

# AGENDA

## COMMITTEE OF THE WHOLE MEETING

September 8, 2015

5:30 P.M. – 1201 S. Washington Ave.  
REO Town Depot

Call to Order

Roll Call

Public Comments on Agenda Items

1. Committee of the Whole Meeting Minutes of 7/14/15..... **(TAB 1)**
2. North American Electric Reliability Corporation (NERC) Update..... **(TAB 2)**
3. Air Regulation Update..... **(DISCUSSION ONLY)**
4. Community Review Team (CRT) Update..... **(DISCUSSION ONLY)**
5. Educational Training for the Board of Commissioners..... **(DISCUSSION ONLY)**
6. Communication Strategy for outside governmental agencies..... **(DISCUSSION ONLY)**
7. Joint Work Meetings Resolution BWL/Lansing City Council.....**(TAB 3)**

8. Public Comments

9. Other

Adjourn

COMMITTEE OF THE WHOLE

July 14, 2015

The Committee of the Whole 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 5:30 p.m. on Tuesday, July 14, 2015.

Committee of the Whole Chair, Margaret Bossenbery, called the meeting to order and asked that roll be taken.

Present: Commissioners Dennis M. Louney, Margaret Bossenbery, Tony Mullen, David Price, Ken Ross, Tracy Thomas and Sandra Zerkle.

Absent: Commissioner Anthony McCloud

Non-Voting Members Present: Commissioners Mike Froh (Meridian Township), Bill Long (Delta Township) and Bob Nelson (East Lansing).

Committee of the Whole Chair Bossenbery welcomed newly appointed member Ken Ross and Commissioners Mike Froh, representing Meridian Township; Robert Nelson, representing East Lansing, and William Long, representing Delta Township, to their first official meeting.

**Additional Agenda Item**

At the request of Board Chair David Price, a Resolution directing the Interim General Manager to prepare a business case for keeping the Board of Water and Light as a community asset, owned by the City of Lansing was added to the Agenda for consideration.

**Public Comments**

None

**Approval of Minutes**

Motion by Commissioner Price, Seconded by Commissioner Zerkle to approve the Minutes of May 12, 2015 with grammatical amendments.

**Action:** Motion Carried

**Resolution FRIB Agreement**

George Stojic, Executive Director of Strategic Planning and Development, provided the Committee with a proposed agreement between the Board of Water and Light and Consumers Energy, intended to resolve issues related to electric service to the facility for isotope beams, or FRIB, on the campus of MSU, as well as resolve issues related to the rights to serve on the campus. The Committee of Whole received a resolution in which the Board of Water and Light seeking approval of the agreement. Mr. Stojic stated that this agreement is the product of about five years of solicitations, proposals, negotiations, research and hard work from many people at the Board of Water and Light. He stated that two additional sentences will be added to the final agreement to define "net margin" and grant BWL the right to review calculations and supporting data.

Mr. Stojic explained that there are two major components to this agreement; economic and legal. The economic one entitles the BWL to 50% of the net revenue from sales of electricity to the facility for rare isotope beams; the second component is the right to serve on campus. Mr. Stojic stated that from the very beginning of this project Consumers has asserted an exclusive right to serve on campus and asserted that the Board of Water and Light did not have the right to serve. That was a point of contention that required a lot of research on the BWL's part to rebut.

Mr. Stojic and attorney Pete Ellsworth, from Dickinson and Wright, briefly explained that the agreement states that both the BWL and Consumers Energy are providing consent to the other to serve if, and when, called upon by Michigan State University. Mr. Ellsworth informed the Committee that pursuant to the agreement, the campus only, is a customer choice zone, and no other parts of East Lansing or the townships, are involved.

There was a lengthy conversation regarding the proposed contract and resolution. Upon conclusion of the conversation and the questions and answer session, the following motion was offered:

Motion by Commissioner Price, seconded by Commissioner Mullen to forward the Resolution for the approval of the agreement to resolve electric service to MSU, entered into between the Board of Water & Light and Consumers Energy to the full Board for consideration.

