

**A REGULAR MEETING**

Of The

**TRAVERSE CITY LIGHT AND POWER BOARD**

Will Be Held On

**TUESDAY, April 13, 2010**

At

**5:15 p.m.**

In The

**COMMISSION CHAMBERS**  
(2<sup>nd</sup> floor, Governmental Center)  
400 Boardman Avenue

Traverse City Light and Power will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting, to individuals with disabilities at the meeting/hearing upon notice to Traverse City Light and Power. Individuals with disabilities requiring auxiliary aids or services should contact the Light and Power Department by writing or calling the following.

Jessica Dezelski,  
Administrative Assistant  
1131 Hastings Street  
Traverse City, MI 49686  
(231) 932-4543

Traverse City Light and Power  
1131 Hastings Street  
Traverse City, MI 49686  
(231) 922-4940

Posting Date: 04-09-10  
3:00 p.m.

**PLEDGE OF ALLEGIANCE**

**1. ROLL CALL**

**2. CONSENT CALENDAR**

*The purpose of the consent calendar is to expedite business by grouping non-controversial items together to be dealt with by one Board motion without discussion. Any member of the Board, staff or the public may ask that any item on the consent calendar be removed therefrom and placed elsewhere on the agenda for full discussion. Such requests will be automatically respected. If an item is not removed from the consent calendar, the action noted in parentheses on the agenda is approved by a single Board action adopting the consent calendar.*

- A. Consideration of approving minutes of the Regular Meeting of March 9, 2010.
- B. Consideration of approving minutes of the Special Meeting of March 30, 2010.
- C. Consideration of approving minutes of the Study Session of March 31, 2010.
- D. Consideration of approving minutes of the Study Session of April 2, 2010.
- E. Consideration of approving minutes of the Study Session of April 6, 2010.
- F. Consideration of approving agreement for Interactive Utility Website Merchant Services. (Approval recommended) (Arends)

**3. OLD BUSINESS**

- A. Consideration of approving a Wi-Fi System Construction Agreement. (Rice)

**4. NEW BUSINESS**

- A. Presentation of the Renewable Energy Survey results by Cathlyn Sommerfield of Northwestern Michigan College's Research Services Department. (Cooper)
- B. Consideration of approving the 2010-11 Six Year Capital Improvements Plan and Operating Budgets, contingent on City Commission approval. (Rice/Arends)

**5. REPORTS AND COMMUNICATIONS**

- A. From Legal Counsel:  
None as of April 9, 2010
- B. From Staff:  
(1) Annual Circuit Maintenance Program (Wilson)
- C. From Board:  
None as of April 9, 2010

**6. PUBLIC COMMENT**

/jd

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Regular Meeting  
Held at 5:15 p.m., Commission Chambers, Governmental Center  
Tuesday, March 9, 2010

**BOARD MEMBERS -**

Present: Linda Johnson, Mike Coco, James Hoogesteger, John Snodgrass, Ralph Soffredine, Jim Carruthers

Absent: John Welch

**EX OFFICIO MEMBER -**

Present: R. Ben Bifoss

**OTHERS:** Ed Rice, Tim Arends, Jessica Dezelski, Karen Feahr, Jim Cooper

The meeting was called to order at 5:15 p.m. by Chairperson Johnson.

**2. CONSENT CALENDAR**

Moved by Soffredine, seconded by Hoogesteger, that the following items, as recommended on the Consent Calendar portion of the agenda, be approved:

- A. Consideration of approving minutes of the Joint Study Session of February 22, 2010.
- B. Consideration of approving minutes of the Regular Meeting of February 23, 2010.

CARRIED unanimously. (Snodgrass absent)

Member Snodgrass arrived at 5:30 p.m.

**4. NEW BUSINESS**

- A. Karen Feahr presented the Integrated Resource Plan to the Board.

**5. REPORTS AND COMMUNICATIONS**

- B. (1) Ed Rice presented the aggregated results from the two public forums.  
(2) Ed Rice spoke re: the Quarterly All Employee Staff Meeting.
- C. (1) Jim Carruthers spoke re: open position on the TCL&P Board.  
(2) Ed Rice provided a brief update on the WiFi project.

**6. PUBLIC COMMENT**

No one from the public commented.

The meeting adjourned at 6:54 p.m.

/jd

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Edward E. Rice, Secretary  
LIGHT AND POWER BOARD

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Light and Power Board Special Meeting  
Held at 5:15 p.m., Governmental Center, Commission Chambers  
Tuesday, March 30, 2010

**LIGHT AND POWER BOARD MEMBERS -**

Present: Linda Johnson, Mike Coco, John Welch, John Snodgrass, James Hoogesteger, Ralph Soffredine, Jim Carruthers

Absent: None

**EX OFFICIO MEMBER -**

Present: Ben Bifoss, City Manager

**OTHERS:** Ed Rice, Tim Arends, Jessica Dezelski, Karen Feahr, Doug Zufelt

The meeting was called to order at 5:15 p.m. by Chairperson Johnson.

**1. Presentation by the Michigan Land Use Institute.**

Brian Beauchamp of the Michigan Land Use Institute and Tom Karas of the Michigan Energy Alternatives Project made a presentation to the Board.

**2. Presentation of the WiFi Business Plan.**

Rob Franzo of Mitten Communications, LLC and Jim Selby of Aspen Wireless presented the WiFi Business Plan to the Board.

Public Comment:  
Bryan Crough, Community Development Coordinator

Moved by Coco, seconded by Soffredine, that the Light and Power Board directs staff to negotiate a contract with Aspen Wireless and Mitten Communications, LLC to allow for construction and implementation of a Wi-Fi project as presented.

CARRIED unanimously.

Chairman Johnson appointed Vice Chairman Coco, Member Welch and Member Snodgrass to the Ad-Hoc Wi-Fi Committee with a term of one year.

**3. Public Comment**

No one from the public commented.

Meeting adjourned at 7:40 p.m

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Light and Power Board Study Session  
Held at 5:15 p.m., Light & Power Service Center  
Wednesday, March 31, 2010

**LIGHT AND POWER BOARD MEMBERS -**

Present: Linda Johnson, Mike Coco, John Welch, John Snodgrass, Ralph Soffredine, Jim Carruthers

Absent: James Hoogesteger

**EX OFFICIO MEMBER -**

Present: Ben Bifoss, City Manager

**OTHERS:** Ed Rice, Tim Arends, Jessica Dezelski, Jim Cooper, Glen Dine, Doug Zufelt

The meeting was called to order at 5:15 p.m. by Chairperson Johnson.

**1. Discussion of the Proposed 2010-11 Six Year Capital Improvements Plan and Operating Budgets.**

The Board discussed the proposed 2010-11 Six Year Capital Improvements Plan and Operating Budgets.

**2. Public Comment**

No one from the public commented.

Meeting adjourned at 7:45 p.m.

/jd

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Edward E. Rice, Secretary  
LIGHT AND POWER BOARD

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Light and Power Board Study Session  
Held at 10:00 a.m., Chamber of Commerce  
Friday, April 2, 2010

**LIGHT AND POWER BOARD MEMBERS -**

Present: Linda Johnson, Mike Coco, John Welch, James Hoogesteger,  
Ralph Soffredine, Jim Carruthers

Absent: John Snodgrass

**EX OFFICIO MEMBER -**

Absent: Ben Bifoss, City Manager

**OTHERS:** Ed Rice, Tim Arends, Jessica Dezelski, Jim Cooper, Karen Fehr

The meeting was called to order at 10:05 a.m. by Chairperson Johnson.

**1. Presentation by Skip Pruss, Director of the Michigan Department of Energy,  
Labor & Economic Growth (DELEG) and Chief Energy Officer.**

Ed Rice made a brief presentation regarding Traverse City Light & Power's  
current power generation status.

Member Soffredine arrived at 10:17 a.m.

Member Welch arrived at 10:30 a.m.

Skip Pruss made a presentation to the Board and had a question and answer  
period.

**2. Public Comment**

Ken Smith, Northern Michigan Environmental Action Council

Peter Starkel, WNMC

Meeting adjourned at 11:39 a.m.

/jd

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Edward E. Rice, Secretary  
LIGHT AND POWER BOARD

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Light and Power Board Study Session  
Held at 5:30 p.m., Governmental Center, Commission Chambers  
Tuesday, April 6, 2010

**LIGHT AND POWER BOARD MEMBERS -**

Present: Linda Johnson, Mike Coco, John Welch, James Hoogesteger, John Snodgrass, Ralph Soffredine, Jim Carruthers

Absent: None

**EX OFFICIO MEMBER -**

Absent: Ben Bifoss, City Manager

**OTHERS:** Ed Rice, Tim Arends, Jessica Dezelski, Jim Cooper, Karen Feahr, Mark Rollenhagen, Glen Dine

The meeting was called to order at 5:30 p.m. by Chairperson Johnson.

