MINUTES

A regular meeting of the Board of Light and Power was called and held on May 27, 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
Richard J. Goodney
Kenneth C. Wanberg
Craig G. Stien

Absent: None

On a motion by C. Stien, seconded by K. Wanberg and unanimously carried, the Board approved the May 13, 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 T. Humphrey and unanimously carried to approve the payment of the Bills Payable totaling $561,889.01.

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

Executive Director Kirby Juntila requested two (2) late additions to the agenda – Items 3-D and 4-E Payment of Homeland Security Required ID Cards and Award of Sandblasting/Painting of Unit No. 3 Lime Silo. The Board concurred.

2. **Citizen Comment**.

No comments were received from citizens.

3. **Recommendations for Payment:**

A. Engine Replacement.
B. Purchase of Unit No. 3 Coal Pipe Orifices.
C. Coal Ash Analysis.
D. Homeland Security Required ID Cards.

It was moved by K. Wanberg, seconded by C. Piirala and unanimously carried to authorize payment to Crossroads Truck Repair of Marquette totaling $12,600 for procurement of a rebuilt engine for Truck #331 which experienced an engine failure. K. Juntila acknowledged the talent and efforts of the MBLP's only Mechanic Rick Weesen for getting the vehicle back in service.

On a motion by C. Stien, seconded by K. Wanberg and unanimously carried, the Board authorized payment to Alstom Power, Inc. totaling $9,425.94 for the replacement of 16 coal piping orifices for Unit No. 3's coal system.

It was moved by R. Goodney, seconded by K. Wanberg and unanimously carried to authorize payment to SGS totaling $5,877 for coal and ash analysis as required by the Federal Clean Air Mercury Rule. C. Piirala questioned if state rules are tougher than federal rules? W. Pyle responded Michigan is one of 21 states that has enacted stricter rules than proposed by Environmental Protection Agency (EPA), however, the EPA's rule is being reviewed pending litigation and a replacement rule is being promulgated which may exceed or equal state guidelines for mercury emissions. K. Wanberg questioned if other readings in addition to mercury are obtained? W. Pyle responded chlorine along with sulphur and other routine tests are performed as verification of the utility's Air Quality Permit. Testing has confirmed that the utility's scrubber is performing very well, reducing mercury emissions.

On a motion by C. Piirala, seconded by R. Goodney, and unanimously carried, the Board authorized payment to Lockheed Martin totaling $3,180 for 24 Transportation Worker Identification Cards as required by the Department of Homeland Security for employees that have unescorted access to the MBLP dock when a vessel is in port. K. Wanberg questioned if the restriction applied to Board members? K. Juntila responded in the affirmative when a vessel is present. C. Piirala questioned the expense of the cards. K. Juntila responded the cards themselves aren't expensive, but there is a national database accessible by the U.S. Coast Guard which is being set up and will be maintained adds to the cost. K. Wanberg questioned who will have the badges? K. Juntila responded everyone associated with vessels visiting the dock will go through the process and have badges.

4. **Recommendations to Award:**

A. Shiras Ash Pond Fence.
B. Purchase of 4x4 Digger Derrick.
C. Installation of Replacement Condenser for Steam Plant HVAC Unit.
D. Western Coal Contract.
E. Sandblasting/Painting Unit No. 3 Lime Silo.

It was moved by K. Wanberg, seconded by C. Stien, and unanimously carried to award the construction of a fence at the Shiras Ash Pond to Marquette Fence Company, Inc. totaling $8,000 per their low quote meeting specifications.

On a motion by K. Wanberg, seconded by R. Goodney and unanimously carried, the Board awarded the purchase of a new 4x4 Digger Derrick to Dueco, Inc. totaling $206,625 per Dueco's low quote meeting specifications with delivery in 34 weeks. R. Goodney questioned where Dueco is located? D. Lynch responded Dueco is in Packer City near Green Bay, Wis. He added Crossroads Truck Repair of Marquette is an authorized truck repair facility for Dueco.

It was moved by C. Stien, seconded by K. Wanberg and unanimously carried to award the supply and installation of a replacement condenser for the HVAC unit at the Shiras Plant to Swick Plumbing, Heating, and A/C totaling $6,745 per their low quote meeting specifications. K. Wanberg questioned if insurance will cover the cost of repairs due to hail damage? K. Juntila responded in the negative as the Board's deductible for this type of equipment is higher.

On a motion by K. Wanberg, seconded by R. Goodney and unanimously carried, the Board awarded the purchase of up to 225,000 tons of Western Coal at $40.35/ton for the first year and $41.34 for the second year plus an adjusted fuel vessel rate to Venture Fuels, the only known supplier of Spring Creek Coal plus vessel fuel charge. K. Juntila advised the Board coal prices are increasing rapidly and staff has enjoyed a 10 year relationship with Venture Fuels. T. Humphrey questioned if other coal sources may yield a cost savings. W. Pyle responded because Unit No. 3 is permitted to only burn sub bituminous coal – such as Powder River Basin coal, the excellent Btu content combined with a reduction in pulverizer maintenance and exemplary emissions results make Spring Creek coal an excellent choice for Shiras No. 3. C. Stien commented that this coal works well for the MBLP but is less desirable to other utilities because their boilers don't burn it as well. C. Piirala questioned how many tons of western coal is burned annually? K. Juntila responded approximately 200,000 tons are burned annually. K. Wanberg questioned the fuel surcharge? W. Pyle responded the rail transportation rate is firm, but because of the increases in vessel fuel costs the rate will be adjusted due to cost.

It was moved by K. Wanberg, seconded by T. Humphrey and unanimously carried to award the sandblasting/painting of Unit No. 3's lime silo to National Coatings totaling $13,393 per their low bid meeting specifications.

5. **Recommendation to Authorize Change Order for Plant 2 and Substation 4 Expansion Project.**

On a motion by R. Goodney, seconded by C. Stien and unanimously carried, the Board authorized Change Order No. 1 up to $22,428 to Hydaker Wheatlake Company for additional labor and materials for the Plant 2 and No. 4 Substation Expansion Project

including the removal of two (2) concrete exhaust stacks at the Diesel Plant and to relocate the new grounding transformer. R. Goodney asked if the change order is based on time and materials basis? K. Juntila responded in the affirmative.

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

K. Juntila advised the Board: 1). he has received a non-binding Letter of Intent from Renewafuels which has been reviewed by staff and Board Legal Counsel Kenneth Seavoy for the purchase of biomass fuel cubes beginning in 2009 by the utility for a five (5) year period. It was moved by K. Wanberg, seconded by T. Humphrey and unanimously carried to authorize K. Juntila to sign the non-binding Letter of Intent with Renewafuels with the terms to be brought back to the Board for its review/concurrence within 30 days. K. Juntila said the price of the biomass fuel is very competitive with Eastern coal pricing and added that the carbon offset credits may improve its cost competitiveness. T. Humphrey questioned the term of the contract if the biomass fuel market becomes more competitive adding the Board will need to justify the intangibles to make a good economic decision, and; 2). he reminded the Board the public hearing for the 2008-09 Budget is June 10.

7. **Time for Citizen Comments.**

No comments were received from the public.

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

C. Stien commented that for a project of the magnitude and scope of the Plant No. 2 and No. 4 Substation Expansion Project a single change order to date is very good and that the dollar amount is minimal.

9. **Adjournment.**

The meeting adjourned at 6:14 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.