budget. He thanked the entire staff for the steps that are being taken in finding areas to save.

Hall questioned whether there needed to be any mowing at the substation at Bowes Road. He didn't see a reason for mowing there. He felt several trees look unsightly and maybe the utility should put in some seedlings. Russo responded that he has already noted that there are four trees that need to be removed and the utility will be taking care of that. He also said that the reason for mowing and keeping the weed growth to a minimum is for security.

Hall said he does like Beachum's idea of meeting with the City in work sessions. He said perhaps one discussion could be about more energy savings with more efficient street lighting. Pierce said he has already been working with Dan Desjarden about that subject and steps have been taken on trying three new LED lights. He said there is a retrofit kit that will work with the existing Cobra head lights currently being used. Russo was of the opinion that there were too many street lights on Main Street and it was far too bright. He felt perhaps with the okay from the City half of the light posts could be taken out and there would be a significant savings of energy. Russo also noted that Light and Power paid for all the street lights on Main Street about five or six years ago.

Hall said the utility should be starting up pilot discussion with the City about payment in lieu of taxes, also.

Hall asked if there was any concern from the utility about the flooding that occurs from Cherry Creek at the Chatham Street building. Russo responded that the parking lot at Chatham Street has flooded on occasion. Russo said that the flooding has not affected the building at all, just the parking lot at times.

Beachum asked if the utility had a bucket truck that would reach the lights at the Birch field football field. Russo said he wasn't sure but would check on it. Beachum said in the past they had to hire an outside source to change any burned out bulbs. Beachum said there are currently seven lights that are burned out and if the utility can, with their bucket truck, reach them he felt it would be better to have Light & Power change the bulbs rather than hire an outside source.

Pierce asked what the Board's position was in the matter of buying advertising in a publication from local groups that ask. Hall felt the utility should be very selective and felt that the utility should not buy advertising. Beachum also felt that it was not necessary to do such buying of advertising. They felt it was of no benefit to the utility. Valentine felt it was not cost effective and the utility has nothing to gain by it.

Canfield is excused from the meeting at 6:30 pm.

Jim Soules, from Lowell Water Works entered and asked for and was granted permission to address the Board in Public Comments.

He expressed his frustration about a letter he received from the utility regarding his electric billing and a correction in his classification. He told of how his electric billing this month had gone up by \$800.00. He said his business is suffering because of the economy and now his electric billing has been changed because the rate has been incorrect. He said that for an \$8.00 car wash \$1.85 of that \$8.00 is for the electricity. He asked the Board to consider changing his rate back to what it was and have it be retroactive to the September billing. Beachum said that he will get Pierce to look into the past kilowatt usage for this time period and they will look into the matter and get back to Soules. Valentine asked Pierce for explanation of the rate classifications. Pierce explained the structure and also the cost of service fee and demand rate. Pierce will look at the past kilowatt usage and get back to the Board.

STRATEGIC PLANNING

The Board went into a strategic planning session at 8:04 pm.

ADJOURNMENT

There was a motion by Beachum and a second by Hall to adjourn the meeting. The motion passed by unanimous decision of the Board. The meeting adjourned at 10:00 pm.

Chairman, Greg Canfield

Date