Member Snodgrass arrived at 5:38 p.m.

Member Soffredine arrived at 5:47 p.m.

**1. Presentation of Biomass Energy Resource Center's Fuel Assessment Results.**

Adam Sherman of the Biomass Energy Resource Center presented the results to a fuel assessment study.

**2. Public Comment**

Steve Henderson, 747 Birchwood Avenue  
Jan Rossi, W. 7<sup>th</sup> Street

Meeting adjourned at 7:54 p.m.

/jd

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Edward E. Rice, Secretary  
LIGHT AND POWER BOARD



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Tim Arends, Controller *TA*  
**Date:** April 9, 2010  
**Subject:** Interactive Utility Website Merchant Services

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Attached is a memo from the Deputy City Treasurer requesting that the Light & Power Board approve entering into an agreement with Automated Merchants Systems that will allow customers to pay their bills by credit card on the new interactive website that will be launched this summer.

Currently, customers can pay their bill by credit card through a third party if they accept a convenience fee. This new agreement will require the utility to absorb the credit card discount fee with no convenience fee charged to the customer. It was the consensus of City and Light & Power staff to allow only residential customers the ability to pay by credit card through the interactive site; other customers would have to use the third party method currently in place to pay by credit card. We plan to review actual fees paid after a few months to determine our exposure.

Approval of this item on the consent calendar means you agree with staff's recommendation to enter into an agreement with Automated Merchants Systems. If removed from the consent calendar it should be placed as a New Business item. If after Board discussion you agree with staff's recommendation the following motion would be appropriate:

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_,**

**THAT THE LIGHT AND POWER BOARD AUTHORIZE THE CITY TREASURER'S OFFICE TO ENTER INTO AN AGREEMENT, ON BEHALF OF THE UTILITY, WITH AUTOMATED MERCHANTS SYSTEMS TO PROVIDE MERCHANT SERVICES FOR THE INTERACTIVE UTILITY WEBSITE; SUBJECT TO APPROVAL AS TO FORM BY THE CITY'S ATTORNEY.**



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# Memorandum

The City of Traverse City



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TO: Tim Arends, Light and Power Controller  
CC: Bill Twietmeyer, City Treasurer  
FROM: Karla Myers-Beman, Deputy Treasurer  
DATE: April 1, 2010  
SUBJECT: Interactive utility website

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I am requesting approval for Light and Power to enter into an agreement with Automated Merchants Systems. The purpose of this agreement is to provide merchant services (processing online credit card transactions) for the interactive utility website. The cost more commonly known as discount fees, vary based on the type of credit card used and if the information entered by the customer such as zip code matches the credit card company data files (if data does not match the higher the discount fee is used). The proposed discount fees range from 0% +.45 to 2.5% +.10. On top of the discount fees there are the following ancillary charges:

Monthly service fee	\$7.50
Markup	.2%+.05
PCI Noncompliance	.05% (this will only be temporary)
MC Assessments	.095%+.02
Visa Assessment	.0925%+.02
Authorization/Decline	.10

At this time, it is the intention of staff to provide this service to only our residential and not to our commercial or industrial customers as the discount charges absorbed by the utility for those customers could be significant. Each utility fund will be charged their pro rata share of discount fees based on the amount paid for their service.

It is difficult to present an exact amount that will be charged to each fund because of the unknown variables such as the number of people who will utilize the interactive utility billing software, the type of credit cards that will be used and the dollar amount of the invoices that will be paid. Only an estimate can be provided with making the following assumptions.

With the information from the past and number of customers who currently utilize certified payments and payment online with their bank it is estimated starting out approximately 12.5% or 1000 of our residential customers will utilize this service, average bill is approximately \$100, with a breakdown of services as follows, \$64.50 for electricity, \$27 for sewer and \$8.50 for water, respectively. Additionally, it is assumed that 25% of the transactions data would not match the credit card company's data files.

The amount calculated for those customers on a monthly basis with having no issues of data matching (75% at \$75,000 revenue) is \$305.25, \$196.89 for electricity, \$82.42 for sewer and \$25.94 for water, respectively. The amount calculated for those customers on a monthly basis where data does not match (25% at \$25,000 revenue) is \$723.00, \$466.33 for electricity, \$195.21 for sewer, and \$61.46 for water, respectively. The combined total cost on a monthly basis would be \$1,028.25, \$663.22 for electricity, \$277.63 for sewer and \$87.40 for water, respectively.



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light and Power Board  
**From:** Ed Rice, Executive Director *ER*  
**Date:** April 9, 2010  
**Subject:** Wi-Fi System Professional Services Agreement – Phase 2

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At your previous meeting the Board voted that staff be directed to negotiate a contract with Aspen Wireless and Mitten Communications to allow for the construction of a Wi-Fi Network Phase 2 Project as described in their Business Plan Presentation.

Attached is a proposed Professional Services Agreement for your consideration that provides for the construction of a Wi-Fi Network as depicted in Schedule "A", "Scope of Work." The contract includes the purchase of materials (Schedule C), system engineering, project management services, system troubleshooting, and marketing and promotion efforts through September 30, 2010. Future marketing and promotion efforts and system troubleshooting repair and maintenance, if independently contracted for, would be defined under a separate agreement at a future date.

If it is the desire of the Board to go forward with the Wi-Fi Network Phase 2 project the following motion would be appropriate:

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_,**

**THAT CONTINGENT UPON THE AMENDMENT OF ORDINANCE §1046.02 BY THE CITY AS REQUESTED BY TCL&P, THE LIGHT AND POWER BOARD WAIVES COMPETITIVE BIDDING AND AUTHORIZES THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH ASPEN WIRELESS, LLC AND MITTEN COMMUNICATION, LLC IN THE AMOUNT OF \$330,000 TO ALLOW FOR THE PURCHASE, ENGINEERING, DESIGN AND MARKETING OF A WI-FI NETWORK PHASE 2 PROJECT; AND FURTHER AUTHORIZES THE EXECUTIVE DIRECTOR TO ISSUE CHANGE ORDERS THAT ARE IN THE BEST INTEREST OF THE UTILITY, SUBJECT TO APPROVAL AS TO FORM BY COUNSEL.**

**TRAVERSE CITY LIGHT AND POWER  
PROFESSIONAL SERVICES AGREEMENT**

THIS AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_, by and between the TRAVERSE CITY LIGHT AND POWER DEPARTMENT (TCL&P or Client), a Michigan municipal electric utility, of 1131 Hastings St., Traverse City, Michigan 49686, and ASPEN WIRELESS TECHNOLOGIES, LLC (a Colorado limited liability company) and MITTEN COMMUNICATIONS, LLC (a Michigan limited liability company) who together are a Michigan Joint Venture (Contractor or Joint Companies).

WITNESSETH:

WHEREAS, TCL&P desires to engage the services of the Contractor to furnish technical and professional assistance concerning construction of the project which is described as:

**WI-FI NETWORK PHASE 2 PROJECT**

and the Contractor wishes to furnish such technical and professional service to TCL&P and has represented that Contractor has the education, expertise, capability, equipment, and the necessary licenses to perform such services;

THEREFORE, the parties mutually agree as follows:

1. Scope of Work. The Contractor shall provide services in accordance with and as set forth in Schedule "A", "Scope of Work", attached hereto and incorporated herein by reference.
2. Compensation and Method of Payment. TCL&P shall pay to the Contractor and the Contractor agrees to accept as full compensation for services under this Agreement an amount of \$330,000 in accordance with Schedule "B", "Timetable for Activities and Schedule of Payments", attached hereto and incorporated herein by reference including any change orders approved in advance by the Executive Director.
3. Period of Performance. The work to be rendered under this Agreement shall commence within 30 calendar days as time period specified in Schedule "B". Performance and completion of performance shall be in accordance with the schedules attached hereto.
4. Independent Contractor. The relationship of the Contractor to TCL&P is that of an independent Contractor and in accordance therewith, Contractor covenants and agrees to conduct itself consistent with such status and that neither it nor its employees, officers or agents will claim to be an officer, employee or agent of TCL&P, or make any claim, demand or application, to or for any rights or privileges applicable to any officer or employee of same, including, but not limited to worker's compensation coverage, unemployment insurance benefits, social security coverage, or retirement membership or credit.

5. Contractor Responsibility. The Contractor shall perform the work in a good and workmanlike manner and assumes the risk in performing under this Agreement. Contractor shall be solely responsible and answerable in damages for all improper work, accidents or injuries to person or property. Contractor shall make a careful examination of the site, plans, specifications and all conditions affecting the work, and any failure to make such examination will not be a valid excuse for failure to do the work as a basis for any claim for extra compensation or extension of time. Contractor acknowledges having visited the site and shall promptly give TCL&P written notice of any physical condition discovered differing materially from that indicated in this Agreement or unknown and of an unusual nature differing materially from that ordinarily encountered and generally recognized as adhering to this type of work.

