

BWL

LANSING BOARD OF WATER AND LIGHT

COMMITTEE OF THE WHOLE MEETING AGENDA

Tuesday, May 10, 2016

5:00 P.M. — 1201 S. Washington Ave.

Lansing, MI — REO Town Depot

Board of Water & Light Headquarters

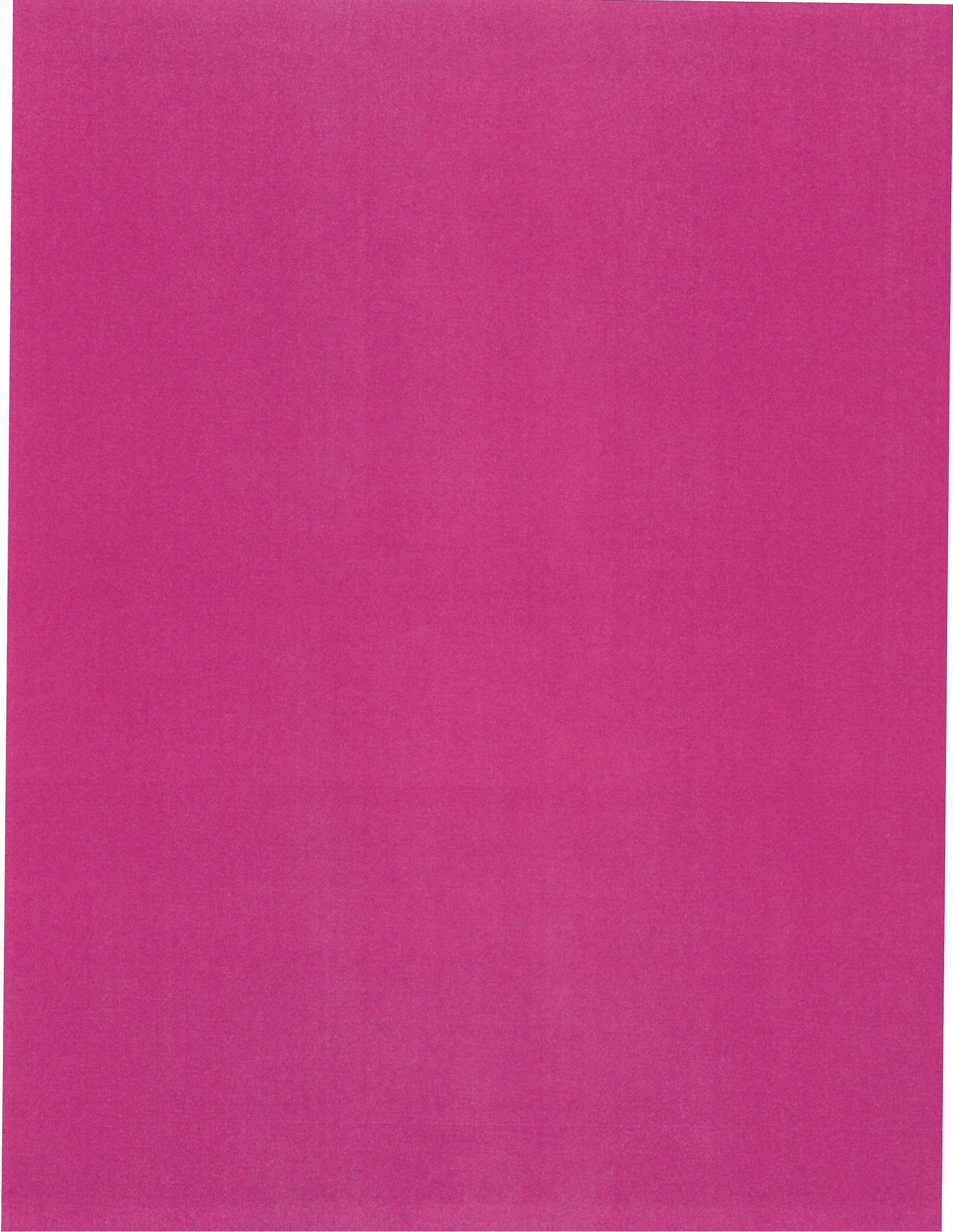
Call to Order

Roll Call

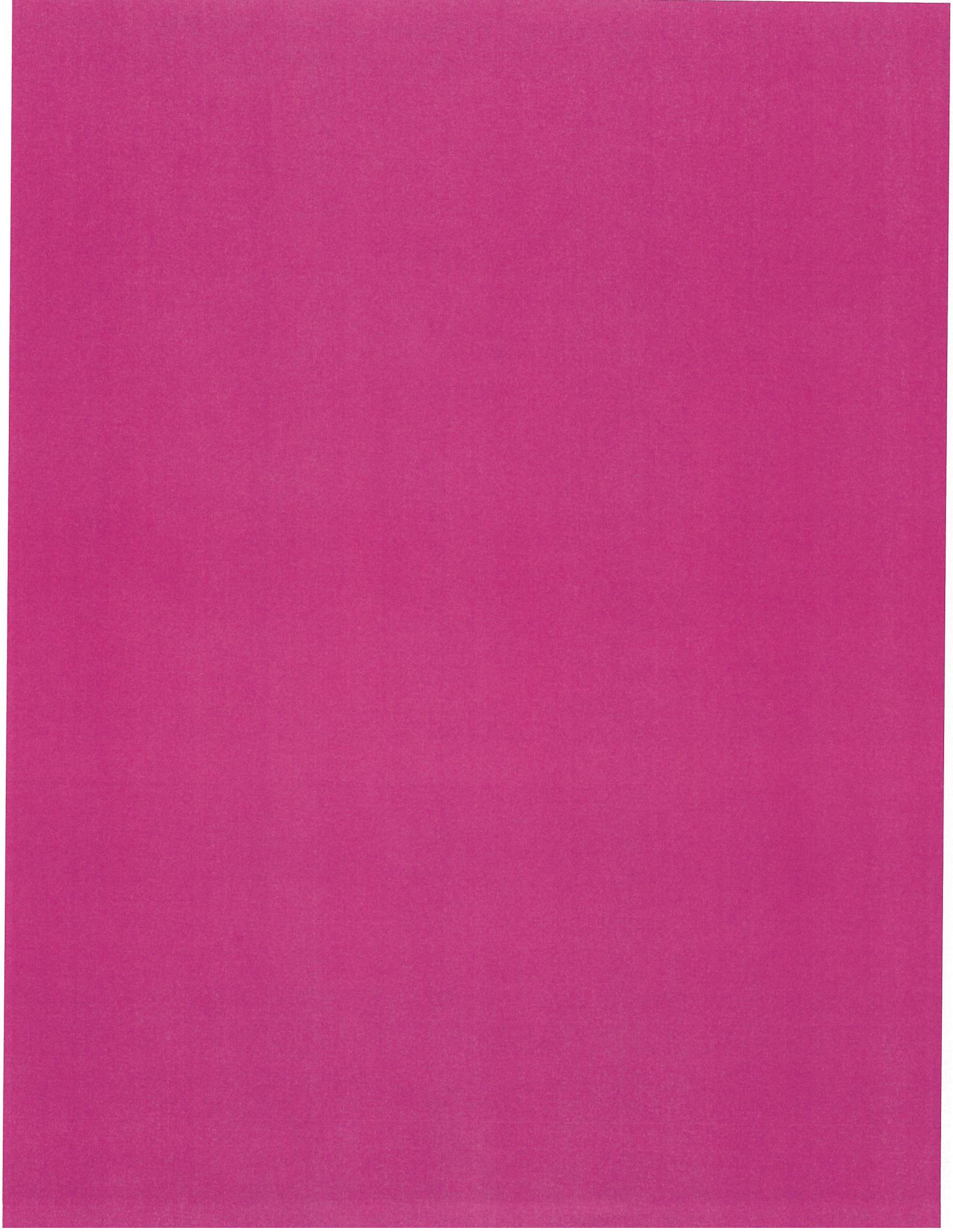
1. Integrated Resource Plan (IRP) Presentation.....INFO ONLY
2. Public Comments on Agenda Items
3. Committee of the Whole Meeting Minutes of March 8, 2016.....TAB 1
4. Public Act (PA) 295.....TAB 2
 - Annual Energy Optimization Update
 - Annual Renewable Energy Update
5. Proposed Strategic Plan Update.....TAB 3
6. Public Comment

Other

Adjourn



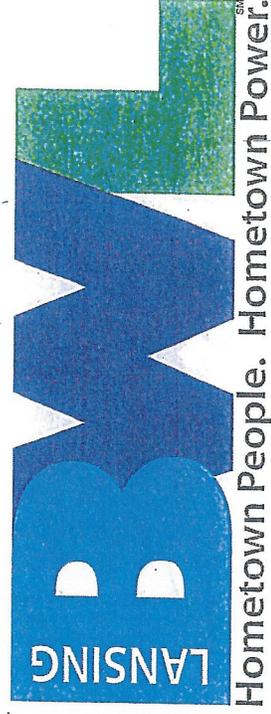
**MINUTES OF MARCH 8, 2016
NOT
AVAILABLE
AT THE
TIME OF PREPERATION**



2015 Energy Optimization and Renewable Energy Annual Update

Committee of the Whole

May 10, 2016



2015 Annual Update of PA 295

- Public Act 295 of 2008 requires each municipal utility to provide an annual update of its Energy Optimization and Renewable Energy programs to its governing board
- Each utility must file annual reports to the Michigan Public Service Commission
- Each utility must supply an annual report to its customers; the BWL will supply its report in the July Connections

