



Hometown People. Hometown Power.

STRATEGIC PLAN FY2026-2030



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LansingBWL



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MESSAGE FROM THE GM

Welcome to the FY2026-FY2030 BWL Strategic Plan. Not only are we excited for what's ahead in BWL's future, but also that our customers

and community can help us achieve the goals we've laid out in this plan. Over the last five years, we've had major accomplishments, like navigating COVID-19 and de-commissioning our last two coal plants. We put our focus on cleaner energy and creating an All-Source RFP to give us options of where our clean energy story goes next, while also bringing BWL's Delta Energy Park online, plus so much more. These accomplishments are possible thanks to the hard work of our employees and support from the community. Now it's time to update our goals and plans.

The BWL's Strategic Plan (henceforth called "the Plan") is a comprehensive roadmap that considers the current landscape and anticipates future changes to outline the organization's desired goals and outcomes for long-term success. The Plan guides decision-making and ensures all areas of the organization are moving in the same direction towards transparent growth that can be monitored, measured and celebrated. I'm excited for BWL's future and all that this plan outlines.

Richard R Paffley

ABOUT THE BWL

The Lansing Board of Water & Light is a municipally-owned public utility that provides safe, reliable and affordable utility products and services to around 100,000 electric and 58,000 water customers throughout the greater Lansing area.

Our roots go back to 1885, when Lansing citizens approved building a water system. Electricity was added to our list of utility services in 1892, and steam heat in 1919. Chilled water was added in 2001.

BWL is governed by a Board of Commissioners made up of eight local citizens who are appointed by the Lansing mayor and approved by city council. The board expanded in 2014 to include three non-voting members representing areas of our service territory outside the City of Lansing.

BWL owns 2,000 miles of overhead and underground power lines and more than 800 miles of water mains, providing 2.7 million megawatt hours and 7 billion gallons of water to customers annually.

HIGHLIGHTS & Accomplishments



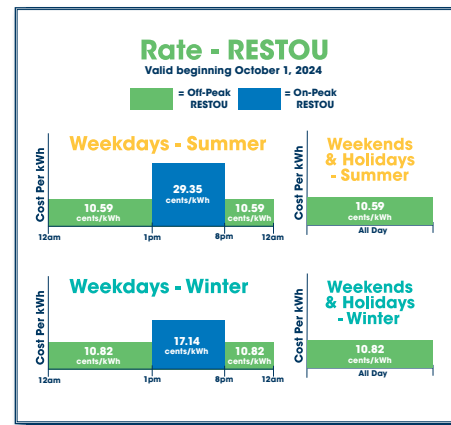
In 2022, BWL permanently shutdown its last coal-fired plant and began commercial operation of its Delta Energy Park natural gas-fired plant. The plant supported General Motors to bring a \$2.6 billion electric vehicle battery plant to Lansing while reliably providing electricity with lower greenhouse gas emissions.



BWL completed an All-Source Request for Proposal and announced a plan for new energy projects. The 10-year, 650-megawatt plan includes solar, wind and battery storage to achieve BWL's goal of delivering 50% renewable energy by 2030 and being 100% clean energy by 2040.



BWL closed out the BSmart project that upgraded all 58,000 water and 100,000 electric customers with a smart meter. BSmart has allowed customers to become partners with BWL in our commitment to energy efficiency, reliability and affordability.



BWL introduced time-of-use electric and tiered water rates that allow customers to better manage costs and consumption while positively impacting the environment.



BWL weathered the COVID-19 pandemic while maintaining affordable rates, excellent service and staffing.



The REO Cogeneration Plant became BWL's first plant to become certified to ISO 55001:2014 Asset Management System.



BWL established a Diversity, Equity & Inclusion (DEI) Department that enhanced collaboration across the organization and celebrated diverse cultures and perspectives. This included partnering with outside institutions to recruit a diverse, highly skilled workforce, plus creating DEI learning opportunities for new hires, management and emerging leaders. BWL also implemented a translation service to effectively communicate with customers in over 250 languages in FY21.



