MINUTES

A regular meeting of the Board of Light and Power was called and held on June 10, 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 27, 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 $588,721.51.

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

Executive Director Kirby Juntila requested one (1) late addition to the agenda – Item 5-F -- Office/Warehouse Copier. The Board concurred.

2. **Citizen Comment**.

No comments were received from citizens.

3. **Public Hearing 2008-09 Budget.**

It was moved by C. Stien, seconded by R. Goodney and by roll call vote unanimously carried to open the 2008-09 Budget Public Hearing. Executive Director Kirby Juntila said one (1) amendment was made to the Capital Outlay Budget. Superintendent of Distribution David Lynch said he requested the addition of $45,000 for the purchase of a 4x4 digger derrick for line crews. Controller/Accountant Lon Laken said the $45,000 change was the only amendment made since the Board's Budget Work Session. He added the budget is balanced, July 1 marks the final payment of the 1978 bond issue, and $350,000 for major generation and turbine work has been budgeted.. Items of note include a projected 30 percent increase in the cost of coal and purchased power. A $2 million addition to the Improvement and Extension Fund for future capital projects in

conjunction with consultant Mark Beauchamp's Cost of Service Study, and funds continue to be budgeted for ongoing maintenance and capital improvements. In addition, a total of $200,000 has been deposited into the Board's Retiree Health Funding vehicle. It was moved by R. Goodney, seconded by C. Stien, and unanimously carried to close the 2008-09 Budget Public Hearing. It was moved by T. Humphrey, seconded by C. Piirala and unanimously carried to approve the 2008-09 balanced budget of $29,111,000 as presented..

4. **Recommendations for Payment:**

A. Unit No. 3 High Pressure Valve Repair.
B. Unit No. 3 Boiler Maintenance.

It was moved by K. Wanberg, seconded by R. Goodney, and unanimously carried to authorize payment to Allied Valve Industries totaling $7,437.21 for its repair of two (2) high pressure valves for Unit No. 3.

On a motion by C. Piirala, seconded by K. Wanberg and unanimously carried, the Board authorized the payment to D.K. Services Inc. totaling $139,305.47 for its boiler work during Unit No. 3's annual maintenance shutdown. R. Goodney questioned if quotes were obtained? Operations and Maintenance Engineer Steve Nelson said he had obtained rates from both D.K. Services and Jamar with D.K. rates more favorable. He added they have very low overhead and run a very efficient operation. D.K. Services provided a work estimate prior to the annual shutdown. He said $304,000 had been budgeted and approximately $250,000 has been spent for the maintenance work. C. Stien said obtaining rates is an easy way to justify a good decision. S. Nelson added Plant personnel are very satisfied with the work performed. K. Wanberg commented the rate comparisons should be included with the recommendation. Board Legal Counsel Kenneth Seavoy responded per the Charter the Board is not required to get quotes for maintenance items, only capital items. K. Juntila responded staff is mindful of checking rates for work to get the best value for our customers on all purchases or requests for service.

5. **Recommendations to Award:**

A. Underwater Inspection of Steam Plant Cooling Water Intake Pump house.
B. Landfill Development Feasibility Study.
C. Replacement of Front Arch Refractory of Unit No. 2 Boiler.
D. Exterior Cleaning of Unit No. 3.
E. Metal Window Screen Installation at Steam Plant.
F. Office/Warehouse Copier.

On a motion by K. Wanberg, seconded by C. Stien and unanimously carried, the Board

awarded the inspection of the cooling water intake pump house at the Shiras Plant to Great Lakes Diving & Salvage per their low proposal meeting specifications totaling $4,424.

It was moved by C. Stien, seconded by T. Humphrey, and unanimously carried to award the feasibility of developing a new landfill facility at the existing Pine Hill Landfill site to RMT totaling $5,700. RMT performed the Remedial Action Plan for closure of the original landfill in 1995 and has been performing data management services at the site since 1996. C. Stien asked for an update on the status of the Board's closed landfill. Supervisor of Utility Compliance Erik Booth said the landfill was closed in 1997 and that it is anticipated that number of well samples will be greatly reduced as the percentages of groundwater sulphates and sodium continue to decline. C. Stien questioned if a lined landfill is being studied? E. Booth responded in the affirmative adding current regulations require new landfills to be lined. K. Juntila added current landfill costs are rising and it is prudent to investigate the cost of establishing a new landfill at the former landfill site. C. Piirala questioned when the report will be available? E. Booth responded the report is expected to be completed by the end of July.

