

AGENDA

COMMITTEE OF THE WHOLE MEETING

March 10, 2015

5:30 P.M. – 1201 S. Washington Ave.

REO Town Depot

Call to Order

Roll Call

Public Comments on Agenda Items

1. Committee of the Whole Meeting Minutes of 2/17/15..... **TAB 1**
2. Regional Customer Input..... **(INFO ONLY)**
3. MI Air, MI Health Coalition Presentation..... **(INFO ONLY)**
4. Frozen Water Pipe Update..... **(INFO ONLY)**
5. Lead Service Replacement Schedule Change..... **(INFO ONLY)**
6. Discussion Re: Seating Options for Advisory Commissioners..... **(DISCUSSION ONLY)**
7. Closed Session Discussion (Attorney – Client Memo)..... **(DISCUSSION ONLY)**
[MCL 15.268 (h); MCL 15.243 (g)]

8. Other

Adjourn

COMMITTEE OF THE WHOLE
February 17, 2015

The Committee of the Whole of the Lansing Board of Water and Light met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, February 17, 2015.

Committee of the Whole Margaret Bossenbery called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Anthony McCloud, Tony Mullen, Tracy Thomas, David Price, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

Absent: None

Public Comments

None

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner Mullen to approve the Committee of the Whole meeting minutes of November 11, 2014.

Action: Motion Carried

Regional Customer Input

Bob Nelson of E. Lansing spoke about a company that is trying to provide fiber optic service to the residents of Lansing and E. Lansing and his concern with the amount of time it is taking to get this service to the residents. He also expressed his disagreement with the permission requirements that has to be granted to competing third party attachments.

Mike Froh of Meridian Township elaborated on the fiber optic service and spoke in support of the new technology and the importance of expediting this service to the community. He also stated this technology would benefit the Board of Water & Light in reverence to the use of their utility poles and for participating in this particular service.

There was some dialogue regarding the fiber optic service and the company that is providing the service. Interim General Manager Peffley said this matter will be looked into. Commissioner Louney sated that this technology was a game changer and encourage that it be explored at as soon as possible.

Smart Meter Update

Interim General Manager Peffley introduced Dave Bolan, Executive Director of Operations for the Board of Water and Light, who provided an update on Smart Metering. Mr. Bolan stated that with Smart Meters you can sectionalize the outage area and restore customers through remote sources or decreased voltage on the system. This is a very expensive technology, \$25 million to \$30 million to add to our system. He stated that the Board of Water & Light has decided to do a pilot program of the technology utilizing 140 smart meters. Meters were installed last December in a small area in E. Lansing and are in the process of finishing our systems acceptance test. Mr. Bolan said that we want to evaluate and make sure that we fully understand the capabilities of this technology and from that look at other pilots to test the

distribution automation technology and then from there move on to how we implement within our financial means. Realistically it could take up to 7 years to roll out this plan.

There was dialogue regarding what other companies in Michigan are doing in regards to Smart Metering. In response to questions, regarding this matter Mr. Bolan stated that in Michigan both Consumers Energy and DTE has Smart Meter Program. Commissioners Louney and Bossenbery indicated that the implementation of Smart Metering was a recommendation from the CRT Report and strongly suggest and support that we proceed with the technology.

Haco Update

Interim General Manager Peffley informed the Commissioners that the Haco project is currently on schedule for completion at the end of March, and will close out at the approved budget amount. He stated that the main reason he brought this matter to the Commissioners was to offer a sneak preview or a walk-through of the facility. He said that a very nice area has been designed for people to come in and pay their bills. Board of Water & Light employees will start to move to the renovated facility sometime in April.

