

**A REGULAR MEETING**

Of The

**TRAVERSE CITY LIGHT AND POWER BOARD**

Will Be Held On

**TUESDAY, December 14, 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.

Stephanie Tvardek,  
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: 12-10-10  
4:00 p.m.

## AGENDA

### 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 November 23, 2010.

#### 3. OLD BUSINESS

A. Consideration of approving Professional Services Agreement with Greenlight Marketing. (Cooper/Wheaton)

#### 4. NEW BUSINESS

- A. Consideration of approving Red Tag Revenue Distribution. (Rice/Arends)
- B. Consideration of approving MPPA Power Pool Termination Letter. (Rice/Feahr)
- C. Michigan Energy Alternatives Project solar feed-in-tariff rates discussion. (Karas)
- D. Discussion regarding feed-in tariffs. (MacInnes/Pruss)

#### 5. REPORTS AND COMMUNICATIONS

A. From Legal Counsel:

None as of December 10, 2010

B. From Staff:

- (1) Update re: TCL&P feed-in tariff analysis (Rice)
- (2) Verbal update re: East Side Transmission Project (Rice)
- (3) Verbal update re: MPPA meeting (Rice)
- (4) Verbal update re: 2011 Strategic Planning (Rice)

C. From Board:

None as of December 10, 2010

#### 6. PUBLIC COMMENT

/st

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Regular Meeting  
Held at 5:15 p.m., Commission Chambers, Governmental Center  
Tuesday, November 23, 2010

**BOARD MEMBERS -**

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

**EX OFFICIO MEMBER -**

Present: R. Ben Bifoss

**OTHERS:** Ed Rice, Tim Arends, Stephanie Tvardek, Jim Cooper, Karen Feahr

The meeting was called to order at 5:15 p.m. by Chairman Coco.

**CONSENT CALENDAR**

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

A. Consideration of approving minutes of the Regular Meeting of November 9, 2010.

CARRIED unanimously.

**3. OLD BUSINESS**

None

**4. NEW BUSINESS**

None

**5. REPORTS AND COMMUNICATIONS**

A. From Legal Counsel:

None

B. From Staff:

- (1) Ed Rice spoke re: the MPPA meeting.
- (2) Ed Rice and Karen Feahr spoke re: west side wind project.

Moved by Carruthers, seconded by Johnson that the Board Rules be suspended and the Board authorize the staff to pursue up to an additional 5 MW of landfill gas generation opportunities.

Roll Call:

Yes – Coco, Johnson, Welch, Snodgrass, Taylor, Soffredine, Carruthers  
No – None

CARRIED unanimously.

Public Comment:

-Tom Karas, 8801 Section Line Road, Michigan Energy Alternatives Project, Non-Ratepayer

(3) Jim Cooper and Jessica Wheaton spoke re: the communications plan.

Ed Rice suggested a study session be scheduled to further review and discuss the Light and Power communications plan and the Board agreed.

(4) Ed Rice spoke re: Downtown Christmas lights.

(5) Ed Rice spoke re: the Quarterly All Employee Meeting scheduled for Friday December 3, 2010.

C. From Board:

(1) Commissioner Carruthers read a letter sent to the City Commission from the Traverse City and Garfield Township Rec Authority re: Hickory Meadows.

(2) Commissioner Carruthers spoke re: the Regional Energy Expo.

**6. PUBLIC COMMENT**

-Tom Karas, 8801 Section Line Road, Michigan Energy Alternatives Project, Non-Ratepayer

The meeting adjourned at 6:45 p.m.

/st

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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:** Jessica Wheaton, Marketing & Community Relations Coordinator  
**Date:** December 7, 2010  
**Subject:** Communications Firm

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Traverse City Light & Power (L&P) has contracted with Knorr Marketing for marketing services since 2004 and they have overall done an outstanding job for L&P. With the addition of the Marketing & Community Relations Coordinator position, staff felt it was time to evaluate other communications firms in the Traverse City area because of the new role the communications firm will play as L&P transitions from marketing to a customer communications agenda.

