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Board of Light and Power

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General Manager
David R. Walters

May 21, 2018

To all GHBLP customers and the community:

At our board meeting on April 24th, the Board of Light and Power voted to approve ceasing power generation operations at the Sims Power Plant and to close the facility effective June 1, 2020. At this meeting the Board also approved the Sims Power Plant Closure Recommendation Report that highlights the facts utilized as a basis for this decision. This report may be reviewed by the public on our website at ghblp.org under "About Us", Board Meeting Minutes.

To summarize the Board's reasoning: the Sims Power Plant is no longer economical as compared to other available resources; the closure of the plant does not impact customer reliability; the plant cannot continue to operate beyond 2020 efficiently and effectively without substantial maintenance and repairs that cannot be cost justified; and available less costly resources have reduced environmental impacts. In other words, less costly, more reliable, and more sustainable resources are available to us.

The Board recognizes its decision to close Sims is a significant one, a decision that will no doubt require our community to make many more decisions directly impacting the utility and, more indirectly, the community as a whole in the foreseeable future. Actually, the Board is prepared to consider five additional management recommendations presented to us in February that, upon final approval of the retirement of Sims, will continue our process of "transitioning to a more sustainable, economical, and diversified power supply portfolio" – a strategic objective we established as a Board several years ago. Our Fiscal Years 2017-2021 Strategic Plan, highlighting a conditional analysis of the utility and our objectives to move us forward, may also be found on our website under "About Us".

The Board of Light and Power has always acted in what it believes to be in the best interest of our customers and the citizens that elected us, under the general direction of the City Council. Because of the truly "general" nature of the power plant closure decision, the City Council is reviewing the Board's action and must provide its approval to cease operations at Sims. The Board has expressed its willingness and desire to meet with City Council to more fully discuss its assessment and conclusions regarding the Sims plant. For additional information to assist the City Council, the Board has also commissioned Black and Veatch, the firm that originally designed Sims, to conduct an independent engineering condition assessment and a cost benefit analysis of needed maintenance and repair costs, and to provide a report of their findings and recommendations to move forward (a more in-depth, independent review of a portion of the information used by the Board to formulate its decision). This report will be available in early June.

Those of us on the Board that approved a 2020 retirement of the Sims Power Plant are confident this is the right decision for our utility and the community as a whole. We are dedicated and committed to fulfilling our established mission, "to meet our community's expectations for quality electric utility service that returns value to our customers and the community as a whole." We will continue to provide electricity for our community as we have for the past 122 years. The closure of a power plant does not change our mission. In addition, the Board has not suggested the selling of the utility as an option. We encourage all of our customers to review the related information available to you, ask us any questions you may have, and let the Board or the City Council know of your support or concerns.

Sincerely,
GRAND HAVEN BOARD OF LIGHT & POWER


Jack Smart
Chairman of the Board

c: BLP Board of Directors