

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
DECEMBER 15, 2022

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, December 15, 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 Westbrook.

Present were Directors Hendrick, Knoth, Witherell and Westbrook.

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, Operations & Power Supply Manager.

22-17A Director Witherell, supported by Director Knoth, moved to excuse Director Crum from the meeting for medical reasons.

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

22-17B Director Witherell, supported by Director Knoth, moved to approve the meeting agenda.

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

Public Comment Period –

Jim Hagen, 400 Lake, discussed fiscal responsibility and local renewables. The BLP has been asked to pick up some of the costs for the snowmelt equipment. Hagen stated when he voted for the elected members, they promised to keep rates down. He believes the Board and Council had a choice; they could have shut the snowmelt system down. It is a cost. If the city has to maintain it for the social district, then it should be paid for by the social district.

Regarding renewables, he believes the BLP should be looking into utility scale battery storage due to all the coal plant shutdowns. He feels the former retention pond area could be used for batteries and solar could be placed on the former power plant site. Hagen stated he would love to have community solar in Grand Haven.

No formal action taken.

22-17C Director Witherell, supported by Director Knoth, moved to remove item G.1. from the consent agenda so Director Hendrick could recuse herself from the vote due to personal affiliations with some of the legal services.

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

22-17D Director Witherell, supported by Director Knoth, moved to approve the consent agenda items. The consent agenda includes:

- Approve the Minutes of the November 17, 2022 Regular Board Meeting

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
DECEMBER 15, 2022

- Accept and file the November 2022 Financial Statements and Power Supply & Retail Sales Dashboard
- Accept and file the November KPI Dashboard
- Accept and file the EIA November 14, 2022, ‘Today in Energy’ article discussing SAIDI
- Accept and file the EIA March 1, 2022, ‘Today in Energy’ article discussing historical average annual residential retail electricity prices
- Accept and file the MPPA Energy Services Project Resource Position Report dated November 30, 2022
- Accept and file the Constellation Energy Market Update Graphs from December 2, 2022
- Approve paying bills in the amount of \$2,198,345.14 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$429,139.60 from the Renewal and Replacement Fund
- Confirm Purchase Order #22453 to Western Tel-Com, Inc. in the amount of \$58,927 for River Haven directional borings

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

22-17E Director Witherell, supported by Director Knoth, moved to confirm Purchase Order #22443 to Dickinson Wright PLLC for BLP legal fees through October 31, 2022.

In a roll call vote of the Board, those in favor: Directors Knoth, Witherell and Westbrook; those absent: Director Crum; those opposed: none; those recused: Director Hendrick. Motion passed.

22-17F Director Witherell, supported by Director Knoth, moved to approve the following Purchase Orders:

- Purchase Order #22464 to Irby in the amount of \$24,214 for 2x150 kVar and 4x200 kVar overhead capacitors for inventory
- Purchase Order #22471 to the State of Michigan in the amount of \$8,700 for the J.B. Sins annual NPDES Permit fee

The General Manager reported there has been a complication with the transfer of this permit to the city. The fee is due by January 15, 2023; therefore, the city will continue to verify no discharges have occurred and Paul Cederquist will continue to sign and submit the report until the permit transfer is complete. No one is using this discharge point, but we are keeping it active for possible future use and will continue to work on the transfer to the city.

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
DECEMBER 15, 2022

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

22-17G The General Manager provided a Strategic Plan update to the Board. Highlights include:

Several new threats have emerged since the plan was established in early 2021. Customer loads are not returning to pre-pandemic levels, supply chain issues and delays continue (primarily with new construction materials), power supply costs are up approximately 33% since 2021, and there may be recessionary impacts in 2023.

In Finance, the 5-year rate plan was interrupted by wholesale markets, forcing reimplementing of the PSCA earlier than planned. We are on a glidepath to our minimum cash reserve position of approximately \$16 million. We were not planning on the inflationary increases and will need to respond accordingly in the near future.

Customer & Community Engagement is in a reevaluation phase due to staffing reductions.

Transmission and Distribution is now the BLP's primary function and is an area where we cannot cut costs. We need to continue our investments in the system.

For Power Supply, MPPA works collaboratively with the BLP on its ongoing 5-year energy and capacity plan. We feel having utility scale battery storage as part of our portfolio is important and we expect to see an opportunity in a battery storage project soon.

The General Manager and Operations and Power Supply Manager have been having discussions with members of the Grand Haven Sustainability and Energy Commission. They are working to reduce local demand. Our Energy Waste Reduction program has a budget of approximately \$400,000, some of which may be used toward their efforts. This commission has no role in MPPA's supply side planning efforts for the BLP.

Under Business Practices and Technologies, we need to address our building/facility needs to meet our Business Continuity & Disaster Recovery plan requirements and replace certain non-production facilities lost at Sims. We have implemented KPI dashboards for the Board.

In Human Resources, the General Manager shared BLP succession planning efforts with the Board. We have reduced payroll from 72 employees in 2018 down to 44 today, a 40.28% reduction in our workforce and a 14.58% reduction in payroll and fringe benefits expenses.

Overall, we have improved affordability, reliability, and sustainability for our customers through our strategic plan accomplishments making the BLP more competitive with surrounding investor-owned utilities.

No formal action taken.

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
DECEMBER 15, 2022

22-17H Director Witherell, supported by Director Knoth, moved to approve a Resolution declaring the Board's commitment to collect and provide 25% of the cost of the city's snowmelt replacement equipment to the City of Grand Haven.

The General Manager reported that the subcommittee agreed to propose the BLP contribute 25% of the cost of the snowmelt replacement equipment and that the advance to the city be set at a zero percent interest rate. The city attorney has agreed to the legality of the BLP declaring the contribution an operating expense and collecting the money to pay for it.

Director Hendrick asked the Board to reduce operating expenses to pay for this city asset.

Chairperson Westbrook stated he is sympathetic to the city, but he feels this is a terrible idea. He feels it sets bad precedence, asking what's the next project the BLP will be asked to fund. Westbrook stated this feels like a shell game with the money. He is concerned there is a litigation risk and other rate payers may come after the Board and sue. The Board already paid \$890,000, which was wrote off last year. To say the BLP hasn't contributed is unfair. Asking rate payers outside the city to fund a city project is unfair. Westbrook stated he wishes the subcommittee would have come back with a better solution.

Director Hendrick looks at this as a collaborative effort. She said she is excited for this stating historically, the city has afforded the BLP with property rent-free for many years. Hendrick thinks the Board can find ways to reduce expenses and use those reductions to fund 25% of the city's snowmelt equipment.

The General Manager stated he desires an open transparent transaction. If the Board makes the decision to contribute to the cost of the snowmelt replacement equipment, they are spending BLP revenues, and they should record it as such. If we get challenged, we may have to return it to our rate payers. Reducing expenses does not make a payment. We need to book it properly. These resolutions are the Board's approval to raise the revenue and to use this revenue to fund the BLP's contribution toward the snowmelt replacement equipment and associated costs.

**RESOLUTION OF THE GRAND HAVEN BOARD OF LIGHT & POWER'S
COMMITMENT TO COLLECT AND PROVIDE TWENTY-FIVE PERCENT (25%) OF
THE \$1,031,151 ADVANCE TO THE CITY OF GRAND HAVEN FOR ITS
SNOWMELT REPLACEMENT EQUIPMENT**

WHEREAS the Board of Light & Power determines that payment of twenty-five percent (25%) of the city snowmelt replacement equipment advance is considered to be an appropriate use of electric utility revenues; and,

WHEREAS the Board of Light & Power will pay an equivalent electric operating snowmelt expense to the city for them to use as a funding mechanism for this purpose.

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
DECEMBER 15, 2022

NOW THEREFORE BE IT RESOLVED that the Board of Light & Power will collect a five percent (5%) additional monthly service charge for all customers in each rate class to fund a portion of the city snowmelt replacement equipment capital cost for a period of 17 months beginning in February 2023 and ending in June 2024; and

BE IT FURTHER RESOLVED that the surcharges collected will be expensed and forwarded to the City of Grand Haven to be used to reimburse twenty-five percent (25%) of the Board of Light & Power advance of \$1,037,151 to the City of Grand Haven.