**Action:** Motion Carried

### **Employee Survey/EPIC MRA Presentation**

Human Resources Director, Michael Flowers, and Bernie Porn, of Epic MRA, presented the Committee of the Whole with the results of the Employee Satisfaction Survey that was recently conducted with the BWL employees. This survey was based on overall attitudes, opinions, concerns, and employee satisfaction regarding their jobs, management teams, organizational diversity, hiring practices and communications. About 395 employees participated in the survey, a 54% participation rate, which is very good, with 69% responding online and 31% responding by mail. The survey was anonymous and confidential.

The following results from the employee satisfaction survey were presented to the Committee in a PowerPoint presentation:

#### **Employee Rate their Specific Work Area as 'Positive'**

- 77% offered "positive rating";
- 23% offered "negative rating"

#### **Employees Rate BWL Programs and Services as 'Positive'**

- 84% offered "positive rating"
- 14% offered "negative rating"

#### **BWL Employees Satisfaction with Leadership Somewhat Mixed**

- 68% "satisfied" with Executive Team;
- 51% "satisfied" with Intermediate Level Management/Supervisors;
- 30% "dissatisfied"

**Employees Feel Comfortable Asking Questions of their Immediate Supervisors/Directors**

- 78% feel “comfortable” asking questions of immediate Supervisor/Director
- 21% DO NOT feel “comfortable” asking questions of immediate Supervisor/Director

**Employees Feel Comfortable Receiving Feedback from their Immediate Supervisors/Directors**

- 79% feel “comfortable” receiving feedback from their immediate Supervisor/Director
- 21% DO NOT feel “comfortable” receiving feedback from their immediate Supervisor/Director

**Employees Frequently Receive Feedback from their Immediate Supervisors/Directors**

- 64% “frequently” receive feedback from their immediate Supervisor/Director
- 35% DO NOT “frequently” receive feedback from their immediate Supervisor/Director

**Employees Feel They are a Partner in the BWL’s Vision**

- 59% feel they are “made a partner” in BWL Vision;
- 19% DO NOT feel they are “made a partner” in the BWL Vision

**Employees Rank Aspects of the BWL’s Vision Statement**

- **Safe** – 32% Agreed Somewhat; 59% Agreed Strongly
- **Cultural Activities** – 32% Agreed Somewhat; 59% Agreed Strongly
- **Economic Initiatives** – 36% Agreed Somewhat; 54% Agreed Strongly
- **Environmental Steward** – 40% Agreed Somewhat; 49% Agreed Strongly
- **Affordable** – 32% Agreed Somewhat; 53% Agreed Strongly
- **Reliable** – 33% Agreed Somewhat; 48% Agreed Strongly
- **Planning Future Growth** – 38% Agreed Somewhat; 40% Agreed Strongly

**Employees Rank Statements About Common Principles on a 0 to 10 Scale – by Mean Score of Importance**

- **Safety** – 7.706
- **Community Leadership** – 7.511
- **Environmental Stewardship** – 7.358
- **Superior Service** – 7.286
- **Competitive Rates** – 7.256
- **Integrity** – 6.761
- **Diversity** – 6.755

**Employees Rate Work Environment as ‘Positive’**

- 67% offered “positive rating”
- 31% offered “negative rating”

**Communication within BWL as a Whole Could Improve**

- 49% offered “positive rating”
- 47% offered “negative rating”

**Communication within Employee’s Work Area at BWL Considered Comparatively Better**

- 62% offered “positive rating”
- 35% offered “negative rating”

**BWL Employees’ Overall Job Satisfaction High**

- 75% “satisfied” with their jobs;
- 14% say they are “not satisfied” with their jobs

**Feelings Toward Opportunities for Advancement are Mixed Among BWL Employees**

- 53% “satisfied” with opportunities for advancement;
- 28% “not satisfied” with opportunities

**Feelings toward 'Diversity' Mixed Among Employees**

- **Doing Too Little** – 11% (8% Somewhat; 3% Much)
- **Doing Enough** – 46%
- **Doing Too Much** – 39%

**Top Areas within BWL that Employees Feel Need the Most Improvement**

- 13% "Communication"
- 9% "Better Management"
- 8% "Hire/Promote Qualified Employees"

**51% Report Using Social Media at Least Once a Week**

- Facebook – 65%
- Instagram – 4%
- Twitter – 2%
- None – 27%

In conclusion, Mr. Flowers stated that recently, employee performance evaluations have been performed on an annualized basis and the Administration's thought is that evaluations should be done on a more frequent basis because the younger generation desires more feedback on a regular basis.

