MINUTES

A regular meeting of the Board of Light and Power was called and held on January 29, 2008 at 5:30 p.m. in the Board Meeting Room at 2200 Wright St.

Present:

Thomas G. Humphrey, Chair
Carolyn M. Piirala, Vice Chair/Secretary
Kenneth C. Wanberg
Craig G. Stien
Richard J. Goodney

Absent: None

On a motion by C. Stien, seconded by R. Goodney and unanimously carried, the Board approved the January 8, 2008 regular session meeting minutes as presented.

The reading of the Bills Payable was called and following a discussion, it was moved by R. Goodney, seconded by T. Humphrey and unanimously carried to approve the payment of the Bills Payable totaling $1,085,010.93.

1. **Additions or Corrections to the Agenda.**

Executive Director Kirby Juntila requested the addition of agenda Item 4-G – Purchase of Wood Pellets for Shiras No. 2 Test Burn. He said Supervisor of Customer Service Yvonne Whitman and Team Leader LindaJo Beauchamp would review the new proposed fees associated with the recently revised Collections Policy. C. Piirala requested the addition of 4-H – Executive Director Contract.

2. **Citizen Comment**.

Doug Cornett of 1017 Pine St., Marquette, said he had addressed the Board at its December 11 meeting regarding the rebuilding of the Tourist Park Dam and had through a Freedom of Information Act request obtained an executive summary of the financial assessment of the reconstruction and was now requesting the full report. He added he was concerned the Board had acted hastily and that other alternative energy sources including wind power should be considered. He cautioned the Board to proceed carefully rather than fast-tracking the rebuilding of the Tourist Park Dam.

Y. Whitman said the service fees associated with the recently approved Revised Collection Policy were deficient and reviewed the same with the Board. She said the fees

were prepared by L. Beauchamp and more accurately reflect the actual cost of labor and materials. K. Juntila said the revised fees are not a change in policy and are being provided for the Board's information. R. Goodney questioned the cost determination of some of the fees and C. Stien asked if customers are notified of the charges to reconnect service and how often service is reconnected on an overtime basis? Y. Whitman responded some of the fees have been rounded due to the utility's not-for-profit status. Superintendent of Distribution David Lynch said less than 20 requests per year are received to have power reconnected on overtime and L. Beauchamp said customers are informed of the cost to reconnect service. C. Stien questioned how Automatic Metering Infrastructure (AMI), if implemented, would impact the fee schedule. D. Lynch said the implementation of AMI will enable the utility to turn on/off power from the Warehouse which will eliminate the need to send a person/crew to the site thus reducing fees charged. He added the cost of AMI meters which would enable power to be connected/disconnected at Wright Street is higher than standard meters and would most likely be installed at apartment complexes and customers with delinquent payment histories. C. Stien asked for an update on the credit/debit cards being accepted for payment. Y. Whitman said it has been well received and would in the near future provide a summary of the credit/debit card use and fees to the Board. She added that the Billing Department has had many positive comments regarding its refunding of deposits to customers with good payment histories and shared some of the comments with the Board.

3. **Review of December, 2007 Financial Statement.**

Controller/Accountant Lon C. Laken reviewed the December, 2007 Financial Statement and answered questions of the Board.

4. **Recommendations to Award:**

A. Purchase of (24) 277/480 Volt Overhead Transformers.
B. Dock Improvements.
C. Unit No. 2 NOx Testing.
D. Unit No. 3 Mercury Testing.
E. Purchase of Scanner/Copier/Printer at Steam Plant.
F. Purchase of Electronic Relays.

It was moved by K. Wanberg, seconded by C. Stien and unanimously carried to award the purchase of (24) 277/480 volt transformers to Resco, Inc. per their low bid meeting specifications totaling $42,411. The units will be placed in inventory for new three-phase service customers.

On a motion by R. Goodney, seconded by C. Piirala and unanimously carried, the Board

awarded the installation of a dedicated public access area on the north edge of the dock at the Shiras Steam Plant to Fraco Inc. per their low quote meeting specifications totaling $9,128. K. Wanberg asked if the access encompasses the intake area. K. Juntila responded in the affirmative. He added a portion of the blacktop will be elevated in connection with the utility's runoff permit.

It was moved by K. Wanberg, seconded by R. Goodney and unanimously carried to award the required Unit No. 2 Emission Testing to Interpoll Laboratories per their low bid meeting specifications totaling $5,950.

On a motion by T. Humphrey, seconded by C. Piirala and unanimously carried, the Board awarded the Unit No. 3 Mercury Emission Testing to CMS Energy totaling $12,315.05 per their low bid meeting specifications. C. Piirala asked how often the test has to be conducted. Assistant Director William Pyle responded the test is not a requirement. It is being conducted to determine what modifications may be needed for Shiras Unit No. 3 to comply with upcoming mercury emission regulations. He added staff is hopeful the scrubber with minimal modifications will achieve the first stage of compliance.

It was moved by R. Goodney, seconded by K. Wanberg and unanimously carried to award the purchase of a Scanner/Copier/Printer at the Shiras Steam Plant totaling $15,156 per their low quote meeting specifications.

On a motion by C. Piirala seconded by K. Wanberg and unanimously carried, the Board awarded the purchase of 16 electronic relays to improve system reliability from A Star Electric Company totaling $24,864. C. Piirala questioned the technology of the new relays. K. Juntila responded they new relays are more accurate and provide improved, modern technology for Plant personnel.

4-G. **Recommendation to Purchase Wood Pellets for Shiras No. 2 Test Burn**.