CRT Update

George Stojic, Executive Director of Planning and Development provided an update on the CRT Report. He stated three items have been completed since the last update. Those include National Incident Management system communications training for BWL managers and senior staff and a couple of recommendations that deal with coordination and consolidation of emergency plans and procedures with city and regional plans and procedures. There were a total of 187 CRT/PSC/BWL recommendations and 155 of those have now been completed or become an ongoing part of the BWL's practices and procedures. Ten recommendations were originally allocated to the Board and the City, leaving 22 for the staff to complete and these are expected to be completed by the end of this fiscal year. Since the last report we have completed the last of the BWL's 54 recommendations by adding a text messaging option to the 877 number as an alternative way for customers to communicate outages. Mr. Stojic stated that the BWL has begun to work with customers that have critical facilities and might be eligible for onsite generation to help create a more robust distribution system and that BWL staff is continuing to work with the Red Cross on train the trainer. BWL is also working with Do 1 Thing to extend programming to local business. On April 15th, Do 1 Thing will be conducting emergency preparedness training to downtown Lansing businesses. Mr. Stojic also commented on Trent Adkins role as Emergency Director, noting that he has taken the lead on helping to build local and regional resiliency. Friday, Mr. Atkins will be hosting a meeting of regional emergency managers, including a session on cyber security.

Commissioner Louney engaged in dialogue with Mr. Peffley and Mr. Stojic regarding the CRT's suggestions such as, the reporting of OMS implementations and maintenance, the funding of the City of Lansing for tree trimming where the City has already engaged in vegetation management. He also questioned the Boards responsibility on completing some of the CRT's recommendations.

Environmental Regulatory Update

George Stojic, Executive Director of Planning and Development noted that during the November Committee of the Whole meeting that he planned to undertake both strategic plan

and integrated resource plan updates this year. He stated that regulatory requirements, especially environmental, have a major influence on utility planning and the need to update the BWL's plans. He said that he wanted to begin providing the Board with some of the concepts, and issues that are involved, particularly on the environmental side. Mr. Stojic explained four major environmental regulations and mentioned the BWL's compliance strategy for each.

- The Cross State Air Pollution Rule (CSPAR)

This rule issued in 2005 was a result of areas in the eastern part of the United States not meeting air quality standards for ozone and fine particulates and a major contributor to that were emissions from power plants in upwind states like Michigan. The initial rule was overturned in 2008 but it was reissued in 2014 and it is now a law. The Cross State Air Pollution Rule reduces sulfur dioxide and oxides of nitrogen from electric generating power plants. The compliance period started January 1st and further reductions are required in 2017. CSAPR is a Cap and Trade program. One allowance is required for every ton of SOX and NOX emitted from an electric power plant. Each state has a limited, or capped, number of allowances that it allocates to electric generating units. An electric generator has the option of using the allowance, selling or "banking" unneeded allowances, or purchasing allowances, if needed for generation. The BWL has sufficient allowances to cover expected generation through 2020.

- Mercury and Air Toxics Rule (MATS)

This rule was also issued by the EPA in 2005 as the Clean Air Mercury rule. In 2006 Michigan proposed its own mercury regulations. In 2008, the federal rule was vacated by the courts. In 2009, Michigan formally adopted its proposed rule. In 2012, the EPA reissued its rule as MATS, and Michigan suspended its rule. MATS has been challenged, and it is currently before the Supreme Court. The rule is intended to regulate mercury, fine particulates (PM), and hydrochloric acid gas. The BWL's compliance date is April 2016, unless delayed or vacated by the Supreme Court. Compliance costs for units 1 and 3 are considerable, and these units were planned to be replaced by REO Town, so units 1 and 3 will need to be retired if the rule is affirmed by the Court. The remaining BWL units can comply without major investment.

- Coal Combustion Rule or The Coal Ash Rule (CCR)

This Rule became effective in 2008 when a dike at a coal fired power plant in Tennessee failed and released approximately one billion gallons of coal ash slurry onto joining property and into the Clinch at Emory Rivers. Those are major tributaries to the Tennessee River from which couple million people get their drinking water, causing the EPA to consider regulating coal ash installations. In 2010, the EPA decided to issue a draft regulation and finally adopted a final rule in December of last year. In its final rule, the EPA chose to regulate coal as a non-hazardous substance, instead of a hazardous substance. The rule adopts standards for the structural integrity and inspection of coal ash facilities, adopts operating and notification criteria, requires monitoring wells, and regulates locations of new coal ash installations. The BWL has three potential sites affected by this rule. The north Lansing landfill, Comfort Street, and the Erickson Ash pond. The BWL has previously removed approximately 850,000 cubic yards of ash from Comfort Street and 700,000 cubic yards from Erickson. Because of these projects, the BWL does not anticipate additional requirements beyond those currently effective for each site.

