



**BOARD OF WATER AND LIGHT
REO Town Depot
1201 S. Washington Ave., Lansing, Michigan
July 23, 2019 - 5:30 p.m.**

BOARD MEETING AGENDA

- 1. Roll Call**
- 2. Pledge of Allegiance**
- 3. Election of Officers FY 2019-2020**
- 4. Approval of Minutes**
 - a. Regular Board Meeting Minutes of May 28, 2019
- 5. Public Comment**

Members of the public are welcome to speak to the Board on any agenda subject. Anyone wishing to comment on any matter not on the agenda may do so immediately prior to adjournment.
- 6. Communications**
 - a. Electronic mail Dayna Jenkins re: Customer Service
 - b. Thank you card from former Internal Auditor Phil Perkins
- 7. Committee Reports**
 - a. Nominating Committee Meeting (June 20, 2019) Anthony McCloud, Chairperson
 - b. Human Resources Committee Meeting (June 25, 2019) – Tracy Thomas, Chairperson
 - c. Committee of the Whole Meeting (July 16, 2019) – Sandra Zerkle, Chairperson
 - d. Finance Committee Meeting (July 16, 2019) – Ken Ross, Chairperson
- 8. Manager’s Recommendations**
- 9. Unfinished Business**
- 10. New Business**
- 11. Resolutions/Action Items**
 - a. Appointment of Internal Auditor Fiscal Year 2019/2020
 - b. Corporate Secretary Reappointment Fiscal Year 2019/2020
 - c. General Manager Reappointment Fiscal Year 2019/2020
- 12. Manager’s Remarks**
- 13. Commissioners’ Remarks**
- 14. Motion of Excused Absence**
- 15. Public Comment**

Members of the public are welcome to speak to the Board on any agenda subject. Anyone wishing to comment on any matter not on the agenda may do so immediately prior to adjournment.
- 16. Adjournment**



MINUTES OF THE BOARD OF COMMISSIONERS MEETING

LANSING BOARD OF WATER AND LIGHT

May 28, 2019

The Board of Commissioners met at the Lansing Board of Water and Light (BWL) Headquarters-REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:30 p.m. on May 28, 2019.

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

Present: Commissioners Beth Graham, David Lenz, Anthony McCloud, Anthony Mullen, Ken Ross, Tracy Thomas, and Sandra Zerkle. Non-Voting Commissioners present: Dion'trae Hayes (Lansing Charter Township), Douglas Jester (East Lansing), and William Long (Delta Township).

Absent: None.

The Corporate Secretary declared a quorum.

Commissioner Beth Graham led the Pledge of Allegiance.

Chairperson Price presented Certificates of Appreciation to Commissioner Bill Long (Delta Township) and Commissioner Dion'trae Hayes (Lansing Charter Township) for their contributions as commissioners.

APPROVAL OF MINUTES

Motion by Commissioner Thomas, Seconded by Commissioner Zerkle, to approve the Regular Board Meeting minutes of March 26, 2019.

Action: Motion Carried

PUBLIC COMMENTS

None.

COMMUNICATIONS

Electronic Mail received From or Re:

- a. Electronic mail from Linda Rose re: Smart Meter Opt Out - *Referred to Management. Received and Placed on File*
- b. Electronic mail from Debbie Wolf re: Green Energy - *Referred to Management. Received and Placed on File*

- c. Electronic mail from Nichole Biber re: New Gas Plant - *Referred to Management. Received and Placed on File*
- d. Electronic mail from Aileen Gow re: Recycle Rama BWL Volunteers - *Referred to Management. Received and Placed on File*
- e. Thank You Card from BWL Commissioner Ken Ross - *Received and Placed on File*
- f. Late item: Electronic Mail from Ricky Anderson re: Tree Trimming matters – *Referred to Management*

COMMITTEE REPORTS

Commissioner Tracy Thomas presented the Human Resources Committee Report:

HUMAN RESOURCES COMMITTEE Meeting Minutes May 14, 2019

The Human Resources Committee 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 5:00 p.m. on Tuesday, May 14, 2019.

Human Resources (HR) Committee Chairperson Tracy Thomas called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Tracy Thomas, Tony Mullen, Sandra Zerkle and Voting Alternate Member David Price. Also present: Commissioners Ken Ross and Non-Voting Commissioners William Long (Delta Township), and Douglas Jester (East Lansing) (arrived at 5:10 pm.)

Absent: Commissioner Anthony McCloud

Public Comments

None

Approval of Minutes

Motion by Commissioner Mullen, **Seconded** by Commissioner Zerkle, to approve the Human Resources Committee meeting minutes of September 18, 2018.

Action: Motion Carried.

FY 2020 Board Appointee Performance Reviews

HR Committee Chair Thomas opened the floor for the Board Appointee Performance Reviews.

Corporate Secretary

Corporate Secretary M. Denise Griffin requested a closed session for the purpose of receiving her contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

Motion by Commissioner Price, **Seconded** by Commissioner Jester, to enter into closed session to discuss the contractual year-end performance evaluation of Corporate Secretary M. Denise Griffin.

Roll Call Vote:

Yeas: Commissioners Tracy Thomas, Tony Mullen, Sandra Zerkle, and David Price.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 5:03 p.m.

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to reconvene into open session.

Action: Motion Carried.

The Human Resources Committee reconvened to open session at 5:19 p.m.

Upon conclusion of the Closed Session, the following motion was offered:

Motion by Commissioner Zerkle, **Seconded** by Commissioner Mullen, to forward the resolution reappointing M. Denise Griffin to the Charter position of Corporate Secretary for FY20 to the full Board for consideration.

Action: Motion Carried.

General Manager

General Manager Richard Peffley requested a closed session for the purpose of receiving his contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle, to enter into closed session to discuss the contractual year-end performance evaluation of General Manager, Richard Peffley.

Roll Call Vote:

Yeas: Commissioners Tracy Thomas, Tony Mullen, Sandra Zerkle, and David Price.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 5:21 p.m.

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to reconvene into open session.

Action: Motion Carried.

The Human Resources Committee reconvened to open session at 5:38 p.m.

Upon conclusion of the Closed Session, the following motion was offered:

Motion by Commissioner Zerkle, **Seconded** by Commissioner Mullen, to forward the resolution reappointing Richard (Dick) Peffley to the Charter position of General Manager for FY19 to the full Board for consideration.

Action: Motion Carried.

Internal Auditor

Internal Auditor, Phil Perkins, requested a closed session for the purpose of receiving his contractual year-end performance evaluation as permitted by the Open Meetings Act exemption MCL 15.268(a).

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to enter into closed session to discuss the contractual year-end performance evaluation of Internal Auditor, Phil Perkins.

Roll Call Vote:

Yeas: Commissioners Tracy Thomas, Tony Mullen, Sandra Zerkle, and David Price.

Nays: None.

Action: Motion Carried.

The Human Resources Committee went into closed session at 5:41 p.m.

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to reconvene into open session.

Action: Motion Carried.

The Human Resources Committee reconvened to open session at 5:56 p.m.

Subsequent Steps for Board Appointed Employees Contracts

Motion by Commissioner Thomas, **Seconded** by Commissioner Mullen, to charge the HR Chair and the Board Chair with the task of working with the appointed employees on their respective annual merit considerations on behalf of the Board of Commissioners.

Action: Motion Carried.

Excused Absence

None

Other

HR Committee Chair Thomas recognized Executive Assistant Smiljana Lazic for her hard work with the groundwork of Human Resources evaluation and its process.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Price, to excuse Commissioner McCloud from tonight's meeting.

Action: Motion Carried

Adjourn

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to adjourn the meeting.

Action: Motion Carried

Meeting adjourned at 6:03 p.m.

Respectfully Submitted,
Tracy Thomas, Chair
Human Resources Committee

Commissioner Sandra Zerkle presented the Committee of the Whole Report:

**COMMITTEE OF THE WHOLE
Meeting Minutes**

May 14, 2019

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 6:09 p.m. on Tuesday, May 14, 2019.

Committee of the Whole Chair Sandra Zerkle called the meeting to order at 6:09 pm and asked the Corporate Secretary to call the roll.

Present: Commissioners Sandra Zerkle, Tony Mullen, David Price, Ken Ross, Tracy Thomas and Non-Voting Members: Doug Jester (East Lansing) and Bill Long (Delta Township).

Absent: Commissioners Beth Graham, David Lenz, Anthony McCloud, and Non-Voting Member Dion'trae Hayes (Lansing Charter Township).

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to approve the Committee of the Whole Meeting minutes of March 12, 2019.

Action: Motion Carried.

IT Overview

General Manager Peffley introduced CIO Rod Davenport who presented an overview of the IT Department. Mr. Davenport highlighted the four strategies in which IT is most actively involved—Effectively Acquire and Manage Resources, Implementing New Technologies, Workforce, and Financial Stability.

The collage consists of several presentation slides. The top left slide features the Lansing Board of Water and Light logo with the slogan 'Hometown People. Hometown Power.' The top middle slide is titled 'Department Overview' and 'INFORMATION TECHNOLOGY Departmental Update'. Below these are two 'Overview' slides. The left one lists strategic goals like 'Supporting Business Needs' and 'Continuous maintenance of secure computing environment'. The right one lists goals like 'Compare to Industry Best Practices' and 'IT Spend per Employee = \$16,827'. At the bottom are two roadmaps: 'COBIT Audit Remediation Roadmap' and 'Cybersecurity Policy Development Roadmap - Operational Policies', both showing timelines from February to December with various project phases and tasks.



Commissioner Mullen inquired about the third-party penetration testing with the new OMS outage website. Mr. Davenport responded that the testing went well and a few vulnerabilities were addressed before the system went live. Commissioner Mullen asked what protections have been put into place since last year regarding the report of the security system being hooked up to a PC and the system being opened to the public. Mr. Davenport responded that software for network access control can be put into place on devices in addition to the network infrastructure upgrade that is being considered.

Commissioner Long inquired about the cyber security steering committee and the input and expertise of the process. Mr. Davenport responded that the committee helps with organizational change management and provides oversight and guidance for cyber security policies and processes. Mr. Davenport also responded that several BWL staff are certified in cyber security and that BWL has advisory services available. Mr. Davenport reported that drafts of the cyber security policies should be completed by the end of July and comprehension of the policies will be put into effect by the end of December.

Commissioner Jester inquired whether the documentation addressed in the audit remediation was process documentation or configuration items. Mr. Davenport responded that policy process and procedure was the majority of the audit information addressed. Mr. Davenport also responded that a configuration management database (CMDB) is being created.

Commissioner Long asked whether the budget included the elements IT requires to complete the network infrastructure that is planned and Mr. Davenport responded that throughout the forecasted plan leveraging of IT items will result in fulfillment of IT plans.

BSmart Update - Presentation

GM Peffley introduced Enterprise Business Interim Manager, Kellee Christensen, who provided information on the BSmart Program. Ms. Christensen highlighted the Advance Metering Infrastructure (AMI), Advanced Distribution Management System (ADMS), Geographical Information System (GIS), Customer Information System (CIS), and Enterprise Service Bus (ESB). Ms. Christensen stated that BWL is investing in technology as the infrastructure is aging and there are some compatibility issues.

