

MINUTES OF MEETING  
of  
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS  
CITY OF MEMPHIS  
held  
September 7, 2006

\*\*\*\*\*

A regular meeting of the Board of Light, Gas and Water Commissioners, City of Memphis, was held in the Board room of the Administration Building, 220 South Main Street, Thursday, September 7, 2006 at 1:30 p.m. The following were in attendance: Rick Masson, Chairman; V. Lynn Evans, Vice Chairman; James L. Russell, Commissioner; Nick Clark, Commissioner; William L. Taylor, Commissioner; Joseph Lee, III, President and CEO; John McCullough, Vice President, CFO and Secretary-Treasurer; Odell Horton, Jr., Vice President and General Counsel; Diana Veazey, Vice President, Construction and Maintenance; Alonzo Weaver, Vice President, Customer Operations; Armstead Ward, Vice President, Human Resources; and Linda Peppers, Vice President and Chief Technology Officer. Christopher Bieber, Vice President, Engineering, was not in attendance.

Vice Chairman Evans moved that after personally reading and reviewing the typed minutes of the Memphis Light, Gas and Water Board meeting held August 17, 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 August 15, 2006, Item No. 7, approving Dillard Smith Contract No. 11131, approved by the MLGW Board at its meeting held July 20, 2006 (See Minute File No. 1283); and Item Nos. 8 through 20, approving items approved by the MLGW Board at its meeting held August 3, 2006 (See Minute File No. 1284).

The Secretary-Treasurer updated the Board on City Council matters.

1. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award Contract No. 11114, Dial Tone Services, to USLEC of Tennessee, Inc. in an estimated funded amount of \$28,800 annually.

USLEC of Tennessee, Inc. will provide local dial tone service to be installed at Sheahan Pumping Station, Hickory Hill, Brunswick and South Service

Centers as outlined in their proposal. USLEC will cost a monthly base charge of \$500 per T1 and a one time installation charge of \$250 per T1. An additional \$100 per T1 will cover FCC, TN 911, and any other government mandated charges. The cost is included in the \$2,400 a month for T1 service over BellSouth copper.

Proposals were received on July 14, 2006 for Contract No. 11114, Dial Tone Services with the best of three proposals being submitted by USLEC of Tennessee, Inc.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and carried, with Commissioner Clark abstaining:

THAT, Subject to the consent and approval of the Council of the City of Memphis, award of Contract No. 11114 to USLEC of Tennessee, Inc. in an estimated funded amount of \$28,800, as outlined in the foregoing preamble, is approved; and further,

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

2. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award Contract No. 11162, Influenza Vaccines, to Wellness First, Inc., in the funded amount not to exceed \$54,000.

The project scope is to provide and administer influenza vaccines to MLGW employees, spouses, their dependents and retirees on MLGW premises. The cost per injection is \$18.

Proposals were received on August 14, 2006, for Influenza Vaccines, Contract No. 11162 with the lowest and best proposal of four being Wellness First, Inc.

It was moved by Vice Chairman Evans, 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. 11162 to Wellness First, Inc. in the funded amount of \$18 per shot for approximately 2,600 MLGW employees, spouses, their dependents and retirees, as outlined in the foregoing preamble, is approved; and further,

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

3. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners Change No. 11 to Contract No. 9925, Health Claims Processing System, with Trizetto Group, Inc. to create a program for inquiry only

into historical Qiclink data (existing claims) using DataPiction and Microsoft Access in an estimated funded amount of \$28,900.

The project scope is changed to create a program for inquiry only into historical Qiclink data (existing claims) using DataPiction and Microsoft Access by converting MLGW's 2.80.C1 Qiclink database to the most current 2.80.XX version with an estimate of 16 – 28 hours (1 Qiclink database) and using DataPiction, extract all necessary data in order for the GUI front end to function will take between 32 – 40 hours. The new contract amount is \$547,200 minus \$25, adjustment from the original contract price.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis Change No. 11 to Contract No. 9925 with Trizetto Group, Inc. in an estimated funded amount of \$28,900, 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 Change No. 2 to Contract No. 10765, Private Label Service Agreement, with Nexus Energy Software, Inc, to expand the scope of the contract to include additional customer service applications for the funded amount of \$184,180.

The project scope is to allow Nexus Energy to provide Bill Prism applications that will enable MLGW to provide comprehensive, consistent and authoritative responses to customer inquiries about changes in billing amounts thereby improving customer communications, customer trust and customer satisfaction. The new contract amount is \$420,680.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, Change No. 2 to Contract No. 10765 with Nexus Energy Software, Inc., in the funded amount of \$184,180, 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. 1 to Contract 11095, Chiller Replacement for Beale Street Landing Garage with Barnes & Brower, Inc. for the increase in material cost in the funded amount of \$9,070.08.