**CRT/MPSC Communications to Community**

Board Chair David Price stated that the BWL is over a year and a half past the ice storm, and a little over a year past receiving the Community Review Team (CRT) report. He noted that with all of the progress that has been made implementing the CRT's suggestions, it might be time for closure on the report. He reported that most of the suggestions and changes have become part of the infrastructure of the organization.

Commissioner Bill Long stated that there has been a lot of progress made relative to work that has been done by the BWL on the recommendations received from the CRT, the Michigan Public Service Commission (MPSC), as well as the Internal Report. He suggests that the actions taken on the recommendations be compiled so that the Commission and the Board could use that document as a presentation tool to report to the community and the government officials to say, 'this is what we have done, this is what we have learned and this is how we have responded.' Mr. Long mentioned that after a discussion with Chair Price, he had extended an invitation to General McDaniel, the Chairperson of the CRT, to be involved in a presentation if the Board sees fit.

There was a lengthy conversation regarding this matter and in conclusion, it was suggested that Board Chair Price and Commissioner Long meet to discuss a course of action to bring this before the community, but would first bring it to the board for their consideration.

**Resolution Directing Interim GM to Prepare a Business Case**

Proposed Resolution  
**Directing Interim GM to Prepare a Business Case**

Whereas, the Lansing Board of Water and Light has been a publicly owned utility since 1885;

Whereas, the vision of the Lansing Board of Water and Light 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;

Whereas, the mission of the Lansing Board of Water and Light is to provide safe, reliable, and affordable utility products and services and to plan for future growth, be responsible environmental stewards, and be active participants in the Lansing Community's cultural and economic initiatives;

Whereas, the Lansing Board of Water and Light customers have enjoyed significant savings on their utility bills in comparison to their neighbors that are served by privately owned utility companies;

Whereas, should the Lansing Board of Water and Light be sold to a private utility company customers will likely see an increase in their monthly utility bills and;

Whereas, the employees of the Lansing Board of Water and Light are among the best and the most highly skilled utility workers in the nation and a sale of the utility would lead to internal reorganization and unknown layoffs of BWL employees;

Whereas, the Lansing Board of Water and Light plays a significant role in our region's business development efforts providing guaranteed savings to companies looking to locate or expand in this area;

Whereas, the Lansing Board of Water and Light works to make our community a great place to live supporting programs like *Pennies for Power* and *Adopt-a-River* and helping to sponsor the *BWL Chili Cook Off*, *Silver Bells in the City*, the *Common Ground Festival*, and our own home town professional sports franchise the *Lansing Lugnuts*;

Whereas, the Lansing Board of Water and Light employees contribute many hours volunteering at community events, greatly enhancing the quality of life in the Lansing region; and

Whereas, if the Lansing Board of Water and Light were sold to a private company, many of these community assets and benefits would be lost; and now therefore, be it

Resolved, that the commission of the Lansing Board of Water and Light directs the Interim General Manager to prepare a business case for keeping the Lansing Board of Water and Light a community asset owned by the City of Lansing.

**Discussion:**

Board Chair Price stated that procedurally, if the Committee approves to forward the proposed Resolution at tonight's Committee of the Whole meeting, there will be two weeks until the full board meeting for its passage, at which time it can be explained further, and amended.

Motion by Commissioner Price, Seconded by Commissioner Mullen, to forward the proposed Resolution to the full Board for consideration.

**Action:** Motion Carried (6 - 1 Vote, Ross dissenting)

**Open Meetings Act Update**

Brandie Ekren, General Counsel, provided an Open Meetings Act (OMA) reminder for the new Commissioners to refrain from group emailing, to avoid potential violation of the OMA.

