MINUTES

A regular meeting of the Board of Light and Power was called and held on March 11, 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
Richard J. Goodney
Craig G. Stien

Absent: None

On a motion by C. Stien, seconded by K.Wanberg and unanimously carried, the Board approved the February 26, 2008 regular session meeting minutes.

The reading of the Bills Payable was called and following a discussion, it was moved by R. Goodney, seconded by K. Wanberg and unanimously carried to approve the payment of the Bills Payable totaling $456,487.10.

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

   There were no additions or corrections to the Agenda.

2. **Citizen Comment**.

   No comments were received from citizens.

3. **Recommendation to Lease Digital Mailing System.**

   It was moved by K. Wanberg, seconded by C. Stien and unanimously carried to authorize the lease of a DM400 Digital Mailing System from Pitney Bowes per their lease rate of $162.00/month. Competitive bidding was waived as Pitney Bowes is the contractor for the State of Michigan. C. Piirala, T. Humphrey and R. Goodney commented on the cost savings the new machine will yield.

4. **2007 System Reliability Report Presentation.**

Superintendent of Distribution David Lynch presented the utility's 2007 System Reliability Report and answered questions of the Board. He presented historical outage data and cited more trouble calls were reported in 2007 than in the previous five (5) years due to several active weather patterns. The GPS system continues to prove its value by allowing dispatchers to get the closest crew on site in the shortest amount of time. Having a qualified Line Electrician on-call 24/7 also plays a key role in the utility's excellent trouble call response times. C. Piirala cited the reduction in animal/bird outages. D. Lynch responded the purchase and installation of animal guards on all equipment has greatly reduced the animal/bird related outages. C. Piirala commented positively on the use of GPS tracking system which gets crews on site quickly. C. Stien and T. Humphrey complimented utility personnel on their excellent response times from dispatching to the line crews restoring service. In 2007, City customers were without power an average of 17.39 minutes per outage compared to an average of 84.55 minutes in the rural areas. The Board's overall system reliability is 99.9911 percent system wide, 99.9967 percent in the City and 99.9839 percent in the rural areas ranking very favorably with public utilities nationwide.

K. Wanberg questioned the utility's role in Alger Delta's planned new line construction to Big Bay? D. Lynch said one possibility is to build a new line from the No. 4 Plant Substation to the Alger-Delta interconnection on County Road 55.

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

K. Juntila advised the Board: 1). his trip to Washington, D.C. as a representative of the Michigan Municipal Electric Association (MMEA) was excellent with contacts being made with electric industry policy leaders; 2). The new grate clips have been installed in Unit 2 with maintenance expected to be completed this week in preparation for running the unit during the planned maintenance outage of Unit No. 3 in May; 3) a second Unit No. 2 test burn of the bio-mass fuel is being discussed for May due to the promising results of the first test burn of the material several weeks ago. He said the material is very dry and produces dust which Plant Maintenance Engineer Steve Nelson is currently analyzing possible solutions. C. Stien questioned if the wooden bio-mass fuel could be burned in Unit No. 1 which is currently not in service? K. Juntila said it is a possibility, adding that Renewafuels may also be able to develop a pulverized version of the material for use in Unit No. 3.; 4) utility employees Yvonne Whitman and Karl Benstrom staffed a booth at the annual Builder's Show this past weekend receiving many positive comments including several requests from citizens served by other utilities who want to become customers of the MBLP. No negative comments regarding the Tourist Park Dam

or the rate increase were received. He added his membership in Michigan's Municipal Electric Association has reiterated that at the local, regional, state and national level the MBLP is well respected in the electric industry and staff will continue the utility's leadership role while enhancing the service provided to our customers. He added utility personnel and staff are proud of what we've done, what we're doing, and look forward to what's ahead. He thanked the Board for their continued support, and; 5). Director of Human Resources and Administration Paul Kitti completed his survey of legal services fees in response to a Board member inquiry. P. Kitti summarized the survey of municipal utilities in Michigan along with a law firm who provides legal services for electric utilities who pay on average $175 to $250 per hour for legal services. Kendricks Bordeau received $1,000 per month for legal services from 1991 through 2001. In 2002, their fee for legal services was increased to $1,200/month ($80/hour). He added that all surveyed commented on the importance of retaining an attorney familiar with the electric industry and the ability to provide continuity of services. P. Kitti said current Board Legal Counsel Kenneth Seavoy has provided the utility with timely, professional legal advice and he knows the electric utility industry and municipal government. It was moved by C. Stien, seconded by T. Humphrey and unanimously carried to increase the legal fee retainer for Kendricks Bordeau from $1,200 to $2,000/month for 15 hours of legal services including a discounted rate for legal services in excess of 15 hours.

R. Goodney said Kendrick Bordeau's the hourly rate is well-below the industry average and commented on the pitfalls of bidding out legal services because the low bid may not provide quality service. C. Stien commented on the increasing length of recent Board meetings compared to previous years and the importance of legal services continuity. C. Piirala commented on K. Seavoy's legal expertise with the Board. K. Seavoy added he has been the Assistant City Attorney since 1991. K. Wanberg questioned the term of the contract? K. Seavoy responded he works at the pleasure of the Board. P. Kitti responded his survey yielded fees for legal services are reviewed periodically which we can do for K. Seavoy without stating a contract term. R. Goodney said he expects the legal fees to be reviewed in a more timely fashion going forward. T. Humphrey said the annual audit was just approved for a three-year term. He added that in his job he deals with many attorneys and said K. Seavoy is very capable and has a specialized practice of law in the electric industry and municipal government.

6. **Time for Citizen Comments.**

No comments were received from citizens.

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

T. Humphrey questioned when staff is meeting with WPPI and Alger Delta to discuss their questions on the recent Alger Delta's rate increase? K. Juntila responded he has arranged a conference call Thursday which will include Board financial/rate consultant Mark Beauchamp. C. Stien questioned if contract terms will be discussed? K. Juntila responded a number of issues are pending discussion.

C. Stien questioned if excess Green Credits are generated by the utility could the excess credits be sold? K. Juntila responded in the affirmative.

K. Wanberg said the City plans to close the Shiras Pool and wants to move the water slide to the Tourist Park Beach and install a handicapped swimming access ramp at the site. He questioned the feasibility due to erosion? Assistant Director William Pyle responded the bank erosion will be part of the dam design process.

8. **Adjournment.**

The meeting adjourned at 6:15 p.m.

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Carolyn M. Piirala,
Vice Chair/Secretary

Regular Meeting Minutes are on file at the MBLP Office at 2200 Wright St., City Hall, and the Peter White Public Library.