



**COMMITTEE OF THE WHOLE MEETING
AGENDA**

September 18, 2018

5:30 P.M. – 1201 S. Washington Ave.

Lansing, MI - REO Town Depot

Board of Water & Light Headquarters

Call to Order

Roll Call

Public Comments on Agenda Items

1. Committee of the Whole Meeting Minutes of July 10, 2018.....**TAB 1**
2. Safety Report Update**INFO ONLY**
3. Strategic Plan Update September 2018.....**INFO ONLY**
4. Organizational Structure Update.....**TAB 2**
5. Capital Projects Update.....**INFO ONLY**
6. Customer Payment Audit Follow-Up.....**INFO ONLY**

Other

Adjourn

COMMITTEE OF THE WHOLE

Meeting Minutes

July 10, 2018

The Committee of the Whole of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, July 10, 2018.

Committee of the Whole Chair Tony Mullen called the meeting to order at 5:30 pm and asked the Corporate Secretary to call the roll.

Present: Commissioners Tony Mullen, Beth Graham, Dennis M. Louney, David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle and Non-Voting Members: Doug Jester (East Lansing), William Long (Delta Township) (arrived at 5:34 p.m.)

Absent: Commissioner Anthony McCloud

The Corporate Secretary declared a quorum.

Public Comments

None.

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner Thomas, to approve the Committee of the Whole meeting minutes of May 15, 2018.

Action: Motion Carried.

BWL Futures Trading Authorization Update

General Manager Richard Peffley introduced Bob Lalonde, Regulatory Compliance & Market Operations Manager, who presented an update to the policy that was passed last year. Permission had been asked to trade futures as part of the BWL hedging strategy. Mr. Lalonde explained that BWL wanted to trade futures to minimize the risk of future purchases and sales--especially in paying a consistent price on gas purchases, and provided examples. He also explained that the market is larger with futures trading.

Mr. Lalonde provided the following information after a question and answer session:

- Long term weather conditions, gas storage, market conditions, plus some political items are contributory variables to price fluctuation in gas prices.
- More crude production occurs when oil prices go up and since natural gas is a by-product of that production which results in a lower price for natural gas, the situation in Iraq won't cause the price of natural gas to increase.
- The prices on the side by side comparison of a purchase of gas and a call option include additional costs and fees such as delivery.
- Changes will occur with the addition of the new plant and future goals for the Futures Trading program include this addition.

- Efficiency analyses will be conducted to determine what would have occurred if futures weren't done and only purchases were made.
- External auditors have reviewed the futures transactions and an audit process is about to start.

2017 Annual Energy Waste Reduction and Renewable Energy Update

Rhonda Jones, Marketing & Business Strategy Manager, presented a PowerPoint presentation on energy waste reduction and renewable energy. She highlighted the low-income services in the energy optimization programs, the goals of the programs, the energy waste reduction plan, the renewable energy results, and the renewable energy portfolio.

Aileen Gow, Customer Accounts Analyst, will follow up on Commissioner Jester's question about the average measure of life of the items—lights, thermostats, etc.—in the program.

Commissioner Mullen asked whether any items besides LED lights would be given to customers, such as the 0% loans that were mentioned or energy efficient appliances. Ms. Jones responded that more efficient refrigerators are currently given to low income residents and other means to obtaining savings are being looked into for the future.

Commissioner Price commented that the majority of low income customers are renters and the responsibility for appliances is the landlords'. GM Peffley responded that BWL is reaching out to educate the landlords on the benefits of energy efficient appliances. Commissioner Louney commented that a requirement is being discussed with the city that landlords need to have an energy audit performed before obtaining their renewal certification from the city.

Aileen Gow, Customer Accounts Analyst, spoke about low income guidelines and the energy waste reduction plan, providing different behaviors customers can utilize to lower their energy use.

Commissioner Long commented that most low-income customers heated with natural gas rather than electricity and furnaces can't be provided through BWL. Ms. Gow responded that BWL does refer customers to agencies or companies that work with natural gas services.

Commissioner Louney commended the staff for their efforts and asked whether the BWL had an energy efficiency program incentive such as Consumers Energy has where churches get a small percentage for referring parishioners. Ms. Gow responded that churches and other businesses such as Cristo Rey, Peckham, and Habitat for Humanity provide energy kits and encourage people to sign up for the energy audit.