**FOIA Update**

General Counsel Brandie Ekren, provided a Freedom of Information (FOIA) status update. She said the Board of Water and Light (BWL) has an outstanding question to the Lansing City Attorney regarding whether or not the Commissioners must still approve their own FOIA Policies and Procedures. Ms. Ekren advised that until an answer is provided, she would continue to follow guidelines as approved by the City Council until further direction from the Lansing City Attorney is given.

**Commissioners Report from APPA Conference**

Board Chair David Price stated that this year was his first time attending the American Public Power Association (APPA) National Conference and that he was grateful to go. One of the things of particular interest to him was the whole idea of community value. A public utility from Wisconsin did a presentation that attached a dollar value to the community investment of their employees in volunteering, and doing many of the things mentioned in the resolution brought forward today. His thought was that the same could be something to look at as we talk more about the idea of selling this [BWL] utility; with emphasis on what else would be given up, besides the tangible assets. He stated all of the general sessions at the conference were good and thinks that every Commissioner should attend, so to take the pulse of the whole public power, and it's a significant industry.

Commissioner Dennis M. Louney distributed information that he brought back from the conference. He stated that excellent information was provided in the reports.

Commissioner Tony Mullen stated that one of the things that was interesting to him about the APPA Conference, which ties into the conversation about selling the BWL, is the information that he received after sitting in on a couple of presentations from various bonding agencies. It is astounding how much the new Environmental Protection Agency (EPA) regulations are going to affect the worth of this company because the BWL has coal-fired plants.

### **groSolar Update**

George Stojic, Executive Director of Strategic Planning and Development, updated the Board on the status of the BWL's solar programs. Mr. Stojic indicated that a Power Purchase Agreement with groSolar has been completed and that the power generated would fulfill the BWL's PA 295 compliance requirement. Additionally, Mr. Stojic stated that the price would be \$59.00 per megawatt hour, which is a very good price for this part of the country, and that it would be the only utility scale solar project in Michigan. According to Mr. Stojic, a site has not yet been selected, however, once it is selected, it will determine the project size, between 15 and 30 megawatts. Mr. Stojic also stated that the BWL was previously working with a developer on a smaller, 300 kilowatt, community solar project. This would allow the BWL customers to buy into the project and receive a credit on their bills. Mr. Stojic also mentioned the BWL's distributed solar program provides incentives to businesses and residential customers to place solar energy on their facilities and homes with the option of participating in the BWL's net metering program. He stated that collectively, these projects constitute Michigan's most extensive solar program, which is particularly appropriate based on the BWL's summer demand and transmission configuration.

### **Chili Cook-Off update**

Steve Serkaian, Director of Communications provided an update of this year's Chili Cook Off. Mr. Serkaian said this year marked the 20th anniversary of the BWL Chili Cook Off. The event was held at Adado Riverfront Park on June 5, 2015. This year's presenting sponsor was Tripp's Auto Shop and Collision Centers. More than one hundred BWL employees volunteered thousands of hours of their own time to put on this community event. There were 40 chili vendors, giving away nearly all of their chili to 4,000 attendees. This year's honorary chair was TV 6 news' anchor, Sheri Jones. For the first time, a used car donated by University Motor Mall, was raffled off.

After collecting sponsor checks, the BWL will be able to contribute approximately \$5,000 dollars to each of our three designated charities, *Impression 5 Science Center*, *Sparrow Foundation* and the *Lansing Promise Hope Scholarship* fund. For next year's event, the BWL is exploring the possibility of holding the Chili Cook off at another location.

### **Public Comment**

Anne Woiwode, Conservation Director for the Sierra Club, spoke about the BWL solar program as well her eagerness to learn more about the BWL's Integrated Resource Planning (IRP) process.

Brad Van Guilder, Ph.D., Organizing Representative Beyond Coal Campaign, spoke about preparing for the closure of coal-powered plants. He questioned the difference between a strategic plan and an IRP.