The project scope is the replacement of existing chiller for Beale Street Landing Garage. This price change is due to the expiration of the original bid quote.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, Change No. 1 to Contract No. 11095 with Barnes & Brower, Inc. in the funded amount of \$9,070.08, 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 that it cancels the recommendation for award to Industrial Sales for providing 5,500 ground rods. This was recommended by the Board on August 17, 2006. Cancellation is being requested due to unforeseen supply chain alignment issues; therefore, staff requests to be allowed to rebid and issue a one year contract.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, Recommendation for award to Industrial Sales in the amount of \$45,430 for 5,500 ground rods be, and is hereby, canceled.

7. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of Disk Array Hardware to increase the storage capacity of the existing HP EVA5000 disk storage array to accommodate the current and future disk storage requirements of the Customer Information System (CIS), the Advantex Mobile Dispatch system, and the Oracle eBusiness Suite applications.

Bids were opened on August 16, 2006. The lowest and best complying bidder of three bidders was the firm of Carotek, Inc., in the amount of \$70,730.

It was moved by Vice Chairman Evans, 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 Carotek, Inc. is approved for furnishing:

HP hardware, software, and installation services to be furnished in accordance with MLGW Specifications dated July, 2006,

totaling \$70,730; f.o.b. Memphis, Tennessee, transportation prepaid; said price being firm; delivery within 10 days.

8. The President submitted for approval of the Board the following position numbers, per the attached documents (See Minute File No. 1285):

Position No. 00479, Helper, Electric Distribution (Pre-Apprentice)

Position No. 01178, Clerk, Human Resources II

Position No. 01610, Utility Worker I

Position No. 01684, Utility Worker I

Position No. 01871, Utility Worker I

Position No. 01928, Secretary (Human Resources Services)

Position No. 02426, Drafter I

Position No. 03499, Helper, Electric Distribution (Pre-Apprentice)

Position No. 05869, Environmental Engineer, Level III

Position No. 05986, Utility Worker I

Position No. 06120, Chart Changer

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, Position numbers 00479, 01178, 01610, 01684, 01871, 01928, 02426, 03499, 05869, 05986 and 06120, as listed in the foregoing preamble, are approved.

9. The Manager, Electric Engineering submitted for consideration of the Board W. R. No. C1I29316 in the amount of \$250,000 to replace failed 115/12 kV transformer 3135.

This emergency project will be funded via transfer from line Item (7-12) of the 2006 Capital Budget.

The Manager, Electric Engineering recommended to the Board replacement of the above failed 115/12 kV transformer 3135.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, W. R. No. C1I29316 in the amount of \$250,000 be approved for replacement of failed 115/12 kV transformer 3135.

10. The Manager, Electric Engineering submitted for consideration of the Board W. R. No. C1I31336 in the amount of 400,000 to replace failed transformers at Substation No. 1.

This W. R. is being funded via transfer from line item (7-26) in the amount of \$400,000.

The Manager, Electric Engineering recommended to the Board replacement of the above failed transformers at Substation No. 1.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, W. R. No. C1I31336 in the amount of \$400,000 be approved for replacement of failed transformers at Substation No. 1.

11. The Vice President, Engineering submitted for consideration of the Board W. R. No. C3G62881 to transfer capital funds in the total amount of \$140,000 to cover the cost of the needed Plasma Mass Spectrometer for the Water Quality Assurance Laboratory located at Sheahan Water Pumping Station.

Funds in the total amount of \$140,000 will be taken from the 2006 Budget Item 43-5, Sheahan Pumping Station, "Emergency Generator" project to fund the purchase.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, W. R. No. C3G62881 be funded in the total amount of \$140,000, as outlined in the foregoing preamble, is approved.

12. The Vice President, Engineering submitted for consideration of the Board W. R. Nos. W8A96763, W8I09112, W8I09113 to transfer capital funds in the total amount of \$315,000, to Work Order Category 253 "Cast Iron Replacement" for the needed gas system cast iron replacement project entitled "Union, Willett to Linden, N. Bellevue-Firestone to Louisville, N. Bellevue-Louisville to St. Charles."

Funds in the total amount of \$315,000 will be taken from the 2006 Budget Work Order Category 266 "Purchase of Meters," page 28, to fund the cast iron replacement project referenced above.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, W. R. Nos. W8A96763, W8I09112, W8I09113, be funded in the total amount of \$315,000, as outlined in the foregoing preamble, is approved.