Currently, all press releases, bill inserts and media relations communications originate in-house. L&P needs a communications firm to provide creative development, i.e. graphic design, creative messaging, social media, website design and any media production (paper/radio/television).

As L&P moved forward with the development of the RFP and selection of local communications firms, Jennifer Hutchinson was brought into the process to provide expert guidance. Jennifer has 20 years experience developing communications plans, marketing strategies, and counseling senior managers on communications/business strategy. She is currently working with the Grand Vision as the Civic Engagement Coordinator.

In August 2010, a Request for Proposal/Qualifications (RFP) was sent to seven local communications firms (see Attachment 1). The RFP requested that interested firms notify L&P staff that they would be submitting a proposal. The purpose of the notification was so Jim Cooper, Manager of Communications & Energy Services, and Jessica Wheaton, Marketing & Community Relations Coordinator, could meet each firm in person prior to the submittal of their proposal. Jim and Jessica met with the four firms and felt this was important to get a feel for the office staff and their working environment.

Proposals were received from Knorr Marketing, CML Marketing Communications, Lawton Gallagher Group and Greenlight Marketing. After reviewing the four proposals Jim and Jessica needed additional information before deciding on a communications firm to recommend. In September, a new RFP was sent out to the four firms requesting each firm to develop a 100<sup>th</sup> Anniversary Campaign Plan (see Attachment 2). This was an opportunity for each firm to provide specific examples of their creative ability.

In October, Ed Rice, Jim Cooper, Jessica Wheaton and Jennifer Hutchinson held interviews with all four firms. Each firm presented its 100<sup>th</sup> Anniversary Campaign Plan and was then questioned regarding both proposals. L&P staff used a weighted scoring guide to evaluate each firm (see Attachment 3). Greenlight Marketing scored the highest.

The hourly costs for the four firms are as follows: Greenlight Marketing \$90/hr, Lawton Gallagher Group \$95/hr, Knorr Marketing \$100/hr and CML Marketing Communications \$100/hr.

After meeting with all four firms and reviewing the results of the scoring guides, it became clear that both Greenlight Marketing and Lawton Gallagher Group possessed skills that could benefit L&P.

Greenlight Marketing has received many awards for their creative development work at both the local and national levels and has experience working in the utility field. They worked with San Antonio Water System for seven years where they oversaw and developed creative advertising. A majority of their messaging was focused on water conservation. Locally they are working with Heritage Sustainable Energy to promote wind generation and have developed a variety of marketing materials and Heritage's website. They are also working with Goodwill Industries creating awareness and promoting the many outreach opportunities Goodwill has throughout the year. Greenlight also developed the 5K Run/Walk for Shelter and continues to coordinate and promote the annual event. Coincidentally, Greenlight provided the lowest cost of the four respondents.

Greenlight's main duties would be to recreate the L&P website, design bi-monthly bill inserts, develop educational material for P.A. 295, develop and produce any media production requests and begin to look at a 100<sup>th</sup> Anniversary Plan.

Lawton Gallagher Group is well versed in the public relations realm and is involved in many community groups and activities. They possess an accurate feel for what the community wants and needs on many levels. The Principals of Lawton Gallagher Group have over twenty-two years experience in northern Michigan media relations. They worked with Second Chance Body Armor handling their multi-media relations, crisis communications and public affairs. Grand Traverse County Commission on Aging is a six year client and they handle media relations, strategic planning and community awareness campaigns.

Lawton Gallagher Group would be contracted with on a project by project basis to provide project specific strategic communications plans.

It is staff's recommendation that L&P contract with Greenlight Marketing for communication services. If the board agrees, the following motion would be appropriate:

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_, THAT THE LIGHT AND POWER BOARD AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT FOR PROFESSIONAL SERVICES WITH GREENLIGHT MARKETING AT THE HOURLY RATES AS IDENTIFIED IN THE AGREEMENT.**



Investing Our Energy In You

August 9, 2010

### REQUEST FOR PROPOSAL

Traverse City Light & Power is seeking a consultant or consultants to assist in the marketing and public relations for the organization.