Elaine Wambo, of South Lansing, stated that she was the facilitator of a group called Rejuvenating South Lansing. She asked that the Board Water and Light Commissioners do everything in their power to prevent the selling of the Board Water and Light. She stated that the Board Water and Light is the public facility that supports our residents and our neighborhoods.



Ron Byrnes, representing IBEW, spoke in support of the Resolution that was presented and voted on tonight. He stated that it is important for the city residents and employees to know where the Board of Commissioners stands on this issue.

**Other**

Interim General Manager Peffley welcomed the new commissioners. Mr. Peffley announced the following:

- BWL's Director of Public Relations, Calvin Jones, received the Rotarian of the year award from the Delta Waverley Rotary
- The State of the BWL Address that is being held Tuesday, July 21<sup>st</sup> at the Line Garage in Building G. at 11:00 a.m.

**Excused Absence**

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

**Action:** Motion Carried

**Adjourn**

**On Motion** by Commissioner Price, Seconded by Commissioner Mullen, the meeting adjourned at 7:59 p.m.

Respectfully Submitted  
Margaret Bossenbery, Chair  
Committee of the Whole

LANSING

**BWL**

**Hometown People. Hometown Power.**<sup>SM</sup>

---

**Committee of the Whole Meeting  
NERC Compliance Update  
September 8, 2015**

# What is Reliability Compliance?

- The North American Electric Reliability Corporation (NERC) is the authority assigned with ensuring the reliability of the Bulk Electric System
- To achieve that, NERC issues standards that apply to entities who own or operate parts of the Bulk Electric System
- There are currently a total of 105 Standards that encompass 14 categories.

# What started the Mandatory Compliance Movement?

- After the Blackout in 2003, Congress directed the Federal Energy Regulatory Commission (FERC) to find a non-governmental agency to regulate the reliability of the Bulk Electric System.
- It was determined that the Blackout was the result of poor vegetation management efforts, insufficient operator training, a lack of understanding in the inadequacies in the system and poor maintenance of system equipment.

# What started the Mandatory Compliance Movement?

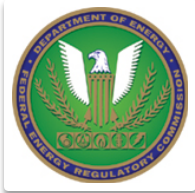
- FERC developed the process, and the first set of mandatory enforceable standards were submitted to FERC in April of 2006, and were made effective in June of 2007.

# Organizational Structure



## Congress

- Wrote Energy Policy Act, ordering FERC to select a non-governmental organization to regulate reliability