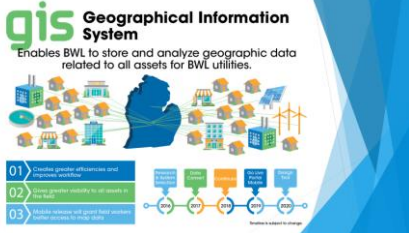
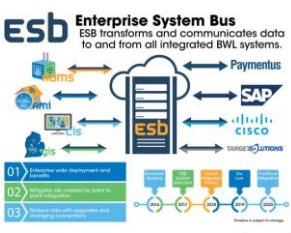


what is bsmart?
 The BSmart Program comprised of five projects to move us to the utility of the future:
 Advanced Metering Infrastructure (AMI),
 Advanced Distribution Management System (ADMS),
 Geographical Information System (GIS),
 Customer Information System (CIS) and
 Enterprise Service Bus (ESB).



Why Invest in these Technologies?

- ▶ Aging infrastructure / systems
 - ▶ Meters
 - ▶ Mainframe
 - ▶ Compatibility
 - ▶ Performance
- ▶ Technology
 - ▶ Getting current
 - ▶ Staying current
 - ▶ Utility Trends
- ▶ Becoming the Utility of the Future
 - ▶ Customers expectations



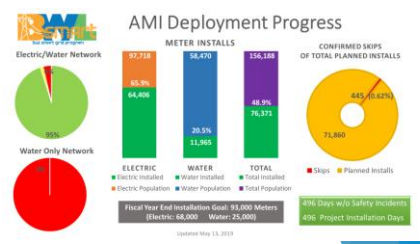
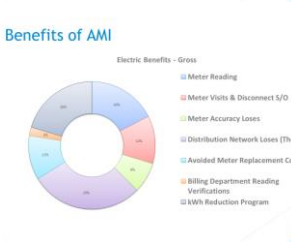
Future GIS Releases

R1	R2	R3	R4
Convert Electric Distribution and Conductivity	Integrating with R1 Conflation	Web Access Online	Design Life Cycle
Convert Water and Chiller Water Distribution	BWL Portal for Esri	Sharing our maps internally and externally with our customers	Onsite Integration
Asset Stream Distribution	Mobile Map Services		Conduct Map
Added Street Lighting and Conductivity	Templates - Providing better access to maps and data from a mobile platform		Shipping within Esri

Continue integrations with other BSmart Projects



OMS An Outage Management System manages outage events and helps in service restoration. The OMS is required to improve outage management, generate and enhance outage response and closing notification.	Integrating OMS and GIS is required to improve operator efficiency, the outage management process, and the coordination of field work as well as reduce data maintenance efforts. The two systems share a distribution system model, and with a shared interface, the result is more comprehensive and accurate picture of current conditions.		
DMS A Distribution Management System is used to monitor, control, and manage the distribution network. The DMS is required to provide improved meter awareness and decision making as well as improve safety and prevent assets.		Integrating SCADA with Esri and just enables the use of a single system provides operator efficiency and streamlined logs and authority management.	Integrating all other systems enables a customer view interface, data modern, infrastructure, and security.
SCADA A Supervisory Control and Data Acquisition system provides real-time monitoring and control of generation and transmission systems.			
EMS An Energy Management System optimizes operations, and controls the transmission grid and generation assets. The EMS is required to optimize power usage, increase reliability, and protect			



- Upcoming project milestones**
- ▶ Deployment of assets continues (See dashboard)
 - ▶ Water only area network in progress
 - ▶ Water installation and retrofit appointment / communication strategy
 - ▶ Opt Out Program
 - ▶ Customer Portal
 - ▶ Network (Service Level Agreements) SLA validation
 - ▶ Validation, estimating and editing workshops for Meter Data Management (MDM)
 - ▶ Complex billing data for large customers development in MDM
 - ▶ Integrations to ADMS/ GIS



- Customer Information System**
- ▶ This project will replace the Customer Information and Billing System that is currently on the Mainframe CIS and Field Force Automation software programs
 - ▶ We have begun the Discovery Phase of the project with the Vendor
 - ▶ It will integrate with GIS, MDM/AMI, Auto Vehicle Locating (AVL) and ADMS/OMS
 - ▶ Go live is projected summer of 2021
 - ▶ Software and platform
 - ▶ Itineris
 - ▶ Microsoft 365 Dynamics
 - ▶ Microsoft Azure cloud



Commissioner Long inquired if the ESB time frame is on track, specifically going live in 2019. Ms. Christensen responded that the ESB went live in March 2019.

Commissioner Zerkle asked out how the advanced distribution management system helps or impacts the customers and Ms. Christensen responded that from the calls received from customers, the system can predict where the outage is occurring and help with restoration planning.

Commissioner Long inquired whether electric meters are installed at the same time as water meters are installed and Ms. Christensen responded that the electric meters are on a schedule.

Commissioner Zerkle commented that the public relations aspect of providing information on the Smartmeters was very helpful.

Commissioner Jester asked about the ease of customer information system working with third parties and Ms. Christensen responded that with this system public information is easier to distribute.

Rules and Regulations for Electric, Water, Steam and Chilled Water Utility Services Rules

GM Peffley introduced BWL General Counsel Mark Matus who reported on the changes to the Rules and Regulations for Electric, Water, Steam and Chilled Water Utility Services Rules.

FY20 RULES AND REGULATIONS

Summary of Proposed Changes

Subject: Board of Commissioners update of Rules and Regulations for utility services, including fees and charges.

Background: The Rules and Regulations set forth the terms and conditions of utility services, and govern issues such as:

- General Provisions
- Service Conditions
- Use of Service
- Metering
- Application of Rates
- Responsibility for Payment of Bills
- Dispute and Hearing Procedure
- Distribution System Extensions
- Services
- Fees and Charges
- Compliance
- Other individual Utility Issues

BWL staff periodically review the BWL Rules and Regulations to recommend changes designed to promote clarity and consistency, address change in practice or procedure, address new issues, and ensure that fees and charges are adequate to cover actual costs.

Fiscal Year 2020 changes fall into three categories: (1) Changes designed to address grammar, clarity and consistency across utilities, but not to change the meaning, substance or effect of a rule; (2) Substantive changes that may alter the meaning or effect of a rule; and (3) Fee and Charges increases to recover actual costs where they have increased since the last update in FY18.

1. Non-substantive Changes

For clarity: Examples:

10.7.A Prior to the installation of any electric distribution system extension, the BWL must be granted on the Customer's premises, and at no expense to the BWL, recordable easements providing right-of-ways suitable

for ingress, egress, installation, and maintenance, including, but not limited to, tree trimming or removal, restoration, replacement, construction, and relocation of the electric distribution system extension including any street lighting cables and distribution equipment as designed by the BWL for present and future service.

Revision to Rule 5.7, **Rate 5 and 8 Meter Installations**

- Changed heading to “Primary Rate Meter Installations” instead of “Rate 5 and 8 Meter Installations”

2. Substantive Changes

Across Utilities - Electric, Water, Steam and Chilled Water:

- Revision of Rule 1, **Definitions**
 - Added a definition of “Customer Information” as referenced in the new Rule 2.2 regarding Customer information collection and privacy
- Revision of Rule 2, **General Provisions**
 - 2.2 - Added language to address Customer information collection and privacy
- Revision to Rule 6, **Property Owner – Rental Agent Agreement for Automatic Leave-On “ALO” Service**
 - Revision to language to clarify that ALO is a requirement, not recommendation
 - Added language that failure to enroll in ALO may result in application charges and possible service interruptions until enrolled in ALO
- Revision to Rule 9 or 10, **Easements**
 - Added language to that in the event the required easement could not be reasonably granted on the Customer’s premises, the BWL may require the Customer to assist in negotiation of any necessary easements on other private property.
- Revision to Rule 9 or 10, **Non-Standard Equipment**
 - Added language to clarify that when the BWL elects to provide and maintain equipment which differs from its normal specifications, the Customer will have to enter into an agreement and pay the BWL for the purchase, maintenance, and replacement costs of the non-standard equipment.

ELECTRIC:

- Revision of Rule 1, **Definitions**
 - Added definition of “Advanced Meter” due to new use of the term.
 - Added definition of “Advanced Metering Infrastructure (AMI)” due to new use of the term.
 - Added definition of “Alternate Primary Service” to replace “Second Service” for clarification and to be more descriptive.
 - Added definition of “Alternate Primary Source” to replace “Second Source” for clarification and to be more descriptive.
 - Deleted definition of “Second Service”
 - Deleted definition of “Second Source”
- Revision of Rule 3.2.C, **Available Voltage**
 - Changed language to eliminate the availability of new three-wire power service which we no longer wish to offer due to safety concerns. Existing three-wire power services are grandfathered in.
- Revision of Rule 3.2.E, **Available Voltage**
 - Added language to allow Customers who require additional or non-standard equipment the BWL is not willing to install to take primary service voltage instead. The BWL does not

want the liability of non- standard equipment that we cannot maintain or replace readily.

- Revision of Rule 3.2.F, **Available Voltage**
 - Added language to clarify the point of delivery.
 - Revised language to remove voltages that no longer exist.
- Revision of Rule 4.5, **Power Factor**
 - Added language to allow the BWL to provide notice and require a Customer to submit a mitigation plan for approval when the Customer's power factor is less than 85% for 6 or more months of any 12 consecutive billing periods; and the Customer is subject to disconnection if the power factor is not adjusted. This add is to enforce the minimum power factor requirement.
- Revision to Rule 5.3C, **Equipment Location**
 - Added language that when an advanced meter is located indoors and is not communicating, the Customer will be required to pay for BWL to install equipment to establish signal for two-way communication.
- Revision to Rule 5.4, **Multiple Occupancy Buildings**
 - Added language to require the common meter room of multiple occupancy buildings be located on the ground floor or floor closest to ground level above the flood plain. The BWL does not own or maintain metering equipment for multiple floors such as high-rise buildings.
- Addition of Rule 5.8, **Advanced Meter Opt-Out Program**
 - Added language of eligibility and ineligibility of the Advanced Meter Opt-Out Program
- Revision to Rule 6.3, **Choice of Rates**
 - Added language to give BWL the authority to change a Customer's rate, without the consent of the Customer, when the customer is on a rate they are not eligible to receive. BWL will notify the Customer prior to such change.
- Revision to Rule 6.8A, **Cogeneration and Small Power Production Facility**
 - Added Primary High Load Factor Service – Rate 85 to rate schedule list
- Deletion of Rule 6.9, **Billing Demand**
 - The revision of Rule 6.3 now addresses this point.
- Revision to Rule 10.11, **Customer Provided Facilities**
 - Added language requiring the Customer to provide outside space for any BWL transformers and other oil- filled equipment which must be accessible by BWL personnel and equipment for purposes of installation, operation and maintenance of BWL equipment to be consistent with current practices.
- Revision to Rule 10.21, **Distribution System Extensions for Second Source**
 - Revision to use new defined term of alternate primary source in place of second source.
 - Added language that Customer will be responsible for all operation and maintenance costs. This is a new requirement placed on Customers as currently the BWL is bearing all O&M costs.
 - Added language that an alternate primary source does not guarantee capacity on the circuit and related equipment to be able to carry the load of the Customer at all times because the BWL does not have "reserve" capacity agreements or pricing for such an agreement.
- Revision to former Rule 11.11, now Rule 10.22, **Second Service**
 - Moved to Rule 10 to keep distribution system extensions together.
 - Revised section heading to be Distribution System Extensions for Alternate Primary Service for clarity
 - Revision to state the Customer may request an alternate primary service, because is previously read a Customer could automatically have it which is inaccurate; the BWL

must approve.