*Traverse City Light & Power is a community-owned, community-focused municipal utility that is dedicated to "Investing Our Energy In You" through our generation capacity that provides reliable power to residential, commercial and industrial customers. Light & Power offers energy at low rates in the region to over 10,000 customers in Traverse City, and parts of Blair, East Bay, Elmwood, Garfield, Peninsula and Paradise townships.*

**The Vision of TCL&P is "to enhance the local quality of life by securing our energy future."**

### SCOPE OF WORK

The consultant will be asked to develop and implement a comprehensive communications and public relations program that *includes* publicity, community relations, reputation management, image advertising and direct marketing. This plan will need to identify ways to leverage the newsworthiness and potential of this 100 Year TCL&P Anniversary (1912-2012) into a long term campaign that celebrates the rich history of TCL&P. The campaign launched should focus on the celebration of the 100 years of service as part of this community.

### SUMMARY OF DUTIES

1. In partnership with the TCL&P staff, develop a targeted one year strategic communications plan that includes audience breakdown, key messaging, timeline, budget, deliverables and tracking and evaluation measures.
2. Oversee creative development and production of all media types (TV, print, radio, Internet) to promote TCL&P images, products, services and programs.
3. Work with the staff and vendor to redesign TCL&P website.
4. Develop a social media strategy and provide training for staff.
5. Plan and coordinate the recommended special events.
6. Identify and recommend ongoing opportunities to increase brand exposure.
7. Develop and implement public relations campaign. Develop, maintain, and expand distribution, communications, and public relations relationships.
8. Conduct media placement services including budget development, schedule, placement and tracking.
9. Implement the media relations program including press release writing and distribution, cultivation of media members, arranging interviews and assisting TCL&P staff with media responses.
10. Access, conduct, analyze and use research to help gauge community opinion and guide marketing communication decisions.
11. Provide a monthly performance report summarizing activities performed, marketing/media impact, highlights and deliverables achieved for presentation to TCL&P staff and Board.
12. Provide crisis communication strategies and counsel.

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## **DESIRED QUALIFICATIONS**

Respondents will be qualified based on demonstrated experience and competence in the following areas:

1. Working knowledge and understanding of municipal electric utilities.
2. Understanding of current community attitudes and trends with respect to its municipal electric utility.
3. Ability to manage programs and projects, meet deadlines and complete projects within budget.
4. Proven ability to collaborate with communications team to provide proven results.

## **HOW TO SUBMIT A PROPOSAL**

Interested applicants should submit the following no later than Thursday, August 26, 2010 at 4:00 p.m. to: Jessica Wheaton, Marketing and Community Relations Coordinator, Traverse City Light & Power. 1131 Hastings Street, Traverse City, MI 49686. *Interested applicants must also indicate via email whether the company will be submitting a proposal for review by Friday, August 13, 2010 at 4:00 p.m.*

Statements of qualifications must include:

1. A description of your qualifications (or the qualifications of the team of consultants) and how the tasks described above would be carried out.
2. General overview: name and address of organization and principles, years in business, philosophy, operating approach.
3. General Capabilities: marketing, branding, public relations, media relations, design development, web experience, event planning.
4. Resumes of consultants used.
5. Sample list of past and present clients with project descriptions.
6. Example of specific work with a public utility.
7. Name and contact information of three clients from the past 18 months that we can use as references.
8. Schedule of hourly fees by function. Monthly budget will be negotiated with the contract.

A selection committee will select a list of qualified firms and hold interviews with finalists the week of September 6, 2010.

Selection will be made and engagement begin on September 20, 2010 and will run through September 19, 2011.

All questions should be submitted via email to Jessica Wheaton at [jwheaton@tclp.org](mailto:jwheaton@tclp.org).