6. Indemnity. Contractor shall defend, indemnify and save harmless TCL&P, its officers and employees, from and against any and all claims, liabilities, losses, damages, actual attorneys' fees and settlement expenses for injury or death, or, any person and damage, or loss of any property allegedly or actually resulting or arising out of any act, omission, or negligence of Contractor or its employees, agents or subcontractors in connection with performing this Agreement, or resulting from or arising out of the joint negligence of TCL&P and that of Contractor or any other person or entity. TCL&P shall not be indemnified against liability for damages arising out of bodily injury or damage to property where the entire amount of such damage, whether recoverable or not, is caused by or resulted from the sole negligence of TCL&P, its officers or employees. This indemnification agreement shall not be limited by reason of any insurance coverage. (Project scope does not include installation. Defects in the equipment hardware, software, brackets, cables, etc. are covered by manufactures warranty.)

7. Insurance. The Contractor shall acquire and maintain comprehensive general liability insurance coverage, and comprehensive automobile liability insurance coverage. The limits and deductible shall be as follows:

- A. Comprehensive General Liability insurance with a \$2,000,000 minimum in coverage.
- B. Comprehensive Automobile Liability insurance with a \$1,000,000 minimum in coverage.

The Contractor agrees not to change such insurance and agrees to maintain such insurance throughout the period of performance of this Agreement. Contractor will within two weeks of the execution of this Agreement provide a certificate of insurance to the Executive Director. Such certificate shall name TCL&P as an additional insured.

8. Workers' Compensation. The parties shall maintain suitable workers' compensation insurance pursuant to Michigan law and Contractor shall provide a certificate of insurance or copy of state approval for self-insurance to the Executive Director within two weeks of the execution of this Agreement.

9. Compliance with Regulations. The Contractor shall comply with all applicable statutes, rules and regulations of all Federal, State and local governments and agencies having jurisdiction, and bears the risk of any such authorities or changes thereto.

10. Standard of Conduct. Contractor shall render all services under this Agreement according to generally accepted professional practices for the intended use of the work or project.

11. TCL&P's Obligation. TCL&P shall provide Contractor with all information currently available to it upon request of the Contractor. TCL&P's Executive Director, or such other person as the Executive Director shall designate, shall be TCL&P's representative for purposes of this Agreement.

12. Non-Discrimination. The parties agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions or privileges of employment or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, or marital status. Breach of this covenant may be regarded as a material breach of this Agreement.

13. Prohibition Against Assignment. This Agreement is intended to secure the service of Contractor because of its ability and reputation and none of the Contractor's duties under the Agreement shall be assigned, subcontracted, or transferred without the prior written consent of TCL&P. Any assignment, subcontract or transfer of Contractor's duties under this Agreement must be in writing.

14. Third-Party Participation. The Contractor agrees that despite any subcontract entered into by the Contractor for execution of activities or provision of services related to the completion of this project, the Contractor shall be solely responsible for carrying out the project pursuant to this Agreement. The Contractor shall specify in any such subcontract that the subcontractor shall be bound by this Agreement and any other requirements applicable to the Contractor in the conduct of the project, unless TCL&P and the Contractor agree to modification in a particular case. The Contractor shall not subcontract unless agreed upon in writing by TCL&P.

15. Interest of Contractor. The Contractor represents that its officers and employees have no interest and covenant that they will not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of Contractor's services and duties hereunder. The Contractor further covenants that in the performance of the Agreement, no person having any such interest shall be employed. Contractor further covenants that neither it nor any of its principals are in default to TCL&P.

16. Covenant Against Contingent Fees. The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon any agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide

employees. For breach of violation of this warranty, TCL&P shall have the right to annul this Agreement without liability, or in its discretion, to deduct from the contract price or consideration, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

17. Qualifications of the Contractor. The Contractor specifically represents and agrees that its officers, employees, agents and consultants have and shall possess the experience, knowledge, and competence necessary to qualify them individually for the particular duties they perform hereunder.

18. Notice. Whenever it is provided in this Agreement that a notice or other communication is to be given or directed to either party, the same shall be given or directed to the respective party at its address as specified in the Agreement, or at such other address as either party may, from time to time, designate by written notice to the other.

19. Amendments. This Agreement may be modified from time to time, but such modifications shall be in writing and signed by both parties.

20. Termination for Fault. If TCL&P determines that the Contractor has failed to perform or will fail to perform all or any part of the services, obligations, or duties required by this Agreement, TCL&P may terminate or suspend this Agreement in whole or in part upon written notice to the Contractor specifying the portions of the Agreement and in the case of suspension shall specify a reasonable period not more than thirty (30) days nor less than fifteen (15) days from receipt of the notice, during which time the Contractor shall correct the violations referred to in the notice. If the Contractor does not correct the violations during the period provided for in the notice, this Agreement shall be terminated upon expiration of such time. Upon termination, any payment due the Contractor at time of termination may be adjusted to cover any additional costs occasioned by reason of the termination. This provision for termination shall not limit or modify any other right of TCL&P to proceed against the Contractor at law or under the terms of this Agreement.

21. Force Majeure. If because of Force Majeure, either party is unable to carry out any of its obligations under this agreement (other than obligations of such party to pay or expend money for or in connection with the performance of this Agreement), and if such party promptly gives to the other party concerned written notice of such force majeure, then the obligations of the party giving such notice will be suspended to the extent made necessary by such force majeure and during its continuance, provided the effect of such force majeure is eliminated insofar as possible with all reasonable dispatch. "Force Majeure" means unforeseeable events beyond a party's reasonable control and without such party's fault or negligence, including, but not limited to, acts of God, acts of public enemy, acts of the federal government, acts of another party to this Agreement, fire, flood, inclement weather, epidemic, quarantine restrictions, strikes and embargoes, labor disturbances, the unavailability of raw materials, legislation, charter amendments or referendum, orders or acts of civil or military authority, injunctions, or other causes of a similar nature which wholly or substantially prevent performance. If the suspension of work lasts for more than 30 days, TCL&P may terminate this Agreement.

22. Delay. If the Contractor is delayed in the completion of the work due to Force Majeure, or otherwise, the time for completion may be extended for a period determined by TCL&P to be equivalent to the time of such delay. TCL&P may terminate this Agreement if the delay lasts for more than 30 days. Upon termination by TCL&P, the Contractor shall be entitled to and TCL&P shall pay the costs actually incurred in compliance with this Agreement until the date of such termination, but not more than the maximum contract amount.

23. Interpretation. This Agreement shall be governed by the laws of the State of Michigan, both as to interpretation and performance. This Agreement was drafted at the joint direction of the parties. The pronouns and relative words used herein are written in the neuter and singular. However, if more than one person or entity joins in this Agreement on behalf of Contractor, or if a person of masculine or feminine gender joins in this Agreement on behalf of Contractor, such words shall be interpreted to be in the plural, masculine or feminine as the sense requires.

24. Venue. Any and all suits for any and every breach of this Agreement may be instituted and maintained in any court of competent jurisdiction in the County of Grand Traverse, State of Michigan.

25. Entire Agreement. This Agreement, together with all items incorporated herein by reference, constitutes the entire agreement of the parties and there are no valid promises, conditions or understandings which are not contained herein except for the January 27, 2010, Mutual Non-Disclosure Agreement. The parties acknowledge that the Professional Services Agreement signed February 9, 2010, has been fully completed and paid. It is understood that should Contractor recommend further work concerning the project, TCL&P is under no obligation to engage Contractor in such work.

26. Third-Party Beneficiaries. The parties do not intend for there to be any third party beneficiaries to this agreement.

27. No Joint Venture or Partnership. This Agreement does not and is not intended to create a joint venture or partnership between the parties. The rights and obligations of the parties are entirely contained within this Agreement.

28. Authority to Execute. The parties agree that the signatories appearing below have the authority and are duly authorized to execute this Agreement on behalf of the party to the Agreement.

29. Dispute Resolution. If any party has a dispute with another regarding the meaning, operation, or enforcement of any provision of this Agreement, the disputing parties agree to meet and confer to negotiate a resolution of the dispute. They further agree as follows:

(A) **Mediation**. If they are unable to resolve the dispute themselves and before

formally instituting any other dispute mechanism, they shall utilize the services of a mutually acceptable neutral mediator, who meets the qualifications of MCR 2.411, to bring them together in at least one mediation session.

