

GRAND HAVEN BOARD OF LIGHT AND POWER  
MINUTES  
MAY 4, 2021

A special work session of the Grand Haven Board of Light and Power was held on Tuesday, May 4, 2021 at 7:00 PM 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 7:00 PM by Chairperson Smant.

Present were Directors Crum, Kieft, Naser, Witherell and Smant.

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

Public Comments – No comments were heard.

1. An update on the economic benefits of the proposed Combined Heat & Power Plant (CHP) was provided. Installing a CHP will provide a call option to help offset risk in the energy market.

Erik Booth, Operations & Power Supply Manager, reported justification for PEC's recommendation was based on capacity only. Tonight's report was conducted to quantify benefits from both a resource perspective and a coupled electric system/snowmelt solution perspective.

Using the last 10 years of metered data, taking out the highest year (2014) and the lowest year (2020), the net benefit of the associated call option would have been \$2.48 million if we had the CHP (average \$310,000). Installing the CHP is projected to save the community \$5 million over the 20-year debt service period because we will have a call option. Total power supply costs over the next 20 years, including installation of the CHP, will be \$489 million. Peaking assets will continue to become more important in the industry as utilities increase investments in intermittent (renewable) resources.

Booth stated Staff was directed by the Board and City Council to develop a coupled system that works for snowmelt and the BLP. When pricing a 5 x 16 block of power and comparing against running one engine, substantial savings could be achieved for both entities.

Booth confirmed it makes economic sense to install a CHP. He stated it will ultimately come down to a Board/City Council policy decision.

The General Manager added batteries are becoming more economical and will be valuable with balancing renewables along with peaking plants. These are essential for when renewables are not producing energy. As we transition from baseload generation to renewables, more peaking assets will be needed. Peaking plants do not replace renewables – they only run when intermittent power is not available. We are continuously evaluating opportunities and will make recommendations when they make economic sense.

The General Manager stated we will be approximately 20% unhedged during the next 2 years. We will want to have more cash on hand to cover risks associated with being unhedged.

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2. Sims' site environmental remediation and wetlands mitigation was discussed. This is the biggest unknown for budgeting purposes. We increased the budget from \$8 million to \$17.8 million for this purpose. The \$17.8 million covers what we believe EGLE will require us to do, but only includes the coal ash impoundment portion of the site's environmental issues. We have not set any funding aside for the City's former landfill portions of the site. Following clean-up of BLP coal ash, EGLE will likely have us continue to monitor the site and will then determine if we need to do more.

We now have no reservations with building on the Sims footprint. Ash was found below the building. We removed the ash to the groundwater, placed a marker, and brought in clean fill.

3. The BANs come due in July 2021. We asked Huntington Bank if we can extend the BANs and they offered to reissue, which would significantly increase costs. Our financial advisor does not recommend extending and is evaluating other options. We will have borrowed approximately \$15 million by July.

We need to bond, even if we do not build the CHP/Operations Center, to cover remediation expenses and other portions of the project (AMI, Substation rebuild); however, we will not be prepared to go to the bond market in July. The General Manager said the Board needs to determine whether the CHP and Operations Center will be included in the project or not and then determine the amount to be bonded. Interest rates are expected to start increasing near the end of the year.

4. The proposed budget was reviewed. This is a status quo budget. Most savings have been achieved through reduced labor costs.

In the proposed rate study, residential revenues are unchanged. Residential monthly charges were increased from \$10 to \$15; the energy charge was reduced from 0.12190 to 0.11439 and the discount for senior citizens was increased from \$3.50 to \$4.00.

Proposed commercial and industrial rates are decreased overall as recommended by UFS.

In the proposed 5 Year Capital Plan (CIP), capital expenses (demolition and site remediation) were removed and expensed in the year they occurred. UFS recommended a 2 year rate plan with a zero PCA, then another abbreviated rate study in FY 2024.

The Board will schedule another work session for further discussion on the budget, CIP and rates.

5. At 9:40 PM, Director Naser, supported by Director Kieft, moved to adjourn the open session, and enter into closed session pursuant to section 8(c) of the Open Meetings Act for the purpose of discussing strategy and negotiation sessions connected with the negotiation of a collective bargaining agreement. 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.

6. At 10:08 PM, Director Kieft, supported by Director Naser, moved to adjourn the closed session and reenter open session. In a roll call vote of the Board, those in favor: Directors Crum,

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Kieft, Naser, Witherell and Smart; those absent: none; those opposed: none. The motion was unanimously approved.

No formal action was taken during this Working Session.

At 10:12 PM by motion of Director Naser, supported by Director Crum, the May 4, 2021 work session was adjourned.

Respectfully submitted,

Renee Molyneux  
Secretary to the Board

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