

MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
March 16, 2006

A regular meeting of the Board of Light, Gas and Water Commissioners, City of Memphis, was held in the David Williams Board room of MIFA, 910 Vance Ave., Thursday, March 16, 2006 at 1:30 p.m. The following were in attendance: Rick Masson, Chairman; V. Lynn Evans, Vice Chairman; Nick Clark, Commissioner; William L. Taylor, Commissioner; James L. Russell, Commissioner; Joseph Lee, III, President and CEO; John McCullough, Vice President, CFO and Secretary-Treasurer; Alonzo Weaver, Vice President, Customer Operations; Christopher Bieber, Vice President, Engineering; Armstead Ward, Vice President, Human Resources; and Linda Peppers, Vice President and Chief Technology Officer. Odell Horton, Jr., Vice President and General Counsel and Diana Veazey, Vice President, Construction and Maintenance were not in attendance.

A moment of silence was held in memory of Robert "Bob" Gary, MLGW employee.

Commissioner Clark moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held March 2, 2006, that they be recorded as the official record, seconded by Commissioner Russell and unanimously carried.

The Secretary-Treasurer acknowledged receipt of certified copies of City Council Resolutions dated March 7, 2006, Item Nos. 8 through 15, and 17, approving items approved by the MLGW Board at meeting held February 16, 2006. (See Minute File No. 1278.)

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners approval of Expedited Procurement Request for Change No. 3 to Contract No. 10580, Motorola Service Agreement, with Motorola, Inc., to change the scope to provide maintenance for various servers, routers and switches that control MLGW's radio system in the funded amount of \$45,432.32.

The project scope has changed to allow Motorola to provide maintenance for various servers, routers and switches that control MLGW's radio system. The radio equipment was purchased in 2005 and as a result of the warranty period ending maintenance is required. The equipment was purchased to upgrade to a 4.1 platform. It is further recommended that the staff be allowed to continue to purchase the annual maintenance provided the cost does not exceed 10% over the prior year's cost. The new contract amount is \$124,205.82.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Subject to ratification of the Council of the City of Memphis, Change No. 3 to Contract No. 10580 with Motorola, Inc., in the funded amount of \$45,432.32 as outlined in the foregoing preamble, is approved; and further,

THAT, The President or his designated representative is authorized to execute the change.

2. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners, Change No. 15 to Contract No. 10780, Electric Construction and Maintenance, with Allied Electrical Contractors, Inc. to renew the contract for a fifth and final renewal beginning May 1, 2006 to April 30, 2007 in an estimated funded amount of \$4,191,095.94.

The project scope is to provide streetlight construction and maintenance. This renewal is based on projected work load, revised contract quantities and unit descriptions, and the addition of one new unit, 348 – Riser in Conduit. This is the fifth and final renewal beginning May 1, 2006 to April 30, 2007 and all units are based on a 2% cost of living factor and include revised labor and equipment emergency storm restoration rates for the new term. The new contract value is \$18,013,706.22.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 15 to Contract No. 10780 with Allied Electrical Contractors, Inc. in an estimated funded amount of \$4,191,095.94, as outlined in the foregoing preamble, is approved; and further,

THAT, The President or his designated representative is authorized to execute the renewal.

3. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners, Change No. 5 to Contract No. 10912, Carpet Cleaning and Maintenance, with Kenny Floor Covering Inc., to renew the contract for a third renewal term of four renewal terms covering the period May 30, 2006 to May 29, 2007 in the funded amount of \$40,866.36.

The project scope has changed to renew the contract for a third renewal term of four renewal terms covering the period May 30, 2006 to May 29, 2007, which will allow Kenny Floor Covering to continue to provide all management, supervision, labor, materials, supplies and equipment to clean and provide carpet maintenance at the MLGW Administration Building and Business Center. This renewal includes no increase in rates. The new contract amount is \$163,465.44.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 5 to Contract No. 10912 with Kenny Floor Covering, Inc., in the funded amount of \$40,866.36, as outlined in the foregoing preamble, is approved; and further,

THAT, The President or his designated representative is authorized to execute the change.