- (B) **Venue.** All meetings, hearings and actions to resolve the dispute shall be in Grand Traverse County.
- (C) **Notice.** Written notice of a dispute shall be given to the other parties not later than 90 days after the occurrence giving rise to the dispute becomes known or should have become known. Negotiations and mediation shall occur within 60 days after such notice.

30. TCL&P Responsibility. TCL&P shall provide the necessary qualified resources for the project to complete negotiation and closure of required agreements, provide staging facility access, fiber network access and configuration, head-end facility access and configuration, outside plant construction of the project per the project plan with any deficiencies in available resources identified and mitigated by TCL&P to not delay the project.



IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.

TRAVERSE CITY LIGHT and POWER

By: \_\_\_\_\_  
Linda Johnson, Board Chairman

By: \_\_\_\_\_  
Edward E. Rice, Secretary

CONTRACTOR

By: \_\_\_\_\_  
Jim Selby, Member  
Aspen Wireless Technologies, LLC

By: \_\_\_\_\_  
Robert T. Franzo, Member  
Mitten Communications, LLC

APPROVED AS TO SUBSTANCE:

\_\_\_\_\_  
Edward E. Rice  
Executive Director

APPROVED AS TO FORM:

\_\_\_\_\_  
W. Peter Doren  
General Counsel

## SCHEDULE A

### SCOPE OF WORK

The parties agree that the scope of work for TCL&P shall consist of the following duties and obligations:

The Joint Companies will provide business and engineering consulting services including business planning, system engineering and project planning of IP enhancements to Client's existing fiber network. The Joint Companies will provide project management and engineering services for the construction of Wi-Fi Network Phase 2 (as defined herein), and two years of services for the associated business development, marketing, engineering, maintenance, and network operation of the resulting Phase 2 Wi-Fi Network.

The Phase 2 Wi-Fi Network is to be constructed by TCLP according to the engineering and design provided by the Joint Companies. It will consist of the equipment specified by the Joint Companies at locations in Traverse City to provide the Wi-Fi coverage shown on the attached map. The equipment specified is described on Schedule C.

The Joint Companies will document an overall strategy and plan for the IP enhancement of the Client's fiber network, and provide additional business and engineering deliverables specific to the business development, marketing, engineering, maintenance, and network operation of the Phase 2 Wi-Fi Network.

For the project, Client will provide owned information required by the Joint Companies or otherwise pertinent to the current operation and enhancement of the Client's fiber network. 3<sup>rd</sup> party information will also be gathered, often under a Non-Disclosure Agreement between the Client and the 3<sup>rd</sup> party, but facilitated by the Joint Companies on behalf of the Client, but at no time will the Joint Companies have authority to bind the Client. Tools and other confidential information provided by Joint Companies to Client for purposes under this Agreement are the owned property of Joint Companies. Information and outputs provided as deliverables to Client are the owned property of the Client. Provisions within separately executed Non-Disclosure Agreement cover the security and confidentiality of such owned, proprietary and/or confidential information exchanged under this Agreement.

Client understands that the Joint Companies may contract with outside firms to assist in the preparation of the engineering portions of the Agreement as required. Client understands that input may be provided directly to these outside firms in the process of completing the Agreement. Written notice to the Client will be provided to confirm vendor participation and authority to contact Client directly by any Joint Company engaged outside firms.

Project Inputs (which were developed for Client by Joint Companies under the Phase 1 Agreement)

1. 5-Fiscal Year Business Model including Capital and Operational Budget Outlook
2. Engineering Site Survey
  - a. Grandview Parkway
  - b. DDA Zone and Front Street to Division Street
  - c. NMC Campus
3. Network Design
  - a. Infrastructure Identified
  - b. Identified POPs, Poles, Lights and Associated Location Data
  - c. Wi-Fi Coverage Analysis
    - i. Grandview Parkway
    - ii. Northwest College Outdoor
    - iii. DDA Zone
    - iv. Front Street to Division Street

**Project Deliverables:**

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During the project Joint Companies will perform the following tasks and provide related deliverables:

1. Project Planning and Management:
  - a. Delivery of a Deployment Project Plan
2. Business Model Refinement:
  - a. Incorporates:
    - i. actual deployment costs,
    - ii. business development results and refined customer revenue projections
  - b. Updated quarterly for duration of project and reviewed with Client
3. Business and Engineering Contract Negotiations:
  - a. Direct Internet Access (DIA) Contract Negotiation
  - b. Equipment Provider Contract Negotiation and Procurement
4. Network Equipment
  - a. Received
  - b. Staged
  - c. Configured
  - d. Provisioned
  - e. Operations Support Systems (OSS) and Billing Integration
5. Marketing and Business Development/Sales:
  - a. Pre-launch:
    - i. Develop Service Agreements and tiered service rates based upon business plan
    - ii. Splash Page Acceptance and Creative Approved
    - iii. Secure agreements with targeted businesses per integrated business and project plan
    - iv. Develop and manage 3<sup>rd</sup> party relationships required for overall service offering
      1. Client Advertisement Plan

2. Client Device Application Development Plan
    - b. Post-launch
      - i. Continue securing agreements with targeted businesses
      - ii. Continue developing and managing required 3<sup>rd</sup> party relationships
      - iii. Report business results monthly
6. Network Testing
  - a. Infrastructure Integration/System Testing Complete
  - b. Network Operations Center (NOC) Processes Complete
  - c. Technician Training Complete
  - d. Trouble Report Testing Complete
  - e. Operational Readiness Verification
7. Network Approval for Market Launch
  - a. Beta
  - b. General Availability (GA)
8. Network Operation and Maintenance
  - a. Report network operation monthly
    - i. Monitor and Tune Network Performance
    - ii. Perform Necessary Maintenance
  - b. Complete and file Federal Communication Commission (FCC) forms as required
    - i. Form 477 (Broadband Adoption)
    - ii. Form 455 (Communications Assistance for Law Enforcement Act (CALEA))



## SCHEDULE B

### TIMETABLE FOR ACTIVITIES

Contractor services shall commence within 30 calendar days after execution of this Agreement. The schedule of activities shall be as follows:

Joint Companies shall perform to the best of its abilities to achieve estimated completion dates, however is not bound to these specific dates and is not responsible for reasonable delays. Estimated completion dates are based upon timely receipt of payments, information, schedule of personnel and any 3rd party deliverable estimates.

ID	Project Deliverable	Estimated Delivery
D1.a	Deployment Project Plan in Excel	April 19, 2010 *
D2.a	Updated Business Model	June 28, 2010
D2.b	Quarterly Update of Business Model (QUBM)	End-Of-Quarter (EOQ) + 2 weeks
D2.b.i	1 <sup>st</sup> QUBM (July 2010)	EOQ + 2 weeks
D3.a	DIA Agreement Signed	May 31, 2010
D3.b	Network Hardware Order Agreement Signed and Procured	April 19, 2010 **
D4.a	Network Equipment Received	May 3, 2010
D4.b	Network Equipment Staged	May 17, 2010
D4.c	Network Equipment Configured	May 24, 2010 *
D4.c	Network Equipment Provisioned	June 28, 2010
D4.d	OSS and Billing Integration	June 30, 2010
D5.a.i	Service Agreements and Tiered Service Rates	May 10, 2010
D5.a.ii	Splash Page Acceptance and Creative Approval	June 7, 2010
D5.a.iii	Secured Initial Agreements	July 12, 2010
D5.a.iv.1	Client Advertising Plan	June 21, 2010
D5.a.iv.2	Client Device Application Development Plan	June 28, 2010
D5.b.iii	Report business results including D5.b.i & D5.b.ii	EOM + 5 business days
D6.a	Infrastructure Integration/System Testing Complete	June 30, 2010 *
D6.b	NOC Processes Complete	July 26, 2010
D6.c	Technician Training Complete	July 26, 2010
D6.d	Trouble Report Testing Complete	July 26, 2010

<b>ID</b>	<b>Project Deliverable</b>	<b>Estimated Delivery</b>
D6.e	Operational Readiness Complete	July 26, 2010
D7.a	Network Approval for Beta Market Launch	July 1, 2010
D7.b	Network Approval for GA Launch	August 1, 2010 *
D8.a	Report network operation and operations including D8.a.i and D8.a.ii	EOM + 5 business days
D8.b	Complete and file FCC forms as required	Quarterly per statute

Services shall be completed not later than August 31, 2010.

### **SCHEDULE OF PAYMENTS**

Payments shall be made to the Contractor in accordance with the following schedule:

Joint Venture companies will provide said deliverables to Client in accordance with this Statement of Work, and as such, Client shall provide Joint Companies the following payment options per project type:

Any change orders must be approved by the Executive Director in advance.