2015 Energy Optimization Programs

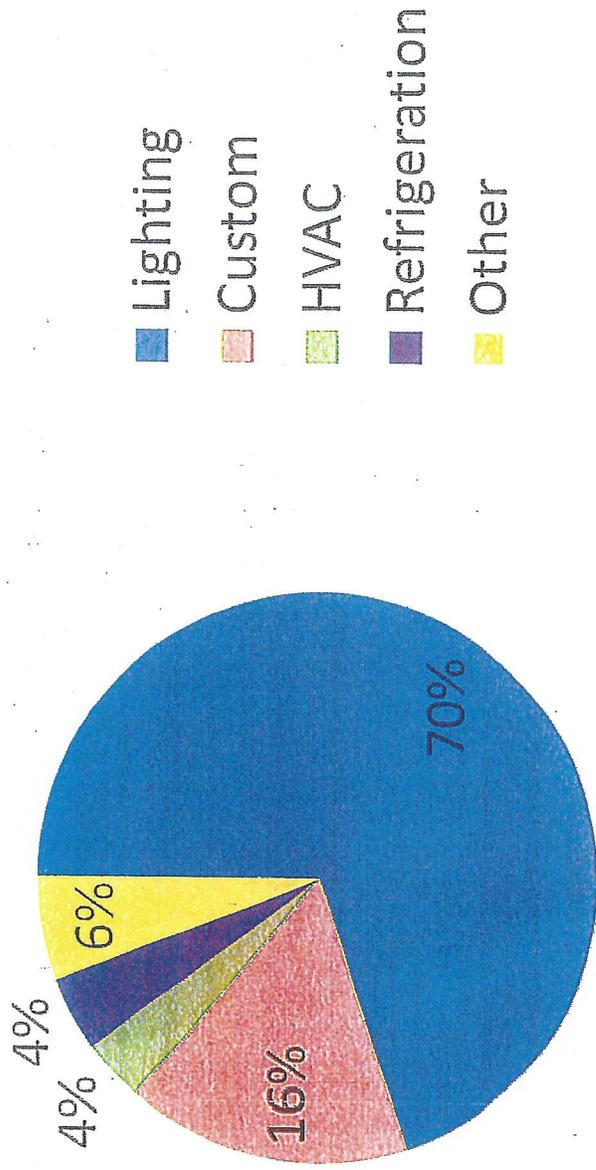
- Services for Income Qualified customers
- Residential Programs
 - High Efficiency Lighting
 - Appliance Turn-in & Recycling
 - Multi-Family Services
 - Energy Star Products/Equipment
- Business Prescriptive & Custom Incentives
- Energy Education Services
- Pilot Programs

Program Highlights

- Education in the Community
 - Attended 31 local events with 7,300 attendees
 - Did 25 presentations to community groups
- Pilot Programs
 - Think!Energy (school program with Consumers Energy)
 - Michigan Saves Low Interest Financing Loans
 - Partnership with Consumers Energy
 - Residential – 0% for \$1,000 – \$30,000 loans for 4 years
 - Business – 0% for \$2,000 - \$250,000 for 2 years

Business Programs 2015

Business Kilowatt-hour Savings



Million Kilowatt Hour Club

New Members for 2015	
WMU Cooley	1,009,599
Sparrow Hospital	1,148,058
Ashley Capital & Peckham	1,197,029
General Motors	10,068,644
BWL	1,325,000

