

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
APRIL 23, 2020

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held electronically via a live Zoom Meeting on Thursday, April 23, 2020, at 4:00 p.m. in Grand Haven, Michigan.

The meeting was called to order at 4:00 p.m. by Vice Chairperson Witherell.

Present were Directors Crum, Naser and Witherell.

Also present were David Walters, General Manager; Renee Molyneux, Administrative Services Manager and Secretary to the Board; Lynn Diffell, Accounting & Finance Manager; Rob Shelley, Distribution & Engineering Manager; and Erik Booth, Power Supply Manager.

Director Naser, supported by Director Crum, moved to excuse Director's Kieft and Smart from the meeting. The motion was unanimously approved.

Director Smart joined the electronic meeting.

Director Naser, supported by Director Crum, moved to revise 5.A.4., Purchase Order #21274, to \$49,032 and approve the meeting agenda. The motion was unanimously approved.

20-04A Director Naser, supported by Director Crum, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the March 19, 2020 meeting and a revision to page two, item six of the February 20, 2020 Joint Session minutes from "to begin this process" to "assist in project definition."
- Accept and file the March 2020 Financial Statements and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$2,308,578.53 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$320,193.42 from the Renewal and Replacement Fund
- Confirm Purchase Order #20780-1 to GRP Engineering, Inc. in the amount of \$6,900 for an Island Substation engineering service change order
- Confirm Purchase Order #21249 to Northern A-1 Services, Inc. in the amount of \$32,533 for vacuum truck services during Sims decommissioning
- Confirm Purchase Order #21251 to Fiber By-Products in the amount of \$5,550 for ash pond solidification materials
- Confirm Purchase Order #21266 to St. John Truck and Trailer in the amount of \$7,456 for backhoe repair
- Confirm Purchase Order #21273 to Dykstra Landscape Management in the amount of \$6,006 for 2020 landscaping services
- Confirm PO #21280 to IPKeys Power Partners, Inc. in the amount of \$7,500 for cyber security monitoring annual subscription

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In a roll call vote of the Board, those in favor: Directors Crum, Naser, Witherell, and Smant; those absent: Director Kieft; those opposed: none. Motion passed.

20-04B Public Comment Period — Ryan Cummins, resident and City Council member, encouraged the Board to consider extending time for disconnects due to COVID-19. No formal action taken.

Director Kieft joined the meeting.

20-04C Director Crum, supported by Chairperson Smant, moved to approve the following purchase orders:

- Approve Purchase Order #21228 to R.L. Deppmann Company in the amount of \$92,139 for snowmelt pumps and expansion tank
- Approve Purchase Order #21230 to Pipeco Mechanical Systems in the amount of \$217,616 for snowmelt hot water heaters
- Approve Purchase Order #21271 to Hometown Connections, Inc. in the amount of \$18,500 for FY2021 GreatBlue customer satisfaction survey
- Approve Purchase Order #21274 to Pipeco Mechanical Systems in the amount of \$49,032 for intake and exhaust plumbing for the snowmelt hot water heaters
- Approve Purchase Order #21281 to Double L Enterprises in the amount of \$28,694 for repairs to city water line for the snowmelt system
- Approve Purchase Order #21287 to Salmon Environmental in the amount of \$15,960 for third party asbestos monitoring during the Sims asbestos abatement
- Approve Purchase Order #21288 to Burns & McDonnell Inc. in the amount of \$12,200 for joint permit application preparation and submittal for removal of Sims Unit 3 intake structure

In a roll call vote of the Board, those in favor: Directors Crum, Kieft, Naser, Witherell, and Smant; those absent: none; those opposed: none. The motion was unanimously approved.

20-04D The General Manager presented the FY2021 Preliminary Budget and 5-year Capital Improvement Plan to the Board. All department heads provided input into the budget process.

Operating Revenue: There are no proposed rate increases in this budget. We will be asking the Board to eliminate the Power Cost Adjustment (PCA) in all rates at the May meeting for FY2021 to allow changes in power supply and transmission costs to flow through in our twelve month rolling average PCA with no impact on customers. We will plan to reinstitute the PCA in FY2022 with a new base in the calculation consistent with the new rolled in costs.