4. The Manager, Procurement and Contracts, recommended to the Board of Light, Gas and Water Commissioners approval of Change No. 1 to Contract No. 10950, Pipeline Integrity Services, with PII North America, to perform additional testing after discovering pipeline integrity issues along MLGW's gas transmission line in the funded amount of \$28,495.06.

The project scope is changed to perform additional testing after discovering stress corrosion cracking across a dent on MLGW's transmission line. Further testing was required to prevent any future pipeline failure. The new contract amount is \$254,475.06.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 1 to Contract No. 10950 with PII North America, Inc. in the funded amount of \$28,495.06, as outlined in the foregoing preamble, is approved; and further,

THAT, The President or his designated representative is authorized to execute the Change.

5. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners, Change No. 4 to Contract No. 10996, Weaver Road Water Main Extension with Nelson, Inc. to change the scope to install 660 feet of 24 inch pipe in casing by direct bury instead of directional bore in the funded amount of \$62,100.

The project scope has changed to allow Nelson to install 660 feet of 24 inch pipe in casing by direct bury method. Nelson encountered a series of underground obstruction that prevented the installation of 660 feet of 24 inch encasement by directional bore and required additional cost to back out of the bore and perform direct bury of the pipe in casing. The new contract amount is \$907,231.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 4 to Contract No. 10918 with Nelson, Inc., in the funded amount of \$62,100., as outlined in the foregoing preamble, is approved; and further,

THAT, The President or his designated representative is authorized to execute the change.

6. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners Change No. 2 to Contract No. 11045, MLGW Roofing Projects, with B Four Plied, Inc., to change the scope to cover additional work due to unforeseen problems with the overflow drains at Shaw Pumping Station in the funded amount of \$1,800.

The project scope is to allow B Four Plied to install four additional conductor heads and down spouts required during the re-roof at Shaw Pumping Station due to insulation height of the new low slope modified bitumen roof. The new contract amount is \$292,588.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Change No. 2 to Contract No. 11045 with B Four Plied, Inc. in the funded amount of \$1,800, as outlined in the foregoing preamble, is approved; and further,

THAT, The President or his designated representative is authorized to execute the change.

7. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners Change No. 1 to Contract No. 11056, MLGW Electric, Gas and Telecom Vulnerability Assessment, with ABS Consulting, Inc., to change the scope to add the Netters Telecom Room and Building/Site as part of the vulnerability assessment in the funded amount of \$8,935.

The project scope has changed to allow ABS Consulting to perform a security vulnerability assessment of the Netters Telecom Room and Building/Site as part of the ongoing Security Vulnerability Assessment Project. The new contract amount is \$146,935.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Change No. 1 to Contract No. 11056 with ABS Consulting, Inc., in the funded amount of \$8,935, as outlined in the foregoing preamble, is approved; and further,

THAT, The President or his designated representative is authorized to execute the change.

8. By unanimous consent, Item No. 8, rescinding award of 36-month contract for rental of copiers to IKON Office Solutions, and awarding contract to Nova Copy, Inc., in the amount of \$139,320, was deleted from the agenda.

9. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of purchase of one three-phase power system simulator, one high power convertible VI sources, one GPS satellite receiver interface, one simulator control and auto module, and one GPS receiver/antenna. The test system and its accessories are needed for the new numerical based relays that are being purchased by the engineering department. Such relays require multiple output and input channels in order to properly test and troubleshoot.

Bids were received on February 28, 2006. The only bidder was the firm of Doble in the amount of \$49,650.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract with Doble is approved for furnishing:

1 – Three-Phase Power System Simulator, model F6150 at \$47,175

1 – High Power Convertible VI Sources, model F6810 at \$1,255

1 – GPS Satellite Receiver Interface, model F6885 at No Charge

1 – Simulator Control & Auto Module, model F6910 at No Charge

1 – GPS Receiver and Antenna model F6895 at \$1,220

totaling \$49,650; f.o.b. Memphis, TN, transportation prepaid and add; said prices being firm; delivery in eight weeks.

10. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of purchase of 30 1¼” OD rotary scrapers, 30 two-inch rotary scrapers, 30 four-inch OD rotary scrapers, 30 six-inch OD rotary scrapers, and 30 eight-inch OD rotary scrapers. The outside diameter (OD) rotary scrapers are precision tools used in the removal of outside surface polyethylene pipe when installing electrofusion tapping tees for new gas customers.

Bids were received on March 1, 2006. The lowest and best complying bidder of two bidders was the firm of M.T. Deason in the amount of 49,740.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Subject to the consent and approval of the Memphis City Council, award of contract with M.T. Deason is approved for furnishing:

30 – 1¼” outside diameter rotary scrapers, model TR1 1825 at \$285 each

30 – 2” outside diameter rotary scrapers, model TR1 1830 at \$285 each

30 – 4” outside diameter rotary scrapers, model TR1 1845 at \$308 each

30 – 6” outside diameter rotary scrapers, model TR1 1850 at \$380 each

30 – 8” outside diameter rotary scrapers, model TR1 1855 at \$400 each

totaling \$49,740; f.o.b. Memphis, TN, transportation prepaid; said prices being firm; delivery in three weeks.

11. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of purchase of 75 oxygen sensors, 50 LEL sensors and 75 CO sensors. Sensors are used in BioSystem PHD Multi-Gas detectors. The sensors are used to monitor oxygen, carbon monoxide and explosive gases. The gas monitors are used by personnel within the Division for confined space entry and are very critical to daily operation and personnel safety. The sensors for the PHD Multi-Gas detectors are proprietary design of Biosystems, Inc.

Bids were received on February 21, 2006. The lowest and best of two bidders was the firm of Orr Safety in the amount of \$32,130.25.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Subject to the consent and approval of the Memphis City Council, award of contract with Orr Safety is approved for furnishing:

75 – Oxygen Sensor P/N 0490 for a PHD Multi-Gas Detector at \$128 each

50 – LEL Sensor 0480 for PHD Gas Monitor at \$128.60 each

75 – CO Sensor 0401 for PHD Gas Monitor at \$214.07 each

totaling \$32,130.25; f.o.b. Memphis, TN, transportation allowed; said prices being firm; delivery in four weeks.

12. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of purchase of steel transmission poles for the transmission line to be constructed between proposed Collierville Gate Substation #86 and proposed Quinn Road Substation #83. This is the first award for the project of loop-feeding Shelton Road Substation #79.

Bids were opened on February 14, 2006. The lowest and best complying bidder of seven bidders was the firm of Valmont/Newmark. The approximate total cost for all items is \$3,592,342.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of contract with Valmont/Newmark is approved for furnishing:

Steel transmission poles all in complete accordance with MLGW No. T161-SP-52 drawings at \$3,592,342, f.o.b. Memphis, TN, transportation prepaid; said prices being firm, net 30 days; delivery 16-20 weeks after receipt of order.

13. The Vice President of Customer Operations submitted for consideration of the Board of Light, Gas and Water Commissioners payment of an invoice from the Tennessee Regulatory Authority for the annual pipeline safety inspection fee.

This fee is based on the number of gas meters and services with a cap of \$78,000 for systems with greater than 10,000 meters. The Division reported 322,818 gas meters for the year ending December 31, 2005; therefore, it is subject to the \$78,000 fee. Funds for this fee are included in the 2006 budget.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, The Secretary-Treasurer is hereby authorized and directed to have a check issued in the amount of \$78,000, payable to the Tennessee Regulatory Authority for the annual pipeline safety inspection fee.

14. The Vice President of Customer Operations submitted for consideration of the Board approval of the annual subscription fee to the Drinking Water Research Program at the American Water Works Association Research Foundation. The subscription fee is \$2.05 per million gallons (MLGW reported 43,931 million gallons), and is used to support a comprehensive national water supply research program.

The Vice President recommends this subscription because research is continually needed to assure that Memphis has the highest quality water at the lowest possible price.

The funds for the subscription fee are included in the 2006 Budget.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, The Secretary-Treasurer is hereby authorized and directed to have a check issued in the amount of \$179,199.57, payable to the American Water Works Association Research Foundation for the year beginning May 1, 2005 – April 1, 2007.