BWL increased attention on vulnerable customers with award-winning Community Resource Fairs and connections with community partners that paid around \$3 million toward past due BWL bills from 2021 to 2024.



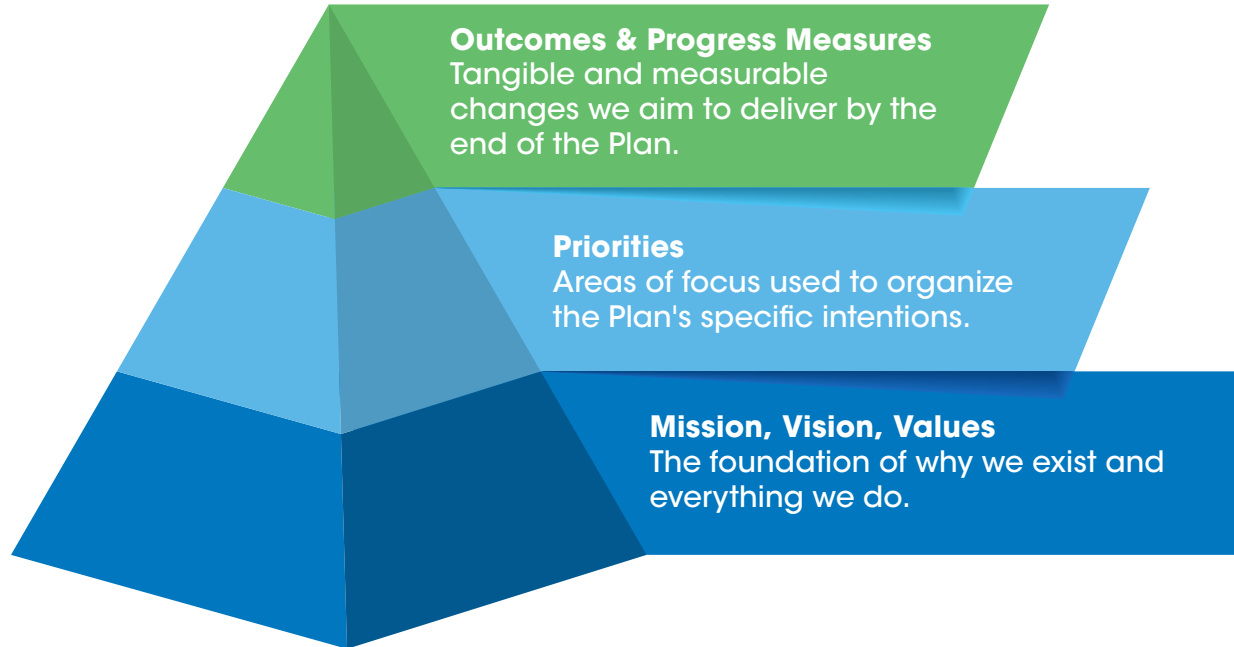
BWL completed a full vegetation management cycle and enhanced its business continuity procedures. These efforts mitigated the impacts of the August 2023 windstorm, which knocked out power to 43,000 customers. BWL restored power to 99% of customers within six days, resulting in a commendation from the US Congress.

Strategic Plan 2021

HIGHLIGHTS & Accomplishments

STRATEGIC PLAN STRUCTURE

BWL's FY26 Strategic Plan is multi-layered, anchored by our Mission, Vision and Value statements to stay focused on why we exist and how we contribute to the community we serve. The Priority layer shows the areas of focus the entire plan will work toward. These are the broader categories that become more detailed with Outcomes. Outcomes are the changes we aim to deliver by the end of the Plan, and what will be tracked, measured and reported throughout.



STRATEGIC PLAN IN PRACTICE

The Priorities and Outcomes are always present in BWL decision-making. Everything from budget decisions to departmental and individual goal-setting must tie back to the strategic plan to ensure all parts of the organization are excelling in the same direction.

STRATEGIC PLAN TRACKING & REPORTING

BWL's Outcomes are tied to tangible metrics and benchmarks for accountability throughout the Plan. BWL is committed to regular tracking and annual progress reports that are communicated to employees, leadership, Board of Commissioners and our customers.