- Schedule of payments follows:

<b>ID</b>	<b>Project Deliverable</b>	<b>Date</b>	<b>Amount</b>
D1.a	Deployment Project Plan in Excel	April 19, 2010	\$20,000
D6.a	Infrastructure Integration/System Testing Complete	June 30, 2010	\$15,000
D3.b	Network Hardware Order Agreement Signed and Procured	April 19, 2010	\$237,380
D4.c	Network Equipment Configured	May 24, 2010	\$20,000
D7.b	Network Approval for GA Launch	August 1, 2010	\$37,620
Total			\$330,000

- Payment Term is Net 20 days from receipt of invoice.

Payment is to be made to “Aspen Wireless Technologies, LLC,” on behalf of the Joint Venture.

## SCHEDULE C

### LIST OF EQUIPMENT

#### Head-End & Fiber System Upgrade

Qty	Units	Description
6		GigE Switches
4		Rack/patch/Mounting Equipment
2		RXG Headend 1000 SUL
2000	ft @	Ethernet Cabling
6		Battery Back-up
1		ZoneDirector 3000 supporting up to 100 ZoneFlex Access Points
1		xServe Server
1		Dartware Intermapper
6		Reboot Device

#### Node Infrastructure

Qty	Units	Description
58		ZoneFlex Access Points (Node AP)
58		12 Volt Inverter
58		Enclosure
1		Misc Hardware





TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Jim Cooper *JC*  
**Date:** April 9, 2010  
**Subject:** Renewable Energy Survey

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Cathlyn Sommerfield, from Northwest Michigan College's Research Services Department, will present the results of the April survey of Light and Power's customers as part of our renewable energy communication plan. While compiling the questions it was apparent from the survey completed less than 10 months ago and the public forums held in February that customers supported renewable generation options, especially wind and solar. Since the biggest unknown was biomass generation it was decided to focus on that resource for this survey. Statistically significant sample sizes from the residential, commercial, and industrial rate classes were all surveyed. As of today the results are still being analyzed and compiled. They will be complete for the April 13<sup>th</sup> meeting and will be sent to you if completed earlier. Please see the attached survey.

# Traverse City Light & Power: Renewable Energy Survey 2010

Hello, this is \_\_\_\_\_ calling from Research Services at Northwestern Michigan College. We are conducting a customer survey for Traverse City Light & Power. They are interested in your views and opinions on renewable energy sources. You are part of a randomly selected customer sample and any information you share will be confidential. The survey takes about 2 minutes...is this a good time?

First, please consider the following characteristics of service offered by Traverse City Light & Power and indicate how important each is to you:

Providing electricity at low cost.

1. How *important* would you say this characteristic is to you?

- Very Important*
- Somewhat Important*
- Undecided*
- Somewhat Unimportant*
- Very Unimportant*

Providing reliable electric service with fewer outages and surges.

2. How *important* would you say this characteristic is to you?

- Very Important*
- Somewhat Important*
- Undecided*
- Somewhat Unimportant*
- Very Unimportant*

Now, please consider local economic activities and development.

3. How *important* would you say support of local jobs is to you?

- Very Important*
- Somewhat Important*
- Undecided*
- Somewhat Unimportant*
- Very Unimportant*

4. How *important* would you say purchasing local products and services is to you?

- Very Important*
- Somewhat Important*
- Undecided*
- Somewhat Unimportant*
- Very Unimportant*

5. How *important* is it to you that Traverse City Light & Power is an environmentally sensitive utility?
- Very Important*
  - Somewhat Important*
  - Undecided*
  - Somewhat Unimportant*
  - Very Unimportant*

6. How would you *rate* Traverse City Light & Power as an environmentally sensitive utility?
- Excellent*
  - Above Average*
  - Average*
  - Below Average*
  - Poor*

The next question addresses renewable energy. Traverse City Light & Power is currently investing in wind, solar, and landfill gas electric power generation. To further diversify, Light & Power is considering building a local renewable power plant which uses wood chips, commonly known as biomass, for fuel. This plant would be relatively small in size, fully enclosed, and located in an industrial area. The plant's emissions would be less than coal, would meet Federal and State standards, and would likely increase truck traffic in the immediate vicinity. An independent evaluation of the impact on Traverse City Light & Power customers has determined that biomass is lower cost than other energy sources, including wind, solar, coal, and natural gas.

7. How would you rate your level of support for this initiative?
- Very Supportive*
  - Somewhat Supportive*
  - Undecided*
  - Somewhat Unsupportive*
  - Very Unsupportive*

8. Why are you unsupportive? (DO NOT READ RESPONSES; CHOOSE ALL THAT APPLY)
- Impact on forest/forestry*
  - Emissions*
  - Ash*
  - Traffic/trucks*
  - Aesthetics*
  - Odor*
  - Need more information/research*
  - Explore other opportunities*
  - Focus on wind*
  - Focus on solar*
  - Focus on hydro*
  - Other*

Please specify:

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9. What is the primary reason you are unsupportive? (CHOOSE ONLY ONE)

- Impact on forest/forestry*
- Emissions*
- Ash*
- Traffic/trucks*
- Aesthetics*
- Odor*
- Need more information/research*
- Explore other opportunities*
- Focus on wind*
- Focus on solar*
- Focus on hydro*
- Other*

Please specify:

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10. How long have you been a Traverse City Light & Power customer?

- Less than 1 year*
- 1-5 years*
- 6-10 years*
- Over 10 years*

11. DO NOT READ: Customer Type

- Residential*
- Commercial*
- Primary*

12. DO NOT READ: Telephone Number

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13. DO NOT READ: Customer Number

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**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light and Power Board  
**From:** Tim Arends, Controller *TA*  
**Subject:** 2010-11 Operating Budgets & Six Year Capital Improvements Plan - 2010  
**Date:** April 9, 2010

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In accordance with City Charter Chapter XVIII, section 179(i)(o), the department budgets along with the capital plan must be submitted to the City Commission for their consideration.

The 2010-11 operating budgets for the electric utility and fiber optics utility were reviewed by the Board at its March 31, 2010 Study Session. Staff recommends that these proposed budgets and capital plan be approved, contingent on City Commission approval, and forwarded to the City Manager for presentation to the City Commission for their review and consideration.

The following motions would be appropriate if you agree with staff's recommendation:

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_,**

**THAT THE 2010-11 STAFF RECOMMENDED OPERATING BUDGETS AND SIX YEAR CAPITAL IMPROVEMENTS PLAN FOR THE ELECTRIC UTILITY AND FIBER OPTICS FUND BE APPROVED, CONTINGENT ON CITY COMMISSION APPROVAL; AND FURTHER THAT STAFF BE DIRECTED TO SUBMIT THESE DOCUMENTS TO THE CITY MANAGER FOR PRESENTATION TO THE CITY COMMISSION FOR THEIR CONSIDERATION AND APPROVAL.**

City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER**  
2010-11 Budgeted Revenues and Expenses

	FY 08/09 Actual	FY 09/10 Budgeted	FY 09/10 Projected	FY 10/11 Recommended
<b><u>Operating Income:</u></b>	<b>\$28,412,239</b>	<b>\$29,564,000</b>	<b>\$26,575,000</b>	<b>\$28,660,000</b>
<b><u>Operating Expenses:</u></b>				
<b><u>Generation Expenses:</u></b>				
Purchased Power - MPPA Pool	\$6,424,085	\$7,500,000	\$5,750,000	\$2,850,000
Purchased Power - Bridge Agreement	0	0	0	2,500,000
Stoney Corners - Wind Energy	0	0	0	1,250,000
Combustion Turbine Power Cost	3,407,813	4,000,000	3,620,000	3,680,000
Cambell #3 Power Cost	3,694,297	4,132,000	3,231,000	3,280,000
Belle River #1 Power Cost	2,697,116	2,750,000	2,685,000	2,883,000
Landfill Gas - Granger Project	0	0	5,000	250,000
Other Generation Expenses	641,162	533,900	471,450	426,000
<b>Total Generation Expenses</b>	<b>16,864,473</b>	<b>18,915,900</b>	<b>15,762,450</b>	<b>17,119,000</b>
<b><u>Distribution Expenses:</u></b>				
Operations & Maintenance	2,671,592	2,670,700	2,743,300	2,899,900
<b><u>Transmission Expenses:</u></b>				
Operations & Maintenance	391,996	238,000	173,850	178,600
<b><u>Other Operating Expenses:</u></b>				
Customer Accounting	552,331	577,600	617,400	627,400
Conservation & Public Services	245,527	521,000	458,500	563,700
Administrative & General	1,108,795	1,197,800	1,210,900	1,281,800
Insurance	102,605	110,000	80,900	90,000
Depreciation Expense	1,500,544	1,600,000	1,575,000	1,665,000
City Fee	1,454,540	1,498,200	1,347,800	1,450,000
<b>Total Other Operating Expenses</b>	<b>4,964,342</b>	<b>5,504,600</b>	<b>5,290,500</b>	<b>5,677,900</b>
<b>Total Operating Expenses</b>	<b>24,892,403</b>	<b>27,329,200</b>	<b>23,970,100</b>	<b>25,875,400</b>
<b>Operating Income/Loss</b>	<b>\$3,519,836</b>	<b>\$2,234,800</b>	<b>\$2,604,900</b>	<b>\$2,784,600</b>
<b><u>Non Operating Revenues/(Expenses):</u></b>				
Non Operating Revenues	947,480	726,200	527,100	482,400
Non Operating Expenses	(25,145)	0	0	0
<b>Total Non Operating Revenue/(Exp)</b>	<b>922,335</b>	<b>726,200</b>	<b>527,100</b>	<b>482,400</b>
<b>Net Income</b>	<b>\$4,442,171</b>	<b>\$2,961,000</b>	<b>\$3,132,000</b>	<b>\$3,267,000</b>