In a roll call vote of the Board, those in favor: Directors Hendrick, Knoth, and Witherell; those absent: Director Crum; those opposed: Chairperson Westbrook. Motion passed.

22-171 Director Witherell, supported by Director Knoth, moved to approve a resolution to calculate and accept the city's power supply cost adjustment 5% transfer as repayment for the city snowmelt replacement advance at zero percent interest.

The General Manager stated we will transfer the entire portion to be collected in a rate increase in one transfer to the city and the remaining 5% transfer will be reimbursed by the city over time. We will establish a pre-paid amount on our balance sheet.

The city will dedicate a revenue source to be used to repay the 75% balance on the advance. The BLP will define the portion of the 5% transfer that is attributed to the base rate revenue and that which is attributed to the PSCA revenue. The city will use the PSCA revenue to pay down the 75% advance over time. Ashley Latsch confirmed what has been discussed is what the city has agreed to.

**RESOLUTION OF THE GRAND HAVEN BOARD OF LIGHT & POWER'S
COMMITMENT CALCULATE AND ACCEPT THE CITY'S POWER SUPPLY COST
ADJUSTMENT (PSCA) FIVE PERCENT (5%) TRANSFER AS REPAYMENT FOR THE
CITY SNOWMELT REPLACEMENT EQUIPMENT ADVANCE**

WHEREAS the Board of Light & Power will identify the portion of each monthly transfer to the City of Grand Haven that is attributed to the PSCA retroactively to September 1, 2022; and,

WHEREAS the Board of Light & Power determines that a reasonable interest charge on the snowmelt replacement equipment advance to the city is zero percent; and,

NOW THEREFORE BE IT RESOLVED that the Board of Light & Power will accept five percent (5%) of the PSCA amount as the City's monthly repayment installment on the advance until such time as the Advance is repaid in full.

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

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
DECEMBER 15, 2022

22-17J Director Knoth proposed the Board have a resolution directing Staff to look at the budget and reduce expenses to offset the cost of the snowmelt replacement equipment. Chairperson Westbrook agreed to add this discussion to the January agenda.

No formal action taken.

22-17K The General Manager advised the Board we are planning a Customer Technology Workshop (in person and online) to be held at 6:30 PM on Tuesday, February 21, 2023. This workshop is open to all customers; however, we need to limit attendance based on the size of the venue and online platform. Inviting all customers also provides us with insight on customer interest for this type of event.

No formal action taken.

22-17L The General Manager announced Administrative Services Manager Renee Molyneux's upcoming retirement date of March 31, 2023. Molyneux's position will not be replaced. Responsibilities will be spread among other department heads and employees, which is being developed; however, Danielle Martin will most likely assume the Board's secretarial functions. Chairperson Westbrook and Director Knoth expressed their appreciation with working with Molyneux and thanked her for her service to the Board of Light & Power.

No formal action taken.

Public Comment Period – Jim Hagen, 400 Lake, referenced 'transparency' and said he wants the cost for the BLP's snowmelt charges to be itemized on customer bills.

David Barnosky, 14477 Shady Hollow, West Olive, discussed waste heat savings vs costs for continuation of the snowmelt system today. He feels if this information is shared, the city may decide to not pay for it.

Chairperson Westbrook stated the BLP currently contributes 5% of service revenue, about \$1.8 million per year, to the City of Grand Haven already, which is among the highest contribution rates of any municipal utility in Michigan. Westbrook said he is uncomfortable asking our ratepayers from Spring Lake, Ferrysburg or the townships to fund additional City of Grand Haven activities beyond these contributions; however, he respects the opinions of his fellow board members and will support the decision going forward.

No formal action taken.

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
DECEMBER 15, 2022

At 8:03 PM by motion of Director Witherell, supported by Director Knoth, the December 15, 2022 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

RM