

GRAND HAVEN BOARD OF LIGHT AND POWER  
MINUTES  
JANUARY 17, 2019

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, January 17, 2019, at 4:00 p.m. at the Board's office located at 1700 Eaton Drive in Grand Haven, Michigan.

The meeting was called to order at 4:00 p.m. by Vice Chairperson Witherell.

Present were Directors Kieft, Naser, and Witherell.

Present via telephone: Chairperson Smant.

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

Director Naser, supported by Director Kieft, moved to excuse Director VanderMolen from the meeting. The motion was unanimously approved.

Director Kieft, supported by Director Naser, moved to approve the meeting agenda. The motion was unanimously approved.

19-01A Director Kieft, supported by Director Naser, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the December 20, 2018 Board meeting
- Accept and file the December 2018 Financial Statements and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$1,816,129.53 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$358,986.75 from the Renewal and Replacement Fund
- Confirm Purchase Order #20469 to Environmental Systems Corporation in the amount of \$15,278 for Sentry coverage for the Continuous Emissions Monitoring System (CEMS) server
- Confirm Purchase Order #20470 to Environmental Systems Corporation in the amount of \$7,000 for quarterly reports for CEMS
- Confirm Purchase Order #20488 to Itron, Inc. in the amount of \$8,484 for the 2019 annual MV90 metering software subscription
- Confirm Purchase Order #20493 to Merle Boes Inc. in the amount of \$6,508 for turbine oil
- Confirm Purchase Order #20494 to Newkirk Electric Associates in the amount of \$22,007 for testing at the North Substation
- Confirm Purchase Order #20495 to Wilson Industrial Sales Company, Inc. in the amount of \$8,700 for Sodium Hydroxide for Sim's demineralizer

The motion was unanimously approved.

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19-01B Public Comment Period — No comments were heard. No formal action taken.

19-01C Director Kieft, supported by Director Naser, moved to approve the following purchase orders:

- Approve Purchase Order #20432 to Northern A-1 Services, Inc. in the amount of \$23,150 for combustible dust control measures
- Approve Purchase Order #20435 to GRP Engineering, Inc. in the amount of \$11,000 for engineering services for the West Spring Lake Road project
- Approve Purchase Order #20466 to Bridgewell Resources, LLC in the amount of \$22,902 for Distribution poles for stock and the West Spring Lake Road project.
- Approve Purchase Order #20453 to KSB Dubric, Inc. in the amount of \$17,497 to rebuild/replace the scrubber module mixer
- Approve Purchase Order #20464 to Forney Corporation in the amount of \$5,230 for boiler flame detectors
- Approve Purchase Order #20476 to Power Line Supply Company in the amount of \$68,656 for Hendrix wire for the West Spring Lake Road project
- Approve Purchase Order #20477 to Kone Inc. in the amount of \$5,240 for safety checks and services on Sims 1 & 2 elevator
- Approve Purchase Order #20479 to Power Line Supply Company in the amount of \$25,947 for miscellaneous hardware and material for the West Spring Lake Road project
- Approve Purchase Order #20483 to United Conveyor Supply Company in the amount of \$7,254 for Hydroveyor manifold assembly
- Approve Purchase Order #20508 to CDW Computer Government in the amount of \$5,595 for Sternberg Substation fiber switch
- Approve Purchase Order #20511 to CC Power, LLC in the amount of \$274,726 for construction labor for the West Spring Lake Road project

Five of these purchase orders are for the rebuild of the West Spring Lake Road section of our system to Hendrix to reduce outages in that area. The estimated total project cost is \$413,000.

The motion was unanimously approved.

19-01D The General Manager provided an overview of the results of our third annual Customer Satisfaction Survey.

GreatBlue, a Hometown Connections affiliate, was contracted to conduct the BLP's third annual Customer Satisfaction Survey among a random sampling of 400 residential customers and 150 commercial customers. The goal of the study was to assess the effectiveness of the BLP's

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ability to serve our customers, identify areas for improvement, and determine areas where we may increase engagement. The study includes a list of questions that have been asked year after year (for annual comparison purposes) along with key issue questions surrounding the closure of Sims and the community's interest in local generation, renewables, and diversification of our power supply portfolio. Overall, rankings are relatively stable in both residential and commercial and our customers are very satisfied with the services we provide.

The BLP also participates in GreatBlue's national Public Power Data Source study through the American Public Power Association. This study is used as a benchmark tool and to compare internally with our local random survey results. Compared on a national level, the BLP ranks approximately 15% higher than average.

No formal action taken.

19-01E The Board and General Manager discussed October's MPPA Quarterly Power Supply Plan for Grand Haven. We saw substantial growth in the 2018 Q3 load duration curve versus 2017 Q3 over the three month period, which covers the summer months. The 2018 growth may be attributed to an increase in cooling degree days, but it also gets us back to more normal summer weather when compared to 2017.

Total generation by fuel type for MISO Market's central region was reviewed. The central region is approximately 50% coal, 24% gas, 5% wind, 15% nuclear and 7% other. Pricing data in MISO's central region is approximately \$30 - \$32/MWh. This information is used by MPPA to make purchase recommendations to its members.

Purchase Power options include buying on the short term market (real time and day ahead) or through bilateral contracts (fixed priced negotiated in advance). MPPA negotiated a 35 MW block for the months of March – May 2019. This is a bilateral firm contract, which is a financial transaction.

No formal action taken.

19-01F Director Kieft, supported by Director Naser, moved to authorize the General Manager to execute a Letter of Authorization (LOA) with MPPA for a 3-year Capacity Purchase (June 1, 2020 – May 1, 2023) to comply with Michigan PA 341.

Because we approved shutting down Sims, we are required by Law to have capacity in place to meet Grand Haven's peak load plus reserves for the next 4 years and to file Grand Haven's resource adequacy report with the MPSC by February 2019, along with every other municipal utility in the State. This ensures there is enough capacity in place to meet state wide peak loads plus reserves. Michigan requires 4 years forward. Currently, we only have capacity for the first year. MPPA makes this filing on our behalf.

The BLP's current Energy Risk Management Plan authorizes the General Manager to execute the LOA. With the upcoming closure of Sims and our transition to a more diversified power supply portfolio, the General Manager recommends the Board review the Plan and develop

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a process on how they would like to handle these transactions going forward. This LOA is a required capacity transaction. Director Witherell recommended an educational work session be scheduled to discuss the Energy Risk Management Plan and process for future transactions.

The motion was unanimously approved.

19-01G Director Kieft, supported by Director Naser, moved to increase the PCA Base 1.5 mills effective 2/1/2019. Our goal during the transition period is to keep rates stable. We need to increase the base in the PCA due to decreasing fixed costs at Sims and increasing purchase power expenses. We will continue to track costs and adjust the PCA Base accordingly as we progress through the transition period.

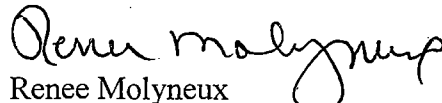
The motion was unanimously approved.

19-01H Director Kieft, supported by Director Naser, moved to approve Burns & McDonnell Phase 2 Engineering Services for the Project Definition Report.

The motion was unanimously approved.

At 5:47 p.m. by motion of Director Naser, supported by Director Kieft, the January 17, 2018 Board meeting was adjourned.

Respectfully submitted,

  
Renee Molyneux  
Secretary to the Board

RM