- Added language that Customer will be responsible for all operation and maintenance costs. This is a new requirement placed on Customers as currently the BWL is bearing all O&M costs.
- Revision to Rule 11.7A, **Commercial and Industrial Underground Services**
 - Revision to remove secondary attachment on the pole because the BWL does not want customer-owned facilities on BWL structures.
- Revision to Rule 11.7B, **Commercial and Industrial Underground Services**
 - Revision to language to clarify the Customer, not BWL, will install direct buried electric secondary service conductors and be responsible to maintain because this is the customer's side of the meter and this work is delegated to local electricians.
- Deletion to Rule 11.7E, **Commercial and Industrial Underground Services**
 - Removed to eliminate BWL doing work on Customer's secondary service conductors as this work is delegated to local electricians.
- Revision to Rule 11.7F, **Commercial and Industrial Underground Services**
 - Revision to clarify a single secondary service in excess of 2000 Amperes must be installed using a cable bus or bus duct, if approved by the BWL because this is limited by the number of parallel conductors that can be installed.
- Revision to Rule 11.8A, **Multi-Dwelling Structure Services**
 - Revision to remove secondary attachment on the pole because the BWL does not want customer-owned facilities on BWL structures.
- Revision to Rule 11.8B, **Multi-Dwelling Structure Services**
 - Revision to language to clarify the Customer, not BWL, will install direct buried electric secondary service conductors and be responsible to maintain because this is the customer's side of the meter and this work is delegated to local electricians.
- Revision to Rule 13.2, **Authorized Attachments**
 - Added language that new non-pole owner permit applications are limited to 50 poles per application. This is a BWL requirement due to limited resources.
 - Added language that If the BWL concludes the proposed attachment could jeopardize the physical integrity of its distribution poles, the BWL may require certification of the proposed route by a licensed professional engineer. This is a new requirement BWL is placing on attacher. Attacher is altering pole construction so putting requirement on them to verify attachments do not jeopardize the physical integrity of the pole.
 - Added language that the installation or maintenance of applicant's equipment on poles owned by a third-party, will require an agreement between the pole owner and the BWL, and a separate agreement between the BWL and the applicant to be consistent with current practices.
- Revision to Rule 13.6, **Payment of Fees**
 - Revision of late fee from 5% to 2% because 2% is what is being used operationally.

WATER:

- Revision of Rule 1, **Definitions**
 - Added definition of "Advanced Metering Infrastructure" due to new use of the term within the rules regarding AMI.
 - Added definition of "Module" due to new use of the term within the rules regarding AMI.
- Addition of Rule 5.7, **Advanced Meter Opt-Out Program**
 - Added language of eligibility and ineligibility of the Advanced Meter Opt-Out Program.

- Revision to Rule 6.3, **Choice of Rates**
 - Added language to give BWL the authority to change a Customer’s rate, without the consent of the Customer, when the customer is on a rate they are not eligible to receive. BWL will notify the Customer prior to such change.
- Revision to Rule 11.2B, **Application for Services**
 - Deleted Dewitt Township as a township requiring their customers to apply with the township. They want their customers to contact BWL directly.

STEAM:

- Revision to Rule 6.3, **Choice of Rates**
 - Added language to give BWL the authority to change a Customer’s rate, without the consent of the Customer, when the customer is on a rate they are not eligible to receive. BWL will notify the Customer prior to such change.

CHILLED WATER:

No substantive revisions

3. Fees and Charges

ELECTRIC FEES and CHARGES				
Charge Description	When Applied	FY18 Charge	Proposed FY20 Charge	
Pole Attachment Fees:				
Permit Application Pre- and Post-Construction Review, along with all Applicable Engineering and Make Ready Construction	Each occurrence	At cost	At cost	
Annual Pole Rental Fee	Annually	\$12 per attachment, \$300 minimum	Per Pole Attachment Rate 41	Directs to applicable Rate
5G Wireless Antenna Rental Fee (On Existing Pole)	Annually	DID NOT EXIST	\$50 per antenna with 10% increase every 5 years	New fees per law
5G Wireless Antenna Rental Fee (New Pole Installation)	Annually	DID NOT EXIST	\$150 per antenna	New fees per law
Failure to Transfer	Each occurrence after the due date via the agreed upon notification system	3 times annual attachment fee per attachment per month	3 times annual attachment fee per attachment per month	
Unauthorized Attachment	Each occurrence 30 days after notification via the agreed upon notification system	3 times annual attachment fee per attachment per month	5 times annual attachment fee per attachment per month	To be consistent with Rate 41
Non-refundable Application Fee	Each occurrence	\$33 per pole, \$495 minimum	\$50 per pole, \$500 minimum	Adjusted to market rate
Map Page Fee	Each Request - Electronic	DID NOT EXIST	\$20 per request	New fee to cover costs
	Each Request - Per Map Page in Hard Copy	DID NOT EXIST	\$20 per page	New fee to cover costs
Connect (Turn-on/turn-off) Fee	Same-Day Service: By the end of the same calendar day of the ordering being taken. Service orders taken after 3:00 p.m. weekdays will be completed by the end of the day.	\$150	\$165	For consistency with Water
Reconnection Fee Non-Pay or other	Same-Day Service: By the end of the same calendar day of the ordering being taken. Service orders taken after 3:00 p.m. weekdays or during the weekend will be completed by the end of the day.	\$150	\$165	For consistency with Water
Meter Tampering	Each occurrence	\$265	\$275	For consistency with Water
Interference Fee	Each occurrence	\$265	\$275	For consistency with Water
Advanced Meter Opt-Out Fee	One Time - Electric Only - Per Meter One Time - Electric & Water One Time - Electric, Water & Irrigation Monthly - Electric Only - Per Meter Monthly - Electric & Water Monthly - Electric, Water & Irrigation	DID NOT EXIST DID NOT EXIST DID NOT EXIST DID NOT EXIST DID NOT EXIST DID NOT EXIST	\$115 \$190 \$315 \$10 \$25 \$25	Added due to language in Rule 5.8

**WATER
FEES and
CHARGE
S**

Charge Description	When Applied	FY18 Charge	Proposed FY20 Charge	
Water Main Front Footage Recovery	½ of the charge for either side of street if not previously collected.			
	On 16"	\$190/ft	\$197 / ft	Adjusted to cover costs of labor, materials and equipment
Water Services (Board Installed) (Connection Fee applicable)	Up to and incl. 1" Water Service			
	Main-to-Curb Box Stub on previously installed water mains	\$2,300 per stub plus restoration cost	\$2,700 per stub plus restoration cost	Adjusted to cover costs of labor, materials and equipment
	Curb Box-to-Building (Trenched)	\$810 minimum, \$18/ft in excess of 45 feet plus restoration cost	\$845 minimum, \$18/ft in excess of 45 feet plus restoration cost	Adjusted to cover costs of labor, materials and equipment
	Curb Box-to-Building (Bored)	\$1,550 Minimum, \$25/ft in excess of 45 feet plus restoration cost	\$1,850 Minimum, \$30/ft in excess of 45 feet plus restoration cost	Adjusted to cover costs of labor, materials and equipment
	Indoor Meter Set ¾" – Standard	\$270	\$290	Adjusted to cover costs of labor, materials and equipment
	Indoor Meter Set ¾"- With Split Irrigation	\$375	\$385	Adjusted to cover costs of labor, materials and equipment
	Domestic or Irrigation Outdoor ¾" Meter Set with Meter pit	\$2,850	\$3,015	Adjusted to cover costs of labor, materials and equipment
	Outdoor ¾" Meter Set with Meter pit – Customer Choice Program (labor only)	\$155	\$180	Adjusted to cover costs of labor, materials and equipment
	Retrofit of existing service to allow for split Domestic or Irrigation Service	\$375	\$385	Adjusted to cover costs of labor, materials and equipment
	Charge for setting meter on a split service after initial installation	\$160	\$180	Adjusted to cover costs of labor, materials and equipment
Service Meter Pit set – Customer Choice Program (labor only)	\$155		Adjusted to cover costs of labor, materials and equipment	
Service Demolition	When requested by Customer			
	Up to and including 1" Curb Box-to-Meter Pit	\$120	\$130	Adjusted to cover costs of labor, materials and equipment
	Up to and including 1" Curb Box-to-Building	\$235	\$245	Adjusted to cover costs of labor, materials and equipment
Winter Construction Charge	Water Services, 2" and under	\$10 /Trench ft	\$11/Trench ft	Adjusted to cover costs of labor, materials and equipment
Damaged Meter Charge	Upon occurrence			
	For Services Up to 1"	\$250	\$260	Adjusted to cover costs of labor, materials and equipment
	For 1' Services	\$320	\$330	Adjusted to cover costs of labor, materials and equipment
Thawing Service Charge	After a running water order has been issued			
	Up to and incl. 2" and up to 2 hours	\$235	\$245	Adjusted to cover costs of labor, materials and equipment
Domestic Service Inspection Fee (Customer Choice Program)	Each inspection visit for 2" or less diameter services only – no engineering drawings or service evaluation required.	\$165	\$195	Adjusted to cover costs of labor, materials and equipment
Permit Application (Customer Choice Program)	Initial request by contractor seeking qualification	\$400	\$410	Adjusted to cover costs of labor, materials and equipment
BULK WATER PERMIT Temporary Hydrant Usage for construction, festivals and governmental special use by special permit.	1" RPZ backflow device plus	\$850	\$795	Adjusted to cover costs of labor, materials and equipment
	2" RPZ backflow device plus	\$1,490	\$1,385	Adjusted to cover costs of labor, materials and equipment
Connect (Turn-on/turn-off) Fee	Same-Day Service: By the end of the same calendar day of the ordering being taken. Service orders taken after 3:00 p.m. weekdays will be completed by the end of the day.	\$150	\$165	Adjusted to cover costs of labor, materials and equipment
Reconnection Fee Non-pay or other	Same-Day Service: By the end of the same calendar day of the order being taken. Service orders taken after 3:00 p.m. weekdays or during the weekend will be completed by the end of the day.	\$150	\$165	Adjusted to cover costs of labor, materials and equipment
Water Theft Penalty Fee	1st Occurrence	\$500	\$500	
	2nd Occurrence	Up to \$1,500	Up to \$1,500	Removed this fee from Bulk Water Permit section and reinserted here so it is applicable in all instances, not just to bulk water permit customers
	3rd Occurrence	Up to \$5,000 and permit revocation	Up to \$5,000 and bulk water permit revocation, if applicable	
Meter Tampering	Each Occurrence	\$265	\$275	Adjusted to cover costs of labor, materials and equipment
Meter Calibration Charge	Customer request meter calibration check is within plus or minus 1.5% of accuracy			
	Up to 2" meters	\$175	\$195	Adjusted to cover costs of labor, materials and equipment
Interference Fee	Each occurrence	\$265	\$275	Adjusted to cover costs of labor, materials and equipment

Advanced Meter Opt-Out Fee	One Time - Water Only -	DID	\$125	Added due to language in Rule 5.7
	Per Meter One Time -	NOT	\$190	
	Electric & Water	EXIST	\$315	
	One Time - Electric, Water	DID	\$20	
	& Irrigation Monthly -	NOT	\$25	
	Water Only - Per Meter	EXIST	\$25	
	Monthly - Electric & Water	DID		
	Monthly - Electric, Water & Irrigation	NOT		
		EXIST		
		DID		
		NOT		
		EXIST		
		DID		
	NOT			
	EXIST			
	DID NOT EXIST			