## FERC

- Selects ERO
- Approves Policy



## NERC

- Drafts Policy



## Reliability First

- Enforces Policy



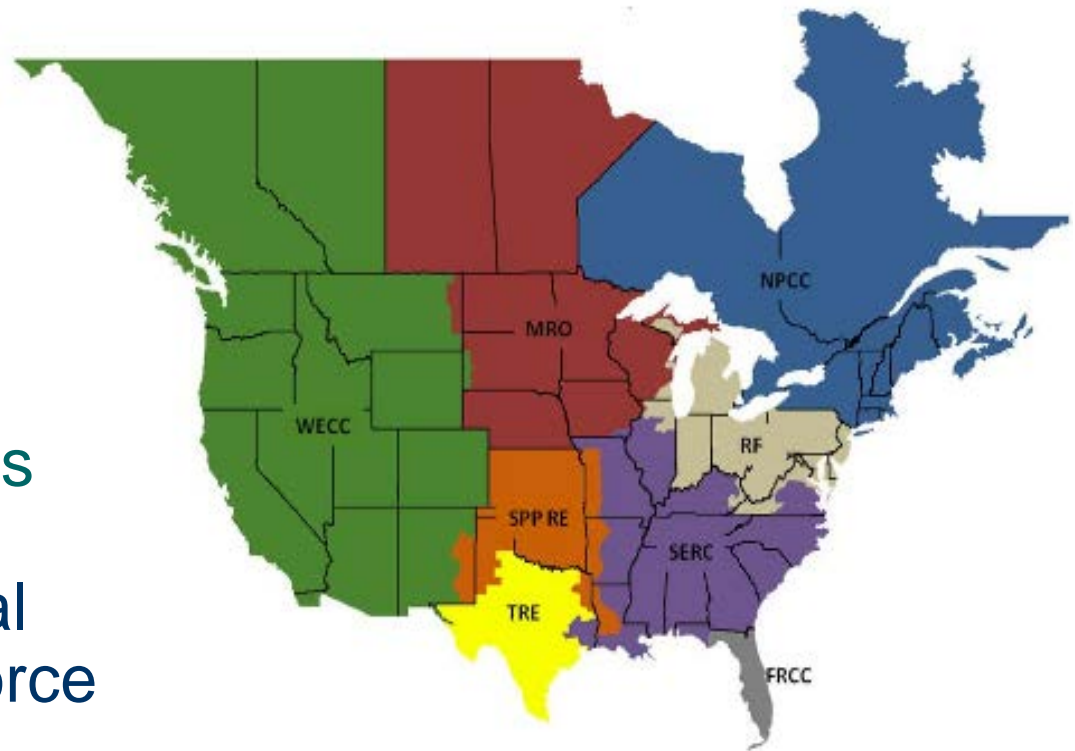
# FERC

## Federal Energy Regulatory Commission

- FERC oversees the development of mandatory reliability and security standards.
- FERC monitors and directs the NERC to ensure compliance with the approved mandatory standards by the users, owners, and operators of the bulk power system.
- FERC provides final regulatory interpretation of reliability standards and enforcement.

# NERC

- NERC is the ERO established by FERC
- NERC works to develop Reliability Standards
  - FERC approves these standards as appropriate
- NERC uses Regional Entities (REs) to enforce these Reliability Standards