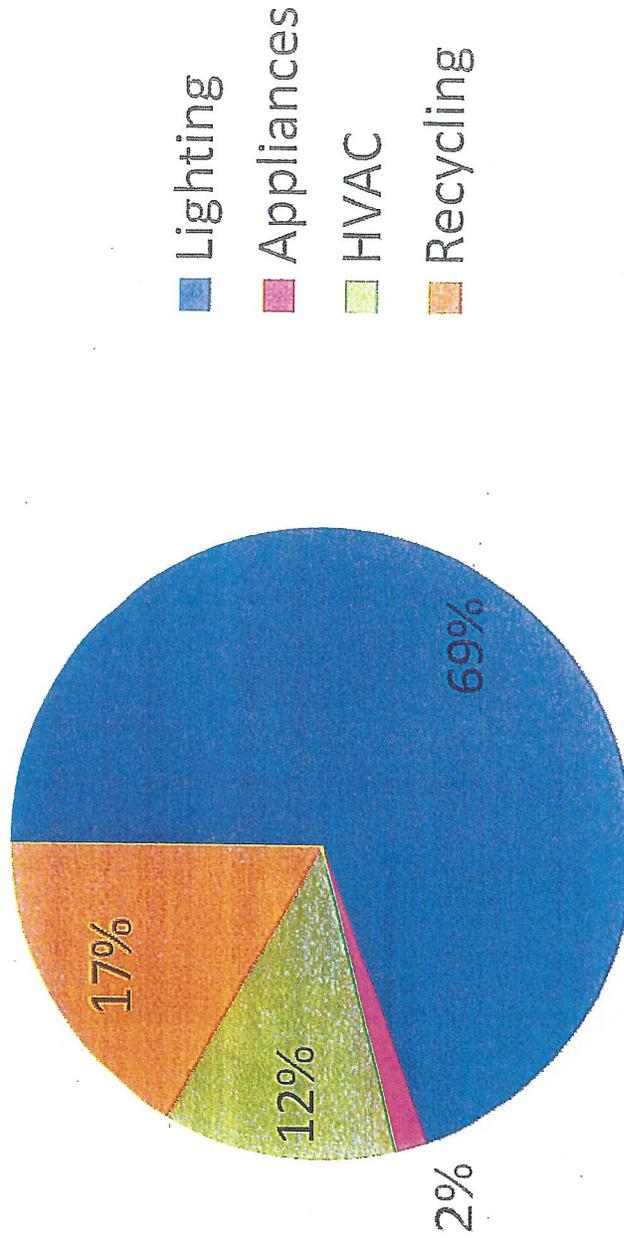
Previous Members	
State of Michigan DMB	Quality Dairy
Lansing School District	General Motors
Peckham Vocational Ind.	Ashley/Ryder
Demmer Properties LLC	

Energy Optimization Summary

Program Portfolio	2015 Goals		2015 Actual	
	Gross First Year kWh Savings	Program Budget	Gross First Year kWh Savings	Program Budget
Low Income Services	970,499	\$278,185	951,158	\$248,609
Residential Programs	4,840,463	\$1,164,364	5,861,154	\$951,283
Business Programs	14,709,671	\$2,912,175	23,337,782	\$2,209,876
<i>Total Program Portfolio</i>	<i>20,520,633</i>	<i>\$4,354,724</i>	<i>30,150,094</i>	<i>\$3,409,768</i>
Program Administration		\$321,706		\$267,067
Evaluation (EM&V)		\$312,219		\$201,655
ANNUAL TOTALS	20,520,633	\$4,988,649	30,150,094	\$3,878,490

Residential Programs 2015

Residential Kilowatt-hour Savings



Renewable Energy 2015 Results

- BWL is on track to meet the RPS standard
- RPS standards (based on percent of retail sales) are:
 - 2012 2%
 - 2013 3.3%
 - 2014 5.0%
 - 2015 10%
- BWL is in compliance with both generation and inventory of RECS
- Due to the ability to carry-forward renewable energy credits the BWL will not need any additional renewable energy until 2020 for compliance with PA 295

2015 Updates

- Continue to work with groSolar for a utility scale solar project
- Started development of a community solar project
 - Two locations-one in East Lansing and one near the Wise Road Water Treatment Plant
- The Distributed Solar program is going well
 - There were 3 residential and one commercial customer who installed solar in 2015

Current Renewable Energy Portfolio

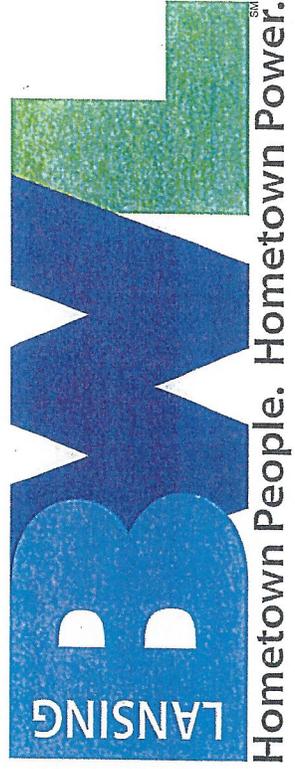
- Purchase of Energy and RECs
 - Granger landfill gas
 - Tower Kleber Hydro
 - Wind from Exelon Wind in Gratiot County
- BWL Owned
 - Solar (Cedar street and REO office bldg.)
 - Hydro

