

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
DECEMBER 3, 2020

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, December 3, 2020 at 7:00 p.m. at the Board's office located 1700 Eaton Drive in Grand Haven, Michigan and electronically via live Zoom Meeting.

The meeting was called to order at 7:15 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; Erik Booth, Power Supply Manager; Rob Shelley, Distribution and Engineering Manager; and Patrick Bowland, Michigan Public Power Agency.

20-15A Director Naser, supported by Director Crum, moved to excuse Director Kieft for medical reasons. The motion was unanimously approved.

20-15B Director Crum, supported by Director Naser, moved to approve the meeting agenda. The motion was unanimously approved.

20-15C Director Naser, supported by Director Crum, moved to approve the consent agenda. The consent agenda includes:

- Approve Minutes of the November 12, 2020 Board Meeting
- Confirm Purchase Order #20888-14 to Jaffe, Raitt, Heuer & Weiss in the amount of \$7,734 for CCR compliance legal services
- Confirm Purchase Order #21477-6 to Cordes, Inc. in the amount of \$50,000 for CCR/coal material trucking to landfill
- Confirm Purchase Order #21559 to Northern A-1 Services, Inc. in the amount of \$25,947 for vacuum truck services and water removal
- Confirm Purchase Order #21570 to Power Line Supply Company in the amount of \$5,939 for line crew uniforms

Legal services are for assistance with CCR compliance at Sims.

Item 3.B., Michigan Average Revenue Per kWh, is included for information. This report disputes recent accusations of BLP rates being the highest in the State. Average Revenue/kWh shows GHBLP's rates are approximately 3% below Consumers Energy and 6% below where they were 5 years ago. GHBLP rates have been held constant since they were reduced on July 1, 2016.

The General Manager recommends the Board focus on the residential column and the Rev/kWh column in this report. The industrial and commercial columns reflect the particular loads of that utility. There are substantial differences between customers of various utilities that impact the C/I revenues.

A 2018 Combined Heat and Power (CHP) Roadmap for Michigan report states Michigan has the opportunity to capture enormous benefits by embracing optimal levels of CHP generation in its future energy mix and (Michigan) intends to be a leader in advancing CHP deployment. Many have recently suggested natural gas CHP technology is not "state of the art." A panel of

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
DECEMBER 3, 2020

distinguished industry experts, (including representatives from 5 Lakes Energy, Sustainable Partners, and NextEnergy) commissioned to write this report collectively have reported just the opposite.

The motion was unanimously approved.

20-15D Public Comment Period –

Paul Brooks, 18143 Cherokee Ct, expressed concern with tree trimming in South Holiday Hills.

Joe Masvero, 17557 Parkplace Circle, expressed concerns with tree trimming in South Holiday Hills and asked the Board to pause and reevaluate the level of clearance necessary.

Willow Fisher, 17567 Parkplace Circle, expressed concerns with tree trimming in South Holiday Hills and suggested the Board relocate GHBLP poles closer to the bike path or underground the lines rather than trim the trees.

Ryan Cotton, 515 Park Avenue, submitted an email to the Board expressing his concerns regarding the Harbor Island redevelopment project.

The General Manager stated given these concerns regarding tree trimming he feels it would be appropriate to hold a meeting with property owners to hear their concerns and to discuss the scope of the project. Admittedly, when a utility does not trim for a long period of time, it causes problems. Walters asked customers to call the office in the morning to provide their contact information for scheduling these discussions.

No formal action taken.

20-15E Director Naser, supported by Director Crum, moved to approve the following purchase orders:

- Approve Purchase Order #21605 to Irby Utilities in the amount of \$16,930 for two 150 kVA 3-phase padmount transformers for stock
- Approve Purchase Order #21606 to Irby Utilities in the amount of \$49,980 for six 150 kVA 3-phase padmount transformers for stock
- Approve Purchase Order #21609 to Power Line Supply Company in the amount of \$5,496 for padmount transformer box pads

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

20-15F Patrick Bowland, CEO of Michigan Public Power Agency (MPPA) presented an overview of the Agency's services to the Board. There are 40 municipal electric utilities in Michigan generating approximately 2 GW or 10% of load. There are three Joint Action Agencies in the State. MPPA is the largest with 22 members.

JAA's were formed in the 1970's under Act 448 to invest in baseload power projects. JAA's financed and owned these projects and members had a percentage share.

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
DECEMBER 3, 2020

MPPA is a project based agency, meaning a Member chooses to participate in the resources and services that best fit their needs. Leveraging the Agency's expertise, resource sharing and economies of scale provides smaller utilities opportunities they would be unable to achieve on their own.

MPPA's governance structure is based on checks and balances. Each Member has a presence on the Board of Commissioners. Resolutions are approved by a majority vote of the Board.

Specialization has become a large part of the organization due to the complexities in the industry.

Members have the option to participate in projects, on service committees, or both. GHBLP participates in both. GHBLP has historically not been as involved at MPPA as other members in the Agency.

Regarding energy supply, MPPA balances both contracted and owned assets to create the most value for its members.

The foundation or core of MPPA encompasses a disciplined power supply portfolio plan, market operation services, risk management, settlements & reporting, and aggregation/diversification of power supply.

Most members have an Energy Services Agreement, Hedge Plan, and designated Authorized Representative with MPPA, which establishes how MPPA interacts with each member.

MPPA's energy services strategy includes:

- Power Supply procurement over 5 year forward time horizon
- Integrates Member-owned resources and/or long-term PPA's
- Risk based procurement methodology
- Aggregation with other Members for economies of scale

Bowland stated Grand Haven is in a great position from a market perspective because prices are lower than they have been in the past, allowing Grand Haven to add more renewables to its portfolio.

Director Witherell stated GHBLP is closing in on having 25% of its power supply mix generated from renewable resources by 2022. The average for MPPA members is approximately 22%.

MPPA does not sell power on a commission. They are not-for-profit and recover their costs for time spent.

Director Naser asked about a future carbon tax on natural gas. Bowland said there will likely be a carbon tax someday. There is a lot of politics around this issue. Natural gas is a very important fuel. We heat our homes with it. Bowland feels natural gas will be around for a long time, adding this is his personal opinion. Hydrogen blended with natural gas is being discussed. It is very expensive right now and does not make economic sense.

No formal action taken.

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
DECEMBER 3, 2020

20-15G The General Manager reviewed GHBLP's estimated average dollars per MWh operating revenue requirements for FY2021-2023. GHBLP will save approximately \$1.5 million in power supply costs this year. Total costs have been very stable over the last four years. Costs of operations will decrease over the next 3-4 years and distribution costs will increase over that period. Administration costs will decrease if we are able to end our Energy Waste Reduction program next December.

We told our customers rates will stay constant during the transition. We are evaluating a 20 year bond issuing approximately \$45 million. The BLP has a healthy debt service coverage ratio without increasing rates. We are not assuming we will raise rates to cover debt service. We are planning to conduct a cost of service study next spring.

The Board discussed the Michigan capacity outlook. 5,450 MW's of capacity in Michigan is scheduled for retirement over the next 15 years. In 2023, the Michigan reserve margin will be zero if only planned generation is built. This will likely cause the cost of purchased capacity to increase to CONE (cost of new entry). The proposed CHP plant on Harbor Island is competitive with CONE and will fix the price over the life of the Bonds.

No formal action taken.

20-15H Drone photos of the BLP's Harbor Island site were shared with the Board.

No formal action taken.

At 9:52 p.m. by motion of Director Crum, supported by Director Naser, the December 3, 2020 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

RM