



**LANSING BOARD OF WATER AND LIGHT
BOARD OF COMMISSIONERS**

**SPECIAL MEETING MINUTES
December 14, 2021**

The Board of Commissioners met at the BWL Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on Tuesday, December 14, 2021.

Chairperson David Price called the meeting to order at 5:30 p.m.

Corporate Secretary Griffin called the roll.

Present: Commissioners David Price, Beth Graham, Dusty Horwitt, Semone James, DeShon Leek, Anthony Mullen, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Douglas Jester (East Lansing), Larry Merrill (Delta Township), and Brian Ross (DeWitt Township).

Absent: None

The Corporate Secretary declared a quorum.

Commissioner Graham led the Pledge of Allegiance.

PUBLIC COMMENT

None.

MEETING PURPOSE:

**Consider a Resolution for a Special Electric Service Contract
for Large Manufacturing Customer**

Chair Price stated that he called for this Special meeting to consider a special electric service contract for a large manufacturing customer and would like to put forward a Resolution.

Chair Price turned the floor over to General Manager (GM) Dick Peffley who introduced the president and CEO of Lansing Economic Area Partnership (LEAP), Bob Tresize. Mr. Tresize commended the leadership of the BWL, as it is the reason the project is being considered by General Motors. General Motors will be constructing a \$2.5 billion, 2,500,000 million square feet, electric vehicle (EV) battery plant that will create 1,700 jobs by 2028-2029 and about 1,000 jobs in 2025 when it goes into production. Construction can start as soon as the first quarter of 2022 and there will be at least several thousand construction workers putting the plant together over three years. Mr. Tresize added that this type of project could propel economic development in the Lansing area--the EV battery plant will sustain vehicle production plants

and suppliers in the area, and the new technology platform will attract related businesses to the region. The City of Lansing and Delta Township Board of Trustees unanimously approved a renewed 425 revenue sharing agreement that was required for the construction site. Then the Lansing City Council approved an 18-year renaissance zone adjacent to the GM plant for future plants. The City of Lansing also scheduled a public hearing to be held on December 20, 2021 at 4:30 p.m. to consider the passage of a public act for a millage for those that are not covered by the renaissance zone. The electric rate that is being considered for approval will be sent in a package to GM for further negotiations.

GM Peffley requested Board approval of a resolution to finalize a special contract with a major manufacturing company. GM Peffley reported that BWL was approached by a customer considering building within BWL's service territory. Their requirements are nationally competitive electric rates for 100 megawatts of energy with an 80% load factor and a 20-year contract. BWL was approached by a similar customer a year ago but the customer selected a different state with lower rates. A proposal was submitted to the current prospective customer that included a very competitive rate and a 20-year term as requested. The customer found the proposal very attractive and requested a draft contract, which was provided. From previous experience this request is usually a very good sign. This rate can be offered without negatively affecting BWL's other customers and will not trigger a rate increase. The contract will allow BWL to pass fuel cost adjustment through the PSAR (a cost indicator tool) during the term of the contract and the BWL gross revenue over the life of the contract is \$868M. The addition of 100 megawatts of load represents a 33% increase in BWL's overall generation portfolio and BWL has sufficient energy to supply the customer until 2027. Different scenarios on how to supply the energy after 2027, such as purchase power agreements, increasing BWL's renewable portfolio, and adding base load generation have been looked into. At this time, the best option to ensure that BWL can deliver the energy at the guaranteed rate over a 20-year contract, will be to increase the generating portfolio at the Delta Energy Plant site. By approving this resolution, a line item is expected to be seen in next years' capital budget to evaluate the installation of additional generating capacity at BWL's Delta Energy Park site. To provide the magnitude of a 100MW project, BWL currently has over 50,000 residential customers and this project will require 25% more energy than all of these customers combined. Another comparison is that adding the total load of BWL's top 10 customers would not equal the energy requirements of this project.

RESOLUTION #2021-12-01

Special Electric Service Contract for Large Manufacturing Customer

WHEREAS, The Lansing Board of Water & Light ("BWL") is committed to being the "Utility of the Future" while supporting community growth. The BWL will provide carbon neutral utility products, services and programs that are financially accessible to all customers with exceptional customer service. This will be accomplished by utilizing evolving, cutting-edge technology, as well as partnering with the Greater Lansing region and a highly skilled, diverse workforce ("Vision").