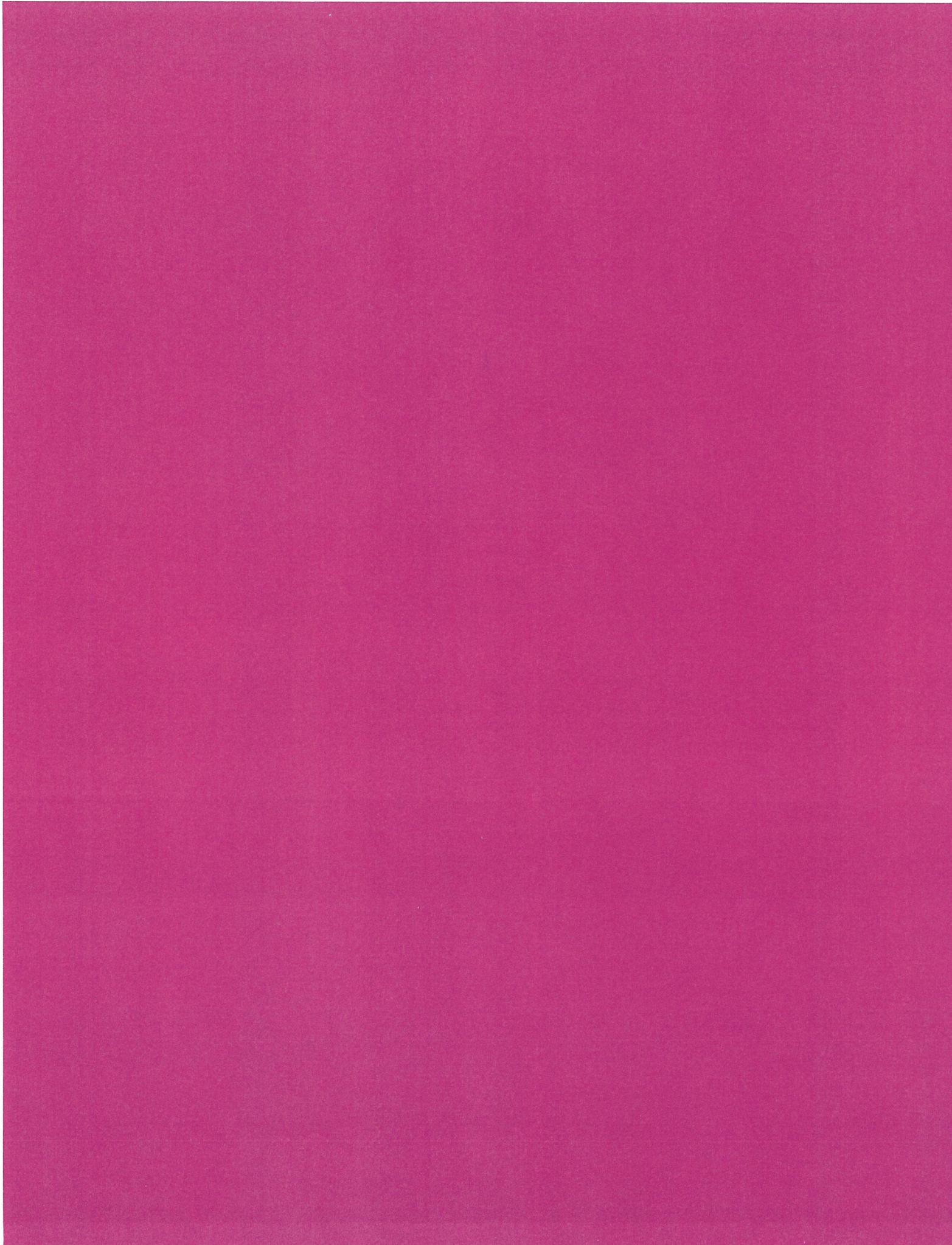
Continue to Evaluate RE Options

- Started the integrated resource planning process involving community stakeholders to determine how renewable energy will fit in future BWL energy needs
 - Exploring additional wind resources

THANK YOU.