13. The Vice President, Engineering submitted for consideration of the Board W. R. No. C2H83143 to transfer capital funds in the total amount of \$43,000 for audio visual equipment to be installed in the new Emergency Response Room located at the Netters Business Center.

Funds in the total amount of \$43,000 will be taken from the 2006 Budget Item 29-17, "New Asphalt Drive (Choctaw Facility)" to be added to \$22,748 which is already included in the 2006 audio visual equipment budget.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, W. R. No. C2H83143 be funded in the total amount of \$127,825, as outlined in the foregoing preamble, is approved.

14. The Manager, Electric Engineering presented for consideration of the Board a Contract of Sale for the purchase of property from Marlyn P. Wyman and Milton Wyman, Trustees of the Marlyn P. Wyman Living Trust, for various Electric Division functions, said property being shown on the attached sketch and more particularly described as follows:

Description of part of the Marlyn P. Wyman and Milton Wyman, Trustees of the Marlyn P. Wyman Living Trust property recorded in the Register's Office of Shelby County, Tennessee in the Register's Official Record Book under Instrument Number KV-9989.

Beginning at a set cotton picker spindle in the centerline of existing pavement in Deadfall Road, said point being the northwest corner of said property recorded in Instrument No. KV-9989, Exhibit "B" and being in the westwardly projection of the south line of the Metal Images, Inc. property recorded in Instrument No. FN-2118; thence south 87 degrees 05 minutes 29 seconds east along the north line of said property recorded in Instrument No. KV-9989, Exhibit "B" and along the said westwardly projection of said property recorded in Instrument No. FN-2118 and along the south line of said property recorded in Instrument No. FN-2118, 1635.50 feet to a set 1/2" rebar with plastic cap at the northeast corner of said property recorded in Instrument No. KV-9989, Exhibit "B", an internal corner of said property recorded in Instrument No. FN-2118 and in a west line of the Bryan Shelby Farms, L.P. property recorded in Instrument No. JW-8497; thence south 01 degrees 56 minutes 38 seconds west along the east line of said property recorded in Instrument No. KV-9989, Exhibit "B" and along a west line of said property recorded in Instrument No. JW-8497, 408.84 feet to a set 1/2" rebar with plastic cap in the south line of a Proposed 225' Wide Permanent Easement; thence north 80 degrees 47 minutes 45 seconds west across said property recorded in Instrument No. KV-9989, Exhibit "B" and along the south line of said Proposed 225' Wide Permanent Easement, 1652.21 feet to a set cotton picker spindle in the centerline of existing pavement in said Deadfall Road; thence northeastwardly along the centerline of existing pavement in said Deadfall Road the following calls: north 02 degrees 52 minutes 51 seconds east, 8.68 feet to a point; north 02 degrees 58 minutes 02 seconds east, 86.59 feet to a point; north 02 degrees 48 minutes 38 seconds east, 102.16 feet to a point; north 02 degrees 48 minutes 41 seconds east, 30.17

feet to the POINT OF BEGINNING and containing 521,143 square feet or 11.964 acres of land.

Property located on the east side of Deadfall Road, approximately 1241.23 feet south of the south line of Gotley Road.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, The Board of Light, Gas and Water Commissioners recommends to the Council of the City of Memphis, the purchase of property described in the above preamble from Marlyn P. Wyman and Milton Wyman, Trustees of the Marlyn P. Wyman Living Trust, for and in consideration of \$144,000.00 to be funded from the Electric Division included in the 2006 Budget; and further,

THAT, The President or his designated representatives of the Division is hereby authorized to execute the purchase of said property.

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

Portion of a 5-foot wide electric multi-purpose utility easement as recorded under Instrument Number KK-0490 in the Register's Office of Shelby County, Tennessee across the west line of Lot 110, Final Plan, Phase II, Devonshire Gardens P.D. as recorded in Plat Book 221, Page 47 in the Register's Office of Shelby County, Tennessee to Correale Investment Properties, LLC or its successor in title for the sum of \$1.00.

Property addressed as 2972 Devonshire Cove, Germantown, Tennessee 38138.

All of the easements contained in the Wolf Creek Subdivision easement contract as recorded under Instrument Number 06123550 in the Register's Office of Shelby County, Tennessee.

Property located on the south side of Millington-Arlington, approximately 1369.45 feet east of the centerline of Brunswick Road as measured along the south line of Millington-Arlington Road.

It was moved by Vice Chairman Evans, 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.

16. The President submitted for consideration of the Board, authorization for a payment in the amount of \$50,000 to the Mid-South Minority Business Council as restricted funds for the Memphis Tomorrow Supplier Diversity Project.



