



**LANSING BOARD OF WATER & LIGHT BOARD OF COMMISSIONERS
COMMITTEE OF THE WHOLE MEETING**

**Thursday, November 6, 2025 – 5:30 P.M.
REO Town Depot - Board of Water & Light Headquarters
1201 S. Washington Ave., Lansing, MI 48910**

BWL full meeting packets and public notices/agendas are located on the official web site at <https://www.lbwl.com/about-bwl/governance>.

AGENDA

Call to Order

Roll Call

Public Comments on Agenda Items

- 1. Approval of the Committee of the Whole Meeting Minutes of September 9, 2025 **TAB 1**
- 2. Public Power Contest Winner Recognition **INFORMATION ONLY**
- 3. Retirement Plan Committee (RPC) Update..... **TAB 2**
- 4. Energy Optimization Plan 2026-2029 **TAB 3**
 - a. Energy Optimization Plan 2026-2029 Resolution **TAB 3a**
- 5. First Amendment to the Cafeteria Plan – HSA..... **TAB 4**
 - a. Executive Summary – Cafeteria Plan Amendment **TAB 4a**
 - b. Adoption of the First Amendment to the Cafeteria Plan Resolution **TAB 4b**
- 6. Special Electric Service Contracts for Large Load Customers and Membership in Regional Transmission Organization..... **INFORMATION ONLY**
 - a. Special Electric Service Contracts for Large Load Customers and Membership in Regional Transmission Organization Resolution **TAB 5a**
- 7. Regular Board Meeting Schedule 2026 Resolution **TAB 6**

Other

Adjourn

COMMITTEE OF THE WHOLE
Meeting Minutes
September 9, 2025

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, on Tuesday, September 9, 2025.

Chairperson Sandra Zerkle called the Committee of the Whole Meeting to order at 5:30 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Chris Harkins, Semone James, DeShon Leek, Tony Mullen, David Price, Dale Schrader, and Sandra Zerkle; and Non-Voting Commissioners J. R. Beauboeuf (East Lansing) and Bob Worthy (Delta Township)

Absent: Commissioner Beth Graham and Non-Voting Commissioner Brian Ross (DeWitt Township)

Corporate Secretary LaVella Todd declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Semone James, **Seconded** by Commissioner David Price, to approve the Committee of the Whole Meeting minutes of July 8, 2025.

Action: Motion carried. The minutes were approved.

Commissioner Questions

General Manager (GM) Dick Peffley shared in-depth responses to two questions presented by Commissioner Semone James. The first question centered on the BWL's plan of action on how it is going to deal with the new realities of the One Big Beautiful Bill as it phases out clean energy tax credits that were included in the Biden-era Inflation Reduction Act, and promotion of fossil fuels over renewable energy; specifically how will the Bill impact the BWL, the BWL Strategic Plan, and Lansing area? The second question was how will the BWL, and the BWL IRP address this change in course by the Federal government while complying with the State of Michigan clean/renewable energy mandate?

GM Peffley stated that BWL staff are working full-time to monitor legislative updates and impacts and acknowledged that the current administration is not as favorable toward renewable energy as the past administration. We are also monitoring a proposed Michigan bill that would limit renewables at 20% which will be a problem for most utilities, given the state's requirement for 50% renewable energy by 2030. GM Peffley stated that the federal legislation created challenges in BWL's wind farm purchase power agreement, creating issues of getting the energy back to BWL. Our solar project on Ingersoll Road encountered an unexpected

challenge when our special-use permit was denied due to a moratorium placed on solar for six months. If we don't break ground on this project as scheduled, there will be a loss of \$9.2 million in tax credits. A meeting is being held next week by the House Oversight Committee Chairman James Comer, at which BWL will let them know what is at stake for BWL customers. BWL needs to be able to move forward with the project within 90 days to show construction of substantial nature, as now required by new legislation.

Commissioner James stated that GM Peffley and staff provided good answers to her questions. She stated that she was concerned as to what the State will do as the federal government is changing the playbook and inquired if there was any indication what the State will do. GM Peffley responded that we're managing the uncertainty but the House Energy Committee visited GM Peffley's office to speak with him where we had an opportunity to explain the significance of the problem we're balancing with trying to bring new big load customers to our service territory while also ensuring we're complying with the state law. GM Peffley explained that BWL currently is at a 500MW load and 21% renewable, but if a 1000MW data center customer comes online, our renewable portfolio becomes 5% renewable.

Commissioner James asked if BWL was exploring nuclear energy and hydrogen modules. GM Peffley responded that BWL is exploring every avenue of energy.

Chairperson Zerkle thanked GM Peffley for the report and commented that she was very impressed with the report and that it was well explained.

Commissioner James commented that the After-Action Report was in the 411 Announcements and asked if in the future the report could be sent to commissioners in an email. GM Peffley responded that can be done.

Commissioner Mullen commented that there was a report on the radio news about a local organization that rates power companies and their outages throughout the course of the year and that Michigan rated 49th due largely to Consumers Energy and DTE, and asked if BWL was bringing the average up. GM Peffley responded that BWL's outage calculations are among the best in the state and that the average outage restoration time is just over an hour compared to other averages of 80-90 minutes. GM Peffley added that the report was incorrect in that Michigan's electric rates were lower than those in Indiana, Ohio, and Wisconsin.

RPC Update

Accounting, Finance and Planning Manager, Ying Yan, presented the RPC Update. The Defined Benefit Plan (DB) and Voluntary Employee Benefit Administration Plan (VEBA) delivered strong fiscal year performances with an approximately 10% investment return. Addition of the approved State Street GTC Retirement Income Builder (RIB) Series of funds in the Defined Contribution 401(a) and Deferred Compensation 457(b) Plans is completed, went live July 11, 2025. RIB advisory will be included in the annual education and communication plan. In the DB Plan Actuarial Report, the total pension liability is about \$39M, the total value of the assets in the plan is about \$48M, and the plan has a strong funded status of 122%, an increase from last

year. The increase is primarily due to higher investment return. In the VEBA Plan Actuarial Report, the total liability is about \$188M, the fiduciary net position is about \$268M, and the plan has a strong funded status of 143%, a decrease from last year. The decrease is due to the investment return of 10% being more than offset by increases in projected costs. RPC approved the FY25 Q4 ASA reimbursement of \$5,011,279 for the VEBA Plan.

