

Marquette Board of Light and Power 9-26-17 MINUTES

2200 Wright St., Marquette, MI 49855 (906) 228-0311

A regular meeting of the Board of Light and Power was called and held on September 26, 2017 beginning at 4:30 p.m. The meeting was called to order followed by the Pledge of Allegiance and roll call.

Present: Tom Tourville, Chair
David Puskala, Vice Chair/Secretary
Jerry Irby
Robert Niemi
David Carlson

Absent: None

J. Irby made a motion to accept the agenda, as presented, which was supported by R. Niemi. The Board unanimously approved the agenda.

1. **Approval of the September 12, 2017 Regular Meeting Minutes:**

R. Niemi made a motion to accept September 12, 2017 regular meeting minutes, as presented. The motion was supported by D. Puskala and the minutes were unanimously approved by Board.

2. **Approval of Bills Payable:**

D. Puskala made a motion to approve the Bills Payable, as presented, totaling \$720,889.48. D. Carlson supported the motion and after questions were answered, they were unanimously approved by the Board.

3. **Public Comments:**

No public comments at this time.

4. **Financial Discussion:**

Controller, Helen LaFayette summarized the Interim Operating Statement for the eleven months ending August 31, 2017, Projected Cash Flow Statement, Electric Revenues – budgeted versus actual and the FY Comparative KWH Analysis. H. LaFayette gave a MEC preliminary project total as of September 26, 2017 which is \$2.3 million below the budget.

5. **Power Supply Operation Discussion:**

Acting Executive Director, Tom Carpenter gave a presentation regarding the MBLP's Bulk Power Supply Resources at this time. The MBLP uses coal, natural gas, fuel oil, water and solar to generate power. With the MEC being built, we now have three quick start, dual-fuel engines, Shiras Unit #3, Combustion Turbine (that we use for emergencies), three hydro plants and the solar garden which totals 124 MWS available to us without including the maximum of 93 megawatts from the grid, if need be.

In the past, we ran Unit #3 and used MISO as our backup. Shiras Unit #3 was a must-run generating asset and was a single point of failure. During the winter of 2012-13, we came close to a crisis and that started the conversation about contingencies and planning for the future. At that time, Shiras #3 was offline for maintenance and we were relying on the grid to supply all of our

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power. We got a call from MISO saying that they needed to cut us off because they didn't have enough power. Luckily after several tries, we were able to start our Combustion Turbine and avert the whole town going black. This near crisis started talks about a contingency plan and building the new plant. Then in October, 2014, we were told we couldn't have firm (guaranteed) power any longer from the grid.

Because we could not trust the grid as our backup any longer, we decided to build the Marquette Energy Center. By building the MEC, our world flipped 180 degrees. The most significant difference between Shiras #3 and the new units is how quickly they can start. Shiras takes more than 12 hours to warm up and the new engines can start in five minutes which gives us a lot of flexibility. The concept of whether or not we can trust the grid doesn't matter anymore, we have choices. We no longer have to rely on the grid and we can use it to our advantage. If the price is low we buy off the grid, when we can produce it cheaper, we use our new units which we can turn off and on anytime.

After the two recent in-depth studies by Burns and McDonnell and Utility Financial Services, they have given us a much clearer picture of the costs and benefits of different scenarios in the future. The studies have put a price tag on our units so we can match load to our resources. With the amount of capacity available, it's becoming clear that operating Shiras could, in the long term, be more costly than beneficial.

T. Carpenter also shared with the Board that in the month that the MEC has been online, the utility is saving significantly more money than was anticipated by being able to switch back and forth to the grid.

6. **Public Comments:**

Jorma Lankinen 8 Marquette Drive said that it was a good presentation and by having the new plant, we are in charge of our own destiny. He asked what the MBLP's plans were for the \$2.3 million that was saved on the MEC Project.

John Prince 2023 Island Beach Road, Marquette stated that probably the best thing that happened for this community was when we lost firm power or we'd still be babying along our 35 to 40 year old equipment. Because that happened, the MBLP Board and staff became actively mobile, hired the right consultants, got all the facts together and made the right decision for the utility and the community.

Jennifer Hill 503 Craig St. said the presentation gave some really important information and asked the Board if the presentation could be put on the utility's website.

7. **Any Additional Business the Acting Executive Director Wishes to Present:**

Executive Director, T. Carpenter informed the Board that the utility has sold 346 solar panels with 134 panels still available for purchase by our customers. He also said that there was three interviews given to the media this past week, regarding the Solar Garden and the MEC Project.

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8. **Any Additional Business the Board Members Wish to Present:**

R. Niemi asked Controller Helen LaFayette, 'what will the MBLP do with the \$2.3 million in savings on the MEC Project.' She stated that because of the bond purchase, the funds are restricted to be only used on future capital projects.

J. Irby asked T. Carpenter about the control room in the MEC. T. Carpenter stated that the control room should be completed this week and it is very impressive.


D. Puskala commended T. Carpenter for his presentation and stated that it was well done with some very good information. This information is what we need as we move forward so we can make good, solid decisions for the utility in the future.

T. Tourville stated that the MBLP is on a solid journey, as far as, planning for the future. Our job is to provide the ratepayers, the utmost reliable power, for the lowest possible cost, in the safest manner. These studies will help us to position the utility for the long term.

T. Tourville also stated that because the \$2.3 million can only go towards capital projects, we will not have to use our ratepayer's money to do these large projects in the future. Because of this, in the end, we are saving the ratepayers money.

9. **Adjournment:**

The meeting adjourned at 5:35 p.m.



David Puskala
Vice Chair/Secretary