15. The Vice President of Engineering presented to the Board the dues and assessment fee request from the Large Public Power Council (LPPC) for the period January 1, 2006 through December 31, 2006. The LPPC agenda includes maintaining the tax exempt status of bonds issued by public power companies such as MLGW, transmission access, mutual aid, environmental legislature, green initiatives, and the potential sale of the power marketing agencies.

The 2006 dues and assessment fee amount is \$89,098.63. As the work done by the LPPC is vital to MLGW, the staff recommends approval of the dues and assessment fee.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Authorization is granted to pay \$89,098.63 in dues and assessment fee to the Large Public Power Council for the year 2006.

16. The Secretary-Treasurer advised the Board that the resolution approved by the Board July 7, 2005, listing those persons authorized to sign and/or countersign Division and Pension System checks should be amended.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Amendment No. 4 be approved as follows:

By **deleting** Carolyn Turman from the list and **adding** Armstead Ward to the list of personnel authorized to **sign or countersign** MLGW Common Account checks (First TN – MLGW Common Account No. 00-0090239) and Customer Deposit checks (First TN – MLGW Customer Deposit Account No. 00-0090352).

By **deleting** James F. Greer from the list and **adding** Jaye Mosby to the list of personnel authorized to **sign** Worker's Compensation Medical Account checks (Tri-State – MLGW Worker's Compensation Medical Account No. 00-0187453).

By **deleting** James F. Greer and Brigitte Bruce from the list and **adding** Bessie Gross to the list of personnel authorized to **sign** Claims Settlement Account checks (Tri-State Claims Settlement Account No. 090000-1).

17. The Secretary-Treasurer stated that the Pension Board, through its Investment Committee, had approved and was recommending to the Board of Commissioners the following changes to the Investment Policy Statement of the MLGW Retirement and Pension Fund.

1. Reduce the minimum exposure limit for the Fixed Income Asset Class from 30% to a minimum exposure limit of 25% for the total fund.

2. Increase the maximum exposure limit for the Real Estate Asset Class from 10% to a maximum exposure limit of 15% for the total fund.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, The Investment Policy Statement of the MLGW Retirement and Pension Fund as set forth in the foregoing preamble is revised; and further,

THAT, The Secretary-Treasurer is authorized to execute the revisions.

18. The President submitted for approval of the Board the following position numbers, per the attached documents (See Minute File No. 1279):

Position No. 00168, Apprentice Lineman
 Position No. 00248, Computer Software Specialist I
 Position No. 00576, Apprentice Lineman
 Position No. 01169, Mechanic
 Position No. 01598, Apprentice Lineman
 Position No. 01633, Lineman

Position No. 01720, Apprentice Lineman
 Position No. 01739, Apprentice Lineman
 Position No. 02082, Lineman
 Position No. 02103, Electric Meter Field Technician
 Position No. 02819, Utility Worker II
 Position No. 02936, Computer Software Specialist I
 Position No. 03242, Apprentice Lineman
 Position No. 03341, Lineman
 Position No. 03343, Lineman
 Position No. 03430, Lineman
 Position No. 03506, Apprentice Lineman

It was moved by Commissioner Clark, seconded by Commissioner Russell

and unanimously carried:

THAT, Position numbers 00168, 00248, 00576, 01169, 01598, 01633, 01720, 01739, 02082, 02103, 02819, 02936, 03242, 03341, 03343, 03430, and 03506, as listed in the foregoing preamble, are approved.

19. The Manager, Budget, Plant and Rates advised that the Tennessee Valley Authority (TVA) has issued adjustments to the Schedule of Wholesale Rates and Charges effective April 1, 2006. The Adjustment will increase MLGW's wholesale power costs by approximately 9.95%.