City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER**  
 2010-11 Budgeted Revenues and Expenses

	FY 08/09 Actual	FY 09/10 Budgeted	FY 09/10 Projected	FY 10/11 Recommended
<b><u>OPERATING REVENUES:</u></b>				
State Grants	\$ 0	\$ 25,000	\$ 35,000	\$ 15,000
Residential Sales	4,929,924	5,235,000	4,785,000	5,212,000
Commercial Sales	12,988,557	13,650,000	12,277,000	13,375,000
Industrial Sales	7,913,325	8,056,000	7,275,000	7,922,000
Public Authority Sales	241,214	236,000	218,000	222,500
Street Lighting Sales	188,332	198,000	189,000	189,500
Yard Light Sales	81,529	82,000	84,500	85,000
Forfeited Discounts	57,701	60,000	48,000	50,000
Merchandise and Jobbing	130,069	140,000	62,500	64,000
Recovery of Bad Debts	0	500	500	500
Sale of Scrap	6,891	7,500	12,000	10,000
Miscellaneous Income	24,319	30,000	13,500	14,500
MISO Revenue	1,850,378	1,844,000	1,575,000	1,500,000
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 28,412,239</b>	<b>\$ 29,564,000</b>	<b>\$ 26,575,000</b>	<b>\$ 28,660,000</b>

**OPERATING EXPENSES:**

**GENERATION-OPERATING & MAINTENANCE:**

Wind Generation - Traverse	\$ 37,202	\$ 40,000	\$ 36,500	\$ 37,500
Brown Bridge	12,364	15,000	3,700	4,000
Wind Generation Farm	241,190	0	33,150	0
Trap and Transfer	772	2,500	50	1,000
Union Street Fish Ladder	310	700	200	350
Kalkaska Combustion Turbine	183,537	250,000	180,000	185,000
Sabin Dam	4,428	4,000	4,600	4,700
Boardman Dam	4,155	5,000	3,500	3,700
Operation Supplies	2,017	2,800	2,000	2,100
Purchased Power - MPPA Pool	6,424,085	7,500,000	5,750,000	2,850,000
Purchased Power - Bridge Agreement	0	0	0	2,500,000
Stoney Corners - Wind Energy	0	0	0	1,250,000
Combustion Turbine Power Cost	3,407,813	4,000,000	3,620,000	3,680,000
Campbell #3 Power Cost	3,694,297	4,132,000	3,231,000	3,280,000
Belle River #1 Power Cost	2,697,116	2,750,000	2,685,000	2,883,000
Landfill Gas - Granger Project	0	0	5,000	250,000
<i>total purchased power</i>	<i>16,223,312</i>	<i>18,382,000</i>	<i>15,291,000</i>	<i>16,693,000</i>
Coal Dock	7,057	10,000	8,000	8,400
Communications	5,643	4,900	5,700	6,000
Safety	8,917	16,000	8,550	9,000
Tools	1,259	2,500	8,200	2,500
Professional and Contractual	118,070	150,000	175,000	150,000

City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER**  
 2010-11 Budgeted Revenues and Expenses

	FY 08/09 Actual	FY 09/10 Budgeted	FY 09/10 Projected	FY 10/11 Recommended
Professional Development	13,169	15,000	1,500	10,000
TCLP Ashpit	0	2,000	0	0
TCLP Equipment Maintenance	956	6,500	500	1,000
Miscellaneous	115	1,500	300	750
Inventory Adjustment	<u>0</u>	<u>5,500</u>	<u>0</u>	<u>0</u>
<b>Total Generation O &amp; M</b>	<b><u>16,864,473</u></b>	<b><u>18,915,900</u></b>	<b><u>15,762,450</u></b>	<b><u>17,119,000</u></b>
<b><u>DISTRIBUTION OPERATION &amp; MAINTENANCE:</u></b>				
Office Supplies	5,584	5,000	6,750	7,100
Operation Supplies	35,567	18,000	30,400	32,000
Utilities	45,840	58,900	57,400	60,300
Communications	26,388	29,000	26,100	27,500
Supervision and Maintenance	464,410	475,000	545,500	555,000
Substation	154,557	170,000	120,900	130,000
Overhead Lines	391,791	300,000	305,800	315,000
Load and Dispatching	589,207	580,000	502,200	510,000
Underground Lines	236,486	231,000	291,300	295,000
Transformers and Devices	560	1,400	0	0
Customer Installations	35,589	47,200	20,500	21,600
Electric Meters	47,576	82,000	19,000	35,000
Street Lighting	135,080	127,000	154,000	140,000
Traffic Signal Oper. & Maint.	0	0	72,000	180,600
Radio Equipment	1,487	2,000	100	0
Plant & Structures	222,065	246,500	235,400	235,000
Shop Labor	102,507	111,000	135,400	139,000
Safety	50,624	68,000	68,300	60,000
Tools	12,697	15,400	13,600	14,000
Professional and Contractual	10,075	10,000	31,800	33,000
Rent Expense	1,399	1,800	5,000	5,100
Professional Development	118,413	90,000	98,200	100,000
Printing and Publishing	0	0	900	1,800
Miscellaneous	(35,074)	1,500	2,750	2,900
Inventory Adjustments	<u>18,762</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Distribution O &amp; M</b>	<b><u>2,671,592</u></b>	<b><u>2,670,700</u></b>	<b><u>2,743,300</u></b>	<b><u>2,899,900</u></b>
<b><u>TRANSMISSION OPERATIONS &amp; MAINTENANCE:</u></b>				
Supervision & Maintenance	13,478	25,700	11,600	12,000
Substation	7,501	12,700	7,750	8,000
Overhead Lines	270,800	6,100	23,500	24,100
Load and Dispatching	63,078	102,500	91,000	93,500
Plant & Structures	16	0	0	0



City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER**  
 2010-11 Budgeted Revenues and Expenses

	FY 08/09 Actual	FY 09/10 Budgeted	FY 09/10 Projected	FY 10/11 Recommended
MISO Transmission	19,987	21,700	20,000	21,000
Professional and Contractual	0	50,000	0	0
Miscellaneous	<u>17,138</u>	<u>19,300</u>	<u>20,000</u>	<u>20,000</u>
<b>Total Transmission O &amp; M</b>	<b><u>391,996</u></b>	<b><u>238,000</u></b>	<b><u>173,850</u></b>	<b><u>178,600</u></b>
<b><u>METERING &amp; CUSTOMER ACCOUNTING:</u></b>				
Salaries and Wages	286,849	261,000	303,350	304,000
Fringe Benefits	117,246	144,000	150,900	158,100
Office Supplies	8,722	4,200	4,500	4,750
Operation Supplies	11	500	250	350
Communications	526	500	800	850
Meal Payments	148	0	300	350
Safety	20	200	50	100
Uniforms	0	0	3,700	1,750
Professional and Contractual	12,374	16,300	12,000	12,500
Postage	29,414	36,200	38,700	39,000
Uncollectable Accounts	48,022	65,000	50,000	50,000
Collection Costs	1,295	1,500	800	1,000
Data Processing	23,391	20,000	17,600	18,000
Transportation	64	400	350	400
Professional Development	3,832	4,000	3,500	3,750
Printing and Publishing	5,081	9,600	10,500	11,000
Vehicle Rentals	12,549	11,700	17,500	18,500
Miscellaneous	<u>2,787</u>	<u>2,500</u>	<u>2,600</u>	<u>3,000</u>
<b>Total Customer Accounting</b>	<b><u>552,331</u></b>	<b><u>577,600</u></b>	<b><u>617,400</u></b>	<b><u>627,400</u></b>
<b><u>CONSERVATION &amp; PUBLIC SERVICES:</u></b>				
Professional and Contractual	52,676	35,000	21,500	25,000
Communications & Promotion	15,995	75,000	25,000	30,000
Marketing & Public Services	5,077	25,000	5,000	7,500
In-Kind Community Services	83,880	120,000	116,500	120,000
Community Investment Fund	50,230	75,000	75,000	75,000
CFL Grant Expense	27,804	25,000	55,000	26,200
Energy Audits	3,902	10,000	4,500	5,000
PA295-EO Compliance	<u>5,963</u>	<u>156,000</u>	<u>156,000</u>	<u>275,000</u>
<b>Total Conservation &amp; Public Services</b>	<b><u>245,527</u></b>	<b><u>521,000</u></b>	<b><u>458,500</u></b>	<b><u>563,700</u></b>
<b><u>ADMINISTRATIVE AND GENERAL:</u></b>				
Salaries and Wages	669,997	665,000	643,000	775,000
Fringe Benefits	160,376	246,500	184,500	203,000
Office Supplies	12,426	16,000	10,500	13,000