- Clean Power Plant Rule (CCP).

This rule regulates carbon dioxide emissions from existing electric generating plants. The goal is to reduce CO2 emissions 30 percent by 2030 from existing generating facilities.

There is no economical way to remove and sequester CO2 from existing plants. As a result, the EPA requires a statewide compliance plan. The CO2 reductions are to take place in two phases, the first in 2020 and the second in 2030. The EPA specified four building blocks by which could be used for compliance: unit performance improvements, unit redispach, renewable energy, and energy efficiency. The EPA has received over 2 million comments on the rule, and the final rule is due mid-summer 2015.

Strategic Plan Framework

George Stojic, Executive Director of Strategic Planning and Development stated that he planned to undertake two planning initiatives in 2015. The first one being a strategic plan followed by an integrated resource plan later on. Mr. Stojic explained the difference in the plans noting that the integrated resource plan is much more narrowly focused than the strategic plan. He explained that he would plans to undertake the strategic plan in phases. The first phase involves a draft update prepared by BWL employees. The second phase involves the public, allowing our customers to provide comments and recommendations. Changes to the draft plan may be made based upon the public input. Then the draft, along with the public comments and recommendations will be provided to the Board for its consideration. A final plan will be prepared based upon the Board's review of the draft and public input and the Board will be requested to adopt the plan by resolution

Other

Board Chair Price spoke about an email received from Rory Neuner who is representing Michigan Air-Michigan Health, a statewide coalition of health groups working to educate health professionals about the negative effects of burning coal. In the e-mail, she is requesting to address the Board of Commissioners individually regarding this matter. Chair Price suggested that she attend the next Committee of the Whole meeting and allow her to address the entire Board as an agenda item. The Board of Commissioners agreed.

Commissioner Louney conveyed the following information:

- Request that the HR Committee address the issue of long term contracts and prohibiting excessive severance payments for the General Manager and top Management.
- Request that the HR Committee explore setting at a time line regarding a search committee, a search process or a job posting for the GM position so the public is aware.
- Internal Auditor Perkins will be presenting his finding from his independent audit at the March Finance Committee meeting
- Talked with the new CFO regarding a possible separate Finance Committee meeting to be held in either March or April with the agenda subject to include detailed information about the functions of each department and it cost.

Public Comment

None

Closed Session discussion(Attorney-Client Memo)[MCL 15.268(h);MCL 15.243 (g)]

Committee of the Whole Chair Bossenbery stated that our attorneys have provided us with an Attorney Client Privilege memorandum and they are present and available to discuss the contents of that memorandum with us.

Motion by Commissioner Price, Seconded by Commissioner Mullen to go into closed session for the purpose of reviewing the contents of the attorney-client privileged memorandum as permitted by the Open Meetings Act, specifically MCL 15.268(h) and MCL 15.243(g).

Roll Call Vote:

Yeas: Commissioners Bossenbery, Louney, McCloud, Mullen, Price, Thomas, Ward and Zerkle

Nays: None

The Committee of the Whole went into closed session at 7:00 p.m.

The Committee came out of closed session to discuss the recording of closed session minutes at 7:10 p.m.

Motion by Commissioner Ward, Seconded by Commissioner Mullen to go back into closed session for the purpose of reviewing the contents of the attorney-client privileged memorandum as permitted by the Open Meetings Act, specifically MCL 15.268(h) and MCL 15.243(g).

Roll Call Vote:

Yeas: Commissioners Bossenbery, Louney, McCloud, Mullen, Price, Thomas, Ward and Zerkle

Nays: None

The Committee of the Whole went into closed session at 7:11 p.m.

Closed Session concluded at 8:07 p.m.

Excused Absence

None

Adjourn

On Motion by Commissioner Ward, Seconded by Commissioner Mullen, the meeting adjourned at 8:08 p.m.

Respectfully Submitted
Margaret Bossenbery, Chair
Committee of the Whole