The RPC worked with Captrust and Nationwide to revise the languages in the DC Plan 1 adoption agreement regarding the forfeiture process to provide flexibility to follow ERISA and Department of Labor best practices. The RPC approved the updated language at the August monthly RPC meeting. The RPC voted to apply the forfeiture balance to reduce future employer contributions. Management will work with Captrust and Nationwide to spend down the forfeiture balance by the end of the calendar year as required.

The RPC is exploring the current retirement plan advisory service market for the DC Plan Investment Advisor Services and is in the process of reviewing responses to its Request for Information (RFI). The Secure Act 2.0 Requirements become effective January 1, 2026, it requires mandatory Roth catch-up contributions for high earners. Individuals aged 50 or older earning more than \$145,000 in the previous year from the employer sponsoring the plan will be required to make catch-up contributions on a Roth (after-tax) basis. HR is working with Nationwide and Workday to ensure our systems will be updated accordingly in order to implement the requirements of the new act.

Chairperson Zerkle requested further explanation on the catch-up contributions for those earning more than \$145,000. Ms. Yan responded that the Secure Act allows people 50 years and older to make catch-up contributions. For high earners that make more than \$145,000, the contributions are to be made with after tax money.

Commissioner Harkins asked what the VEBA Plan target rate of return is and what the uptake will be on the new State Street RIB investment option. Ms. Yan responded that the target rate of return is 6.5% for the VEBA Plan and 6.0% for the DB Plan. Ms. Yan added that the data for the State Street RIB investment option would be available after September 30, 2025, and an update will be provided to the Commissioners.

Steam to Hot Water Update

GM Peffley stated that BWL is deciding to get out of steam utility service as it is more expensive to maintain and more expensive for customers. A study was conducted by Evergreen Energy regarding converting steam service to hot water service. Steam isn't returned to BWL after use by the customers, but the hot water will be, and pipelines will need to be constructed. The hot water will be cheaper for the customers, but the pipeline infrastructure will be expensive to get up and running. Water, Steam & Chilled Water Distribution Manager, Todd Russell, and Sean McFarling, Senior Manager of Design Services at Evergreen Energy in Minneapolis, presented the Lansing BWL Steam to Hot Water Transition presentation. Mr. Russell stated that in 2024 the

decision was made to transition the steam system over to hot water to reduce customer costs. Evergreen Energy will be the owner engineer for the first phase. Currently, 40% of the steam system is over 50 years old and this affects system reliability issues and maintenance costs. There is approximately \$1.8 million annual energy loss due to leaks. It would cost BWL \$260 million to replace the steam system. A new hot water system would cost \$100 million and provide higher efficiency to the system, eliminate energy and water losses of about 65 million gallons, and reduce the piping system from 12.5 miles to 4.5 miles. Buildings that were suitable and not suitable for the hot water system were reviewed. GM Peffley added that brand new boilers will be provided to the customers that are not suitable for the hot water system pipeline. Mr. McFarling stated that construction will begin this fall and continue over three years.

Commissioner James asked what the option would be for current and future steam customers if the hot water system wasn't possible. GM Peffley responded that customers could use electric heat, or natural gas if it was available. GM Peffley added that the customers' energy costs will decrease. GM Peffley also added that it costs approximately \$1 million to replace one steam manhole and there are 150 of them. Commissioner James asked what was the projected rate of return over 5 years. AGM Heather Shawa responded that the rate of return is closer to 7 to 10 years, and she will follow up with the Commissioners on the calculated percentage. Commissioner James also asked how much the State of Michigan was contributing. GM Peffley responded that \$5 million has been received and AGM Shawa responded that \$10 million has been requested.

Commissioner Leek asked how much would it cost per boiler for 59 customers. Mr. McFarling responded that the cost varies from \$15,000 to \$53,000 depending on the size of the customer and that the customers have been notified of the amount being offered and when steam service will be shut off.

Commissioner Schrader commented that on his properties he has trouble with steam boilers but not with hot water boilers.

Commissioner Worthy asked if the capital conversion cost for the boilers for the 55 customers was being covered by BWL and if the costs would be covered for the customers that had to convert to something else. GM Peffley affirmed that the costs for the boilers are covered in the budget and the costs for the other customers are covered in the master system. Mr. McFarling responded that conversions for the customers will be covered and replaced if needed in the future. Commissioner Worthy also asked what the percentage was for the \$1.8 million dollar loss in the steam system. GM Peffley responded that it was over 50% in the summer.

Commissioner Mullen asked if there was any information about General Motors returning to BWL for service with their carbon production after discontinuing their steam service. GM Peffley responded that there was no news, but he was optimistic. Commissioner Mullen also asked if bonds would be issued for \$110 million over 15 years for the hot water system. AGM Shawa responded that new bonds are forecasted to be issued specifically for this project but not in the next couple of years.

Commissioner Harkins asked about coordination with the city with construction on the roadways for the hot water system. Mr. Russell responded that BWL is working with the CSO projects. GM Peffley added that pipes will also be put in and left open until the city does their work. Commissioner Harkins asked if there could be a potential impact of inflation costs. Mr. Russell responded that the overall projected budget with inflation for the hot water system is \$125 million and it would be double for the steam system. Commissioner Harkins also asked what the infrastructure of a projection site looked like. Mr. Russell responded that there would be a 40 x 40 building with skids inside with the actual units that will be hooked to the steam system. When the steam plant is shut down in 15 years the building will be turned over to the city. Mr. Russell stated that there is a website dedicated to this project and the link will be provided.

Chairperson Zerkle asked if there will be another budget line for hot water. GM Peffley responded that it is currently called thermal utility, but it is under steam. Chairperson Zerkle also asked if the churches along Capital Avenue would be transitioned. Mr. Russell responded that the churches would need to put the new boiler in.

Commissioner Schrader asked why there would be less miles of pipeline for hot water. Mr. Russell responded that there is only one customer on the system until north of Highway 496 and the plants and the distribution system will be moved into the downtown district.