Operating Expenses: Power Production was removed and rolled into Distribution Operations. We also moved Technical Services from Distribution to Distribution Operations. There is a slight increase in operating expenses in FY2021.

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Operating Net Income – There is no longer Sims and diesel plant depreciation, which will decrease total annualized depreciation by approximately one-half.

Capital Improvement Plan (CIP) – The Board needs to determine what to include in the plan for a potential generation project. The CIP includes all items that have been approved to date. It also includes unapproved facilities on Harbor Island, potential generation attached to the building, and the substation rebuild. We are still evaluating three options for Harbor Island facilities and equipment: No Generation, approximately 10 MW's, and approximately 22 MW's. The CIP includes estimated costs associated with a 10 MW project at a cost of about \$42 million when combined with the other redevelopment efforts on the Island. Approving the CIP does not approve any individual projects listed therein. As always, these approvals will happen when the projects are being considered for construction. The Board will be receiving more information regarding generation and the redevelopment project on Harbor Island over the next six to twelve months. The Board will be asked to approve the CIP at its May meeting. The CIP is a planning document that can be revised as needed as we move forward. This project listing and cost is staff's best current estimate as to the ongoing capital needs of the utility over the next five years. If the Board and City Council decides to do something different, we will revise it.

Harbor Island currently houses the BLP's system control room. We are converting a portion of our technical services department space on Eaton Drive to a system control room on a temporary basis. We will move operations and technical services to the new facility after construction is complete. We will also house the snowmelt equipment in the new facility.

The final budget and CIP will be presented at the May meeting.

No formal action taken.

20-04E Director Smant, supported by Director Crum moved to approve contracting with Power Engineers Collaborative (PEC) in the amount of \$25,000 for a Harbor Island RICE Technology Assessment.

The original, 36 MW plan was determined to be cost prohibitive and MGU natural gas distribution infrastructure is inadequate to support generation equipment of this size and configuration. We are now evaluating a smaller scale project including more industrial scale engines designed for combined heat and power more load similar to our needs for snowmelt. Staff is asking to bring PEC on the team to work with Progressive AE and Staff on the building and generation project design evaluation. They will assist Staff and the Board with determining a right sized project for Grand Haven. We expect to receive their report in six weeks.

Director Naser stated the Board has not discussed alternative power supply options to a local natural gas fired plant and as such, he is opposed to continuing any further analysis of the plant until other local types of generation are further discussed by the Board and the public.

General Manager Walters reminded the Board our engineering firm, Burns & McDonnell, has evaluated the BLP's power supply alternatives (along with staff and MPPA) and, consistent with past similar evaluations, recommended the BLP gain additional renewable energy supply through more remote (not local) utility scale renewable energy projects in cooperation with other

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municipalities within the Michigan Public Power Agency (MPPA), which the BLP has done and moved forward on. These recommendations were arrived at through a very public process and their findings were shared fully with the Board and City Council in 2018. The Board's strategic goals specifically call for a "diversified" power supply portfolio.

Burns & McDonnell did not recommend we limit our solicitation of proposals to build utility scale renewables locally for a number of reasons. Utility scale wind and solar projects should be located at the most suitable site regionally on the grid and our evaluation and participation in such projects should not be limited to only higher cost local projects.

Additionally, as a reminder, in late 2018 City Council and the BLP committed to pursuing the construction of a RICE natural gas generation facility on Harbor Island after Burns & McDonnell suggested such a plant was the most feasible local alternative to supplement purchases from MPPA.

While we have now determined a 36 MW RICE plant of this nature on Harbor Island to also be cost prohibitive, Staff has; however, determined that a smaller plant, coupled with snowmelt, may still be cost-effective and would recommend completing this analysis. This engineering contract is to complete that assessment of smaller units before we "close the door" on a local natural gas generation project entirely on Harbor Island. Director Naser is correct in that this local project was the only one recommended in our recent Power Supply Plan and was the focus of commitments made by both Board and City Council in late 2018. That does not mean other local projects were not considered during such evaluations and planning efforts, nor does it mean other projects elsewhere were not recommended to the Board.