Per the rate revision provisions of the Power Contract among the City of Memphis, MLGW, and TVA, MLGW is required to adjust its then-existing retail rate schedules to recover the aggregate change in power cost due to TVA's rate changes or adjustments. For this reason, a public hearing and approved by the Memphis City Council is not required and the City Council is not required to adopt a resolution in this regard. The increase in retail rates by customer class will be approximately as follows:

Residential Customers	7.6%
Small General Service Customers 0-50 kW	7.7%
Medium General Service Customers 51-1,000 kW	8.4%
Large General Service Customers 1,001-5,000 kW	8.9%
Firm Industrial Customers Over 5,000 kW	9.3%
Street Lighting Customers	7.3%

The Manager, Budget, Plant and Rates requests that the Board adopt a resolution to implement retail rate schedules reflecting a pass-through of the aggregate change in power costs due to TVA's rate actions described herein and to authorize billing thereunder on a non-prorated basis to all MLGW bills rendered from meters read on and after March 27, 2006.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, In order to officially notify the public of changes in electric retail rates, the Board of Light, Gas and Water Commissioners hereby acknowledges the changes in retail electric rate schedules RS, GSA, GSB, GSC, GSD, MSB, MSC, MSD, LS, DPS, TGSA, TGSB, TGSC, TGSD, TMSB, TMSC, TMSD and hereby authorizes billing under said revised rate schedules with meter readings on or after March 27, 2006 on a non-prorated basis.

It was moved by Vice Chairman Evans, seconded by Commissioner Clark and unanimously carried that the minutes of Item No. 19 be approved at today's meeting.

20. WHEREAS, appropriate departments of the Engineering Division and the Vice President of Engineering approved the release of the utility easements as follows:

An eight foot wide electric distribution utility easement recorded under Book 5673, Page 127 in the Register's Office of Shelby County, Tennessee across a parcel of land described under Instrument P4-8250 in the Register's Office of Shelby County, Tennessee to Boshwit Bros. Finance Corp. or its successor in title, for the sum of \$1.00.

Property located on the northwest corner of Collierville Road and Byhalia Road.

Portion of an eight foot wide distribution utility easement as recorded in the Register's Office of Shelby County, Tennessee under Instrument Number Y4-0796 across a parcel of land described under Instrument Number 05200620 in the Register's Office of Shelby County, Tennessee to Versaland Texas, LLC or its successor in title, for the sum of \$1.00.

Property located at 950 State Road, Memphis, TN 38127.

An eight foot wide distribution utility easement as recorded in Book 4183, Page 276 in the Register's Office of Shelby County, Tennessee across a tract of land conveyed to Alvin Williams by deeds of record described in Book 2440, Page 350; Book 2642, Page 435 and Book 4131, Page 216 in the Register's Office of Shelby County, Tennessee to Allen C. Roberts and William B. Simmons, or their successors in title, for the sum of \$1.00.

Property addressed as 3521 Democrat Road, Memphis, TN.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Release of said easements across the above-described properties is approved; and further,

THAT, The Board of Light, Gas and Water Commissioners recommends to the Mayor of the City of Memphis that the appropriate release deeds be executed releasing said easements to the current property owners for a consideration of \$1.00 each.

21. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners award of Contract No. 11108, Hydraulic

Pressurization System, to Prysmian Power Cables and Systems USA, LLC, in the funded amount of \$514,568.

The project scope is to install and modify the hydraulic pressurization system on the 115kV HPPF underground transmission cable system located between MLGW electric substation #1 and substation #6 in Memphis and Shelby County, Tennessee.

One bid was opened on March 8, 2006 for Contract No. 11108, Hydraulic Pressurization System, with the one bidder being Prysmian Power Cables and Systems USA, LLC.

It was moved by Commissioner Clark, seconded by Commissioner Russell and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11108 to Prysmian Power Cables and Systems USA, LLC in the funded amount of \$514,568 as outlined in the foregoing preamble, is approved; and further,

THAT, The President or his designated representative is authorized to execute the contract.

22. Mr. Rick Thompson, Business Manager, IBEW, addressed the Board regarding various matters.

23. Mr. William "Dick" Gardiner, 1734 Gosnold Bluff Road, addressed the Board regarding various matters.

There being no further business presented, the meeting was adjourned.

SEE MINUTE FILE NO. 1279

Secretary-Treasurer