City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER**  
2010-11 Budgeted Revenues and Expenses

	FY 08/09 Actual	FY 09/10 Budgeted	FY 09/10 Projected	FY 10/11 Recommended
Communications	9,559	8,000	9,500	10,000
Fees and Per Diem	54,711	60,500	52,500	56,000
Board Related Expenses	8,220	10,500	9,700	10,500
Professional & Contractual	76,898	63,000	135,000	85,000
Legal Services	65,908	82,200	115,700	80,000
Employee Appreciation	5,313	7,100	6,700	7,000
Rent Expense	640	0	1,200	1,500
City Fee	1,454,540	1,498,200	1,347,800	1,450,000
Transportation	2,879	2,500	4,000	3,800
Professional Development	28,528	16,000	21,000	20,000
Printing & Publishing	8,666	13,300	7,800	8,500
Insurance and Bonds	102,605	110,000	80,900	90,000
Miscellaneous	4,674	7,200	9,800	8,500
Depreciation Expense	<u>1,500,544</u>	<u>1,600,000</u>	<u>1,575,000</u>	<u>1,665,000</u>
<b>Total Administrative and General</b>	<u>4,166,484</u>	<u>4,406,000</u>	<u>4,214,600</u>	<u>4,486,800</u>
<b>Total Operating Expenses</b>	<u>24,892,404</u>	<u>27,329,200</u>	<u>23,970,100</u>	<u>25,875,400</u>
<b>Operating Income / (Loss)</b>	<u>\$3,519,835</u>	<u>\$2,234,800</u>	<u>\$2,604,900</u>	<u>\$2,784,600</u>
<b><u>NON OPERATING REVENUES/(EXPENSES):</u></b>				
Rents and Royalties	\$27,788	\$41,000	\$32,000	\$56,050
Pole Rentals	27,860	34,850	35,650	35,650
Reimbursements	242,217	325,350	134,000	140,700
Interest & Dividend Earnings	649,615	325,000	325,000	250,000
Gain/(Loss) on Sale of Fixed Assets	(25,145)	0	450	0
<b>Total Non Operating Revenue/(Expenses)</b>	<u>922,335</u>	<u>726,200</u>	<u>527,100</u>	<u>482,400</u>
<b>NET INCOME/(LOSS)</b>	<u>\$4,442,170</u>	<u>\$2,961,000</u>	<u>\$3,132,000</u>	<u>\$3,267,000</u>

City of Traverse City, Michigan  
Fiber Optics Fund  
2010-11 Budgeted Revenues and Expenses

	FY 08/09 Audited	FY 09/10 Budgeted	FY 09/10 Projected	FY 10/11 Recommended
<b><u>Operating revenues:</u></b>				
Charges for services	\$ 110,526	\$ 206,900	\$ 167,692	\$ 192,800
Wi-Fi sales & commissions	0	0	0	20,000
Miscellaneous	7,880	6,700	4,464	0
<b>Total operating revenues</b>	<b>\$ 118,406</b>	<b>\$ 213,600</b>	<b>\$ 172,156</b>	<b>\$ 212,800</b>
<b><u>Operating expenses:</u></b>				
Office & operating supplies	\$ 4,931	\$ 1,250	\$ 4,450	\$ 4,600
Supervision & maintenance	43,588	65,000	32,906	33,600
Overhead lines	4,097	0	1,400	1,500
Customer installations	18,607	0	18,200	18,700
Termination boxes	2,023	0	20,500	21,000
Safety	50	250	-	-
Tools	1,684	2,850	2,400	2,750
Professional services	38,539	1,500	-	82,200
Legal services	982	1,300	850	1,000
Rent expense	14,116	7,500	5,250	-
City fee	5,920	10,650	8,608	10,600
Professional development	13,512	2,500	-	1,500
Insurance	0	1,350	-	-
Repair and maintenance	0	0	-	5,000
Vehicle rental	415	5,800	-	1,000
Miscellaneous	68	350	-	350
Depreciation expense	73,334	79,900	80,750	99,500
<b>Total operating expenses</b>	<b>221,865</b>	<b>180,200</b>	<b>175,314</b>	<b>283,300</b>
<b>Operating income/(loss)</b>	<b>(103,459)</b>	<b>33,400</b>	<b>(3,158)</b>	<b>(70,500)</b>
<b><u>Non-operating revenues:</u></b>				
Reimbursements	75,120	7,300	50,909	86,500
<b>Net income</b>	<b>\$ (28,339)</b>	<b>\$ 40,700</b>	<b>\$ 47,751</b>	<b>\$ 16,000</b>



TRAVERSE CITY  
LIGHT & POWER

SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2010

INTERNAL FINANCING:

GENERATION:

Baseload Capacity – Biomass

*Location: Local distributed generation – either inside or outside City Limits*

*Character: Biomass electric generating facilities*

*Extent: Costs related to biomass generating facilities to provide up to 20 MWatts of baseload generation capacity.*

*Estimated Cost: \$12.1 Million*

*Fiscal Year(s): 2010-11 through 2015-16*

Solar Generation – 50 kW (NEW)

*Location: Local solar generation inside the City Limits*

*Character: Solar panels on buildings or rooftops*

*Extent: Costs related to installation of solar panels to provide up to 50 KWatts of generation.*

*Estimated Cost: \$500,000*

*Fiscal Year(s): 2012-13*

DISTRIBUTION and SUBSTATION:

Line Improvements, Extensions, New Services

*Location: Throughout the entire service area*

*Character: Construction/replacement of overhead and underground distribution facilities involving the use of wire, poles, meters, cabinets, and transformers.*

*Extent: This is an annual project in which wages, benefits, and equipment charges are capitalized for upgraded existing services or to provide for new customer services.*

*Estimated Cost: \$6.1 Million*

*Fiscal Year(s): 2010-11 through 2015-16 (Annual Program)*



**TRAVERSE CITY  
LIGHT & POWER**

**SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2010**

**DISTRIBUTION and SUBSTATION (continued):**

**Overhead to Underground Conversion Projects**

*Location: Throughout the entire service area*

*Character: Conversion of overhead transmission and/or distribution facilities to underground.*

*Extent: Annual Program for Approved Projects.*

*Estimated Cost: \$7 Million*

*Fiscal Year(s): 2010-11 through 2015-16 (Annual Program)*

**Distribution Circuit Additions/Upgrades**

*Location: Throughout the entire service area*

*Character: Construction of new overhead distribution circuits*

*Extent: New circuits and upgrade of existing circuits to improve reliability and serve anticipated growth.*

*Estimated Cost: \$300,000 per fiscal year*

*Fiscal Year(s): 2010-11 through 2015-16 (Annual Program)*

**New 69kV/13.8kV Distribution Substation/Site**

*Location: Southern portion of service area – possibly outside city limits.*

*Character: Construction of new 69/13.8kV distribution substation.*

*Extent: To include land purchase and facilities*

*Estimated Cost: \$4.25 Million*

*Fiscal Year(s): 2010-11 through 2011-12*

**Pine Street Overhead to Underground Conversion**

*Location: Starting from behind Hall Street Substation South along Pine Street & crossing the Boardman River.*

*Character: Convert existing overhead distribution facilities to underground.*

*Extent: In concert with TIF 97 Plan for Pine Street projects – this is a two phase project as directed by the DDA through the TIF 97 Plan.*

*Estimated Cost: \$1 Million*

*Fiscal Year(s): 2012-13*



## SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2010

### TRANSMISSION and SUBSTATION:

#### Inventory of Materials for Substation, Transmission & Distribution

Location: 1131 Hastings Street

Character: Inventory Purchases

Extent: Provide for contingency reserve equipment/supplies.