On a motion by K. Wanberg, seconded by C. Piirala and unanimously carried, the Board awarded the purchase of 40 tons of wood pellets from Renewafuel totaling $3,800 for a test burn in Shiras Unit No. 2. K. Juntila said a very small test of the wood pellets was conducted. This purchase of pellets will allow test burns from 10-50 percent blend of coal and wood pellets. Slight modifications may be required of the feeder. He added biofuels are a source of green credits which will be a required for Michigan utilities by 2010. K. Juntila said emission constraints for the future operation of Unit No. 2 may be mitigated by burning biomass fuel, adding the test burn will provide information regarding possible permitting modifications for the unit. He said the University of Iowa has been using a 25 percent blend of wood pellets with great success and that staff will be

contacting them for insights for the upcoming test burn.

4-H. **Executive Director Contract**.

C. Piirala summarized a report from the Personnel Committee regarding the Executive Director's employment contract which has been reviewed by Director of Human Resources and Administration Paul Kitti and Board Legal Counsel Kenneth Seavoy. She said his performance reviews have all been positive and after several phone calls to employees to assess his leadership and support of staff and employees said the Committee recommends a raise that is not excessive. T. Humphrey and R. Goodney thanked C. Piirala and C. Stien for their efforts. C. Stien said Kirby's reviews and progress during the past two (2) years have been positive with tremendous progress in achieving and outlining strategic goals. He commented that former Executive Director David Hickey was underpaid in terms of salary, but had chosen higher levels of benefits as part of his compensation. This contract gets K. Juntila slightly above his industry salary midpoint
because of the complexity of his duties in running both distribution and generation facilities. He is a valuable commodity which we realized during our replacement search for D. Hickey for which we only had two qualified applicants who would consider the pay range we could offer. C. Stien said the Committee recommends a new base salary of $128,121 effective January 1, 2008 with his salary to be raised to 102 percent of midpoint in 2009, 104 percent of midpoint in 2010, and 106 percent of midpoint in 2011. The midpoint used is the average salary for utilities the size of the Marquette Board of Light and Power provided by the American Public Power Association. His contract also provides for severance pay with cause equal to one (1) month's salary and without cause equal to one (1) year severance plus benefits. Mr. Juntila must give 90 days notice if he decides to leave the employment of the MBLP.

R. Goodney said K. Juntila is very valuable and it would be expensive to try to replace him. The Board is saving $11,000 because he does not use the MBLP healthcare coverage and we need to offer a salary that rewards somebody for their efforts and energies. He has gone through a lot of tough issues recently and the outlook is very bright for the utility.

K. Wanberg said he agreed with most comments and read a prepared statement including he thought Mr. Juntila was doing a good job, but couldn't agree to the proposed salary increase because of other benefits he receives. He suggested a progression schedule to reach the midpoint salary and didn't agree with the pay progression afforded Mr. Juntila.

T. Humphrey commented on the utility's multi-year comprehensive strategic plan for

which K. Juntila is responsible and the rapidly changing electric industry. He said K. Juntila is a Board member of the Michigan Municipal Electric Association which represents municipal utilities in Michigan and is active in formulating electric policy for the state. He has been training for this job for the past 20 years and has developed his leadership skills and knowledge of the industry. He said the Board learned there is not a great supply of individuals with his skills and qualifications and the Board doesn't set the market price of those skills. This increase gets him to the average of his peers and in my opinion he is above average. He articulately represents the utility in the media and has had four (4) reviews during the past two (2) years and all have been good.

It was moved by C. Stien and seconded by C. Piirala to approve the Executive Director's contract as presented. A roll call vote was taken with R. Goodney, C. Piirala, C. Stien, and T. Humphrey voting in favor of the Executive Director's Contract. K. Wanberg voted in opposition.

5. **Any Additional Business the Executive Director Wishes to Present**.

K. Juntila advised the Board1). He appreciated their confidence in him with a four-year commitment and thanked them for their comments. He said he and the staff/employees will continue to work to position the utility to remain competitive today and into the future; 2). Assistant Director William Pyle provided an update on the Tourist Park Dam and said he is working with the Federal Energy Regulatory Commission (FERC) to determine reconstruction requirements and advised consultant Gannett Fleming is working on the computer modeling of a final dam design. C. Stien questioned if the modeling includes the option of maximizing overflow over the waterfall vs. the floodgates? W. Pyle said he would discuss the same with Gannett Fleming; 3). He recently spoke at a Noon Kiwanis meeting and enjoyed the opportunity to inform the group of the Board's strategic plans and commitment to the community, and; 4). A total of 18 employees and family members turned out for the first corporate cross country ski outing at the Noquemanon Forestville Trailhead sponsored by the Health/Wellness Committee. The group had classic and skate ski lessons given by himself and his wife, Debi. A second outing is planned Feb. 17.

6. **Time for Citizen Comments.**

Earl Robinson of the Utility Review Committee commended the Board for retaining Executive Director Kirby Juntila.

Lou Chappell of 2021 Woodland, Marquette, said Kirby gave an outstanding presentation at Kiwanis.

7. **Any Additional Business the Board Members Wish to Present**.

T. Humphrey advised the Board he would be out of town for the April 29 meeting and C. Stien said he would be out of town for the March 25 and April 8 meetings. The Board discussed the upcoming budget work session schedule.

R. Goodney apologized for missing the Electric Safety Poster Contest judging.

8. **Adjournment.**

The meeting adjourned at 6:59 p.m.

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Carolyn M. Piirala,
Vice Chair/Secretary