MISSION - VISION - VALUES

BWL's Mission, Vision and Values statements are the foundation of why we exist and everything we do. These statements were present throughout the strategic planning process to ensure they will continue to be reflected in the plan's Outcomes.

Mission

The mission of the BWL is to provide a safe, reliable and affordable utility experience through public ownership, climate consciousness and innovative strategies.

Vision

The vision of the BWL is to deliver exceptional utility and customer service. The BWL will provide environmentally conscious utility products and programs that support regional growth by retaining a diverse, highly skilled workforce and implementing innovative technology solutions.

Values

C
A
R
E
S

Customer Driven

We strive to meet the needs of every customer in every interaction.

Accountability

We operate with integrity and take ownership of decisions made today that lead to long-term organizational success.

Respect

We celebrate everyone's differences, perspectives and traditions.

Environmentally Focused

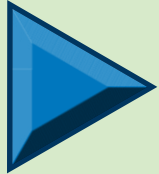
We contribute to the health of our community by providing clean energy and water, reducing waste and promoting sustainable initiatives.

Safety

Safety is always job one, ensuring a safe working environment and community for everyone.

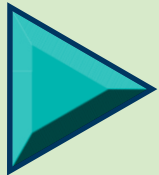
STRATEGIC PRIORITIES

BWL's Strategic Priorities are broad, multi-year areas of focus that help us achieve our vision. Based on stakeholder feedback indicating their continued relevance, the priorities outlined in the 2021 Strategic Plan will be maintained with slight modifications for clarity.



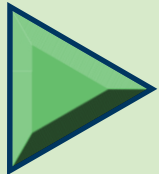
CUSTOMER & COMMUNITY

Enhance the customer utility experience and enrich the community we serve



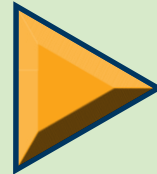
WORKFORCE DEVELOPMENT & DIVERSITY

Attract and retain a diverse, engaged workforce that embraces safety and supports the BWL's success



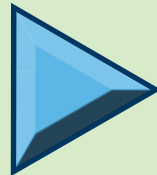
CLIMATE & ENVIRONMENT

Be a leader in providing climate-conscious solutions for a sustainable community



OPERATIONAL RESILIENCY & CONTINUOUS IMPROVEMENT

Apply principles of operational resilience and continuous improvement to all organizational assets, such as equipment, people and data



FINANCIAL STABILITY

Utilize effective planning strategies to maintain financial strength and continuity of operations

OUTCOMES

Outcomes are the tangible and measurable changes we aim to deliver by the end of the Plan. The BWL initiatives, budgets and departmental goals will consider their impact on these Outcomes and the ability to achieve them during the Plan's lifecycle.

Outcomes are measurable and progress will be tracked and regularly reported throughout the Plan to encourage continued focus on the outlined direction.

CUSTOMER & COMMUNITY

Enhance the customer utility experience and enrich the community we serve



Progress Measures

- ▶ Customer satisfaction rating
- ▶ External funds received and applied directly to customer bills
- ▶ BWL support of local, minority and women-owned businesses

Outcomes

1. Maintain high customer satisfaction
2. Build accessible connections between external resources and vulnerable customers
3. Increase community engagement and volunteerism
4. Support the business community and economic development



What It Looks Like

1. Deliver exceptional service while educating customers on programs such as peak rates and clean energy (solar, energy efficiency, electrification).
2. Connect customers behind on bills to information on resources and financial assistance with community partners.
3. Support sponsorships that are diverse and impactful while encouraging employee engagement within the community we serve.
4. Value and prioritize local businesses in vendor selections.