Commissioner Worthy asked what revenue stream will be generated for telling 59 customers to convert and produce their own steam, and telling 55 customers they will be transitioned to hot water, rather than telling everyone to transition. GM Peffley responded that not all customers have the infrastructure to put their own system in, and Consumers Energy doesn't have adequate gas to service all of them. Mr. McFarling added that it is cheaper for BWL to convert the system than for the customers to do it themselves.

Resolution Honoring Stuart Goodrich

Motion by Commissioner David Price, **Seconded** by Commissioner Tony Mullen, to approve the Amendment of the Resolution Honoring Stuart Goodrich and forward it to the full Board for consideration.

Action: Motion Carried.

Other

Commissioner James commended and congratulated the BWL Staff on the grant award received from EGLE. GM Peffley added that the EGLE staff requested use of our conference room to host a roundtable discussion and a walkthrough of the John F. Dye Water plant, and they were impressed with the plant, especially since it was built in the 1930's. Area dignitaries were also in attendance.

Motion by Commissioner Chris Harkins, **Seconded** by Commissioner David Price, for an excused absence for Commissioners Beth Graham and Brian Ross.

Action: Motion Carried.

Adjourn

Chairperson Sandra Zerkle adjourned the meeting at 6:31 p.m.

Respectfully Submitted,
Sandra Zerkle, Chairperson
Committee of the Whole



RETIREMENT PLAN COMMITTEE (RPC)

Investment Activity Updates for Committee of the Whole: 11/6/2025

Investment Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
 - Nothing new to report.

Investment Activity Update

- Defined Contribution 401(a) & Deferred Compensation 457(b) Plans
 - State Street GTC Retirement Income Builder (RIB) Series Update
 - 4 participants now have assets in the fund with a total of just under \$1.5M
 - The adoption of these solutions by participants can be expected to be slow and is typically preceded by a conversation with a retirement specialist
 - An email communication was sent out in early September to participants from the Nationwide Participant Engagement Program promoting lifetime income funds and another round of educational sessions will be held in the new year



RETIREMENT PLAN COMMITTEE (RPC)

Administrative Activity Updates for Committee of the Whole: 11/6/2025

Administrative Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
 - Nothing new to report.

Administrative Activity Update

- Defined Contribution & Deferred Compensation Plans
 - Forfeiture Processing DC Plan 1
 - The updated adoption agreement to revise the forfeiture language was signed by all parties and is now complete.
 - The process of utilizing the forfeiture balance has now begun as of the October 23rd pay date. This process will continue for approximately three pay periods until the balance has been fully utilized, which is required to be completed by the end of the calendar year.
 - The RPC is currently working to formalize an administrative procedure for managing forfeitures to help ensure continued compliance with plan requirements moving forward.

Administrative Activity Update

- RPC Updates
 - DC Plan Investment Advisor Services
 - After exploring the current retirement plan advisory service market and conducting a Request for Information (RFI), the RPC voted to remain with Captrust.
 - Secure Act 2.0 Requirements Effective January 1, 2026
 - These requirements include the mandatory Roth catch-up contributions for high earners. Individuals aged 50 or older earning more than \$145,000 in the previous year from the employer sponsoring the plan will be required to make catch-up contributions to their 457 plan on a Roth (after-tax) basis.
 - HR is working with Nationwide and Workday to ensure our systems will be updated accordingly in order to implement the requirements of the new act.
 - 3rd Party Communications
 - HR is working on a communication to all participants regarding 3rd party vendors reaching out to participants on retirement advisory services. The message is intended to reiterate that these are not from the BWL RPC and to remind participants the resources that are available.

Glossary

- **DB** Defined Benefit Plan - The plan is a noncontributory single-employer defined benefit pension plan for employees of the BWL. The Defined Benefit Plan, by resolution of the Board of Commissioners, was closed to employees hired subsequent to December 31, 1996, and a defined contribution plan was established for employees hired after December 31, 1996. Effective December 1, 1997, all active participants in this plan were required to make an irrevocable choice to either remain in this plan (defined benefit) or move to the newly established defined contribution plan. Those participants who elected to move to the defined contribution plan received lump-sum distributions from this plan that were rolled into their accounts in the newly established defined contribution plan. Of the 760 employees who were required to make this election, 602 elected to convert their retirement benefits to the newly established defined contribution plan.
- **VEBA** Voluntary Employee Benefit Administration - The Post-Retirement Benefit Plan is a single-employer defined benefit healthcare plan. The Plan provides medical, dental, and life insurance benefits. Substantially all of the BWL's employees may become eligible for healthcare benefits and life insurance benefits if they reach normal retirement age while working for the BWL.
- **DC 401(a)** Defined Contribution Plan - The Defined Contribution Plan covers substantially all full-time employees hired after December 31, 1996. In addition, 602 employees hired before January 1, 1997 elected to convert their retirement benefits from the Defined Benefit Plan effective December 1, 1997. The Defined Contribution Plan operates as a money purchase pension plan and meets the requirements of Sections 401(a) and 501(a) of the IRC of 1986, as amended from time to time. For employees hired before January 1, 1997, the BWL is required to contribute 15.0% of the employees' compensation. For employees hired after January 1, 1997, the BWL is required to contribute 9.5% of the employees' compensation. In addition, the BWL is required to contribute 3.0% of the employees' compensation for all employees who are not eligible to receive overtime pay and 0.5% of the employees' compensation for all nonbargaining employees. No participant contributions are required.
- **DC 457(b)** Deferred Compensation Plan - The Deferred Compensation Plan covers substantially all full-time employees. The BWL contributes \$1,000 on behalf of each participant as of the first pay period of each year. Additionally, the BWL will provide a 100% match for each participant's contributions annually, up to \$1,500.
- **ASA** Administrative Services Agreement – The administrative services agreement is an agreement between the BWL and the VEBA trust regarding the payment of VEBA plan benefits. The agreement calls for the BWL to handle the processing of benefit payments and allows for the reimbursement for payment from the VEBA trust if certain conditions are satisfied. These conditions include both funding status and investment performance measures.

Energy Optimization Design Plan 2026-2029

Jennifer Binkley-Power

Manager, Energy Planning & Decarbonization

11/06/2025



Hometown People. Hometown Power.