CHILLED WATER FEES and CHARGES				
Charge Description	When Applied	FY18 Charge	Proposed FY20 Charge	
Connect (Turn-on/turn-off) Fee	Same-Day Service: By the end of the same calendar day of the ordering being taken. Service orders taken after 3:00 p.m. weekdays will be completed by the end of the day.	\$150	\$165	For consistency with Water
Reconnection Fee Non-Pay or other	Same-Day Service: By the end of the same calendar day of the ordering being taken. Service orders taken after 3:00 p.m. weekdays or during the weekend will be completed by the end of the day.	\$150	\$165	For consistency with Water
Meter Tampering	Each occurrence	\$265	\$275	For consistency with Water
Interference Fee	Each occurrence	\$265	\$275	For consistency with Water

STEAM FEES and CHARGES				
Charge Description	When Applied	FY 2016 Charge	Proposed FY20 Charge	
Connect (Turn-on/turn-off) Fee	Same-Day Service: By the end of the same calendar day of the ordering being taken. Service orders taken after 3:00 p.m. weekdays will be completed by the end of the day.	\$150	\$165	For consistency with Water
Reconnection Fee Non-pay or other	Same-Day Service: By the end of the same calendar day of the ordering being taken. Service orders taken after 3:00 p.m. weekdays or during the weekend will be completed by the end of the day.	\$150	\$165	For consistency with Water
Meter Tampering	Any time	\$265	\$275	For consistency with Water
Interference Fee	Any time	\$265	\$275	For consistency with Water
Meter Calibration Charge	When Customer requested meter calibration check is within plus or minus 2% accuracy	\$175	\$195	For consistency with Water

Commissioner Zerkle requested an example of a customer being removed from a billing program and Mr. Matus responded that if a customer is in a flat rate program of equalized payments, the data obtained can be removed to change the program for the customer. Commissioner Long asked about an instance where the customer is no longer eligible for a program and Mr. Matus responded that the system will remove customers from programs for which they are no longer eligible based on data the system obtains. Commissioner Mullen asked why BWL has rules and regulations when there are laws that are applicable and Mr. Matus responded that BWL has policies and procedures in place to conduct BWL operations. Commissioner Long asked about the alternate service and BWL guaranteeing or not that BWL is able to supply power. Mr. Matus responded that BWL guarantees power if BWL provides the alternate service but not if the customer installs the alternate service. GM Peffley responded that capacity cannot be just provided to every business that requests alternate service but an appropriate rate needs to be set.

Commissioner Long asked about the fees for customers that wanted to attach to poles and Mr. Matus responded that there are two types of customers, customers that want to attach an antenna and customers that want to put up lines, and contracts are made with these customers.

Commissioner Zerkle inquired about the opt out system. GM Peffley responded that the opt out system is a service and the customer can have an electric meter rather than a Smartmeter but the customer will pay the cost for the meter reader. Commissioner Zerkle also asked about the same day re-instatement of service if payment is made by 3:00 pm. Executive Director of Customer Operations and Communications, Steve Serkaian, responded that requests are to be made by 3:00 pm to eliminate overnight service turn-ons.

Motion by Commissioner Price, Seconded by Commissioner Thomas to forward the proposed Resolution for Rules and Regulations for Electric, Water, Steam and Chilled Water Utility Services Rules with an amended effective date of July 1, 2019 to the full Board for consideration.

Action: Motion Carried

BWL Planning Process

GM Peffley introduced Executive Director of Strategic Planning and Development, Brandie Ekren, who presented BWL's long-term and strategic goals planning process.

Strategic Planning & Development
Lansing Board of Water & Light Planning Process
Committee of the Whole, May 14, 2019

Planning Process
The Planning Process is intended to develop (or develop and manage) the LWL's long-term and strategic goals in a changing industry and faced with uncertainty.
The process provides a framework for developing the culture and method of meeting those goals by focusing on the LWL's vision, mission, values and management processes.
The process is based on sound, verifiable, and transparent analysis and studies of industry trends, local business conditions, and technology changes.
The process ensures LWL's resources aligned with the overarching corporate strategy and need use LWL's resources for the establishment of key objectives and mission statements.
The process provides guidance on emerging business strategy with short (1-3 years), mid (3-5 years) and long term (5-10+) perspective.

Planning Department Scope
The Planning Department is responsible for major LWL utility planning initiatives:
Integrated Resource Plan:
• Strategic Plan;
• Strategic Management Engagement Plan (SME Balance Score Card);
• Renewable Portfolio;
• Economic Development Strategy;
• Industry Knowledge Hub; and
• Corporate Performance Standards service levels.

TODAY'S DISCUSSION TOPICS
Strategic Engagement (Balance Scorecard)
Strategic Plan
Integrated Resource Plan

INTEGRATED RESOURCE PLAN
March 2019 - January 2020
BASICS
• A comprehensive decision-making process
• Provides a road map for providing reliable and the least-cost electric service
• Addresses the risks and uncertainties inherent in the industry
• Evaluated every 4-5 years
• Historically focused on Electric utility

INTEGRATED RESOURCE PLAN
March 2019 - January 2020
CONSIDERATIONS
• Customer base and growth potential
• Resource options, performance characteristics and costs
• Industry trends and market conditions
• Economic data
• Reliability standards and environmental issues
• Recovery of fixed costs and energy market conditions

INTEGRATED RESOURCE PLAN
March 2019 - January 2020
VALUE OF PUBLIC OWNERSHIP
• Due diligence to ensure investments are reasonable and valuable
• Provides transparency to customers, which includes a demonstration, the IRP, is moving away from fossil fuels to a reasonable and affordable manner to its customers.
• Provides the public with an opportunity to provide insight and feedback to investors and stakeholders

INTEGRATED RESOURCE PLANNING PROCESS
• Develop planning goals
• Stakeholder engagement
• Care and respect to support economic growth
• Industry trends allow us to support public service
• The environmental impact of our actions
• Risk assessment and mitigation
• Goals, data and forecasts
• Resource options (performance characteristics and costs)
• Market and utility trends and general industry trends
• Develop strategic modeling
• Develop scenarios and contribute to our mission/policies
• Review the IRP and ensure public input is included
• Presentation to Commission

INTEGRATED RESOURCE PLAN: TIMELINE & STAGES
Stakeholder Feedback: March - November 2019
Industry research & modeling: July - October 2019
Public Open House/Meetings: Late Fall 2019 / Early Winter 2020
Report to Commission: January 2020

INTEGRATED RESOURCE PLAN: STAKEHOLDER ENGAGEMENT
• To engage insight on needs and interests of actual and potential customer constituents
• Highlight customer values and interests in exploring strategies that protect the inclusion of reliability, environmental and economic goals
• An informed public is opportunity for input and secure necessary support for recommendations
• Current plan involves review of existing documents from March 2019 through June 2019
• Multiple additional discussions to continue through November 2019
• The necessary participants include environmental interest groups, neighborhood associations, stakeholder representatives, large commercial/industrial customers, and any other individuals affected through this stage
• A summary report reflecting the discussion process and feedback received
• Consider stakeholder feedback may continue through the IRP process, this report will likely be included into the Commission report. However, stakeholder input will be available as needed

INTEGRATED RESOURCE PLAN: INDUSTRY RESEARCH & MODELING
• Review industry data reports and produce a summary report of utility resources and a summary report
• Main area of focus will be modeling energy and capacity markets as well as supply side resources and demand side resources
• The necessary participants include environmental interest groups, neighborhood associations, stakeholder representatives, large commercial/industrial customers, and any other individuals affected through this stage
• An informed public is opportunity for input and secure necessary support for recommendations
• Current plan involves review of existing documents from March 2019 through June 2019
• Multiple additional discussions to continue through November 2019
• The necessary participants include environmental interest groups, neighborhood associations, stakeholder representatives, large commercial/industrial customers, and any other individuals affected through this stage
• A summary report reflecting the discussion process and feedback received
• Consider stakeholder feedback may continue through the IRP process, this report will likely be included into the Commission report. However, stakeholder input will be available as needed

INTEGRATED RESOURCE PLAN: PUBLIC MEETINGS/OPEN HOUSES
• Present modeling results, needs and analysis a series of public meetings and open houses. Details will be provided to utility public customers, both at the beginning and the end of the process. These meetings will be incorporated into the final report
• Report to be presented to the Commission during public input
• 1000 House
• Public Open House, Lansing
• Stakeholder Feedback, Lansing
• Report to Commission that captures a copy of deliberations from first and second stages as well as 1000 report/presentation
• Report to Commission that captures a copy of deliberations from first and second stages as well as 1000 report/presentation

Other Resource Planning Initiatives
January 2020 - May 2020
These initiatives will supplement the IRP and be incorporated into the development of the 2021 Strategic Plan. Examples include:
• Other LWL utility resource planning initiatives (i.e. Steam District Master Plan, Water Distribution, etc.)
• Budget and capital project forecast
• Monetary level of other planning initiatives such as Asset Management, Enterprise Risk Management, Work Management and Project Management
• Economic Development Strategies

STRATEGIC PLAN
• Guided by the Integrated Resource Plan and other planning considerations
• Emerging business strategy with short (1-3 years), mid (3-5 years) and long term (5-10+) perspectives
• Actionable activities that will guide the realization of the LWL's Vision, Mission & Core values as a means that aligns environmental and social
• Identify, prioritize, and adopt goals and objectives needed to achieve the LWL's vision
• Evaluate market opportunities, customer preferences, and initiatives to grow LWL, while involving stakeholders in the IRP process to establish a mutually beneficial plan for the future
• Assess the LWL's available resources, business processes, and staffing to determine additional resource options through needed to establish a mutually beneficial plan for the future
• Plan to regularly incorporate and to update meeting and our core technology investments to lower cost and provide superior service
• Account compliance with regulations, customer service with industry best practices, and social financial management

STRATEGIC MANAGEMENT ENGAGEMENT
• Strategic Management in the process designed to help an organization assess its internal and external business environment, form strategic vision, set objectives, establish direction, formulate and implement strategies that are aligned toward the achievement of organizational goals adopted by a strategic plan. Strategic Management focuses on action based upon strategic planning goals.
• Goal that the executive team will use to monitor progress in implementing the Strategic Plan individual initiatives. What gets measured gets managed.
• Example: Balance score card

STRATEGIC PLANNING vs MANAGEMENT
Comparison Chart:
STRATEGIC PLANNING: Strategic Planning is a forward oriented activity. It is designed to determine the organization's long-term goals and objectives. It is a high-level activity that sets the direction for the organization.
STRATEGIC MANAGEMENT: Strategic Management is a broader and more comprehensive activity. It involves the implementation of the organization's strategy. It is a day-to-day activity that focuses on the execution of the organization's strategy. It involves the allocation of resources, the monitoring of progress, and the adjustment of the strategy as needed.

ЛИТЕРАТУРА
• Стратегическое планирование
• Управление организацией
• Стратегическое управление

Commissioner Long inquired whether there was a standard education process and what the plans were for communities outside of Lansing. Ms. Ekren responded that there is a standard questionnaire that educates on the integrated resource process and that there are plans to meet with mayors and other people in the community. A sustainability program has also been requested from the communities.

Commissioner Ken Ross left the meeting at 7:00 p.m. (No Quorum at this point)

New Plant Update

GM Peffley gave an update on the new plant. There will be a groundbreaking celebration on Monday, June 3, 2019. Equipment has been procured at favorable costs and BWL is acquiring labor. BWL is working on a GMP, the guaranteed maximum price for the plant and in July 2019, a 60% GMP will be obtained and in January 2020 a 90% GMP will be obtained. Value engineering is being completed and a design is being worked on with Black & Veatch. A gas line is

coming in from Consumers Energy and the first stage of the gas line will be online soon so that operations can be completed April 2021. The peaker unit will be brought on by December 2020 to cover the gap of the Eckert plan going offline in December 2020.