WORKFORCE DEVELOPMENT & DIVERSITY

Attract and retain a diverse, engaged workforce that embraces safety and supports the BWL's success



Progress Measures

- ▶ New hire retention rate
- ▶ Training and career progressions
- ▶ Marsh McLennan overall safety score
- ▶ Gartner Employee Inclusion Index
- ▶ Internal candidates identified for critical roles

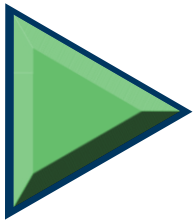
Outcomes

1. Continuously pursue and enhance our safety culture
2. Increase retention and employee development
3. Empower a culture of inclusion and respect where diverse perspectives drive success
4. Identify and develop candidates for critical functions



What It Looks Like

1. Safety is always job one at BWL. We'll continue to integrate safety in how we work and think, whether in our production facilities, offices or while working in the community.
2. Expand programs to support new employees to retain staff and increase internal career progression within the organization.
3. Adopt metrics for inclusion and diversity efforts and advance a culture where we actively ask "Are we seeking diverse perspectives?" and "Are all voices being heard?"
4. Train candidates for identified critical functions and prioritize succession planning to ensure proper coverage now and in the future.



CLIMATE & ENVIRONMENT

Be a leader in providing climate-conscious solutions for a sustainable community



Progress Measures

- ▶ Renewable energy based on retail sales
- ▶ Clean energy production
- ▶ kWh saved through Energy Waste Reduction, demand response and electrification programs
- ▶ Enrollment in BWL solar programs and electric vehicle adoption
- ▶ Scope 1, 2 and 3 greenhouse gas emissions (GHG) levels

Outcomes

1. Achieve BWL and regulatory renewable and clean energy targets
2. Increase customer participation in innovative decarbonization and energy waste reduction programs
3. Reduce organizational greenhouse gas (GHG) emissions



What It Looks Like

1. Meet the 50% renewable energy goal set by the BWL in 2022 and align with State of Michigan's legislative targets.
2. Increase awareness and encourage participation in energy waste reduction programs, rebates and electrification incentives.
3. Be a model for corporate greenhouse gas reduction by tracking and reducing emissions from our own internal processes, buildings and fleet vehicles.

OPERATIONAL RESILIENCY & CONTINUOUS IMPROVEMENT

Apply principles of operational resilience and continuous improvement to all organizational assets, such as equipment, people and knowledge

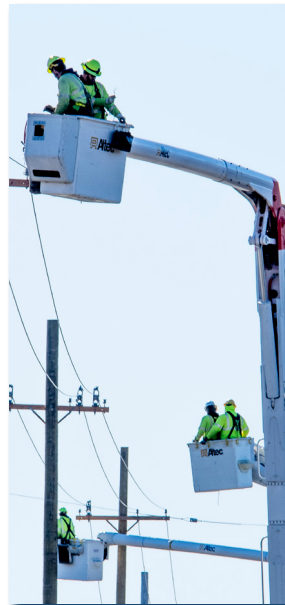


Progress Measures

- ▶ Raw water capacity
- ▶ Miles of water main replacement
- ▶ Age of transmission and distribution assets
- ▶ Transmission and distribution maintenance time
- ▶ Compliance training and procedures

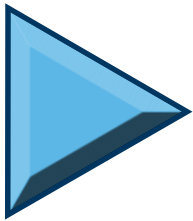
Outcomes

- 1.** Target replacement of aging infrastructure to maintain resiliency and provide safe and reliable utility access for all
- 2.** Embed business continuity in processes and practices
- 3.** Improve internal processes for cost-effective decision-making, priority-setting and resource allocation
- 4.** Improve system availability, functionality and support for technology assets and maintain cybersecurity resilience
- 5.** Maintain regulatory compliance



What It Looks Like

- 1.** Utilize standardized asset management principles to replace aging infrastructure to maintain resiliency.
- 2.** Review and institute processes to ensure BWL's emergency preparedness and ability to recover from unexpected events.
- 3.** Continued review and refinement of internal processes to ensure efficiency, resource utilization and customer responsiveness.
- 4.** Balance resources for technology maintenance and innovation with overall system reliability and cybersecurity resilience.
- 5.** Continue to establish a culture of compliance where regulatory or environmentally sound practices are at the forefront of our every day operations and discussed at every level of the organization.