Energy Waste Reduction (EWR) Legislation – PA 229 Overview

Sec. 71. (2) *“The overall goal of an energy waste reduction plan is to help the utility’s customers reduce energy waste and to reduce the future costs of utility service to customers. The intent is to delay the need for constructing new electric generating facilities and thereby protect consumers from incurring the costs of such construction.”*

- PA 229 (2024) amends and adds to prior EWR legislation: PA 295 (2008, 2016, 2020)

Energy Waste Reduction (EWR) Legislation – PA 229 Overview



The EWR Plan covers calendar years 2026-2029. Beginning January 1, 2026.



A municipal utility EWR Plan must be approved by its own governing body.



MPPA will submit the Plan to the MPSC by December 31, 2025, as a joint filing on behalf of all MPPA members.



The EWR Plan will be refreshed every four (4) years.



Annual Reports submitted to the MPSC by May 31.

EWR Plan - Requirements

- A goal of **1.5%** of total retail electricity sales.
- Budgets are sufficient to meet the energy savings target.
- Provide EWR programs for all customer classes.
- Low-Income program spending must incrementally grow to 25% of total EWR spending by 2029.
 - New health and safety benefits
- Describe how the EWR program costs will be recovered.
 - Utilities can impose a per-meter EWR surcharge.
 - Charges collected from a particular rate class are spent on EWR programs that benefit that rate class.



EWR Plan - Requirements

- Demonstrate that the EWR programs are cost-effective and do not burden non-participants using the Utility Cost Test cost-benefit analysis.
- Provide for the effective administration of the EWR programs.
 - Flexibility of programs based on the characteristics of the utility's service territory.
- Obtain third-party evaluation and verification of the energy savings from each EWR program.

EWR Plan –Non-Measure Savings

- PA 229 allows for EWR spending and savings in other customer offerings as follows:
 - 3% **Education** programs.
 - 5% **Pilot** programs.



PA 229 Efficient Electrification (EFEL) Plan

- An electric utility may implement an Electrification plan that provides benefits to customers by reducing total energy consumption, and/or reducing greenhouse gas emissions, and/or providing annual energy cost savings.
- Municipal utilities claim energy savings (kWh) from reduced energy consumption **from the conversion of fossil fuel use to electric.**
- Electrification measures must meet the Rate Impact Measure Test (RIM) to show that electric rates will not increase for customers who are not participating in the program.

BWL Energy Optimization - Programs

- Home Energy Visit
- High Efficiency Appliances & Products
- Appliance Recycling
- Multifamily Housing
- Low Income
- Pilots & Education
- Commercial & Industrial
- Small Business
- Electrification



Energy Optimization Plan 2026 - 2029

Energy Optimization Energy Savings & Budget Totals 2026 - 2029

	2026	2027	2028	2029	Plan Total (2026-2029)
Total Portfolio Energy Savings (kWh)	32,603,861	36,540,645	38,739,846	39,979,524	147,863,877
Portfolio Total Cost	\$6,033,591	\$7,055,027	\$7,572,831	\$7,964,775	\$28,686,225



EWR Plan – Budget Assumptions

- EWR goals and budgets increase, with overall retail sales increases.
- Loss of LEDs as a residential measure increases \$/kWh.
- Increased spending on Low Income programs
- Added Electrification measures to EWR goals with budget

Questions?



Appendix



Energy Optimization Savings Targets and Goals (Gross First Year and Lifetime MWh)								
	2026	2027	2028	2029	Plan Total (2026-2029)	Plan Total (2026-2029)	Plan Total (2026-2029)	
	First Year Gross MWh Savings	First Year Gross MWh Savings	First Year Gross MWh Savings	First Year Gross MWh Savings	First Year Gross MWh Savings	Lifetime Gross MWh Savings	Program WAML (all years)	
Residential Programs								
Appliance Recycling	609	387	426	381	1,804	14,322	7.9	
HEP - Appliances	103	104	105	104	417	4,397	10.6	
HEP - HVAC	265	304	318	265	1,153	16,507	14.3	
Multifamily	23	27	29	29	108	1,187	11.0	
New Construction	5	59	64	71	199	4,981	25.0	
Income Eligible	207	278	339	353	1,177	11,305	9.6	
Income Eligible Health and Safety	1,135	1,850	2,841	4,479	10,305	107,787	10.5	
Pilot and Education	667	853	1,004	1,134	3,658	38,264	10.5	
Electrification - Res	679	829	979	1,129	3,616	56,522	15.6	
Subtotal - Residential Programs without Income Eligible (or H&S)	2,352	2,564	2,926	3,113	10,955	136,179	12.4	
Subtotal - Residential Programs All	3,694	4,692	6,106	7,944	22,436	255,271	11.4	
<i>Income Eligible % of Residential Savings (with Health & Safety)</i>	36.3%	45.4%	52.1%	60.8%	51.2%	46.7%	-	
Commercial & Industrial Programs								
Prescriptive & Custom	25,612	28,270	28,809	28,118	110,809	1,369,226	12.4	
Small Business	1,254	1,378	1,515	1,666	5,813	66,207	11.4	
Pilot and Education	1,904	2,027	2,050	1,958	7,938	97,708	12.3	
Electrification - C&I	141	174	260	293	868	6,556	7.6	
Subtotal - Commercial & Industrial	28,910	31,849	32,634	32,035	125,428	1,539,697	12.3	
Portfolio Total								
1.5% Savings Target MWh	32,126	35,999	38,181	38,648	144,955	-	-	
Total EO Program MWh Savings	32,604	36,541	38,740	39,980	147,864	1,794,968	12.1	
Total EO Program Savings Percent of Target	101.5%	101.5%	101.5%	103.4%	102.0%	-	-	
Achieved Savings % of load	1.52%	1.52%	1.52%	1.55%	1.53%			
Annual Weighted Average Measure Life (WAML)	13.0	12.0	11.7	11.8	12.1	-	-	