Amending Appointment to Michigan Public Power Agency (MPPA) Resolution

General Manager Peffley stated that the presented Resolution is naming Dave Bolan as the BWL's MPPA Commissioner to replace Robert LaLonde who resigned his position with the BWL effective April 19, 2019 and asked that the Resolution be forwarded to the full Board for consideration.

Board Chair Price stated this resolution will be brought forward at the upcoming Board meeting.

Other

Board Chair Price acknowledged the absences of Commissioner Hayes and Commissioner McCloud as there was not a quorum for an official motion of excused absence.

Adjourn

Motion by Commissioner Price to adjourn the meeting. The meeting was adjourned at 7:58 p.m.

Respectfully Submitted
Sandra Zerkle, Chair
Committee of the Whole

Commissioner David Price presented the Finance Committee Report:

FINANCE COMMITTEE Meeting Minutes May 14, 2019

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, May 14, 2019.

Finance Committee Acting Chair David Price called the meeting to order at 7:59 pm and asked that roll be taken.

Present: Commissioners Beth Graham, Anthony Mullen, and David Price. Also present: Commissioners David Lenz, Tracy Thomas and Sandra Zerkle, and Non-Voting Commissioners Douglas Jester (East Lansing) and Bill Long (Delta Township).

Absent: Commissioner Ken Ross

The Corporate Secretary declared there was a quorum.

Public Comments

None.

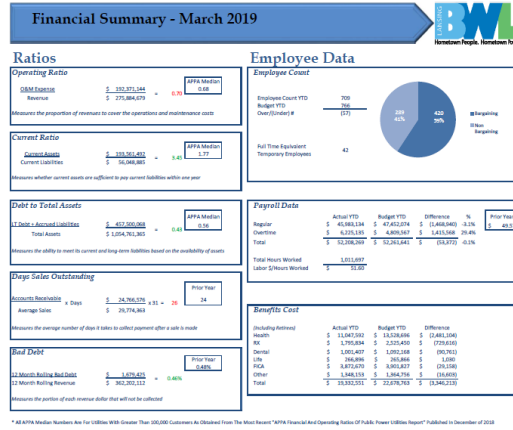
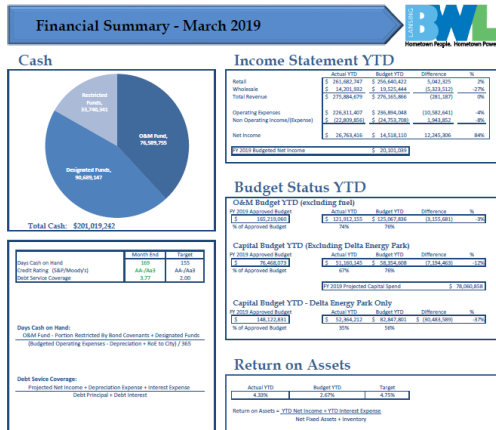
Approval of Minutes

Motion by Commissioner Graham, Seconded by Commissioner Mullen, to approve the Finance Committee meeting minutes of March 12, 2019.

Action: Motion Carried.

March YTD Financial Summary

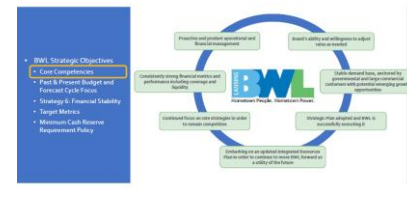
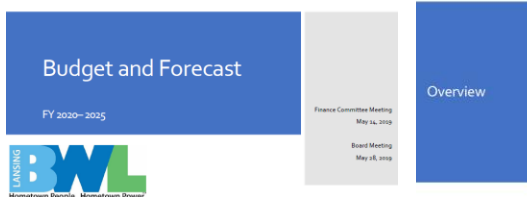
Chief Financial Officer (CFO), Heather Shawa presented the following:

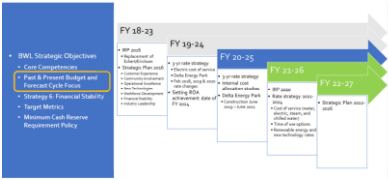


Cash on hand is above target and is expected to remain above target the rest of the year. The Income Statement indicates that the total revenue is above budget and operating expenses are 4% under budget with YTD projections expected to end up at budget. Net Income is exceeding the initial budget with just over \$20 million being projected at the fiscal year end. Capital Budget is slightly under spend however with construction season arriving it is expected that the approved budget will be spent, along with an extra \$3 million for the Central Sub Exceedance. Ms. Shawa stated that the three of the five ratios are being met. Payroll regular labor data is under budget due to vacancies, however, overtime is up, in part due to the vacancies and capital project work, which were the central substation, the Erickson outage, and electric T&D annuals.

FY20 Operating Budget and Forecast Presentation – Resolution

CFO Heather Shawa presented the FY20 Operating Budget and Finance Manager, Scott Taylor presented the FY 20 Forecast. Ms. Shawa noted the forecasted increase in electric-consumption volume after the new plant is placed online. Ms. Shawa pointed out that additional security will be added to Eckert as it is being decommissioned. Mr. Taylor noted the increasing revenues in FY20-22 due to the new plant being online and the ROA key target which will be attained in 2024. Mr. Taylor also noted that one of the key factors of the ROA is the rate increases through 2024 that have been approved.





BWL's Strategic Plan, adopted in 2016, details the following goals and objectives:

- **Strategy 4 Goal:** Maintain the financial stability of the BWL.
- All of the BWL's ongoing efforts and strategic initiatives require funding. The balance between providing the funding and its impact on rates requires a comprehensive financial plan and rate strategy.
- **Strategy 6 Objective:** Practice good financial stewardship.
 - Develop a Financial Plan that includes a rate strategy that provides financing for the BWL's capital program and replacement program needs while maintaining competitive rates.
 - Maintain an above average bond rating for municipal utilities.
 - Identify cost savings through process improvement initiatives and return on investments with minimal impact on operations or employees.
 - Continue to reviewing and consistently achieving targeted rate of return.

BWL Strategic Objectives

- **Cost Competitiveness**
 - Past & Present Budget and Forecast Cycle Focus
 - **Strategy 6: Financial Stability**
 - **Target Metrics**
 - **Minimum Cash Reserve Requirement Policy**
- **Maintain High Credit Rating**
 - The BWL is currently rated AA- by S&P and Aa3 by Moody's
- **Ensure Adequate Liquidity**
 - The BWL should have the ability to meet near term obligations when rates are not sufficient to cover debt service.
 - Minimum Cash Reserve Requirement: 60 Days
 - Debt Service Coverage Minimum Target: 1.0x
- **Return on Assets**
 - An adequate return on assets is essential to municipal utilities
 - It ensures that current rate payers are not "lucky" the can down the "cost" of deferring cost recovery to future generations.
 - An appropriate return on assets recovers two main items:
 - Interest expense
 - Inflationary increase of infrastructure replacement costs
 - Board of Commissioners approved Risk Target calculation according to Resolution 2020-07-01
 - Return on Assets FY 2020-2025 Target: 4.65%
 - The rate projections achieve this target means in FY 2025.
- **Maintain Rate Competitiveness**

To ensure adequate liquidity, the Board of Commissioners adopted a Minimum Cash Reserve Requirement Policy to avoid Resolution #2016-001.

The policy defines financial strength, situational resilience, fiscal responsibility, and credit quality.

The minimum cash reserve requirement is determined using a risk-based calculation of the following five key risk requirements:

- Rate Obligations
- Return on Equity to the City
- Reserve Fund to the City
- Debt Covenants
- Six Year Net Capital Improvement Plan

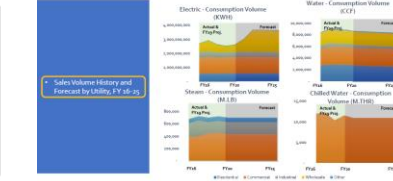
Each cash requirement is multiplied by its associated risk factor and summed to determine the minimum cash reserve requirement.

The calculation is applied to each of the BWL's four utilities individually and then aggregated to determine the overall BWL minimum cash reserve requirement.

In accordance with this policy, the board will ensure that the proposed budget and forecast meets the minimum cash reserve requirements as defined in the policy.

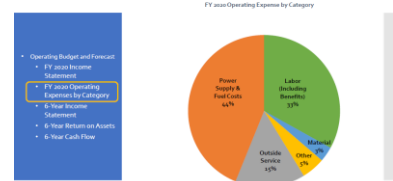
Key Budget and Forecast Assumptions

- Eckert is not scheduled for operation and is only available for capacity and emergency until complete closure in December 2020.
- Total employee count is budgeted at 742 for FY 2020 and declines by one in each succeeding year through FY 2025 due to natural attrition.
- Return on Equity to the city remains at 6.0%.
- The current agreement expires June 30, 2020.
- Expected commercial operation of Doherty Energy Park to June 2023.
- Bond interest is capitalized during the plant construction period.
- Major steam customer contract expires October 2022. Forecast assumes contract is renewed at current terms.



Operating Budget and Forecast Statement

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenue	15,200,000	15,800,000	16,500,000	17,200,000	17,800,000	18,500,000
Operating Expenses	14,500,000	15,000,000	15,500,000	16,000,000	16,500,000	17,000,000
Operating Income	700,000	800,000	1,000,000	1,200,000	1,300,000	1,500,000



Operating Budget and Forecast Statement

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenue	15,200,000	15,800,000	16,500,000	17,200,000	17,800,000	18,500,000
Operating Expenses	14,500,000	15,000,000	15,500,000	16,000,000	16,500,000	17,000,000
Operating Income	700,000	800,000	1,000,000	1,200,000	1,300,000	1,500,000



Operating Budget and Forecast Statement

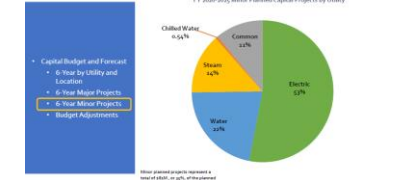
Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenue	15,200,000	15,800,000	16,500,000	17,200,000	17,800,000	18,500,000
Operating Expenses	14,500,000	15,000,000	15,500,000	16,000,000	16,500,000	17,000,000
Operating Income	700,000	800,000	1,000,000	1,200,000	1,300,000	1,500,000

Capital Budget and Forecast

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Capital Expenditures	1,200,000	1,300,000	1,400,000	1,500,000	1,600,000	1,700,000
Capital Receipts	500,000	550,000	600,000	650,000	700,000	750,000
Net Capital Expenditures	700,000	750,000	800,000	850,000	900,000	950,000

Operating Budget and Forecast Statement

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenue	15,200,000	15,800,000	16,500,000	17,200,000	17,800,000	18,500,000
Operating Expenses	14,500,000	15,000,000	15,500,000	16,000,000	16,500,000	17,000,000
Operating Income	700,000	800,000	1,000,000	1,200,000	1,300,000	1,500,000



Capital Budget and Forecast

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Capital Expenditures	1,200,000	1,300,000	1,400,000	1,500,000	1,600,000	1,700,000
Capital Receipts	500,000	550,000	600,000	650,000	700,000	750,000
Net Capital Expenditures	700,000	750,000	800,000	850,000	900,000	950,000

Next Steps

- Finance Committee to accept, as presented, the Operating and Capital Forecast for FY 2020 – 2025 and recommend for Board of Commissioners' approval on May 28, 2019.
- Board of Commissioners to approve, as presented, the FY 2020 annual budget and file with the City Clerk within 30 days of approval.
 - City Charter calls for budget adoption by June 1 and filing with the City Clerk within 30 days of adoption.
- Board of Commissioners to accept, as presented, the Operating and Capital Forecast for FY 2020 – 2025 and submit the Capital Forecast to the Mayor prior to October 1, 2019.
 - City Charter calls for submission of the six year capital improvements plan to the Mayor prior to October 1.

