

HOLLAND BOARD OF PUBLIC WORKS (HBPW)

MINUTES of the BOARD of DIRECTORS

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SPECIAL MEETING

The HBPW Board of Directors met
June 27, 2022
at 4:00 p.m.
625 Hastings Ave.
Holland, Michigan

Chair Hemingway called the meeting to order at 4:01 p.m.

Members Present: Tim Hemingway, PJ Thompson, Paul Lilly, Sue Franz, Carolyn Maalouf, and Ex Officio Member Keith Van Beek

Members Absent: Bob Shilander, Nathan Bocks

Staff Present: Dave Koster, Janet Lemson, Ted Siler, Becky Lehman, Chuck Warren, Joel Davenport, Carl Thorwall, Chris Van Dokkumburg, Andrew Reynolds, Tracy York, Amy Yost, Andrew Reynolds, Steve Bruinsma; Guest: Mark Beauchamp, Utility Financial Solutions

22.238 Approval of Agenda

Board Member Lilly made a motion to approve the agenda. The motion was seconded by Board Member Thompson.

22.239 Communications from the Audience

None

22.240 Financial Review

REGULAR AGENDA

22.241 FY 2023 City of Holland/Holland Board of Public Works Combined Property/Liability Insurance Program – UPDATE

The HBPW Board reviewed the FY 2023 City of Holland/Holland Board of Public Works Combined Property/Liability Insurance Program at its June 13, 2022, regular meeting. After their review, the Board of Directors approved the City of Holland/Holland Board of Public Works insurance program, as presented by Marsh USA, with a total cost estimated to not exceed \$1,214,856, and an allocation to HBPW estimated to not exceed \$807,442 (including an estimate for Cyber coverage of \$75,000).

The FY 2023 City of Holland/Holland Board of Public Works Combined Property/Liability Insurance Program was presented to the Holland City Council on June 15, 2022. That presentation included updated premium costs of \$1,464,269, and an allocation to HBPW of \$877,020 (including \$42,140 for Cyber coverage). The total program cost increase is primarily attributable to the addition of an excess property coverage layer at a cost of \$160,361 and Cyber coverage at a cost of \$93,621.

Recommendation: The Board of Directors approved the updated FY 2023 City of Holland-Holland Board of Public Works Combined Property/Liability Insurance Program allocated cost to HBPW of \$877,020, including Cyber coverage cost of not to exceed \$42,140.

* Red italics indicate information or discussion added during the meeting and/or action taken.

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<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Franz</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

22.242 FY 2023 Property Insurance Coverage for HBPW Energy Production Assets - UPDATE

At its June 6, 2022, regular meeting, the Board reviewed the FY 2023 Property Insurance Coverage for HBPW Energy Production Assets. Since final quotes had not been received from the carriers, the Board granted the General Manager authority to execute the documents necessary to bind coverage as long as the total cost did not exceed \$1,014,503. The premium amounts have now been finalized, at \$968,842.

Recommendation: The Board accepted for information the final premium amount of \$968,842 for the FY 2023 Property Insurance Coverage for HBPW Energy Production Assets. s part of the Consent Agenda.

STUDY ITEMS

22.243 Electric Cost of Service Study and Related Financial Projections

An Electric Cost of Service Study (ECOS) and Financial Projection Report has been completed by Utility Financial Solutions, LLC. The ECOS has several goals, including:

- Determine the utility's revenue requirement for the test year (FY 2023), which is the total amount that must be collected in rates for the utility to recover costs and earn a reasonable return.
 - Identify cross-subsidies that may exist between rate classes.
 - Recommend rate adjustments needed to meet targeted revenue requirements.
 - Identify the appropriate monthly customer charge for each customer class.
- ECOS conclusions:
- HBPW is not projected to require overall increases in rates over the financial projection period (FY 2023 - FY 2027).
 - Cash balances are strong and projected to be above recommended minimums.
 - Current rate-related revenues are projected to be less than COS targets (yet cash is building).
 - HBPW system losses of 1.4% are significantly below typical municipal system losses of 5.4%.
 - Customer charges are under-recovering and energy rates are over-recovering for most customer classes. Consideration should be given to moving toward cost based customer charges with the additional revenues used to decrease energy rates for customers in the affected classes.
 - Variances exist between revenues and costs of service for certain rate classes, and movement toward cost of service amounts may be considered.

Presented for information; no Board action required

22.244 Beneficial Electrification Incentive Program

Electrification of home and business energy sources has the potential to reduce community carbon emissions and increase revenue for the utility. In 2021, the Community Energy Plan (CEP) Strategic Development Team identified beneficial electrification as something to help move the community toward a 2030 goal of 12 metric tons of carbon per capita.

In support of the CEP and the HBPW Board's directive to staff under the Customer Solutions and Value Critical Issue area to "seek ways to grow through the provision added value services

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to its customers and the greater Holland area," staff has pursued development of a Beneficial Electrification Incentive Program for Board's consideration.

Presented for information; no Board action required

22.245 Value of Solar Tactical Action Results Review

In 2019, HBPW moved from a net metering approach for customers with Distributed Generation (DG) equipment to an approach crediting customers for generated energy only, and not the full per kWh rate, while also limiting the credit to the energy supplied by HBPW in the billing month. Identified as a strategy to pursue in the 2021 Community Energy Plan Strategic Development Team recommendations to City Council, staff evaluated avoided costs to the utility associated with solar DG on the Holland Board of Public Works (HBPW) system.

Results show that the current energy rate is fairly representative of the value of the generated electricity from the customer DG installation. However, staff has proposed policy adjustments to increase credited value to the customer. Also, staff has developed a tool to allow an annual assessment of avoided costs and associated potential adjustments to the rate at which solar DG is credited for outflows to the HBPW system.

Presented for information; no Board action required

22.246 General Manager Comments

- Our next regularly scheduled Board meeting is July 11. There will be a closed door session for a legal opinion.
- Public Service Commission voted last week, and CE Campbell Plant 3 will be shutting down in 2025.
- The EPA has released updated findings on long-term exposure to PFAS.

ADJOURNMENT

A motion to adjourn the meeting of *June 27, 2022* was made by *Lilly* supported by *Franz* and agreed upon by the Board of Directors present.

The Board Meeting of June 27, 2022, adjourned at *7:06 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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