There are currently a number of regional utility scale renewable energy proposals being evaluated at MPPA for the BLP's participation. No utility scale renewable projects are being evaluated in Grand Haven. This also does not mean the BLP is not interested in facilitating smaller and potentially Behind The Meter (BTM) customer owned local renewable energy projects or a smaller scale "solar garden." Burns & McDonnell did suggest these alternatives for installation after we have completed our analysis (and potentially installed RICE generation). This sequencing pointed to the nature of the proposed RICE units and the fact that they will support, "supplement and complement" renewable energy projects – **not replace them**. Again, the strategic goal is to build a portfolio of diversified generating assets and purchased power agreements to complement one another.

Director Naser stated he still does not agree with further evaluating the natural gas plant and will be voting no.

In a roll call vote of the Board, those in favor: Directors Crum, Kieft, Witherell, and Smant; those absent: none; those opposed: Naser. Motion passed.

20-04F Director Naser, supported by Chairperson Smant, moved to approve extending no shutoffs to June 1, 2020 as a result of the COVID-19 pandemic.

We have not shutoff any residential customers since November 1, 2019 because the Board opted out of Public Act 95. We continued to send notices to customers throughout the heating

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season when they became eligible for disconnect so they could receive assistance after April 15th. This year, we have already postponed disconnects to April 30th for all customers and are recommending we now extend postponing shutoffs to June 1st to align with the response of other utilities in the State to COVID-19.

As part of this discussion, the Board was asked to reconsider opting out of PA 95 next year (a decision for a later meeting). If we opt out of PA95, we are not required to assess our customers for the State's Low Income Home Energy Assistance Program (LIHEAP) funding which is capped at \$1 per meter per month in the Act. These State mandated charges are assessed to all State regulated electric and gas customers in Michigan (unregulated municipal utilities can opt out of the program). This is not an amount included in any utility's rates; it is an additional state tax specifically identified on utility bills for this purpose.

Initially, after approval of the Act, most municipal electric utilities opted out of assessing and collecting this state mandated customer charge to fund the LIHEAP program, and as such, were prevented from shut-offs and their customers were not provided assistance out of the fund during the heating season. Now, more municipal utilities are considering opting in because we have found it hurts customers more to go five months or more without shutoffs and access to available State assistance. Many customers fall months behind during this period and have difficulties catching back up when shut-offs resume in the Spring. We have also been requiring substantially higher deposits because of the opt out, which have become quite unpopular.

With the opt out, our customers are unable to gain assistance from the State's program for the period from November 1 – April 15. Staff understands the economics involved, and that Grand Haven customers would likely pay more into the State's LIHEAP program than its customers receive in assistance from the fund (in other words, our community as a whole would be assessed more by the State than it receives back from the State fund in assistance). The BLP utility; however, has more exposure to customer delinquencies and unpaid utility charges with opting out and has to maintain higher rates to recover these increased costs (admittedly still a lower sum than the total State's assessment to all our customers).

The Board will consider this request at a future meeting.

In a roll call vote of the Board, those in favor: Directors Crum, Kieft, Naser, Witherell, and Smart; those absent: none; those opposed: none. The motion was unanimously approved.

20-04G Other Business:

Field Reichardt, residential customer, has asked City Council to appoint an advisory committee to make non-binding recommendations to Council regarding the Harbor Island redevelopment project. They are striving to be partners in these efforts. General Manager Walters encouraged the committee to become involved and provide its input directly to the Board as we are now evaluating these projects rather than making recommendations to City Council at a later date.

Director Crum applauds BLP employees for being flexible in their working schedules and keeping the lights on during the COVID-19 crisis.

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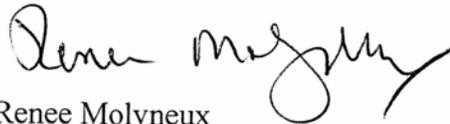
Director Naser requested a working session of the Board to discuss the amount of time between printed bill delivery to due date. He feels it is too short.

Director Crum requested adding individual outages to the monthly dashboard. The General Manager proposed adding this to the retail sales report. We also provide an indices report to the Board annually.

No formal action taken.

At 5:33 p.m. by motion of Director Crum, supported by Chairperson Smant, the April 23, 2020 Board meeting was adjourned.

Respectfully submitted,



Renee Molyneux
Secretary to the Board

RM