Operating Budget and Forecast Statement

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenue	15,200,000	15,800,000	16,500,000	17,200,000	17,800,000	18,500,000
Operating Expenses	14,500,000	15,000,000	15,500,000	16,000,000	16,500,000	17,000,000
Operating Income	700,000	800,000	1,000,000	1,200,000	1,300,000	1,500,000

Commissioner Long inquired about the projected increase in wholesale. In response Ms. Shawa stated that this year the unplanned outage at Belle River and the outage at Erickson power was unable to be supplied. Delta Energy Park and Erickson will also be online at the same time in the future.

Commissioner Long requested a comparison of depreciation on existing assets and capital expenditures. Mr. Taylor referred to the 6-Year Income statement and the 6-Year Cash Flow and responded that depreciation is broken down by year and capital expenditures exclude Delta Energy Park.

Motion by Commissioner Thomas, Seconded by Commissioner Mullen, to forward for consideration the FY20 Operating Budget and Forecast Resolution as presented to the full Board.

Action: Motion Carried

Status of Managements' Response to Recommendations of Audit Report 2018-04-Customer Arrangements & Third-Party Payments

GM Peffley introduced Steve Serkaian, Executive Director of Customer Operations and Communication, who reviewed a response to a payment arrangement audit that was submitted on July 31, 2018. Recommendations and updates were provided.

Commissioner Long asked what percentage of customers that have arrangements are commercial and residential. Mr. Serkaian responded that 88% are residential. Commissioner Long also asked if there is an average amount of what is owed or if there are instances where the amount owed is so high that it will never be paid. Mr. Serkaian responded that extraordinary instances involve only a few customers and longer-term arrangements are made in those circumstances.

Other

Motion by Commissioner Mullen, Second by Commissioner Thomas to excuse Commissioners Ken Ross and Anthony McCloud from tonight's Meeting.

Action: Motion Carried

Adjourn

Commissioner Price adjourned the meeting at 8:39 p.m.

Respectfully submitted
David Price, Acting Chair
Finance Committee

Commissioner Tracy Thomas presented the Human Resources Committee Report:

**HUMAN RESOURCES COMMITTEE
Meeting Minutes
May 21, 2019**

The Human Resources Committee 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 4:30 p.m. on Tuesday, May 21, 2019.

Human Resources (HR) Committee Chairperson Tracy Thomas called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Tracy Thomas, Tony Mullen, Sandra Zerkle and Voting Alternate Member David Price. Also, present: Commissioners Beth Graham, David Lenz. Also present via phone, Commissioner Ken Ross and Non-Voting Commissioner Dion'trae Hayes.

Absent: Commissioner Anthony McCloud

Public Comments

None

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle, to approve the Human Resources Committee meeting minutes and the Closed Session meeting minutes of May 14, 2019.

Action: Motion Carried.

Interview Candidates for the Charter Appointed Position of Internal Auditor

The Human Resources (HR) Committee Interview three candidates for the Charter Appointed position of Internal Auditor, in accordance with Section 5-202.2 of the Lansing City Charter, which states: "The Board shall appoint an Internal Auditor who shall report directly to the Board. The Internal Auditor shall serve at the pleasure of the Board."

The HR Committee members presented the three candidates with hypothetical situation questions as well as questions about previous experiences in particular work areas.

At the liberty of HR Committee Chair Thomas, the Human Resources Committee meeting recessed upon conclusion of each interview to allow the interviewing candidate to exit. The meeting reconvened at the arrival of the next interviewing candidate.

Upon conclusion of the final interview, the HR Committee completed the Rubrics scoring and deliberated on each candidate. The following motion was offered upon conclusion of deliberations:

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle to submit by Resolution the selection for the Charter appointed position of Internal Auditor, to the full Board for consideration.

There was a lengthy discussion regarding a compensation package for offering. The HR Committee directed BWL's Human Resources Executive Director Flowers to extend an offer to the chosen candidate and to finalize the compensation package as discussed on behalf of the Board of Commissioners.

Excused Absence

Motion by Commissioner Price, **Seconded** by Commissioner Mullen to excuse Commissioner McCloud from tonight's meeting.

Action: Motion Carried

Other

None

Adjourn

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to adjourn the meeting.

Action: Motion Carried

Meeting adjourned at 7:55 p.m.

Respectfully Submitted,
Tracy Thomas, Chair
Human Resources Committee

MANAGER'S RECOMMENDATIONS

General Manager Peffley recommended that the Board approve the Resolution Amending Appointment to Michigan Public Power Agency before the Board that evening.

RESOLUTION #2019-05-01

Amending Appointment to Michigan Public Power Agency

WHEREAS, Robert Lalonde is the Michigan Public Power Agency (MPPA) Commissioner on behalf of the Lansing Board of Water & Light (BWL), along with James Mitchell and Constance Carantza, who serve as First and Second Alternate Commissioners, respectively; and

WHEREAS, Robert LaLonde resigned his position with the BWL effective April 26, 2019; and

WHEREAS, David Bolan has served as the BWL's Executive Director of Operations for approximately 4 years; and

WHEREAS, it is necessary and appropriate to name a replacement MPPA Commissioner on behalf of the BWL.

NOW, BE IT RESOLVED, that Dave Bolan is named the MPPA Commissioner on behalf of the BWL.

FURTHER RESOLVED, that James Mitchell will remain as BWL's First Alternate MPPA Commissioner.

FURTHER RESOLVED, that Constance Carantza will remain as the Second Alternate Commissioner.

Motion by Commissioner Thomas, **Seconded** by Commissioner Mullen, to approve the Amending Appointment to Michigan Public Power Agency Resolution.

Action: Motion Carried.

UNFINISHED BUSINESS

There was no Unfinished Business.

NEW BUSINESS

There was no New Business.

RESOLUTIONS/ACTION ITEMS

RESOLUTION #2019-05-02

Rules and Regulations for Electric, Water, Steam and Chilled Water Utility Services

RESOLVED, that Fiscal Year 2019-2020 Rules and Regulations for Electric, Water, Steam and Chilled Water

Services be approved as presented, to be effective July 1, 2019.

Motion by Commissioner Zerkle, **Seconded** by Commissioner Thomas, to approve the Rules and Regulations for FY 20.

Action: Motion Carried.

RESOLUTION #2019-05-03
Fiscal Year 2020-2025 Budget and Forecast

RESOLVED, that the Annual Operating and Capital Budget covering Fiscal Year 2020 is hereby approved as presented; and

RESOLVED, that the Operating and Capital Forecast for the Fiscal Years 2021-2025 is hereby accepted as presented; and

FURTHER RESOLVED, that the Corporate Secretary be directed to make the appropriate filings with the Lansing City Clerk's office in accordance with the Lansing City Charter regarding the above actions.

Staff Comments:

Staff recommends an operating and maintenance budget of \$331.8M and a capital budget of \$295.0M for Fiscal Year 2020.

The Operating and Capital Forecast for Fiscal Years 2021-2025 includes potential rate increases in Fiscal Years 2021-2024. The potential rate increases are for forecast purposes only and have not been approved through a public rate hearing process. The forecast rate increases are subject to revision and, in any case, prior to implementation, must be subject to the BWL's formal rate setting process as per Lansing City Charter, Section 5-205 which refers to the BWL's authority to set just and reasonable rates and defines the public hearing process.

In accordance with the provisions of the Lansing City Charter, Article 5, Chapter 2, Section 5-203.5 and Section 5-203.6, staff recommends the Finance Committee approve the budget and forecast for presentation and adoption by the Board at its May 28, 2019 board meeting.

Motion by Commissioner Ken Ross, **Seconded** by Commissioner David Lenz, to approve the FY 2020-2025 Budget and Forecast Resolution.

Action: Motion Carried.

MANAGER'S REMARKS

General Manager Peffley informed of the following:

1. Delta Energy Park groundbreaking will be onsite Monday, June 3, 2019 at 11:30 a.m.
2. Delta Energy Park bond issuance is on track. The rating agents affirmed AA3 and AA- rating and the release of debt reserve fund. CFO Shawa will send out a report once it is finalized. The investor relations page is on the BWL external website for viewing and the POS will be published Friday, May 31, 2019. Retail pricing will be June 12, 2019 and institutional market pricing will be June 13, 2019.

3. BWL, EPA, and Consumers Energy hosted a Water and Power Black Sky workshop at the REO Depot on May 16, 2019. The event focused on increasing coordination and communication between water and electric utilities, emergency services and to enhance regional preparedness for a widespread power outage. More than 60 agencies attended the event.
4. BWL participated in the Safety Patrol picnic with LPD and Lansing Area Safety Council. More than 900 children had an opportunity to learn about careers in skilled trades and receive an education on what to do when there is a downed power line.
5. 1st S.T.E.P. graduation ceremony was held on May 15, 2019. It is the 11th year of the program and 125 students have graduated from the program since it started and more than \$100,000 in college grants have been given.
6. The Mackinac Policy Conference will be held May 29 through May 31, 2019 and BWL executive staff will be attending.

COMMISSIONER'S REMARKS

Commissioner Zerkle commented that the Labor Community met with the mayor and, in the process of trying to get interns and skilled trade people, they spent time convincing them to speak with GM Peffley and Michael Flowers, Executive Director of Human Resources, about the 1st S.T.E.P. program as it is highly successful. GM Peffley responded that BWL is willing to work with them and about 6 months ago there was an apprentice opening for underground workers and 17 people applied.

Commissioner Zerkle also thanked Commissioner Long and Commissioner Hayes for their service.

Commissioner Hayes thanked the Board of Commissioners, GM Dick Peffley and Corporate Secretary Denise Griffin for the recognition tonight and her thanks for the opportunity of sitting in the rotating commissioner seat. Ms. Hayes suggested that the additional three commissioner seats become voting seats as the ratepayers should have a voice in the organization.

Commissioner Long thanked the Board of Commissioners and staff for the opportunity and that it has been an education process for him. He thanked the Commissioners and staff for quick responses to his questions and concerns and, although he would also like the additional seats to be voting seats, he didn't see any difference in the responses from staff.

Commissioner Thomas expressed his appreciation to the outgoing Commissioners. Commissioner Thomas also congratulated General Manager Peffley and Corporate Secretary Griffin for their reappointments. Commissioner Thomas wished Internal Auditor Phil Perkins a wonderful retirement. He also thanked Executive Assistant, Smiljana Lazic, for her assistance.

MOTION OF EXCUSED ABSENCE

None.

PUBLIC COMMENT

None.

ADJOURNMENT

Chair Price adjourned the meeting at 5:52 p.m.

Data from form "E-mail BWL Commissioners" was received on 5/30/2019 2:42:21 PM.

This message was received from the external Commissioner web page (the sender was anonymous).

Field	Value
To	Anthony McCloud
Name	Dayna Jenkins
Address	5608 Appleton
email	dyanali@hotmail.com
E-mail Subject	dyanali@hotmail.com
Message	<p>I had a terrible encounter with one of your customer service rep. I understand chain of command and that you probably don't want to deal with operational issues. However, Jack in Customer service ID JLL2 was awful and had a very condescending attitude from the beginning of the call. I simply needed an answer about due dates and auto pay and he berated me that I didn't understand "YOUR" system. Quote" Ma'am you don't want to hear me and I need to get off the phone with you so I can be on the phone with someone else. " Note, I always handle my business with a positive attitude and calm voice and Jack was not receptive to this..he was angry that I was trying to state my concern and not accept his answer. I informed him he should not work customer service (nicely). Please look into how customer service is given and recieved to your constituents.</p>



I have not stopped giving thanks for you.
EPHESIANS 1:16 NIV

Scripture taken from The HOLY BIBLE:
NEW INTERNATIONAL VERSION® NIV®
© 1973, 1978, 1984 by International Bible Society.
Used by permission of Zondervan.



