

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
MAY 26, 2022

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, May 26, 2022, at 5:00 p.m. at the Board's office located at 1700 Eaton Drive in Grand Haven, Michigan and electronically via live Zoom Meeting.

The meeting was called to order at 5:00 p.m. by Chairperson Kieft.

Present were Directors Crum, Hendrick, Witherell, and Kieft.

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; Erik Booth, Operations & Power Supply Manager; and Dan Kasbohm, Utility Financial Solutions, LLC.

22-09A Director Witherell, supported by Director Crum, moved to excuse Director Westbrook from the meeting due to required out of the country work travel.

The motion was unanimously approved.

22-09B Director Witherell, supported by Director Crum, moved to approve the meeting agenda.

The motion was unanimously approved.

Public Comment Period – Mike Fritz, 225 Clinton, has been approached about the installation of charging stations in the community. He would like to work together with the Board to implement installations.

Mac Davis, 209 S. Third St., shared a report from Grand Haven High School's G.R.E.E.N. Club, which was developed for city council consideration. The report includes sustainability recommendations the city could implement to help with climate change.

Mayor Catherine McNally, 100 Franklin Ave., spoke in support of the Board working together with the City to fund cleanup on Harbor Island. They are not in a position to distinguish costs separately for PFAS and CCR cleanup. The mayor asked for grace, above what has been extended by city council to the Board.

Ryan Cotton, 515 Park Avenue, thanked General Manager David Walters, Administrative Services Manager Renee Molyneux, and Operations & Power Supply Manger Erik Booth, for meeting with their sustainability team on Wednesday. They are seeking funding from the BLP to conduct a scientific analysis of the carbon footprint of the BLP's service territory and will be making the same request to all BLP service territory municipalities.

No formal action taken.

22-09C Director Witherell, supported by Director Crum, moved to approve the consent agenda items. The consent agenda includes:

- Approve the Minutes of the April 21, 2022 Regular Board Meeting
- Accept and Approve recommended Board Secretary Meeting Minutes and Approval Procedures

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
MAY 26, 2022

- Accept and file the April 2022 Financial Statements and Power Supply & Sales Dashboard
- Accept and file the MPPA Energy Services Project Resource Position Report dated April 29, 2022 and Final PY 22-23 Capacity Position
- Approve paying bills in the amount of \$2,310,210.75 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$170,420.80 from the Renewal and Replacement Fund
- Confirm Purchase Order #22204 to Dickenson Wright PLLC in the amount of \$13,338 for legal services through March 31, 2022
- Accept and file the C&I Stakeholders Meeting Presentation

The General Manager reported the futures price on natural gas was over \$9 today, which brings the electric generation price using gas to \$78/MWh. These prices are higher than he has ever seen. The MPPA position report echoes this into 2023 and now into 2024. There are substantial increases in costs. Approximately 10% of power supply is unhedged and is being impacted by this pricing. We are not passing these costs on through the PSCA at this time, which will be discussed later in tonight's agenda.

The motion was unanimously approved.

22-09D Director Witherell, supported by Director Crum, moved to approve the following Purchase Orders:

- Purchase Order #22201 to Dykstra Landscape Management in the amount of \$6,800 for 2022 lawn care services
- Purchase Order #22227 to CC Power in the amount of \$280,694 for the DeSpelder Street voltage conversion project
- Purchase Order #22228 to ABB Service in the amount of \$5,167 for 15 kV PT's for the North Substation project, Phase 2
- Purchase Order #22229 to Kent Power, Inc. in the amount of \$543,635 for construction labor for the North Substation project, Phase 2
- Purchase Order #22230 to Schweitzer Engineering Laboratories (SEL) in the amount of \$140,490 for relay panels for the North Substation project, Phase 2
- Purchase Order #22232 to Power Line Supply Company in the amount of \$66,828 for materials for the DeSpelder Street voltage conversion project
- Purchase Order #22237 to Interphase Office Interiors in the amount of \$7,647 for two workstations for the engineering area at the Service Center

The motion was unanimously approved.

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
MAY 26, 2022

22-09E Director Witherell, supported by Director Crum moved to approve Purchase Order #22241 to the City of Grand Haven in the amount of \$1,121,760.

Derek Gadjos, Director of Public Works, stated City Council authorized these tasks to be approved pending funding.

Pat McGinnis, City Manager added this is a complex project and they are doing their best to work together with the Board. They are also working to find other sources for funding. McGinnis' position is the city put the dump to rest in 1970. The BLP stayed onsite. He feels the city should not be called back in to pay for any of the clean-up costs on the Sims site. He feels the non-coal contamination cleanup is a joint issue and wants the BLP to share those costs on a 50/50 basis.

David Walters, General Manager stated the request that was sent to Chairperson Kieft was discussed last week with Mike Westbrook, Chairperson Kieft, and himself. The alternative resolution drafted is to address CCR only, as requested by the Chair. The Board has not bonded or set aside money for non-CCR contamination. The only way the Board can pay for non-CCR contamination now is to increase rates to provide the funding.

Director Witherell said we need to set feelings aside and recognize this is a community problem. The Board and City Council need to work together.

Director Hendrick agreed with Director Witherell. She feels \$300,000 is a small concession and would like the full amount requested to be approved.