On a motion by K. Wanberg, seconded by R. Goodney and unanimously carried, the Board awarded a proposal not to exceed $16,393 to M. Lukas Company, Inc. to replace the front arch refractory in Unit No. 2's boiler. R. Goodney questioned if only half of the arch will be replaced? S. Nelson responded as they tear out the old arch they will be able to determine if only part of it needs to be replaced which will reduce the cost of the project.

It was moved by R. Goodney, seconded by K. Wanberg and unanimously carried to award the cleaning and disinfecting of bird debris from the upper elevations of Unit No. 3 to Mid Valley Industrial Services, Inc. totaling $8,785. Mid Valley has cleaned the Unit's air heater and duct work of Unit No. 3 during annual maintenance shutdowns of the Unit. K. Wanberg responded he is pleased the area will be cleaned. S. Nelson added the next Board letter calls for screening windows on 7th floor by another contractor. The cleaning and installation of window screens will be done concurrently by two (2) different contractors.

On a motion by K. Wanberg, seconded by C. Piirala, and unanimously carried, the Board awarded the installation of metal screens on approximately 40 7th floor windows at the Shiras Plant to D.K. Services, Inc. per their proposal totaling $18,000. C. Piirala questioned if this is the first time this work has ever been done? K. Juntila responded in the affirmative. C. Stien questioned the width of the screen mesh? S. Nelson responded the mesh is one-quarter inch.

It was moved by C. Stien, seconded by K. Wanberg and unanimously carried to award the purchase of a black and white/color copier for the Office/Warehouse to Cooper Office per their low quote meeting specification totaling $16,377. R. Goodney questioned if the maintenance cost was firm? Supervisor of Administrative Services Mary K. Adamini responded in the affirmative. .

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

K. Juntila advised the Board: 1). Staff has been researching AMI for the past seven (7) years and the $2 million capital project is moving forward under the leadership of D. Lynch. He added MBLP Customer Service, IT, and Metering personnel recently attended a national AMI conference to prepare for the implementation and also had a site visit at Great Lakes Energy who has installed the staff's preferred TWAX system to gauge their satisfaction. The group received very favorable responses on the system's performance. D. Lynch said the next step will be to meet with staff to review the return on investment (ROI) and if the figures are positive he anticipates giving a presentation to the Board within the next month. C. Stien asked if the preferred technology was one of the demonstrations the Board participated in last year? D. Lynch responded in the affirmative. He added that the software is now more user friendly. K. Juntila commented the anticipated ROI is five (5) years and that the system will be implemented over a several year period. C. Stien questioned how the implementation will be conducted? D. Lynch said the system will be installed by route/location; 2). this week UPPCo. began moving equipment on site for the restoration of Silver Lake, although they are still negotiating with the Michigan Department of Natural Resources regarding fishery issues, and; 3) he asked Assistant Director William Pyle to provide an update on Tourist Park. W. Pyle told the Board he is pleased that previous computer modeling and survey work preliminarily indicate that a much lower design flood than the Probable Maximum Flood previously used may allow for a new dam design much closer to the original Tourist Park Dam design which would reduce project costs and allow for the Environmental Assessment to begin. He said consultant STS's work to date indicates the possibility of c constructing a core wall and earthen bank dam vs. the rolled compact concrete dam structure earlier recommended by consultant Gannett Fleming. Approval by FERC will be required. He added samples from the Dead River will be taken as part of a grant research project by Northern Michigan University researching possible radioactive runoff caused by mining operations. Bank restoration work at the site is also anticipated to begin this summer although river bank restoration requirements are unknown to date. Restoration will require approval by the Michigan Department of Environmental Quality.

7. **Time for Citizen Comments.**

No comments were received from the public.

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

C. Stien informed the Board he will be out of town for the upcoming June 24 meeting.

K. Wanberg said the City's bond rating has improved and asked if that would benefit the Board's bond rating? Controller/Accountant said the Board is typically rated independently from the City; however, a stronger financial position by the City is also good for the Board of Light and Power.

T. Humphrey questioned the need for emissions approval for conducting the biomass test burns? K. Juntila responded the utility wants to do one (1) more test burn and is looking closely at the results from the 5-28-08 test burn and moving ahead cautiously. C. Stien questioned if staff can determine the composition of the biomass product to yield the best burn results? K. Juntila responded in the affirmative. C. Stien questioned concerns about chemical emissions from burning papers? E. Booth responded dioxins result from burning paper. K. Wanberg questioned the price of the biomass product? K. Juntila said the cost equates to $85/megawatt and yields green credits vs. carbon penalties. He added there are economic benefits to keeping the money locally.

9. **Adjournment.**

The meeting adjourned at 6:26 p.m.

_____

Carolyn M. Piirala,
Vice Chair/Secretary