FINANCIAL STABILITY

Utilize effective planning strategies to maintain financial strength and continuity of operations



Outcomes

1. Refine rate structure to maintain rate competitiveness
2. Achieve target return for investment in infrastructure
3. Maintain favorable bond rating

Progress Measures

- ▶ Rate competitiveness
- ▶ Percent return on assets
- ▶ Bond credit rating



What It Looks Like

1. Continually monitor industry trends for opportunities to enhance our rate offerings to align with the needs of our customers as well as our cost to serve.
2. Meet the target return to ensure BWL is generating the necessary funds for reinvestment in infrastructure to maintain performance and reliability.
3. Our current BWL bond rating provides us with improved access to borrowing at competitive rates as well as an independent evaluation of our financial strength.

Initiative *Spotlight*



Lansing Energy Tomorrow

Lansing Energy Tomorrow (LET) is a comprehensive suite of innovative efforts to replace and upgrade aging infrastructure with clean, efficient and reliable generation and transmission assets. The project includes the construction of approximately six miles of power lines (distribution and transmission) and four new substations, which will improve reliability and add redundancy to the grid. LET also includes building a new Reciprocating Internal Combustion Engine (RICE) gas plant on the site of Delta Energy Park for flexible capacity to be completed by 2026. RICE engines are designed to turn on and off quickly to help support any dips in intermittent renewable energy production that occur from cloud cover or loss of wind speed.

LET project will reduce the outages due to weather events, allow BWL to identify and isolate the cause of outages and mitigate distribution bottlenecks.



Clean Energy Projects

A key part of LET is BWL's commitment to becoming a cleaner, more sustainable utility. In July 2023, BWL announced the development of 650-megawatt new energy projects to include battery storage, solar and wind energy, both in Lansing and around the State of Michigan, and continued growth of energy waste reduction while also expanding demand response programs for customers.

BWL has committed to meeting state legislative standards, including 50% renewables by 2030 and 100% clean energy by 2040.



Environmental Justice

Environmental justice is equitable access to a healthy environment, protection from risk to human health and meaningful involvement of all people in decision-making processes. BWL strives toward equitable and just service, using new resources to incorporate environmental justice into business practices. BWL will build a program that incorporates these concepts, continuing to address community needs and be aware of current issues faced by our customers.

Specifically targeting marginalized communities that are most at risk of climate change, funding for clean energy and energy efficiency programs are being transformed so that critical resources are being provided to those who historically may have been marginalized or overburdened by environmental hazards.