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SILOAM SPRINGS
AR 72761
MADE IN CHINA
dayspring.com

THOUGHTFUL
YOU
THANKFUL
ME

Dear Board Members,
Thank you so much for the gifts, kind words and support you have shown to me over the last 10 years. It has been my honor to serve as the BWC Internal Auditor and I will leave with many cherished memories of my time here. Thank you again and best wishes for the future!
Phil Perkins

NOMINATING COMMITTEE MINUTES

June 20, 2019

The Nominating Committee 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 4:30 p.m. on Thursday, June 20, 2019.

Nominating Committee Chair, Anthony McCloud, called the meeting to order and asked the Corporate Secretary to call the roll. The following committee members were present: Commissioners Anthony McCloud, Beth Graham and Tracy Thomas.

Absent: Commissioner David Lenz

Public Comments

There were no public comments.

Approval of Minutes

Motion by Commissioner Graham, Seconded by Commissioner McCloud to approve the Nominating Committee meeting minutes of June 28, 2018.

Action: Motion Carried

Officer & Committee Survey Results & Officer & Committee Survey Memorandum

Nominating Committee Chair Anthony McCloud stated that the Officer Committee Survey Results Forms and Committee Survey Memorandum were included in the Nominating Committee meeting packet for review and asked if there were any questions regarding the documents. There were no questions. Chair McCloud noted that he received a late request from Commissioner Sandra Zerkle to be removed from consideration as Vice Chair and the request was honored by the committee.

Nomination of Board Officer Candidates for Fiscal Year 2019-2020

Chairperson and Vice Chairperson

Nominating Committee Chair McCloud opened the floor for nominations for the Chairperson for the 2019-2020 fiscal year and for the Vice Chairperson for the 2019-2020 fiscal year.

Motion by Commissioner Thomas, Seconded by Commissioner Graham to nominate Commissioner David Price to serve as the Chairperson for the 2019-2020 fiscal year and Commissioner Anthony Mullen as the Vice Chairperson for the 2019-2020 fiscal year.

Action: Motion Carried

Motion by Commissioner Graham, Seconded by Commissioner Thomas to present the slate of Officers for 2019-2020 to the full Board for consideration as follows:

Chair:	David Price
Vice Chair:	Anthony Mullen

Action: Carried Unanimously

Nominating Committee Chair McCloud stated that the recommended slate will be presented to the full Board for consideration and nominations will be taken from the floor at the July 23rd Regular Board/Annual Organizational meeting.

Excused Absence

Motion by Commissioner Graham, Second by Commissioner Thomas to excuse Commissioner David Lenz from tonight's Meeting.

Action: Motion Carried

Adjourn

There being no further business, the meeting adjourned at 4:33 p.m.

Respectfully submitted,
Anthony McCloud, Chair
Nominating Committee

HUMAN RESOURCES COMMITTEE

Meeting Minutes

June 25, 2019

The Human Resources Committee 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 10:00 a.m. on Tuesday, June 25, 2019.

Human Resources (HR) Committee Chairperson Tracy Thomas called the meeting to order and asked the Corporate Secretary to call the roll. The following members were present: Commissioners Tracy Thomas, Tony Mullen, Sandra Zerkle and Voting Alternate Member David Price. Also, present: Commissioners Beth Graham, David Lenz (via phone) and Ken Ross (via phone).

Absent: Commissioner Anthony McCloud

Public Comments

None

Approval of Minutes

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to approve the Human Resources Committee meeting minutes and the Closed Session meeting minutes of May 21, 2019.

Action: Motion Carried.

Interview Candidates for the Charter Appointed Position of Internal Auditor

The Human Resources (HR) Committee Interview two candidates for the Charter Appointed position of Internal Auditor, in accordance with Section 5-202.2 of the Lansing City Charter, which states: "The Board shall appoint an Internal Auditor who shall report directly to the Board. The Internal Auditor shall serve at the pleasure of the Board."

The HR Committee members presented the two candidates with hypothetical situation questions as well as questions about previous experiences in particular work areas.

At the liberty of HR Committee Chair Thomas, the Human Resources Committee meeting recessed upon conclusion of each interview to allow the interviewing candidate to exit. The meeting reconvened at the arrival of the next interviewing candidate.

Upon conclusion of the final interview, the HR Committee completed the Rubrics scoring and deliberated on each candidate. The following motion was offered upon conclusion of deliberations:

Motion by Commissioner Price, **Seconded** by Commissioner Zerkle to submit by Resolution the selected candidate for the Charter appointed position of Internal Auditor, to the full Board for consideration.

Action: Motion Carried (3/1 Mullen dissenting)

There was a brief discussion regarding a compensation package for offering. The HR Committee directed BWL's Human Resources Executive Director Flowers to extend an offer to the chosen candidate and to finalize the compensation package as discussed on behalf of the Board of Commissioners.

Excused Absence

Motion by Commissioner Price, **Seconded** by Commissioner Mullen to excuse Commissioner McCloud from tonight's meeting.

Action: Motion Carried

Other

None

Adjourn

Motion by Commissioner Price, **Seconded** by Commissioner Mullen, to adjourn the meeting.

Action: Motion Carried

Meeting adjourned at 1:27 p.m.

Respectfully Submitted,
Tracy Thomas, Chair
Human Resources Committee

COMMITTEE OF THE WHOLE
Meeting Minutes
July 16, 2019

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, July 16, 2019.

Committee of the Whole Chair Sandra Zerkle called the meeting to order at 5:51 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Sandra Zerkle, Joseph Graves Jr., Anthony Mullen, David Price, Ken Ross, and Tracy Thomas, and Non-Voting Members: Michael Froh (Meridian Township), Doug Jester (East Lansing), and Larry Merrill (Delta Township).

Absent: Commissioner Beth Graham and Commissioner David Lenz

The Corporate Secretary declared a quorum.

Public Comments

None.

Chair Zerkle introduced and welcomed Commissioner Joseph Graves Jr. representing the 3rd Ward, Commissioner Michael Froh representing Meridian Township, Commissioner Larry Merrill representing Delta Township, and Internal Auditor Wesley Lewis.

Approval of Minutes

Motion by Commissioner Thomas, **Seconded** by Commissioner Graves, to approve the Committee of the Whole meeting minutes of May 14, 2019.

Action: Motion Carried.

Tree Trimming Update

General Manager Dick Peffley gave an update on the tree trimming program which has been in progress for five years and is two months from completion. Outages have significantly decreased since the inception of the program. Colonial Village would like tree stumps that remain to be removed but neither the BWL nor the City of Lansing has funding. Tree stump removal in the city would cost a total of \$10 million.

Commissioner Mullen asked whether trees were given as replacement for those taken down and GM Peffley responded that trees are given to customers that make a request.

Corporate Planning Update/Stakeholder Engagement

GM Peffley introduced Brandie Ekren, Strategic Planning & Development Executive Director, who presented the corporate planning process update and briefly reviewed the integrated resource plan (IRP), the strategic plan, Enterprise planning efforts, and strategic management. Ms. Ekren stated that the new Strategic Plan would be updated in 2020. Ms. Ekren stated that the strategic engagement

process of the IRP would be reviewed in this meeting and that the stakeholder engagement goal was to acquire insight on needs and interests of customers and constituents.

The collage consists of 12 presentation slides:

- Slide 1:** Strategic Planning & Development. Lansing Board of Water & Light. Corporate Planning Process Update. Committee of the Whole, July 16, 2019.
- Slide 2:** MAY 2019 DISCUSSION TOPICS. Integrated Resource Plan, Strategic Plan, Enterprise Planning Efforts, Strategic Management (aka Balance Scorecard).
- Slide 3:** INTEGRATED RESOURCE PLAN STAKEHOLDER ENGAGEMENT UPDATE. A stakeholder is defined as an individual group or organization who is impacted by outcome of the BWL's Energy Plans.
- Slide 4:** INTEGRATED RESOURCE PLANNING. March 2019 - January 2020. Stakeholder Engagement Highlights the Value of Public Ownership. Provides transparency to customers, which includes a demonstration the LBWL is moving away from fossil fuels in a reasonable and affordable manner to its customers. Due diligence to ensure investments are reasonable and valuable.
- Slide 5:** INTEGRATED RESOURCE PLAN: STAKEHOLDER ENGAGEMENT. Goal: To acquire insight on needs and interests of actual and potential customer constituents. Target Stakeholders: Current plan involves a series of small group discussions from March 2019 through June 2019. Discussion: A summary report reflecting the discussion process and feedback received.
- Slide 6:** WHO ARE THEY? Customers (Residential & Commercial), Environmental Interest groups, Special Interest groups, Top Commercial Industrial Customers, Regional Development Agencies, Municipalities & their staff, Neighborhood associations, Action agencies and groups.
- Slide 7:** HOW ARE THEY SELECTED? Previous Interested groups, Strategic Commercial Industrial Accounts, Interview feedback, Generalized suggestions, Social Media invites (i.e. Facebook, Linked In).
- Slide 8:** EXAMPLE OF SOCIAL MEDIA POST. We want to hear from you. The BWL has started working on our 2020 Integrated Resource Plan, which will chart the future for greater Lansing's power needs.
- Slide 9:** METHOD OF ENGAGEMENT. Direct: Small group discussions, Large group discussions, Email correspondence, Web form. Information Provided: Sustainability plans and goals, Examples of what other utilities are doing, Opportunities to gather more information or partner.
- Slide 10:** DISCUSSION TOPICS & AGENDA. Description of process and timelines, Whether they, their community or interest group has sustainability goals, Knowledge base of industry trends and technologies, Thoughts on BWL's investment and priorities, Awareness of BWL's current energy waste reduction program, Opportunities to further partner and educate.
- Slide 11:** Steps ahead.. Continue with meetings and engagement, Implementing some of the suggestions to educate and keep stakeholders informed, Prepare summary report of feedback and suggestions.
- Slide 12:** DISCUSSION TOPICS & AGENDA. Lansing Energy Tomorrow. Centralized Power, Clean, local power.

Questions and conversation regarding the corporate planning process update followed.

Commissioner Zerkle asked whether commissioners could provide input and Ms. Ekren responded that the commissioners input was welcome and appreciated and that a meeting could be scheduled with them.

Commissioner Price asked whether additional public input would be allowed and Ms. Ekren responded in agreement that there will be additional opportunities for public input. She also reminded Commissioners that the IRP consisted of three stages: strategic engagement, modeling and a public meeting.

Commissioner Graves commented that there were environmentalists, council members, and well-meaning citizens that would like the board to hold meetings as an opportunity to inform the public of technology and alternative resources. GM Peffley responded that several meetings would be held at different times so that everyone would have the opportunity to provide input.

Commissioner Froh asked for clarification on the public meetings. Ms. Ekren stated that the meetings will be held in the fall and notifications will be sent.

Other

Motion by Commissioner Price, **Seconded** by Commissioner Mullen to excuse Commissioner Graham and Commissioner Lenz from tonight's meeting.

Action: Motion Carried.

Adjourn

Motion by Commissioner Price, **Seconded** by Commissioner Thomas to adjourn the meeting.