MLGW is a corporate member of the Mid-South Minority Business Council and Memphis Tomorrow. The intent of Memphis Tomorrow's Supplier Diversity Project is to promote and facilitate the growth and expansion of minority-owned and women-owned businesses in Memphis and Shelby County. The funding will assist the Mid-South Minority Business Council in implementing programs and processes to grow the participating businesses.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, Subject to the consent and approval of the Council of the City of Memphis, the Secretary-Treasurer is authorized and directed to have a check issued in the amount of \$50,000 payable to the Mid-South Minority Business Council.

17. The Manager of Budget, Plant and Rates advised the Board that the Tennessee Valley Authority (TVA) has issued two adjustments to the Schedule of Wholesale Rates and Charges effective October 1, 2006. The first adjustment will decrease MLGW's wholesale power costs by approximately 4.5%. The second adjustment implements the TVA Fuel Cost Adjustment (FCA).

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 reflect the aggregate change in power cost due to TVA's rate changes or adjustments. For this reason, a public hearing and approval by the Memphis City Council is not required and the City Council is not required to adopt a resolution in this regard. The decrease in retail rates by customer class will be approximately as follows:

Residential Customers	-3.5%
Small General Service Customers 0-50 kW	-3.5%
Medium General Service Customers 51-1,000 kW	-3.9%
Large General Service Customers 1,001-5,000 kW	-4.0%
Firm Industrial Customers Over 5,000 kW	-4.2%
Street Lighting Customers	-3.4%

The Manager of 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 September 25, 2006. The Manager of Budget, Plant and Rates also requests the approval of the TVA FCA Schedule rider which will be applicable to the aforementioned rate schedules which is necessary for the implementation of the TVA FCA.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, In order to officially notify the public of changes in electric retail rates, the Board of Memphis Light, Gas and Water Division 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 to include the TVA FCA schedule rider with meter readings on or after September 25, 2006 on a non-prorated basis.

18. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it award the purchase of fiber optic splicing truck which is used by communication and control crews to provide a controlled and stable environment for splicing fiber optic cable when installing and/or maintaining electric, gas and water communication and control infrastructure systems. This equipment replaces existing equipment that will be retired.

Bids were opened on July 12, 2006 and only one bid was received from the firm, Techline Engineering, for the amount of \$115,000.

It was moved by Vice Chairman Evans, 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 Techline Engineering is approved for furnishing:

1 – Ford F550, 2006 model truck with aerial bucket, all in accordance with MLGW Specification No. TFO-06-5020,

totaling \$115,000; f.o.b. Memphis, Tennessee, transportation prepaid; said prices being firm; delivery 18-20 weeks after receipt of order.

19. The Manager, Procurement and Contracts recommended to the Board of Light, Gas and Water Commissioners that it ratify the award of emergency purchase order for the purchase of 1200 feet of 16” epoxy-coated steel pipe. The pipe is needed to replace badly corroded pipe which is leaking and the pipe is attached to the Watkins Bridge over the Wolf River near Interstate 240.

Bids were received from four bidders with the lowest and best complying bidder of the bidders being the firm of Supply Line of Memphis. The emergency

purchase order was issued to Supply Line of Memphis in the approximate amount of \$38,760.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell, and unanimously carried:

THAT, Award of emergency purchase order 128710 as outlined below is ratified and will be sent to the Council of the City of Memphis for ratification; and further,

THAT, Supply Line of Memphis is providing 1200 feet of 16" epoxy-coated steel pipe in the approximate amount of \$38,760.

20. The President submitted for approval of the Board the following position number, per the attached document (See Minute File No. 1285):

Position No. 06121, Chief Learning Officer

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, Position number 06121, as listed in the foregoing preamble, is approved.

21. The Vice President, Engineering presented for approval of the Board a License Agreement with the Memphis and Shelby County Port Commission.

The Agreement allows the Commission to place surveillance equipment on the Presidents Island water tank for observation of the Island's industrial complex, which includes MLGW Substation 67 and the water tank. As compensation for this placement, the Commission will make video surveillance of the substation and tank available to MLGW.

It was moved by Vice Chairman Evans, seconded by Commissioner Russell and unanimously carried:

THAT, The Agreement, as outlined in the foregoing preamble, is approved.

22. Dick Gardiner, 1734 Gosnold Bluff Road, appeared before the Board to discuss various matters.

23. Susan Carter, 5329 Laurie Lane, appeared before the Board to discuss various matters.

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

SEE MINUTE FILE NO. 1285.

Secretary-Treasurer