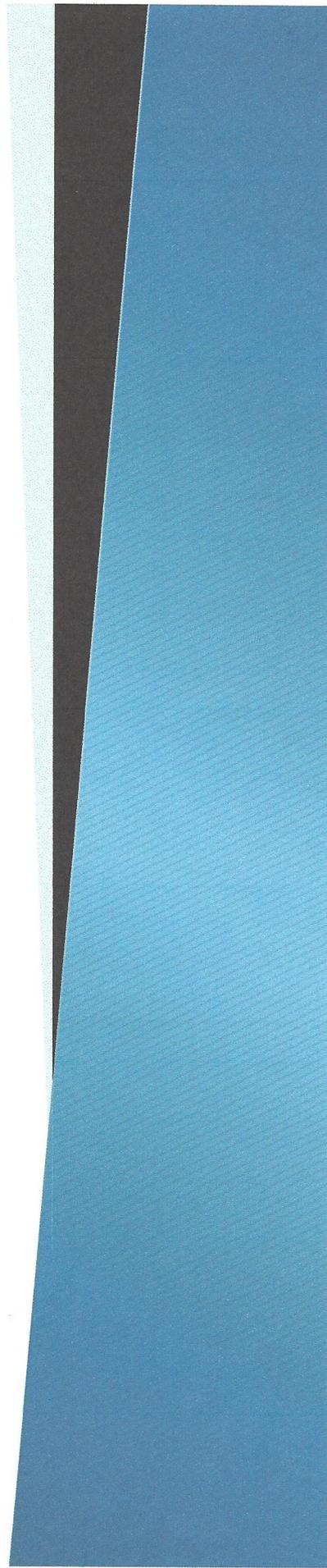
QUESTIONS?





Strategic Planning Process

Lansing Board of Water and Light



Elements of a Strategic Plan

- ▶ **Purpose**
 - A tool that provides guidance in fulfilling the mission
 - Affirms the mission and values, takes stock of current situation, analyses the future demands, outlines challenges, identifies potential approaches, and recommends strategies for success
- ▶ **Values**
 - Are enduring, passionate and distinctive core beliefs
 - They're guiding principles that never change and are part of the strategic foundation



Elements of a Strategic Plan (Cont.)

- ▶ **Mission**
 - Reflects the values of the company
 - Overarching, timeless expression of the company's purpose and aspirations, addressing both what the company seeks to accomplish and the manner in which the organizations seeks to accomplish it
- ▶ **Goals**
 - An Ideal future condition to which the utility aspires
 - Long-term direction



Elements of a Strategic Plan (Cont.)

- ▶ **Objectives**
 - Tangible, specific and measurable outcome leading to the achievement of the goal.
 - Can be set as intermediate steps toward attaining a goal based on benchmarks in which the organization seeks to accomplish it
- ▶ **Strategies**
 - Statement of actions or requirements judged to be necessary to achieve the goals and objectives



Implementation – Phase 1

1. Start review of industry trends
 - Identify the resources we will use
2. Present to the Executives – email of individually
 - The purpose of the Strategic Plan
 - Definition of the Core Values
 - Current Mission Statement
3. Executives will:
 - Determine if the current Mission Statement reflects the Values
 - Perform SWOC analysis
 - Identify Managers and Subject Matter Experts (SMEs) for phase 2



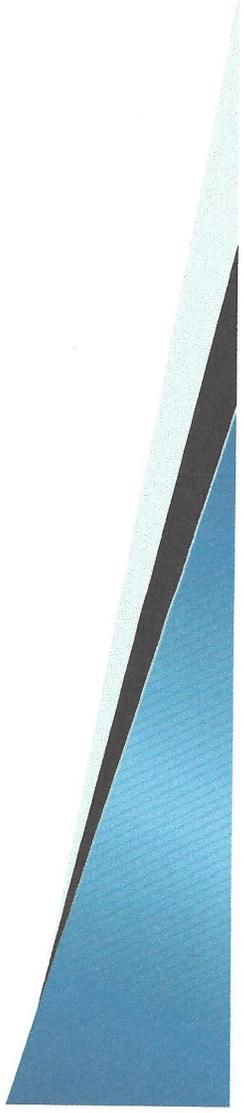
Implementation – Phase 1 (Cont.)

4. Strategic Plan Team will:
 - Identify Goals and logical Objectives
 - Present the identified Goals and Objectives to the Executives
 - Incorporate feedback on Goals, if necessary
5. Executives approve the Goals.