Estimated Cost: \$50,000

Fiscal Year(s): 2010-11

#### 69kV Load Break Switches

Location: Three separate locations - S Airport Sub Junction on LaFranier Rd, Barlow Junction near Barlow Substation, & Cass Road Junction near Twelfth Street

Character: New steel poles & transmission switches

Extent: Replacing wood poles and switches with new steel poles & switches

Estimated Cost: up to \$600,000

Fiscal Year(s): 2013-14 through 2015-16

#### New 69kV Transmission Line and Substation – East Side

Location: East Side of Service Area (to be determined – substation and majority of the transmission line would be outside the city limits)

Character: Overhead transmission facilities to include new poles and wire

Extent: From a new transmission substation to an existing distribution substation (to be determined)

Estimated Cost: \$5.2 Million

Fiscal Year(s): 2010-11 through 2011-12

#### Transmission Line Re-conductor

Location: Existing transmission corridor along Hammond, Barlow, LaFranier, Cass, Wadsworth, and north end of Boardman Lake

Character: Overhead transmission facilities to include new poles and wire.

Extent: Re-conductor/rebuilding of existing 69kV transmission lines with new 69kV transmission lines.

Estimated Cost: \$3.67 Million

Fiscal Year(s): 2012-13 through 2015-16



## SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2010

### FACILITIES:

#### Wind Turbine Refurbishment

Location: *Bugai Road @ M-72*

Character: *Replace existing gear box with new gear box*

Extent: *Repair or replacement due to normal wear.*

Estimated Cost: *\$150,000*

Fiscal Year(s): *2015-16*

#### Hastings Service Center Facility Improvements

Location: *1121 to 1131 Hastings Street*

Character: *Site improvements to existing facility*

Extent: *Demolition/Property acquisition and facility expansion/improvements*

Estimated Cost: *\$1.2 Million*

Fiscal Year(s): *2010-11 through 2015-16(Annual Program)*

### SCADA, COMMUNICATIONS, and OTHER ITEMS:

#### Smart Metering Technologies

Location: *Entire Service Area*

Character: *Electric meters and software to accommodate “smart metering” capabilities.*

Extent: *An annual program to provide for the migration to electronic “smart” meters that will assist utility customers on energy use and reliability.*

Estimated Cost: *\$600,000*

Fiscal Year(s): *2010-11 through 2015-16(Annual Program)*

#### SCADA (Supervisory Control and Data Acquisition)/Dispatch Improvements

Location: *1131 Hastings Street and Hall Street Substation*

Character: *Expansion of capabilities in 24 hour control center*

Extent: *Equipment upgrades and improvements/modifications to the current control room and to provide for a remote SCADA control center.*

Estimated Cost: *\$100,000*

Fiscal Year(s): *2010-11*



**SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2010**

**OTHER FINANCING SOURCES:**  
**LARGE GENERATION PROJECTS:**

**Baseload Capacity – Biomass**

*Location: Local distributed generation – either inside or outside City Limits*

*Character: Biomass electric generating facilities*

*Extent: Costs related to biomass generating facilities to provide up to 20 Mwatts of baseload generation capacity.*

*Estimated Cost: \$68 Million*

*Fiscal Year(s): 2013-14 through 2014-15*

**FIBER OPTICS FUND:**

**Fiber Extensions – Customer Installations - (NEW)**

*Location: Within the L&P service area.*

*Character: Fiber Optic facilities extending from current facilities.*

*Extent: Costs related to line extensions to customer facilities (either overhead or underground)*

*Estimated Cost: \$336,500*

*Fiscal Year(s): 2010-11 through 2015-16*

**Wi-Fi Project - (NEW)**

*Location: Within the L&P service area*

*Character: Upgrade of facilities to allow for Wi-Fi (wireless internet access)*

*Extent: Costs related to installing facilities that allow for wireless internet access, or “hot zones” throughout the service area.*

*Estimated Cost: \$850,000*

*Fiscal Year(s): 2010-11 through 2015-16*



**TRAVERSE CITY LIGHT & POWER  
SIX YEAR CAPITAL IMPROVEMENTS PLAN - 2010**

*This worksheet is for illustration purposes only and is supplemental information to the Plan*

	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Project Totals	Project Notes
<b>INTERNAL FINANCING:</b>								
<b>Generation:</b>								
	Baseload Capacity - Biomass Project(s)	\$ 1,100,000	\$ 1,000,000	\$ 1,000,000	\$ 5,000,000	\$ 2,000,000	\$ 2,000,000	\$ 12,100,000
NEW	Solar Generation - 50kW	500,000	---	500,000	---	---	---	1,000,000
<b>Total Generation</b>		<b>1,600,000</b>	<b>1,000,000</b>	<b>1,500,000</b>	<b>5,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>13,100,000</b>
<b>Distribution and Substation:</b>								
	Line Improvements, Extensions, New Services	950,000	975,000	1,000,000	1,025,000	1,050,000	1,100,000	6,100,000 Annual Program
	OH to URG Conversion Projects	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	7,000,000 Annual Program
	Distribution Circuit Additions/Upgrades	300,000	300,000	300,000	300,000	300,000	300,000	1,800,000 Annual Program
	69kV/13.8kV Distribution Substation/Site	2,125,000	2,125,000	---	---	---	---	4,250,000
	Pine Street Overhead to Underground Conv.	---	---	1,000,000	---	---	---	1,000,000 With TIF 97 Project
<b>Total Distribution and Substation</b>		<b>5,375,000</b>	<b>4,400,000</b>	<b>3,300,000</b>	<b>2,325,000</b>	<b>1,650,000</b>	<b>1,650,000</b>	<b>20,150,000</b>
<b>Transmission and Substation:</b>								
	Inventory of Materials - Substation and T&D	50,000	---	---	---	---	---	50,000
	69kV Load Break Switches	---	---	---	200,000	200,000	200,000	600,000
	New 69kV Transmission Line & Sub - East Side	2,000,000	3,200,000	---	---	---	---	5,200,000
	Transmission Line Re-Conductor	---	---	570,000	1,000,000	1,500,000	600,000	3,670,000
<b>Total Transmission and Substation</b>		<b>2,050,000</b>	<b>3,200,000</b>	<b>570,000</b>	<b>1,200,000</b>	<b>1,700,000</b>	<b>800,000</b>	<b>9,520,000</b>
<b>Facilities:</b>								
	Wind Turbine Refurbishment	---	---	---	---	---	150,000	150,000
	Hasting Service Center Facility Improvements	500,000	500,000	50,000	50,000	50,000	50,000	1,200,000 Annual Program
<b>Total Facilities</b>		<b>500,000</b>	<b>500,000</b>	<b>50,000</b>	<b>50,000</b>	<b>200,000</b>	<b>200,000</b>	<b>1,350,000</b>
<b>SCADA, Communications, and Other Items:</b>								
	Smart Metering Technologies	100,000	200,000	150,000	50,000	50,000	50,000	600,000 Annual Program
	SCADA/Dispatch Improvements	100,000	---	---	---	---	---	100,000
<b>Total SCADA, Communications &amp; Other Items</b>		<b>200,000</b>	<b>200,000</b>	<b>150,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>700,000</b>
<b>TOTAL INTERNAL FINANCING</b>		<b>\$9,725,000</b>	<b>\$9,300,000</b>	<b>\$5,570,000</b>	<b>\$8,625,000</b>	<b>\$5,600,000</b>	<b>\$4,700,000</b>	<b>\$44,820,000</b>

**OTHER FINANCING SOURCES:**

**Large Generation Projects:**

	Baseload Capacity - Biomass Project(s)	---	---	---	\$ 25,000,000	\$ 43,000,000	---	\$ 68,000,000
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**FIBER OPTICS FUND:**

NEW	Fiber Extensions - Customer Installations	\$ 86,500	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 336,500 Reimbursed by customer
NEW	Wi-Fi Project	350,000	100,000	100,000	100,000	100,000	100,000	850,000
<b>Total Large Generation Projects</b>		<b>\$436,500</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$1,186,500</b>

*(Actual fiscal year that a project may be undertaken may differ from the fiscal year depicted in this spreadsheet.)*



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light and Power Board  
**From:** Blake Wilson *BW*  
**Date:** April 8, 2010  
**Subject:** Annual Circuit Maintenance Program

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Light & Power's annual circuit tree maintenance program started on Monday, March 22, 2010. Trees Inc provided us with nine tree crews to complete the project. They have completed all four circuits' (HL-21, HL-22, BW-22 & BW-31) by April 5, 2010. As is our practice, we adhered to the city ordinance for tree clearances of seven feet for primary distribution lines and one foot for secondary services resulting in about 8 truck loads of chips. Several customer communication processes were initiated prior to the commencement of the project in our commitment to pre-notify affected customers (newspaper, door hangers, personal customer communication). I resolved calls from concerned customers and received one formal complaint. I thank all our customers for their patience and understanding throughout this project.