Energy Optimization Incentives, Program and Administrative Costs and UCT Results (Real 2025\$)								
	2026	2027	2028	2029	Plan Total (2026-2029)	2026-2029 Plan First Year \$/kWh	2026-2029 Plan Lifetime \$/kWh	
Residential Program Budget (Incentives, Administrative, Marketing)								
Appliance Recycling	\$152,212	\$155,782	\$159,709	\$154,672	\$622,375	\$0.34	\$0.043	
HEP - Appliances	\$42,625	\$43,233	\$43,658	\$42,966	\$172,482	\$0.41	\$0.039	
HEP - HVAC	\$186,423	\$217,585	\$238,044	\$179,954	\$822,007	\$0.71	\$0.050	
Multifamily	\$29,875	\$35,172	\$37,404	\$36,971	\$139,422	\$1.29	\$0.117	
New Construction	\$5,569	\$61,256	\$67,382	\$74,120	\$208,327	\$1.05	\$0.042	
Income Eligible	\$710,414	\$906,415	\$1,024,499	\$1,085,892	\$3,727,220	\$3.17	\$0.330	
Income Eligible Health and Safety	\$213,124	\$362,566	\$563,475	\$923,008	\$2,062,173	\$0.20	\$0.019	
Pilots and Education Spend	\$136,266	\$179,563	\$212,311	\$247,615	\$775,754	\$0.21	\$0.020	
Electrification - Res	\$170,361	\$200,244	\$230,128	\$260,012	\$860,745	\$0.24	\$0.015	
Subtotal - Residential without Income Eligible	\$723,331	\$892,835	\$988,637	\$996,309	\$3,601,112	\$0.33	\$0.026	
Subtotal - Residential All	\$1,646,869	\$2,161,816	\$2,576,610	\$3,005,209	\$9,390,505	\$0.42	\$0.037	
C&I Program Budget (Incentives, Administrative, Marketing)								
Prescriptive & Custom	\$3,438,407	\$3,806,636	\$3,885,573	\$3,793,663	\$14,924,278	\$0.13	\$0.011	
Small Business Direct Install	\$389,196	\$427,867	\$470,603	\$517,612	\$1,805,278	\$0.31	\$0.027	
Pilots and Education Spend	\$346,421	\$384,839	\$393,516	\$389,567	\$1,514,344	\$0.19	\$0.015	
Electrification - C&I	\$12,698	\$13,869	\$26,029	\$27,199	\$79,795	\$0.09	\$0.012	
Subtotal - Commercial & Industrial	\$4,186,722	\$4,633,211	\$4,775,721	\$4,728,041	\$18,323,695	\$0.15	\$0.012	
Other Portfolio Costs (Evaluation, Technical Support)								
All Other Portfolio Costs	\$200,000	\$260,000	\$220,500	\$231,525	\$912,025	-	-	
Subtotal - Program Costs	\$200,000	\$260,000	\$220,500	\$231,525	\$912,025	-	-	
Portfolio Total Costs								
Total Portfolio Cost without Income Eligible	\$5,110,053	\$5,786,046	\$5,984,857	\$5,955,876	\$22,836,832	\$0.16	\$0.014	
Total Portfolio Cost	\$6,033,591	\$7,055,027	\$7,572,831	\$7,964,775	\$28,626,225	\$0.19	\$0.016	
<i>Income Eligible Health & Safety Percent of Total Budget</i>	<i>3.5%</i>	<i>5.1%</i>	<i>7.4%</i>	<i>11.6%</i>	<i>7.2%</i>	-	-	
<i>Income Eligible Percent of Total Budget (with Health & Safety)</i>	<i>15.3%</i>	<i>18.0%</i>	<i>21.0%</i>	<i>25.2%</i>	<i>20.2%</i>	-	-	
<i>Pilots and Education Percent of Total Budget</i>	<i>8.0%</i>	<i>8.0%</i>	<i>8.0%</i>	<i>8.0%</i>	<i>8.0%</i>	-	-	
\$/kWh Saved (First Year)	\$0.19	\$0.19	\$0.20	\$0.20	\$0.19	-	-	
\$/kWh Saved (Lifetime kWh)	\$0.014	\$0.016	\$0.017	\$0.017	\$0.016	-	-	

Municipal Utility Energy Waste Reduction Plan - Utility Name										
Program Portfolio	USRT Results	CCE Results	2026 Plan Filing		2027 Plan Filing		2028 Plan Filing		2029 Plan Filing	
			Gross First Year kWh Savings	Program Budget	Gross First Year kWh Savings	Program Budget	Gross First Year kWh Savings	Program Budget	Gross First Year kWh Savings	Program Budget
Residential Services	1.4	\$0.034	1,005,989	\$416,704	881,491	\$513,028	942,996	\$546,198	849,823	\$488,683
Appliance Recycling	3.2	\$0.043	609,262	\$152,212	387,497	\$155,782	426,247	\$159,709	381,038	\$154,672
HEP-Appliances	1.6	\$0.039	103,273	\$42,625	104,313	\$43,233	105,005	\$43,658	103,920	\$42,966
HEP-HVAC	1.0	\$0.050	265,190	\$186,423	303,915	\$217,585	318,364	\$238,044	265,273	\$179,954
Multifamily	1.8	\$0.117	22,938	\$29,875	27,185	\$35,172	28,940	\$37,404	28,709	\$36,971
New Construction	1.1	\$0.042	5,326	\$5,569	58,582	\$61,256	64,440	\$67,382	70,884	\$74,120
Low Income Services	0.1	\$0.330	1,341,611	\$923,538	2,128,303	\$1,268,981	3,179,750	\$1,587,974	4,831,737	\$2,008,900
Income Eligible	0.1	\$0.330	206,833	\$710,414	278,255	\$906,415	338,783	\$1,024,499	352,949	\$1,085,892
LI - Health and Safety	NA	NA	1,134,778	\$213,124	1,850,047	\$362,566	2,840,967	\$563,475	4,478,788	\$923,008
Efficient Electrification (EFEL)	N/A	N/A	679,399	\$170,361	829,187	\$200,244	978,974	\$230,128	1,128,762	\$260,012
Pilots & Education	N/A	N/A	666,527	\$136,266	853,001	\$179,563	1,004,388	\$212,311	1,134,134	\$247,615
Subtotal - Residential Solutions	0.5	\$0.043	3,693,526	\$1,646,869	4,691,982	\$2,161,816	6,106,108	\$2,576,610	7,944,456	\$3,005,209
Business Services	3.5	\$0.012	26,866,039	\$3,827,603	29,647,819	\$4,234,503	30,323,773	\$4,356,176	29,784,359	\$4,311,274
C&I Prescriptive & Custom	3.7	\$0.011	25,612,046	\$3,438,407	28,270,255	\$3,806,636	28,808,632	\$3,885,573	28,117,883	\$3,793,663
Small Business	1.8	\$0.027	1,253,993	\$389,196	1,377,564	\$427,867	1,515,141	\$470,603	1,666,476	\$517,612
Pilots & Education	N/A	N/A	1,903,537	\$346,421	2,026,946	\$384,839	2,050,112	\$393,516	1,957,718	\$389,567
Efficient Electrification (EFEL)	N/A	N/A	140,760	\$12,698	173,900	\$13,869	259,852	\$26,029	292,992	\$27,199
Subtotal - Business Solutions	3.5	\$0.012	28,910,336	\$4,186,722	31,848,664	\$4,633,211	32,633,738	\$4,775,721	32,035,068	\$4,728,041
Subtotal Program Portfolio	2.8	\$0.015	32,603,861	\$5,833,591	36,540,645	\$6,795,027	38,739,846	\$7,352,331	39,979,524	\$7,733,250
Evaluation*	-	-	-	\$200,000	-	\$210,000	-	\$220,500	-	\$231,525
Administration*	-	-	-	\$0	-	\$0	-	\$0	-	\$0
Renewable Energy Credit (REC) Substitution for 10% of EWR Standard under Sec. 77 (10)**	-	-	0	\$0	0	\$0	0	\$0	0	\$0
Planning & Start-Up	-	-	-	\$0	-	\$50,000	-	\$0	-	\$0
Total Program Portfolio	2.7	\$0.0160	32,603,861	\$6,033,591	36,540,645	\$7,055,027	38,739,846	\$7,572,831	39,979,524	\$7,964,775