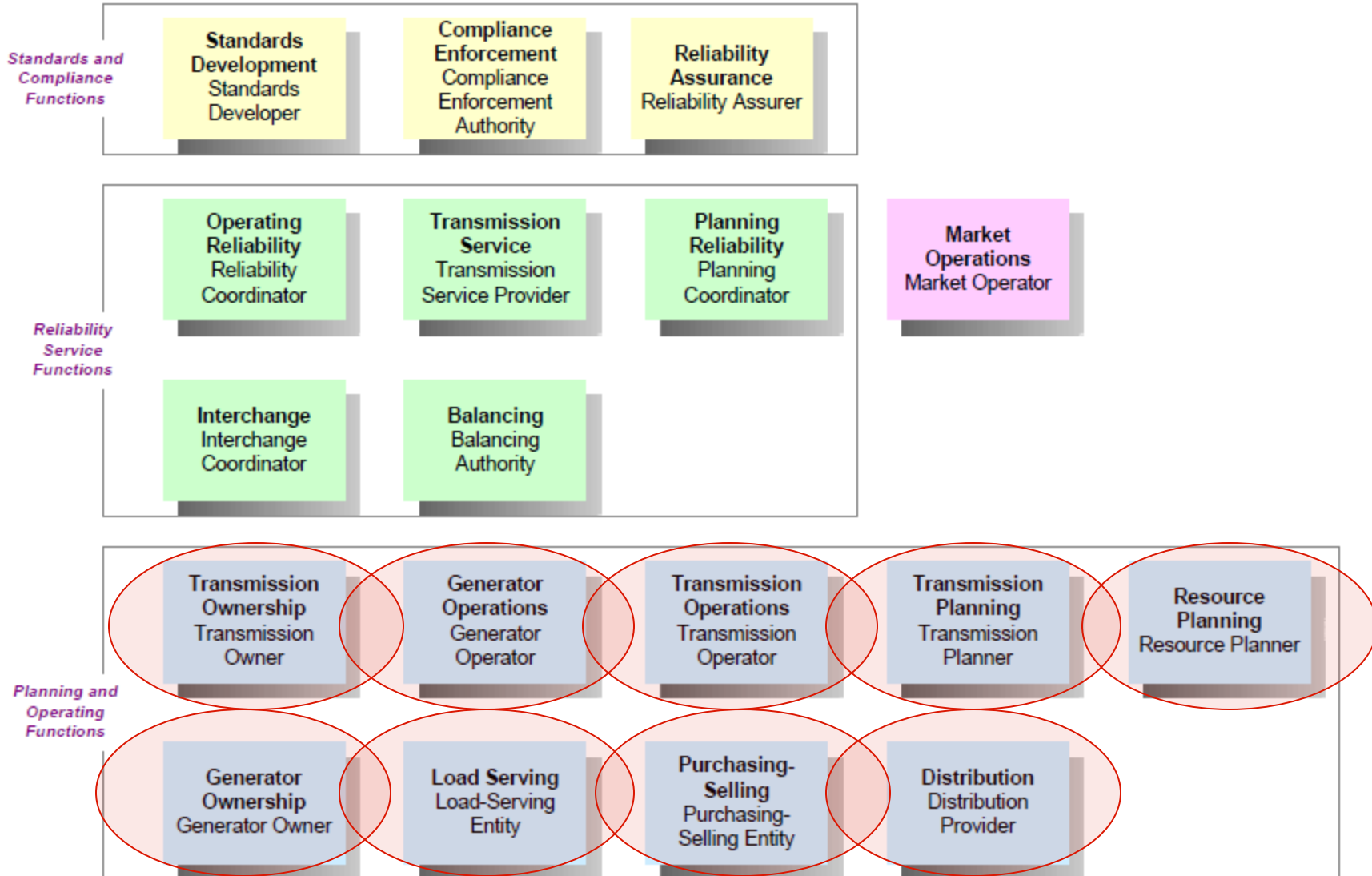




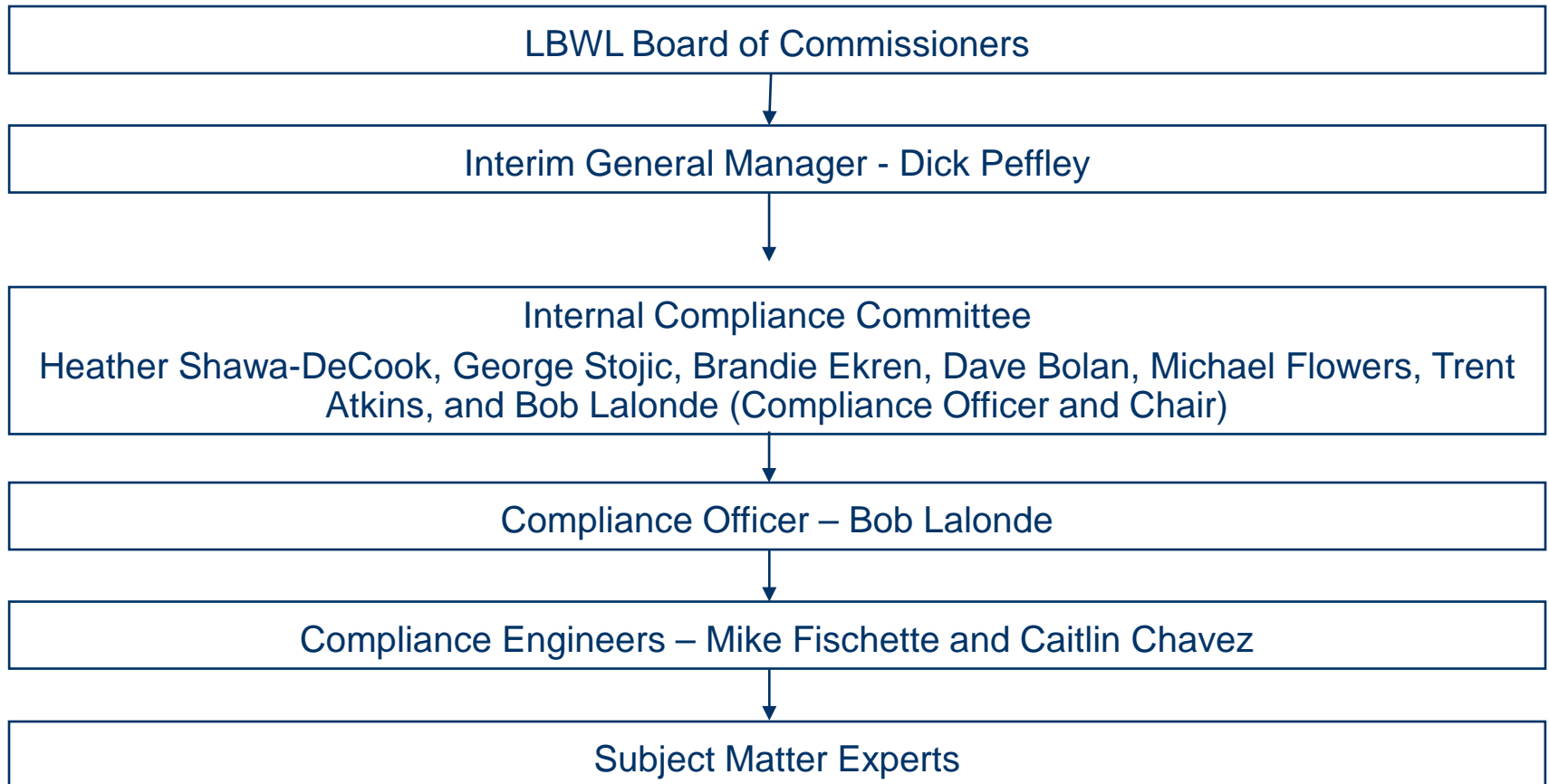
# Reliability First

- Reliability First is the Regional Entity that oversees the LBWL's compliance with the standards.
- Reliability First preserves and enhances bulk power system reliability and security across 13 states and the District of Columbia by setting and enforcing electric reliability standards.
- It requires annual data submittals for several standards, as well as annual self certifications by companies in order to ensure that all entities in their territory are keeping up with the compliance initiatives.

# LBWL Organizational Registrations



# LBWL Internal Compliance Program



# Critical Infrastructure Protection

- NERC Standard:
  - CIP-002 thru CIP -011 (Cyber Security)
- Cyber Assets:
  - Programmable electronic devices and communication networks including hardware, software, and data.
- These standards are almost constantly changing based on FERC's insistence on having more facilities included into the "critical assets"

## Critical Infrastructure Protection cont.

The CIP Standards cover the following topics:

- BES Cyber System Categorization
- Security Management Controls
- Personnel and Training
- Electronic Security Perimeters
- Physical Security of BES Cyber Systems
- Systems Security Management
- Incident Reporting and Response Planning
- Recovery Plan for Critical Cyber Assets
- Configuration Change Management & Vulnerability Assessments
- Information Protection

## CIP Program Status

### Medium Impact Assets – Control Center

- Currently writing procedural controls for physical and cyber access points.
- Configuring systems to meet requirements.
- Developing and implementing required training programs