WHEREAS, two of the BWL's 2021-2025 Strategic Plan Priorities are focused on Customer & Community and Climate & Environment ("Strategic Priorities"). Key strategies that support these priorities include:

- Supporting, encouraging, and enabling emerging beneficial electrification.
- Promoting economic development and regional partnership that create growth and synergy.

WHEREAS, one of the BWL's largest electric commercial/industrial customers has entered a joint venture with another manufacturing company ("prospective customer") that directly supports beneficial electrification.

WHEREAS, the project is expected to result in a significant increase in both electric load and revenue.

WHEREAS, the facility operational and electric load characteristics are unlike the BWL's typical commercial/industrial customer base, represents a "one of kind" customer profile and is not suited for the BWL's existing rate structure.

WHEREAS, the BWL has designed an incremental cost rate to serve the prospective customer that is expected to hold other customers harmless and not burden the entire BWL commercial/industrial rate base.

WHEREAS, the BWL is unaware of a similarly situated commercial/industrial customer to warrant change in its rate design and tariff structure at this time.

WHEREAS, the additional economic development benefits warrants a Special Electric Service Contract for the above-mentioned investment, which is expected to include special electric service rates and additional provisions that mitigate BWL risks.

WHEREAS, a Special Electric Service Contract for the above-mentioned investment is in alignment with the BWL's Vision and Strategic Priorities.

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

WHEREAS, staff has been actively engaged in discussions with the prospective Customer and may be selected as the utility provided to support the above-mentioned investment.

WHEREAS, staff respectfully request the Board of Commissioners to authorize the General Manager to finalize and execute on behalf of the BWL a Special Contract with the prospective customer in the event the BWL is selected as the utility provider to support the above-mentioned investment.

RESOLVED, the General Manager is authorized to finalize and execute on behalf of the BWL a Special Electric Service Contract for the above-mentioned investment with the prospective customer.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Mullen to approve the Resolution for the Special Electric Service Contract for Large Manufacturing Customer.

Chair Price inquired what the 20-year contract would mean as a cost savings to the customer. GM Peffley responded that over the term of the contract, it is a \$936 million incentive for the customer.

Commissioner Merrill asked what would occur if another large customer requested the same service and conditions. GM Peffley responded that the customer would be offered a similar contract with an incentive based on the amount of service requested.

Action: Motion Carried Unanimously.

GM Peffley gave a brief update on the four 55-foot utility poles that were snapped 15 feet above ground by strong winds on Saturday morning, December 11, 2021, and involved a train dragging the lines 1,000 feet down the track, the breaking of 24 additional poles and destroying more than 6 miles of electric cable. No one was injured, service was restored to all except 62 of the 4,200 customers within 12 hours, and service to 60 of the remaining customers was restored within 30 hours. A highly skilled workforce was credited for the quick service restoration along with updated procedures, training, appropriate inventory, and help by mutual aid crews. The poles had been completely replaced less than four years ago as one of the newest upgrades in the system. The repairs made to the poles are temporary but safe and will be rebuilt in the summer of 2022 after engineers complete the design. A video taken by drone cameras was presented. The damage cost has not yet been fully determined but is estimated to be around \$1 million.

Commissioner Price commended the onsite workforce, media relations and the GM for quickly addressing the incident and updating the public. GM Peffley responded that he had met with emergency responders who were expecting it to take a week to restore power and told them power would be restored within hours.

MANAGER'S REMARKS/COMMENTS

There were no Manager's remarks.

COMMISSIONERS' REMARKS/COMMENTS

Commissioner Zerkle thanked the 70 employees that were involved in restoring service on Saturday afternoon.

Commissioner Ross wished everyone Happy Holidays.

PUBLIC COMMENT

Michael Faraone, Lansing, MI spoke about tree cutting on his property. Even though he has his trees cut himself, trees have been marked on his property by Wright Tree Service and he would like a resolution of the issue.

ADJOURNMENT

Chair Price adjourned the meeting at 6:03 p.m.

Filed with Lansing City Clerk:
12-16 -21-Unofficial Minutes
01-26-22-Official Minutes