RESOLUTION 2025-XX-XX
2026 – 2029 Energy Optimization Plan

WHEREAS, the Clean and Renewable Energy and Energy Waste Reduction Act, 295 PA 2008 (PA 295), established Michigan’s first energy efficiency standard – 1% energy savings through energy efficiency programs, as a percentage of retail sales, year after year until 2021; and

WHEREAS, PA 295 was amended by 2023 PA 229 (PA 229), which increased Michigan’s energy efficiency standards to 1.5% energy savings through energy waste reduction programs and optional electrification programs, as a percentage of retail sales, beginning in 2026 and mandates each municipal utility obtain governing body review and approval of the energy optimization plan before submission to the Michigan Public Service Commission (MPSC); and

WHEREAS, the Michigan Public Power Association (MPPA) has offered to jointly file all energy optimization plans on behalf of Michigan municipal utilities on or before December 31, 2025 with the MPSC; and

WHEREAS, the proposed 2026 - 2029 Energy Optimization Plan, attached as Attachment A, was presented by management to the Committee of the Whole on November 6, 2025, and the Committee voted to recommend approval by the Board at the November 18, 2025 board meeting.

THEREFORE, it is:

RESOLVED, that the Board approves the 2026 - 2029 Energy Optimization Plan for submission to MPPA for inclusion in the joint filing with the MPSC to comply with PA 229 for 2026.

Motion by Commissioner _____, **Seconded** by Commissioner _____, to approve the Resolution for 2026 - 2029 Energy Optimization Plan at a Board meeting held on _____ 2025.

ATTACHMENT A

Municipal Utility Energy Optimization Plan - Lansing Board of Water & Light										
Program Portfolio	USRT Results	CCE Results	2026 Plan Filing		2027 Plan Filing		2028 Plan Filing		2029 Plan Filing	
			Gross First Year kWh	Program Budget	Gross First Year kWh	Program Budget	Gross First Year kWh	Program Budget	Gross First Year kWh	Program Budget
Residential Services	1.4	\$0.034	1,005,989	\$416,704	881,491	\$513,028	942,996	\$546,198	849,823	\$488,683
Appliance Recycling	3.2	\$0.043	609,262	\$152,212	387,497	\$155,782	426,247	\$159,709	381,038	\$154,672
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HEP-HVAC	1.0	\$0.050	265,190	\$186,423	303,915	\$217,585	318,364	\$238,044	265,273	\$179,954
Multifamily	1.8	\$0.117	22,938	\$29,875	27,185	\$35,172	28,940	\$37,404	28,709	\$36,971
New Construction	1.1	\$0.042	5,326	\$5,569	58,582	\$61,256	64,440	\$67,382	70,884	\$74,120
Low Income Services	0.1	\$0.330	1,341,611	\$923,538	2,128,303	\$1,268,981	3,179,750	\$1,587,974	4,831,737	\$2,008,900
Income Eligible	0.1	\$0.330	206,833	\$710,414	278,255	\$906,415	338,783	\$1,024,499	352,949	\$1,085,892
LI - Health and Safety	NA	NA	1,134,778	\$213,124	1,850,047	\$362,566	2,840,967	\$563,475	4,478,788	\$923,008
Efficient Electrification (EFEL)	N/A	N/A	679,399	\$170,361	829,187	\$200,244	978,974	\$230,128	1,128,762	\$260,012
Pilots & Education	N/A	N/A	666,527	\$136,266	853,001	\$179,563	1,004,388	\$212,311	1,134,134	\$247,615
Subtotal - Residential Solutions	0.5	\$0.043	3,693,526	\$1,646,869	4,691,982	\$2,161,816	6,106,108	\$2,576,610	7,944,456	\$3,005,209
Business Services	3.5	\$0.012	26,866,039	\$3,827,603	29,647,819	\$4,234,503	30,323,773	\$4,356,176	29,784,359	\$4,311,274
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Small Business	1.8	\$0.027	1,253,993	\$389,196	1,377,564	\$427,867	1,515,141	\$470,603	1,666,476	\$517,612
Pilots & Education	N/A	N/A	1,903,537	\$346,421	2,026,946	\$384,839	2,050,112	\$393,516	1,957,718	\$389,567
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Subtotal - Business Solutions	3.5	\$0.012	28,910,336	\$4,186,722	31,848,664	\$4,633,211	32,633,738	\$4,775,721	32,035,068	\$4,728,041
Subtotal Program Portfolio	2.8	\$0.015	32,603,861	\$5,833,591	36,540,645	\$6,795,027	38,739,846	\$7,352,331	39,979,524	\$7,733,250
Evaluation*	-	-	-	\$200,000	-	\$210,000	-	\$220,500	-	\$231,525
Administration*	-	-	-	\$0	-	\$0	-	\$0	-	\$0
Renewable Energy Credit (REC) Substitution for 10% of EWR Standard under Sec. 77 (10)**	-	-	0	\$0	0	\$0	0	\$0	0	\$0
Planning & Start-Up	-	-	-	\$0	-	\$50,000	-	\$0	-	\$0
Total Program Portfolio	2.7	\$0.0160	32,603,861	\$6,033,591	36,540,645	\$7,055,027	38,739,846	\$7,572,831	39,979,524	\$7,964,775