Corporate Sustainability

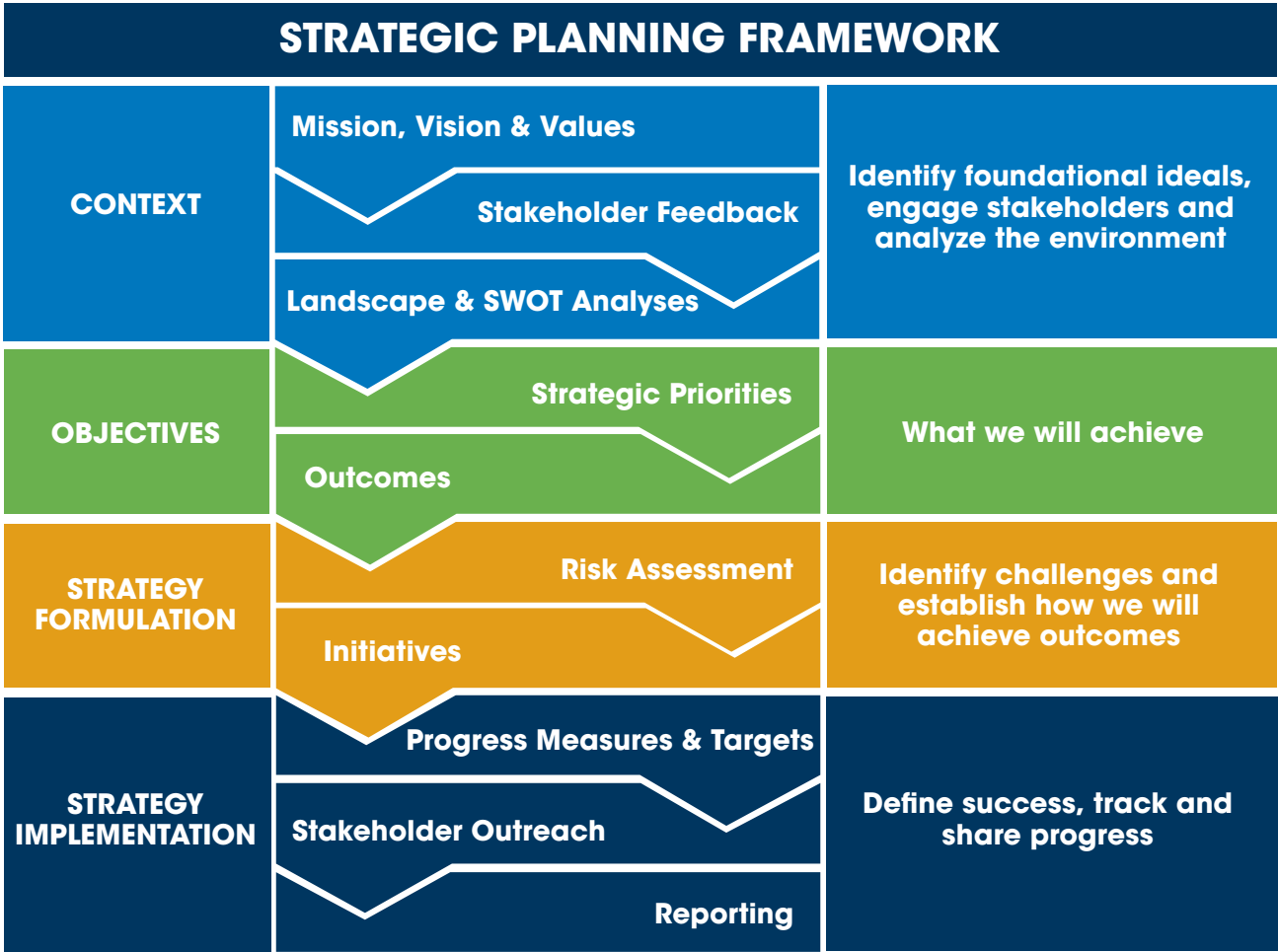
Corporate sustainability is a balanced approach to long-term company growth that integrates environmental, social and economic considerations into operations and decision-making processes.

Embedding sustainability into the culture of our organization will continue into the future. Corporate sustainability will be reflected through increasing business efficiencies, reducing risk, matching innovation with opportunities while remaining cost-efficient and increasing transparency, including through the annual corporate sustainability report and metrics.

ABOUT BWL'S STRATEGIC PLANNING PROCESS

BWL's FY26 Strategic Plan development began with organizing an internal project team and drafting a request for proposal in June 2023. BWL selected a highly experienced independent consultant, using their extensive experience to guide us through the process. In BWL's strategic planning effort, they conducted and compiled data from confidential stakeholder interviews and surveys and facilitated workshops.

Extensive engagement efforts took place from January to July 2024, and the Plan was approved by the BWL Board of Commissioners in November 2024, seven months before its effective date. This timeline allowed sufficient time for budgeting and alignment ahead of the July 1, 2025 start date.



The framework to the left provided structure for discussion and creation of the Plan. We moved from understanding our foundation (Context), to what we'll achieve (Objectives) and how we'll achieve it (Strategy Formulation). Implementation and reporting (Strategy Implementation) will continue throughout the plan's lifecycle to track progress and celebrate successes.

STAKEHOLDER FEEDBACK

BWL's Strategic Plan framework began with extensive stakeholder feedback, including identifying internal and external groups impacted by the Plan. The consultant conducted 1:1 interviews and surveyed BWL employees and the public to solicit confidential feedback.