The General Manager stated the Board has not set aside money to pay for non-CCR contamination. If the Board wants to pay for PFAS, they need to determine where the money will come from. The only way the Board can pay for PFAS at this point, since funds have not been allocated for this purpose, is to add a surcharge of \$0.001/kWh to all customer bills to collect the \$300,000. All other BLP funds have been allocated for other BLP electric utility items.

Chairperson Kieft feels this can be resolved, but we have to work together to determine how it will be done. For now, there is a motion to approve PO#22241. A meeting will be scheduled with the mayor, Mike Westbrook and Chairperson Kieft following Westbrook's return.

Gajdos stated he will not be able to move forward unless the full amount of funding is approved. The recommended dewatering filters remove CCR and PFAS contaminants from the water and will not require additional cleaning or discharge to the wastewater treatment plant. They will discharge to a storm water outfall. No additional treatment will be necessary with these filters.

The General Manager clarified the PO amount does not include engineering services for next year at \$151,000. There are also additional treatment costs due to PFAS. We need to know what the other portions of the project include. Then, we need to have a discussion on how this is going to be funded.

Director Crum asked what amount the city budgeted in FY2023 for Harbor Island cleanup efforts and if the information will be shared on the City's website. Gajdos confirmed the city budgeted \$150,000 for cleanup efforts and that the information will be posted on the city's website. The City attorney is handling negotiations for the EGLE enforcement letter.

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
MAY 26, 2022

In a 3-1 vote of the Board, the motion passed.

22-09F Dan Kasbohm, Utility Financial Solutions, LLC, presented the updated rate study to the Board, which includes a recommendation to reimplement the PSCA with a base set at \$0.059 to ensure the utility generates adequate revenue to recover power supply costs. Kasbohm also recommended moving city water pumping to the general service primary rate class and to keep snowmelt pumping in its own unique rate class as revised.

Kasbohm's recommendation for minimum cash reserves assumes a 45-day (12.3%) cash on hand for operations and maintenance less depreciation expenses for a total minimum of \$13,302,297. There are restricted cash reserves in addition to this amount. MPPA member credit reviews desires 180 days cash on hand at \$15,568,945, plus more cash on hand at MPPA.

No formal action taken.

22-09G Director Witherell, supported by Director Crum, moved to approve the proposed rate changes and to reimplement the PSCA effective July 1, 2022.

In a 3-1 vote of the Board, the motion passed.

22-09H Director Witherell, supported by Director Crum, moved to approve FY2023 Budget and Capital Improvement Plan.

The proposed budget was updated in the following areas since the Board's April meeting:

- Power supply costs adjusted \$2,427,118 based on forward price curve projections at MPPA. We are dropping our cash position down to address escalating power supply cost increases.
- Operating retail revenues were increased \$279,002 by the reimplementing of the PSCA and power supply changes
- The public education and communications program budget increased \$24,000 to fund increased newsletter publications to monthly. We are also updating the layout and design from a family focused format to more of a business publication format.

\$8.959 million is planned for capital improvement projects (CIP) in FY2023, including \$4 million for administration facilities as identified as a risk in our Business Readiness Risk Assessment. We included funding for this purpose but do not currently have building plans. This item may be pushed out beyond FY2023. Additionally, \$3.560 million is planned in FY2023 for Harbor Island (Sims site) remediation.

Total non-operating expenses of \$23.75 million has been allocated by the board for the demolition of Sims, CCR cleanup and remediation of the island. \$8.1 million of this amount has already been spent. We have not included any funding for PFAS treatment or cleanup in this amount. The bond specifically addresses CCR. If the Board wants to pay for non-CCR cleanup, the Board will need to increase rates. The Board can approve adding a surcharge line item on customer bills to collect revenues to pay for these non-utility purposes; however, the Board first has to determine that non-CCR cleanup is a utility purpose before it can be placed on customer bills.

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
MAY 26, 2022

In a 3-1 vote of the Board, motion passed.

22-09I Rob Shelley, Distribution & Engineering Manager reported successful completion of the following distribution projects:

- 178th Street Hendrix circuit upgrade south of Robbins Road
- Transformer replacement and improvements at Osipoff Substation
- Addition of a second transformer at the North Substation with the repurposed transformer from the Osipoff Substation
- Completion of the Ferrysburg 2400 Volt conversion project

All projects were completed on schedule and under budget.

Shelley reported the DeSpelder Street project to replace poles and rebuild the lines will begin after Labor Day.

The General Manger reported we are 1.17% below FY2022 budget in revenues and 0.12% above budget in expenses. The BLP executive team should be recognized for this accomplishment. These revenues and expenses are planned years in advance, and to come in under budget year after year is incredible and not the norm.

No formal action taken.

22-09J The General Manager updated the Board on MISO's recent notice regarding possible load shedding this summer.

Load shedding is a controlled, temporary power outage that is implemented to prevent wider system failure during high usage times when customer loads exceed the available capacity of the system. All affected utilities share load shedding responsibilities proportionally so that no one area loses power entirely.

The BLP is in the process of updating our load shedding plan to ensure we are prepared should we be called upon to implement. The plan begins with voluntary reductions. If voluntary reductions are not enough, we will move forward with a fair process by temporarily shutting off power to different circuits in the service area on a rotating basis.

We are preparing a press release to be distributed next week that will be focused on what we are going to do locally.

No formal action taken.

Public Comment Period – No comments were provided. No formal action taken.

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
MAY 26, 2022

At 8:05 PM by motion of Director Witherell, supported by Director Crum, the May 26, 2022 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

RM