**FIRST AMENDMENT TO THE
LANSING BOARD OF WATER AND LIGHT CAFETERIA PLAN**

The Lansing Board of Water and Light Cafeteria Plan (“Plan”) is hereby amended effective as of January 1, 2026 as set forth below.

1. Subsection A.5. of the Plan’s Adoption Agreement is hereby replaced in its entirety with the following:

5. The following Benefits are available under the Plan:
- a. Premium Conversion Account
 - b. Health Flexible Spending Account
 - c. Limited Purpose HSA-Compatible Health Flexible Spending Account
 - d. Post-Deductible HSA-Compatible Health Flexible Spending Account
 - e. Dependent Care Assistance Plan Account
 - f. Adoption Assistance Flexible Spending Account
 - g. Health Savings Account
 - h. Flexible Benefits Credits
 - i. PTO Purchase/Sale
 - j. Cash in Lieu of Major Medical Benefits

2. Section F. of the Plan’s Adoption Agreement is hereby replaced in its entirety with the following:

F. **HEALTH SAVINGS ACCOUNT (HSA Account) (Article 9)**

NOTE: If HSA Account is not a permitted Benefit under A.5g, Section F is disregarded.

Employer Contributions

1. **Matching Contributions.** The Plan permits Employer matching contributions to the HSA Account as follows (not to exceed the limits in Section 9.04):
- a. None
 - b. Discretionary
 - c. ___% of the Participant's elected HSA Account contribution up to ___% of the Participant's Compensation
 - d. ___% of the Participant's elected HSA Account contribution up to \$_____
 - e. Other: _____

NOTE: If the Plan is intended to be a simple cafeteria plan, the matching contributions in this section will apply in addition to the contributions at A.6b.

2. **Employer Non-Elective Contributions.** The Plan permits Employer non-elective contributions to the HSA Account as follows (not to exceed the limits in Section 9.04):

- a. None
- b. Discretionary
- c. ___% of the Participant's Compensation
- d. \$_____ per Eligible Employee
- e. Other: The Employer will contribute \$600 for an Employee who is enrolled in Employee-only coverage under the Employer's high deductible health plan and \$1,200 for an Employee who is enrolled in coverage under the Employer's high deductible health plan that includes the Employee and at least one dependent (including a spouse). Contributions will be made in a lump sum as soon as administratively feasible after the first day of each Plan Year, or, for an Employee who becomes eligible and enrolls mid-year, as soon as administratively feasible after the Employee's enrollment date. Employees will receive the full contribution amount regardless of the date of enrollment or termination of coverage during the Plan Year. If an Employee changes from Employee-only coverage to coverage including one or more dependents (or vice versa) during the Plan Year, no additional or prorated contribution will be made.

NOTE: If the Plan is intended to be a simple cafeteria plan, the Employer non-elective contributions in this section will apply in addition to the contributions at A.6b.

3. **Contribution Limits.** Select the maximum allowable contribution to a Participant's HSA Account in any Plan Year:

- a. The maximum amount permitted under Code section 223(b), reduced by any Employer contributions.
- b. Other amount: ___(not to exceed the Code section 223(b) maximum when combined with any Employer contributions)

LANSING BOARD OF WATER AND LIGHT

Date: _____

By: _____

Its: Chairperson

**EXECUTIVE SUMMARY
FIRST AMENDMENT TO THE
LANSING BOARD OF WATER AND LIGHT CAFETERIA PLAN**

The Lansing Board of Water and Light (“BWL”) sponsors the Lansing Board of Water and Light Cafeteria Plan (the “Plan”) for the benefit of eligible employees. The Plan permits eligible employees to pay for certain welfare benefits on a pretax basis.

The attached proposed First Amendment would add a new Health Savings Account (“HSA”) feature to the Plan. The purpose of the amendment is to allow eligible employees to make pre-tax HSA contributions through payroll and to receive HSA contributions from BWL, effective as of January 1, 2026.

Participation in the HSA feature is limited to employees who:

- Are enrolled in BWL’s high deductible health plan (“HDHP”); and
- Are not covered under a general purpose health flexible spending account (“FSA”) or any other disqualifying coverage under Internal Revenue Code §223.

Employees who meet these criteria will be able to make their own pre-tax HSA contributions through payroll deductions, up to the applicable annual limit.

The proposed First Amendment also provides for the following HSA contributions from BWL:

- \$600 per year for an employee enrolled in Employee-only HDHP coverage; and
- \$1,200 per year for an employee enrolled in HDHP coverage that includes the employee and at least one dependent (including a spouse).

Employer contributions will be made in a single lump sum as soon as administratively feasible after the first day of each Plan Year, or as soon as administratively feasible following the employee’s enrollment date if the employee becomes eligible mid-year. Employees will receive the full contribution amount regardless of their hire or termination date during the Plan Year. If an employee changes from Employee-only to family coverage (or vice versa) mid-year, no additional or prorated contribution will be made.

Management recommends approval of the First Amendment to the Plan.