# Thank You!



**JOINT WORK MEETINGS RESOLUTION  
BETWEEN THE LANSING CITY COUNCIL  
AND THE BOARD OF WATER AND LIGHT COMMISSIONERS**

WHEREAS, the Lansing City Charter delegates to the Board of Commissioners (Board) of the Board of Water and Light (BWL) the responsibility for the administrative, executive, and policy-making authority over the operation of those City utility services assigned to it, and

WHEREAS, the Lansing City Charter recognizes that the Board is responsible to the Mayor and to the City Council for the provisions of those City Utility services in a manner consistent with best practices, and

WHEREAS, the City Council and the Board desire to develop a more formal cooperative relationship between each other, and

WHEREAS, the cooperation between the City Council and the Board would lead to better communication and more beneficial coordination between the City Council and the Board.

BE IT RESOLVED, that the City Council and the Board shall hold two joint work meetings per year. The President of the Council and the Chair of the Board shall schedule the meetings. The first meeting will be held after January following the election of Council Leadership, the second meeting will be held after July following the election of the Board of Water & Light's Officers (with additional meetings scheduled as necessary).

FURTHER RESOLVED, that the agenda of each of the aforementioned meetings shall include recommendations from both entities.

FURTHER RESOLVED, that the Chair of the Board and the President of the Council shall, on a regular basis, communicate to each other issues that are beneficial for the Council members and the Board members to discuss with their respective counterparts.