Meeting adjourned at 6:31 p.m.

Respectfully Submitted
Sandra Zerkle, Chair
Committee of the Whole

FINANCE COMMITTEE

Meeting Minutes

July 16, 2019

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI, on Tuesday, July 16, 2019.

Finance Committee Chair Ken Ross called the meeting to order at 5:07 p.m. and asked that roll be taken.

Present: Commissioners Ken Ross, Anthony Mullen, and David Price. Also present: Commissioners Joseph Graves Jr. (arrived at 5:26 p.m.), Tracy Thomas, Sandra Zerkle, and Non-Voting Commissioners Michael Froh (Meridian Township), Douglas Jester (East Lansing) (arrived at 5:07 p.m.) and Larry Merrill (Delta Township).

Absent: Commissioner Beth Graham.

The Corporate Secretary declared a quorum.

Public Comments

None

Approval of Minutes

Motion by Commissioner Price, Seconded by Commissioner Mullen, to approve the Finance Committee meeting minutes of May 14, 2019.

Action: Motion Carried.

Chair Ross welcomed new Internal Auditor Wesley Lewis.

May YTD Financial Summary & Overview of Committee Reporting Framework

Chief Financial Officer (CFO) Heather Shawa introduced Mr. Scott Taylor, Finance Manager, who provided an overview of the financial summary dashboard. Mr. Taylor reviewed the main topics and stated that this report is issued monthly and it is to keep the board informed throughout the year of key financial results. The dashboard consists of a Cash section, critical rating metrics of days cash on hand and debt service coverage, a budget to actual comparison section, and a return on assets section.

Commissioner Ross asked which of the above items was the main interest of rating agencies. Mr. Taylor responded that days cash on hand, credit rating and debt service coverage are the most important metrics for the rating agencies.

Commissioner Froh inquired about the wholesale numbers and Mr. Taylor responded that a capital project that was delayed and unplanned outages affected the wholesale numbers as native load is served first and wholesale second.

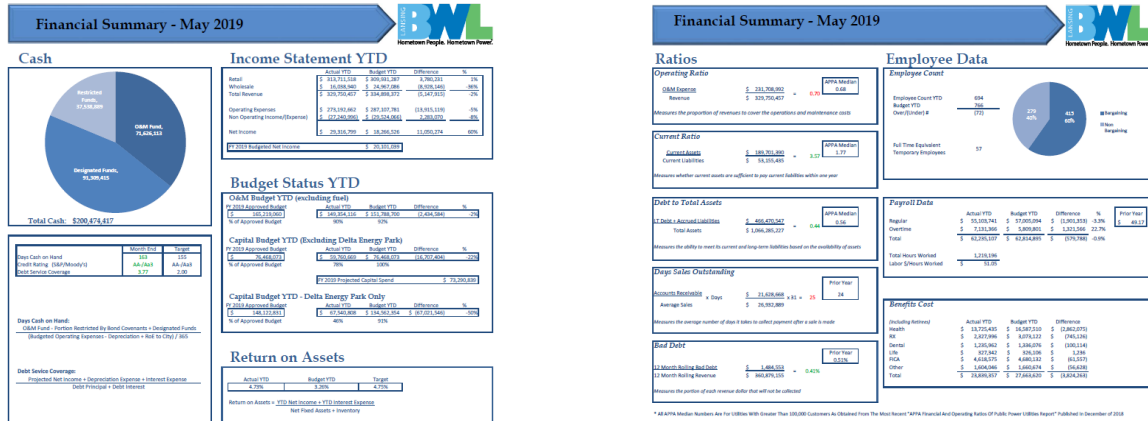
Commissioner Ross asked for the main components of retail and wholesale. Mr. Taylor responded that retail sales are for residential, commercial and industrial customers and after

they are provided with service any additional power generated, when market prices are favorable, is sold on the wholesale market.

Mr. Taylor stated that the dashboard also consists of key ratios that are comparisons with industry peer groups of APPA and employee data which determines operations costs and changes.

Ms. Shawa pointed out that APPA ratios are for electric utilities and water benchmarks follow the AWWA.

Chief Financial Officer (CFO) Heather Shawa presented the following:



Cash targets are well above income. June preliminary fiscal year end is \$30-33 million which is well above the budgeted net income of \$20 million. Ms. Shawa noted that VEBA is 100% funded and this will be addressed in the trustee meeting. Revenue tracking is comparable to last year, operating expenses are under budget, \$3 million is projected for fiscal year end and O & M will be back to YTD budget. Return on Assets will be achieved this fiscal year and three out of five ratios are tracking above benchmarks. For Employee Data there are vacancies for which HR is recruiting.

Commissioner Mullen asked about the number of days for days cash on hand and Ms. Shawa responded that the target requirement is set at 155 to maintain infrastructure and rating agencies prefer 160 to 165.

Commissioner Price inquired about the employee count YTD. Ms. Shawa responded that there are 34 vacancies which is in the range of the 30-35 consistent average. GM Peffley added that HR is working to fill the vacancies.

Additional questions and conversations were brought by the Commissioners and Ms. Shawa and Mr. Taylor gave responses and explanations.

Internal Audit Open Management Response Quarterly Report

Finance Manager Scott Taylor presented management’s responses to audits as follows:

STATUS OF MANAGEMENT RESPONSES TO AUDITS
JULY 2019

Updates in red

Issue #	Audit Name	Audit Issue Description	Response Date	Responsible Area	Status of Management Response
59	Succession Planning	Internal Audit supports identifying critical positions as soon as possible.	March 2018	Human Resources	A tool for identifying critical positions has been developed and tested. Management will be trained on the use of the tool and all critical positions will be identified by 4/30/20.
67	Contract Signature Authority Compliance	Internal Audit noted the need for alignment with the updated organizational structure and Procurement Procedure, inclusion of MOUs, and consistently obtaining the Corporate Secretary's signature.	October 2018	Legal Services	Management has drafted the necessary revisions needed to create alignment with the new organizational structure, procurement procedures, and MOUs, and also includes requirements for the Corporate Secretary's signature. The revisions will be reviewed, approved, and delivered to the full management team by 8/31/19.
68	Contract Signature Authority Compliance	Internal Audit noted that proper approval and supporting documentation need to be on file.	October 2018	Legal Services	Policy development to address approval and documentation requirements is underway. Management will complete development, finalize the policy, and deliver to the full management team by 8/31/19.
69	COBIT Compliance Follow-Up <i>NEW</i>	Internal Audit noted that actions should continue on as expedited a schedule as possible to reach full compliance with the adopted IT governance framework.	February 2019	Information Technology	Of 55 items, 36 are complete and 19 are in process, with remaining completion dates ranging from 6/30/19 to 12/16/19.
72	Vegetation Management <i>NEW</i>	Internal Audit recommends that Electric System Operations and Forestry meet with project management experts in the organization to assist in enhancing the process.	May 2019	Electric System Operations - Forestry	Management will meet with project management experts within the BWL to identify opportunities to enhance the current process. The review will begin in July 2019 as the new cycle begins and will be completed by July 31, 2020 after the first year of the new cycle concludes.
73	Metering Services <i>NEW</i>	Internal Audit recommends that a centralized electronic version of records be generated, in addition to hard copy or local versions.	May 2019	Water & Steam Distribution	Calibration and maintenance records for large electric, steam and chilled water meters will be backed up electronically and in a centralized manner by December 31, 2019.
74	Metering Services <i>NEW</i>	Internal Audit recommends that risk management practices be enhanced.	May 2019	AMI Project	Third-party governance and risk management methodologies will be reviewed to assess relevant risk mitigations. Implementation of adopted methodologies will be completed by August 31, 2019.
75	Accounts Payable <i>NEW</i>	Internal Audit recommends temporary holding or clearing accounts are reconciled and monitored on a periodic basis.	June 2019	General Accounting	Management will reconcile the GR/IR account used for accounts payable transactions by July 31, 2019, and monthly thereafter.

Issue #	Audit Name	Audit Issue Description	Response Date	Responsible Area	Status of Management Response
76	Accounts Payable <i>NEW</i>	Internal Audit recommends accounts payable procedures which require monitoring and/or reconciliation activities are reviewed periodically.	June 2019	General Accounting	Management will review and update all relevant accounts payable procedures by September 30, 2019, and annually thereafter.

Closed Issues (since December 2018 report):

52	COBIT Compliance	Internal Audit noted that actions should continue on as expedited a schedule as possible to reach full compliance with the adopted IT governance framework.	February 2019	Information Technology	As a result of the COBIT Follow-Up audit, this item is closed and has been replaced with open item #69.
60	Succession Planning	Internal Audit supports training and development of succession candidates.	March 2018	Human Resources	Candidate assessment and development were addressed as part of the the BWL Leadership Academy Emerging Leaders Program conducted April 2018 to April 2019.
65	Physical Security	Internal Audit supports a periodic review of all facility access.	Sept 2018	Industrial Health & Safety	Security has completed its first annual update of facility access per feedback from managers.
66	Physical Security	Internal Audit recommends controls over security personnel permitted to carry firearms on a concealed basis be enhanced.	Sept 2018	Industrial Health & Safety	Controls over security personnel authorized to carry firearms on a concealed basis have been enhanced.

Status of Management Responses to Audits - June 2019

Page 2 of 2

Mr. Taylor reported that the first three items were carried over from the report of the prior period and are on track to be completed. New audits have been initiated with completion dates as noted.

Other

Motion by Commissioner Price, Seconded by Commissioner Mullen, to excuse Commissioner Graham from tonight's meeting.

Action: Motion Carried

Adjourn

Motion by Commissioner Price to adjourn the meeting. Commissioner Ross adjourned the meeting at 5:43 p.m.

Respectfully submitted
Ken Ross, Chair
Finance Committee

Proposed Resolution
Appointment of the Charter Position of Internal Auditor

The Board's Rules of Administrative Procedures specify that the Board is to appoint a Director and General Manager, Internal Auditor, and Corporate Secretary, respectively at its first regular meeting following July 1st of each year or as soon thereafter as may be appropriate.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Internal Auditor for fiscal year 2019-2020, or, until a successor is appointed, whichever last occurs:

Wesley Lewis, Internal Auditor

FURTHER RESOLVED, That Wesley Lewis shall be extended an employment contract which shall be effective from July 15, 2019, and expire on June 30, 2020, or until a successor is appointed, whichever later occurs.

PROPOSED RESOLUTION
Appointment of the Charter Position of Corporate Secretary

The Board's Rules of Administrative Procedures specify that the Board is to appoint a Director and General Manager, Internal Auditor, and Corporate Secretary, at its first regular meeting following July 1st of each year or as soon as practicable thereafter.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Corporate Secretary fiscal year 2019-2020 or until a successor is appointed, whichever last occurs:

M. Denise Griffin, Corporate Secretary

FURTHER RESOLVED, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2019's performance.

PROPOSED RESOLUTION

Appointment of the Charter Position of Director and General Manager

The Board's Rules of Administrative Procedures specify that the Board is to appoint a Director and General Manager, Internal Auditor, and Corporate Secretary, at its first regular meeting following July 1st of each year or as soon as practicable thereafter.

RESOLVED, That the Board of Commissioners hereby appoints the following individual to the Charter position of Director and General Manager for fiscal year 2019-2020 or until a successor is appointed, whichever last occurs:

Richard R. Peffley, Director and General Manager

FURTHER RESOLVED, That the Chair of the Board of Commissioners is authorized to execute any and all contractual amendment documents which reflect merit adjustments recommended by the Human Resources Committee for FY 2019's performance.