The below internal and external stakeholder groups were invited to contribute:

- ▶ BWL Commissioners
- ▶ BWL Leadership
- ▶ BWL Customers and Community Partners
- ▶ BWL Employees
- ▶ City of Lansing Leadership
- ▶ Local Elected/Municipal Leaders

Feedback analysis revealed the below themes across all stakeholders, which are reflected in the Plan's Outcomes:

- ▶ Strong consensus that the Strategic Priorities from the 2021 Plan were still relevant
- ▶ Support for clean energy and environmental stewardship
- ▶ BWL is a valued community partner
- ▶ Need investment in aging and new infrastructure
- ▶ Need affordable rates and attention to vulnerable customers
- ▶ Customers value reliability, restoration and affordability above all else
- ▶ BWL should use technologies to improve customer experience
- ▶ Identify process and priority-setting efficiencies (internal stakeholders only)

EVALUATING OUR ENVIRONMENT

Understanding the community and world in which BWL operates is vital to the organization's long-term success. The FY26 Strategic Plan process included Landscape and SWOT analyses to understand external elements that can impact how BWL conducts business and what needs to be addressed in the FY26 Strategic Plan.

LANDSCAPE

A Landscape is an environmental scan of what is happening outside the organization. It considers external factors such as economic and financial drivers, regulation and legislation, technology changes, environmental concerns, and customer issues.



Market, Economy & Employment Trends

1. Risk of higher interest rates and associated financial cost
2. Availability of utility experience in Lansing workforce and ability to recruit the needed skills to Lansing
3. Remote work trend limiting the talent pool for organizations that want employees to work on-site
4. New industry moving to Lansing, bringing new jobs and new energy/water demand

Regulatory, Legislative & Government

1. Federal, state and local political focus on water and energy policy
2. MI Clean Energy legislation impacts
3. Changes in political climate and leadership
4. Potential for new regulation related to utility's aging infrastructure
5. Changing emissions regulation
6. Changes to the Lansing City Charter
7. MI Healthy Climate Plans goal to limit energy burden from powering and heating homes to not more than six percent of annual income for low-income households
8. Available grants are an attractive source of funding that require resources to secure and may require ongoing operating costs





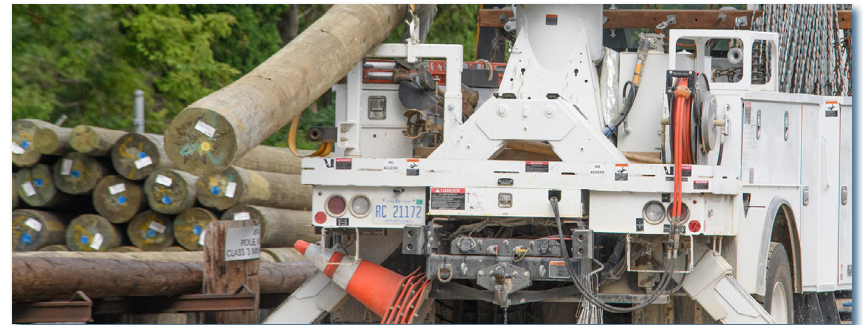
Competitors & Competitive Forces

1. Distributed energy resources and competition with utility-scale generation investment and resource management
2. Supply chain disruptions limit access to equipment and parts
3. Expectation to offer the same products and services as large utilities that have more resources



Industry & Technology Trends

1. Industry reliance on rapidly changing technology
2. Workforce training required to manage new technologies
3. Increased technology integration challenges
4. Unknown Artificial Intelligence (AI) impacts
5. Increased occurrence of cyber threats



Customers & Community

1. Increasing customer interest in gaining more control over their energy use
2. Energy burden facing more low- and moderate-income customers
3. Requests of special interest groups
4. Customer interest in clean and renewable energy but resistance to the cost
5. There are more funds available to help customers pay their bills

Other External Stakeholders

1. Changes in large customer needs and/or usage can disrupt business plans
2. Importance of maintaining good relationships with suppliers in an increasingly tight supply chain



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