

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
MAY 3, 2023

A work session of the Grand Haven Board of Light and Power was held on Wednesday, May 3, 2023, at 5:30 PM at the Board's office located at 1700 Eaton Drive in Grand Haven, Michigan and electronically via live Zoom Meeting.

The work session was called to order at 5:30 PM by Chairperson Westbrook.

Present: Directors Crum, Hendrick, Knoth, Witherell and Westbrook.

Absent: None.

Others Present: General Manager David Walters, Secretary to the Board Danielle Martin, Finance Manager Lynn Diffell, Operations & Power Supply Manager Erik Booth, and Utility Compliance Specialist Paul Cederquist.

Public Comment Period: No comments were heard.

23-07A Discussion of Fiscal Year 2024 Budget and Capital Plan

In a round table discussion, each Board member was given the opportunity to ask questions on the proposed budget and capital plan. Directors Knoth and Witherell had no questions. Director Crum thanked the General Manager for providing the Environmental Remediation Surcharge information for the next item on the agenda.

Director Hendrick asked where the budgeted \$4 million could be reallocated if the administrative facilities were removed from the capital plan. The General Manager recommended the funds be left as a reserve to cover possible cost increases in other existing capital plan projects. In any circumstance, the \$4 million cannot be used to reduce operating revenues or increase operating expenses to the extent we violate our bond ordinances that require the Board to collect adequate revenues to pay operating expenses and provide a debt service coverage ratio.

Director Hendrick asked about the Energy Waste Reduction and Energy Optimization budget. Erik Booth explained the state's mandates were lifted in January of 2022, giving the program more flexibility. The BLP worked with Franklin Energy and MPPA on a pilot Clean Energy Program which includes smart thermostats and rebates on level two chargers. BLP staff meets monthly with the Community Energy Plan Task Force. The General Manager advised the Board the BLP's results are as impressive as others in the state and our program aligns with other MPPA members.

The General Manager explained the Board will be asked to approve separate resolutions for the budget, the capital plan, any rate changes, and to establish the minimum cash reserve balance at its regular May meeting.

Director Hendrick requested the budget be presented differently next year similar to that of Traverse City Light and Power. Chairperson Westbrook noted he does not see significant differences in the presentations.

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Chairperson Westbrook thanked staff for their work and recognized the proposed budget is \$5,000 below the current year's in the items the Board asked for further review. This is a big achievement in today's inflationary environment.

No formal action taken.

23-07B Discussion of Alternative Environmental Remediation Surcharge Determination

The General Manager provided two slides for the Board's review. The first reflects an error correction made from the April 20th budget presentation. Calculations now accurately show the monthly impact to each customer group for an Environmental Remediation Surcharge of \$0.0035/KWh on all KWh sold. The corrected data reflects a significantly reduced average monthly impact on commercial and industrial customers than was previously presented.

The second slide provides a blended option to implement the Environmental Remediation Surcharge. In this example, residential services have a \$3.00 per month fixed fee and all other customer classes have a variable fee of \$0.00271/KWh. Staff does not recommend this option.

Director Hendrick asked about the legality of collecting the surcharge. The General Manager stated City Council asked the city attorney, and the Board should ask Council for a copy of that opinion if desired, however, the General Manager is confident the charge is legal. Walters also stated the Board should be less concerned with how the funds are collected and focus on the legality of how they are spent.

Director Crum stated the timeline for remediation activities is after summer 2024 and asked if the BLP needs to collect \$1 million now, or if that amount could be split into multiple years. The General Manager stated the total amount that will be needed is unknown. The Board will be asked to approve setting collected funds aside in a reserve account at the May meeting. If more money is collected than needed, a refund can be issued from this account. Staff recommends collecting the \$1 million now because starting earlier spreads the burden over time for customers.

Staff will provide a summarized budget presentation at the Board's May 25th meeting.

No formal action taken.

At 6:41 PM, the May 3, 2023 work session was adjourned.

Respectfully submitted,

Danielle Martin
Secretary to the Board

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