Commissioner Price inquired about the number of operating solar panels. George Stojic responded that approximately 1,000 panels have been scheduled and about 500 are operating.

Commissioner Zerkle inquired about the Hydro One repair and replacement. GM responded that it hasn't operated for a few years and the cost to repair it will be more than the payback and it probably will be decommissioned.

Commissioner Louney inquired about purchasing panels in the community solar program and if there would be an opportunity for financing and paying half the cost up front to bring more people in. GM responded that is a program that is being evaluated.

General Manager Peffley commented that available capacity and energy sales are the main parts of the energy portfolio. Under FERC regulations, capacity requirements for three years are being met by the BWL. Natural gas energy capacity, solar energy capacity, and wind energy capacity provide different challenges in meeting the requirements, with natural gas energy giving the largest return or output currently. More solar energy and wind energy modules have to be built to obtain the same amount of energy as obtained from natural gas modules.

Commissioner Ross inquired about the difference in energy credits for solar energy and wind energy and whether the solar and wind energy had to be obtained within the service territory. GM Peffley responded that it is preferred in order to rely on the grid. Commissioner Ross also asked whether the smaller solar arrays in various locations were a form of distributed generation that would make the BWL internal system more resilient. GM Peffley responded that the BLW is looking into smaller modules that the BWL can own, operate and service.

Return on Equity Request

General Manager Peffley provided information and some background on the Return on Equity (ROE) Request/Payment in Lieu of Taxes Agreement. Board Chair David Price stated that the City of Lansing requested for the Board to revisit the ROE percentage; after some dialogue General Manager Peffley recommended a two-year extension with the same ROE percentage of 6.1%. The Resolution presented today is for approval of the stated to be forwarded to the full Board for consideration. General Manager Peffley stated that gross revenue is being built and the tax basis will be increased instead of raising the percentage rate of energy cost.

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle to approve the amended Return on Equity Request Resolution and forward to the full Board for consideration.

Action: Motion Carried.

Other

Motion by Commissioner Zerkle, **Seconded** by Commissioner Graham to excuse Commissioner McCloud from the meeting.

Commissioner Price spoke congratulations for Commissioner Anthony McCloud on his recent marriage.

Adjourn

Motion by Commissioner Zerkle to adjourn the meeting.

Meeting adjourned at 6:44 p.m.

Respectfully Submitted
Tony Mullen, Chair
Committee of the Whole

General Manager
Dick Peffley

New Generation
Project Office
George Stojic

Chief Operating
Officer
Dave Bolan

Chief Financial Officer
Heather Shawa

Customer Operations
and Communications
Stephen Serkalian

Human Resources
Michael Flowers

Corporate Governance, Legal
Operations and Compliance
Affairs
Brandie Ekren

Asset Management
Project Management
Work Management
ESR/CW
Records Management

Production
Electric, Steam, Chilled Water
Market Operations
Compliance
Generation Planning

Electric T&D
Electric Operations
Electric T&D
Electric Facilities
Customer Project Design

Water Operations
Water Production
Water and Steam
Distribution

Operations Support
Emergency Management & Business
Continuity
Shared Resource Center
Fleet (CMC)
Project Engineering & Standards
Operations Technology

Corporate Information Technology
PMO, Helpdesk, Content Management
Security
Network Infrastructure and
Architecture
Application Development, Cloud

Purchasing,
Warehousing, and
Facilities

Finance
Retirement Plans,
Internal Controls, and
Budget & Forecasting

Accounting
Financial Reporting,
Fixed Assets & AP/AR

BSMART Program

Public Affairs
Government and Community
Relations
Communications
Graphic Design
Publication and Design

New Development and Business
Strategy, Marketing, Key Accounts
Hometown Energy Savers
Customer Renewable Energy
Programs

Customer Service
Field Services
AMI (MDM)
Customer Billing, Collections, and
Remittance
Call Center and Front Lobby

Organizational Health &
Safety (Occupational
Health/Risk & Loss
Prevention
Security

Organizational
Development & Training
(Inclusion &
Equity/Succession Planning

Employment and Labor
Relations
Recruitment,
Benefits/Healthcare, Payroll
and Health and Wellness

Legal Services

Corporate
Governance &
Compliance

Environmental
Compliance (Lab)

Enterprise Risk
Management

Real Property
Management