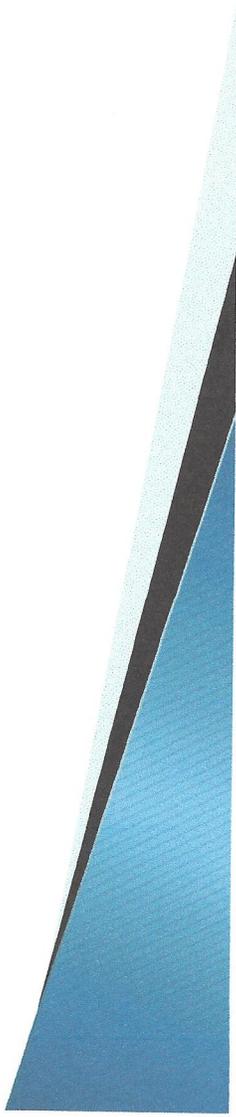
Implementation – Phase 2

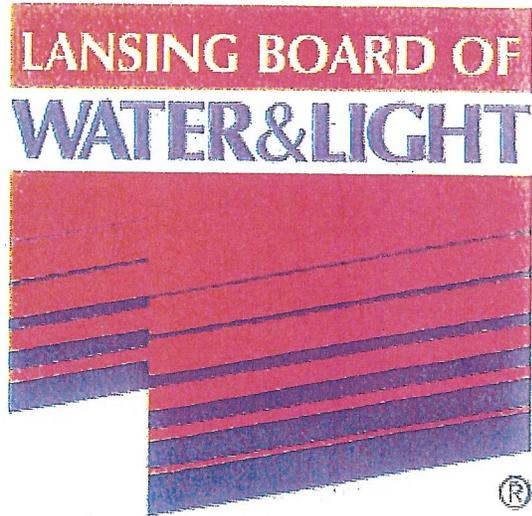
1. Present to Managers and SMEs
 - Purpose, values, mission
 - Overview of Executive SWOC
 - Goals and Objectives
 - Overview of Industry Trends
2. Feedback on “What we are missing”
3. Perform SWOC
4. Create Objective and Strategies
5. Strategic Planning Team will put together draft



Implementation – Phase 3

1. Present draft to Executives in June
 - Gather feedback
 - Incorporate feedback into draft
2. Present draft to Commissioners in July
 - Gather feedback
 - Incorporate feedback into draft
3. Board of Commissioners approve Final Report in September





BWL
STRATEGIC PLAN
2008

Introduction

The purpose of this Strategic Plan is to position the Lansing Board of Water & Light (BWL) to continue providing safe, reliable and affordable utility products and services. It will also guide the organization's actions in planning for future resource needs.

Development of this Strategic Plan also addressed the issues communicated by the Board of Commissioners at their Strategic Planning Session held on February 1, 2008. This proposed Strategic Plan provides a direction and an action plan for management and employees for the next few years as we pursue our business objectives.

Vision

The purpose of this strategic plan is to position the BWL to fulfill its vision and mission in an uncertain future. The BWL's vision statement articulates the ultimate goal of the enterprise; it is designed to mobilize, inspire, and give purpose to our employees and community owners.

Vision Statement:

The vision of the BWL is to partner with our customers, community, and employees to make Lansing the most attractive community in Michigan in which to live, raise a family, work, and operate a business.

Mission

The BWL's mission statement explains how we intend to achieve our vision. It identifies our goals and priorities as an enterprise. The mission statement helps direct the work of our employees, provides guidance in establishing budget priorities, and guides resource decisions.

Mission Statement:

The mission of the BWL is to provide safe, reliable, and affordable utility products and services. The BWL will plan for future growth, be responsible environmental stewards, and be active participants in the Lansing community's cultural and economic initiatives.

Values

The BWL's values represent common principles to which our employees adhere in the conduct of the BWL's business. These values express our shared attitudes and behaviors in dealing with our customers, our jobs, and each other.

Value Statements:

Superior Service: We are committed to providing superior service to our customer/owners and our community. To us, reliability is the most critical element of customer service.

Competitive Rates: Our rates must provide an advantage to our customer/owners and our community, commensurate with our public ownership.

Safety: The safety of our employees and customers is paramount.

Community Leadership: We will strive to improve the quality of life in our community.

Integrity: We believe in interacting with all parties in an open, honest and fair manner.

Diversity: We respect our employees as diverse individuals, and both expect and reward their excellent performance.

Environmental Stewardship: We will practice environmental stewardship by managing our resources for the benefit of future generations.

Strategies

In order to maintain the BWL's leadership position in providing reliable electric, steam, chilled water, and water services at competitive rates in the future, we have adopted four broad strategies. Our strategies provide the basis for our operational objectives and involve programs and initiatives that cross business and unit function lines.

1. Provide superior customer service

The BWL was founded as a community enterprise to service energy and water needs of the Lansing community. A customer focus strategy keeps the BWL focused on those objectives necessary to meet our customer/owner needs over the long-term. The BWL will continue initiatives to measure and improve customer satisfaction.

A trained and motivated workforce is instrumental to achieving and maintaining superior customer service. The BWL will undertake programs to assure that it maintains a well trained, motivated, and diverse workforce.

A major contributor to customer satisfaction is distribution reliability. The BWL will undertake steps necessary to improve electric distribution reliability, replace lead services at an accelerated rate, and improve the efficiency of its steam distribution by concentrating on its core service area.