RESOLUTION 2025-11-XX

Adoption of the First Amendment to the Cafeteria Plan

WHEREAS, the Lansing Board of Water and Light (“BWL”) maintains the Lansing Board of Water and Light Cafeteria Plan (“Cafeteria Plan”) for the benefit of certain employees and retirees; and

WHEREAS, the BWL desires to amend the Cafeteria Plan to add a new Health Savings Account (“HSA”) feature to the Cafeteria Plan and to allow eligible employees to make pre-tax HSA contributions through payroll and to receive HSA contributions from the BWL effective as of January 1, 2026.

THEREFORE, it is:

RESOLVED, that the First Amendment to the Cafeteria Plan effective as of January 1, 2026 is hereby approved and adopted; and

FURTHER RESOLVED, that the officers of the BWL, and their designee(s), are hereby authorized and directed to take such actions and to implement and execute such documents and instruments (including the amendment referenced above as well as ancillary documentation) as necessary or desirable to effectuate the intent of this resolution.

Motion by Commissioner _____, Seconded by Commissioner _____ to approve and adopt the First Amendment to the Cafeteria Plan at a Board meeting held on November ____, 2025.

Action:

RESOLUTION #2025-XX-XX

**Special Electric Service Contracts for Large Load Customers
and Potential Membership in Regional Transmission Organization**

WHEREAS, The Lansing Board of Water & Light (“BWL”) is committed to providing a safe and affordable utility experience through public ownership, climate consciousness and innovative strategies, while providing environmentally conscious utility products and programs that support regional growth by retaining a diverse, highly skilled workforce and implementing innovative technology solutions.

WHEREAS, two of the BWL’s 2026-2030 Strategic Plan Priorities are focused on Customer & Community and Financial Stability. Key outcomes that support these priorities include:

- Support the business community and economic development.
- Achieve target return for investment in infrastructure.

WHEREAS, with the advent of Artificial Intelligence (AI) and the need for additional data centers to support AI, there may be opportunities for the development of related data centers in the greater Lansing area.

WHEREAS, such projects are expected to result in a significant increase in both electric load and revenue.

WHEREAS, the operational and electric load characteristics of data centers are unlike the BWL’s typical commercial/industrial customer base, and represent a unique customer profile not envisioned by the BWL’s existing rate structure.

WHEREAS, the BWL will develop an appropriate incremental-cost-based rate to serve any such prospective customer that is designed to contribute to investment in BWL infrastructure, hold other customers harmless, and not burden the existing BWL customers’ rate base.

WHEREAS, given that the BWL does not have existing commercial/industrial customers with similar service characteristics and requirements as those of data centers, as well as the uncertainty as to whether data centers will ultimately come to fruition in the BWL service area, a change in its rate design and tariff structure is not warranted at this time.

WHEREAS, the additional economic development benefits warrant Special Electric Service Contracts for the above-mentioned type of projects, which are expected to include special electric service rates and additional provisions that mitigate BWL risks.

WHEREAS, Special Electric Service Contracts for the above-mentioned type of projects are in alignment with the BWL’s Vision and Strategic Priorities.

WHEREAS, because the provisions of any Special Electric Service Contract for the above-mentioned type of project are unique to the BWL's standard rate tariff, approval by the Board of Commissioners is appropriate.

WHEREAS, staff has been actively engaged in planning and in discussions with the prospective Customers, and the BWL may be selected as the utility provider to support the above-mentioned projects.

WHEREAS, staff respectfully request the Board of Commissioners to authorize the General Manager or any appropriate designee to finalize and execute on behalf of the BWL any appropriate contracts with the prospective Customers and any other necessary related or supporting contracts or agreements in the event the BWL is selected as the utility provider to support the above-mentioned projects.

WHEREAS, the BWL believes it necessary to explore various sources of electrical generation beyond its existing resources to supply these prospective customers and simultaneously maintain the reliability of electric services to existing customers.

WHEREAS, at least one potential source of generation is in the region of the Pennsylvania-New Jersey-Maryland Interconnection ("PJM") regional transmission organization, and being a member of that organization is necessary to participate in the wholesale electricity market in and from the PJM territory.

WHEREAS, BWL's Membership in Organizations Policy permits the BWL to become a member of organizations that further the goals of the BWL, with approval of the Board of Commissioners, and membership in the PJM could further the BWL's strategic goals and be in the best interest of the BWL.

WHEREAS, staff also respectfully requests the Board of Commissions to authorize the General Manager or any appropriate designee to seek membership in PJM if they determine such action to be in the best interest of the BWL in order to secure generation to serve the potential projects described above.

RESOLVED, the General Manager or an appropriate designee is authorized to finalize and execute on behalf of the BWL a Special Electric Service Contract and any other necessary related or supporting contracts or agreements for the above-mentioned projects with the prospective customers.

RESOLVED, the General Manager or an appropriate designee is authorized to seek membership in PJM for purposes of securing any electric generation necessary to serve the potential projects described above.

Motion by Commissioner ____, **Seconded** by Commissioner ____ to approve the Resolution for the Special Electric Service Contracts for Large Load Customers and Potential Membership in Regional Transmission Organization at a Board Meeting held on November 18, 2025.

Action:

RESOLUTION 2025-XX-XX
Regular Board Meeting Schedule 2026

In accordance with the Lansing Board of Water & Light's Rules of Administrative Procedure, a schedule of dates, places, and times for each regular meeting of the Board of Commissioners for the calendar year shall be adopted in November.

RESOLVED, that regular meetings of the Lansing Board of Water & Light's Board of Commissioners are hereby set for calendar year 2026 as follows, unless otherwise notified or as a result of date conflicts with rescheduled City Council meetings:

2026
Lansing Board of Water & Light Board of Commissioners
Regular Board Meeting Schedule

Tuesday	January 27
Tuesday	March 24
Tuesday	May 19
Tuesday	July 28
Tuesday	September 22
Tuesday	November 17

Meetings will be held in the Lansing Board of Water & Light REO Town Depot located at 1201 S. Washington Ave., Lansing, MI at 5:30 p.m.

RESOLVED FURTHER, that a notice of the meeting schedule shall be published in a newspaper of general circulation in Ingham County the week of January 1, 2026.

Motion by Commissioner _____, **Seconded** by Commissioner _____, to approve the 2026 Regular Board Meeting Schedule at a Board meeting held on November 18, 2025.

Action: