



TO: Grand Haven Board of Light and Power

FROM: The Michigan Municipal Electric Association & Michigan Public Power Agency

DATE: August 15, 2023

RE: Municipal Governance

Last week, the Grand Haven Board of Light and Power asked questions regarding municipal governance structures. The Michigan Municipal Electric Association (MMEA) represents all 40 of the state's municipal electric utilities. The Michigan Public Power Agency (MPPA) provides energy supply services to 22 of the 40, and those 22 make up close to 90% of the municipal electric load in the state. As such, MMEA and MPPA are well positioned to answer the Board's questions about municipal governance in Michigan.

The governance structure of public power utilities, both in Michigan and nationally, generally takes two forms: an independent elected/appointed board or a city council. The type of governance structure largely depends on the size of the customer base. In Michigan, every public power utility with at least 10,000 customers, except for Bay City, is governed by an independent utility board. MMEA and MPPA have never witnessed a utility with an independently run utility board transition to a city council model. In fact, Members without an independent utility board envy those that do and have pursued ways to transition to such a model. This isn't terribly surprising considering the benefits of an independent utility board.

Utility boards bring a high level of technical expertise to the management of the electric system which, in turn, leads to more efficient and effective decision making. Oversight of an electric utility is no small task and brings great responsibility on behalf of the customers served. A utility board can have oversight of budget approval, selecting the chief executive, environmental compliance, establishing compensation structure, and executing major power contracts. Utility boards also have the safety expertise required to oversee a complicated industry. Eliminating the safety expertise from individuals serving on a utility board is foolish and puts lives at risk.

If Grand Haven moves from an independent utility model to one of a city council, it would be unprecedented in Michigan and nationally. It would also remove a vital piece of expertise at the management level. MMEA and MPPA are united in their opposition to a Member, like Grand Haven, terminating an independent utility board.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick A. Bowland".

Patrick A. Bowland  
CEO & General Manager, MPPA

A handwritten signature in blue ink, appearing to read "Katie Abraham".

Katie Abraham  
Executive Director, MMEA