2. Assure adequate supply of resources

A principal challenge for all utilities today is assuring sufficient resources will be available when needed to meet future demand for service, whether electric, steam, chilled water, or water delivery.

To meet future electric generating needs, the BWL has commenced a renewable energy program (RPS) and will undertake energy efficiency and load management program in the near future. The BWL will also replace its Eckert electric generating plant with a modern, efficient "hybrid" unit that can burn both biomass and traditional coal as fuels.

Together, these programs will reduce the BWL's greenhouse gas (GHG) and other air emissions and will establish the BWL as a leader in environmental stewardship.

The BWL will undertake a comprehensive assessment of the long-term water production needs of the Lansing community and develop strategies to assure an ample supply of affordable and clean water is available to meet future growth.

With the sale of the Ottawa station, the BWL is in the process of replacing its chilled water facility with a new, more efficient facility.

3. Develop new management strategies

Environmental regulations and electric market restructuring have created major challenges to providing service reliably and affordably over the long-term. The BWL is a member of the Michigan Public Power Agency power pool, which is scheduled to terminate in December of 2010. After that date, the BWL will either participate in a new municipal power supply arrangement or sell excess power into the Midwest wholesale market.

Managing budget priorities and improving productivity will be necessary to implement the objectives of this plan. The BWL will continue to implement SAP modules to improve the flow of financial, personnel, and budget information. The BWL will continue to look for ways of implementing technology to improve productivity.

4. Lead through community involvement

The BWL is in a unique position to assist the Lansing community with economic development and will serve as a partner with the city and regional economic development organizations in promoting economic growth in the Lansing community.

Through its leadership and participation in community events, the BWL has played an important role in developing the cultural environment of the Lansing community. Silver Bells in the City, the Chili Cook-off, Common Ground, and other events are popular and important community celebrations that make Lansing an enjoyable community. The BWL will continue its participation and support for events that make Lansing a vibrant, desirable community in which to live.

Objectives

The four strategies are implemented through eight objectives, which represent the operational tasks necessary to accomplish the BWL's mission. Under each objective there are specific implementation plans which will be used as guidelines on how to achieve each objective over the next three to five years. Those eight objectives and the associated implementation plans are as follows:

Objective 1: Provide superior utility service to our customers.

Implementation Plans:

1. Evaluate current customer satisfaction survey methodology
2. Investigate and prepare business plan for Advanced Metering Infrastructure Technology
3. Develop new markets for sales

Objective 2: Provide for long term resource needs.

Implementation Plans:

1. Develop plans for a new baseload generating unit
2. Develop and Implement an Energy Efficiency Program
3. Develop a Load Management Program
4. Identify and Procure Renewable Resources
5. Update Water Resource Plan

Objective 3: Provide reliable utility services.

Implementation Plans:

1. Update our electric T&D Master Plan
2. Expand the BWL predictive maintenance program
3. Develop and implement a strategy to improve electric CAIDI ratings
4. Develop and implement a strategy to improve electric production unit availability

Objective 4: Achieve superior safety performance.

Implementation Plans:

1. Evaluate and prioritize 2008 NSC Safety Program Audit Recommendations
2. Conduct research on BWL incident trends and root cause analysis
3. Continue education on safety tools (job hazard analysis, incident investigation, inspections) and track their implementation by Process Safety Advisory Committees

Objective 5: Provide competitive, stable rates while maintaining a strong credit standing.

Implementation Plans:

1. Develop financial plan to provide long term utility services and future generation needs
2. Develop cost of service studies for each utility
3. Update corporate performance management system (BSC)
4. Re-evaluate and update BWL investment policies
5. Develop information technology plans to support BWL strategic initiatives
6. Develop process documentation for business risk internal controls management

Objective 6: Develop a highly qualified, diverse and effective workforce.

Implementation Plans:

1. Develop and implement Inclusion, Equity and Diversity Plan
2. Evaluate compensation and performance appraisal systems
3. Update Human Resources procedures and processes
4. Develop centralize training function for employee development and succession planning
5. Evaluate health benefit plans, sick leave and FMLA policies

Objective 7: Be recognized as a leader in community service.

Implementation Plans:

1. Develop and recommend annual plan for community relations
2. Foster "green" events that allow the BWL to interact with the community

Objective 8: Meet or exceed all environmental standards and be a good environmental steward.

Implementation Plans:

1. Educate employees on environmental standards that the BWL must meet
2. Evaluate partnership with the City of Lansing for Reduce, Reuse & Recycle
3. Determine and communicate the carbon footprint for BWL facilities