TRAVERSE CITY  
LIGHT & POWER

Investing Our Energy In You

September 2, 2010

Chuck Lombardo  
CML Marketing Communications  
P.O. Box 2228  
Traverse City, MI 49685

Re: Request for Proposal dated August 9, 2010

Dear Chuck,

Thank you for responding to the Traverse City Light & Power (TCL&P) Request for Proposal dated August 9, 2010. As I reviewed all the proposals I found that every one of the submissions were from qualified marketing firms which show a high level of community interaction and leadership. After reviewing each proposal many times I found that I was unable to make a final decision based on the information that was presented. I have been charged with the responsibility to choose the best firm to move TCL&P forward in the community and feel that I need more specific examples before a decision can be made.

TCL&P will be celebrating its 100<sup>th</sup> anniversary in September 2012 and I view this as a great opportunity to promote TCL&P and its rich history. I am requesting that CML Marketing Communications develop a 100<sup>th</sup> Anniversary Campaign Plan to celebrate this century of service to our community. I do realize that this request is beyond the scope of a normal RFP but feel that TCL&P is not your typical client. The 100<sup>th</sup> Anniversary Campaign Plan should specifically address, but not limited to, the following:

1. Overall theme of anniversary.
2. Time period.
3. Possible community events.
4. Possible sponsorships and collaborations.
5. Possible promotional materials with examples of what would be produced.

The proposed budget for the celebration is \$100,000-\$125,000. If you believe that more or less money is needed to effectively celebrate this historical landmark please provide the reasoning within your plan.

As I reviewed CML Marketing Communications' initial proposal I was able to see what your firm has been able to do for others, but now I want to see what specifically you can do for TCL&P.

Please submit two hard copies of your proposed 100<sup>th</sup> Anniversary Campaign Plan no later than Thursday, September 23, 2010 by 4:00 p.m. Selected firms will be asked to present proposals the week of October 4, 2010.

Selection will be made and engagement begin on October 18, 2010.

Thank you for all of your efforts thus far and I look forward to what CML Marketing Communications creates in order to separate your firm from all the rest.

Best Regards,

Jessica Wheaton  
Marketing & Community Relations Coordinator

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<b>Traverse City Light &amp; Power</b> Evaluation Criteria for Communications Consultant Importance Value Scale is 1-10 with 1 being extremely unimportant and 10 extremely important	Importance Value	Greenlight Marketing	(Weighted)
<b>Professional Requirements</b>			
Working Knowledge and understanding of Municipal Electric Utilities	10	8	80
Understanding of current community attitudes and trends with respect to municipal electric utilities	10	8	80
Case study examples of ability to manage programs and projects, meet deadlines and complete project within budget	10	9	90
Examples of strategic analysis and planning	8	8	64
Examples of collaboration with other vendors to provide proven results	10	10	100
Ability to analyze/recommend/budget paid media	10	10	100
Expertise in conducting market research	8	7	56
Experience conducting community events	8	9	72
Creative Portfolio	10	10	100
Relationship with the business community	10	8	80
<b>Totals</b>		<b>87</b>	<b>822</b>

**TRAVERSE CITY LIGHT AND POWER DEPARTMENT  
CONSULTANT AGREEMENT**

THIS AGREEMENT made this 14 day of December, 2010, by and between the TRAVERSE CITY LIGHT AND POWER DEPARTMENT, a Michigan municipal electric utility, whose address is 1131 Hastings, Traverse City, Michigan 49686 (TCL&P) and GREENLIGHT MARKETING, whose address is 114 E. Front Street, Suite 201, Traverse City, Michigan 49684 (the Consultant);

WITNESSETH:

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

WHEREAS, Consultant wishes to furnish such technical and professional service to TCL&P and has represented that Consultant have the education, expertise, and capability to perform such services;

THEREFORE, the parties mutually agree as follows:

1. Scope of Services. The Consultant shall provide services in accordance with and as set forth in Schedule A, Scope of Services,
2. Compensation and Method of Payment. TCL&P shall pay to the Consultant and the Consultant agrees to accept as full compensation for services under this Agreement the rates described in Schedule B, Rates of Services.
3. Period of Performance. The services to be rendered under this Agreement shall commence on December 14, 2010, and be automatically renewed for four (4) consecutive years.
4. Independent Contractor. The relationship of the Consultant to TCL&P is that of an independent contractor and in accordance therewith, Consultant 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 workers compensation coverage, unemployment insurance benefits, social security coverage, or retirement membership or credit. The parties do not intend the services provided by Consultant to be a joint endeavor.
5. Consultant Responsibility. The Consultant shall perform the work in a good and workmanlike manner and assumes the risk in performing under this Agreement. Consultant shall be solely responsible and answerable in damages for all improper work, accidents or injuries to person or property.

6. Indemnity. Consultant shall defend, indemnify and hold harmless TCL&P, its officers, agents and employees from and against any and all claims, liabilities, losses, damages, actual attorney fees and settlement expenses of Consultant resulting or arising out of or in connection with the performance of any work relating to this contract. This indemnification shall not be limited by any policy of insurance.

7. Insurance. Consultant shall acquire and maintain comprehensive general liability insurance coverage which covers the scope of the work. The "Traverse City Light & Power Department" shall be added as an additional insured on such policy. The maximum coverage shall be not less than \$500,000 and the maximum deductible shall be not more than \$1,000. A certificate of insurance and the insurance policy shall promptly be given to TCL&P upon request.

8. Workers Compensation. The parties shall maintain suitable workers compensation insurance pursuant to Michigan law and Consultant shall provide a certificate of insurance or copy of state approval for self insurance to the TCL&P Controller upon execution of this Agreement.

9. Compliance with Regulations. The Consultant 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. Consultant shall render all services under this Agreement according to generally accepted professional practices for the intended use of the work or project.

11. 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.

12. Prohibition Against Assignment. This Agreement is intended to secure the service of Consultant because of its ability and reputation and none of the Consultants duties under the Agreement shall be assigned, subcontracted, or transferred without the prior written consent of the Council. Any assignment, subcontract or transfer of Consultants duties under this Agreement must be in writing.

13. Third Party Beneficiaries. This Agreement confers no rights or remedies on any third party, other than the parties to this Agreement and their respective successors and permitted assigns.

14. Interest of Consultant. The Consultant 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 Consultants services and duties hereunder. The Consultant further covenants that in the performance of the Agreement, no person having any such interest shall be employed.

15. Covenant Against Contingent Fees. The Consultant 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 the Council 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.

16. Qualifications of the Consultant. The Consultant 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.

17. 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.

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

19. Termination. This agreement may be terminated for any reason by either party upon giving thirty (30) days written notice to the other. If such notice is given to Consultant, it shall immediately cease work. All fees and costs incurred to the date of receipt of the notice will be paid to Consultant. Otherwise, there shall be no further liability to TCL&P.

20. 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 Consultant, or if a person of masculine or feminine gender joins in this Agreement on behalf of Consultant, such words shall be interpreted to be in the plural, masculine or feminine as the sense requires.

21. 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.

22. 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.

23. 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. It is understood that should Consultant recommend further work concerning the project, TCL&P is under no obligation to engage Consultant in such work.

24. 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.

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

TRAVERSE CITY LIGHT AND POWER

GREENLIGHT MARKETING

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

BY: \_\_\_\_\_  
Karl Bastian  
Principal

The form of this Agreement has been pre-approved by:

W. Peter Doren  
Sondee, Racine & Doren, PLC  
Traverse City Light and Power  
General Counsel

**SCHEDULE A**  
**SCOPE OF SERVICES**

1. In partnership with the TCL&P staff, develop a targeted one year communications plan that includes audience breakdown, key messaging, timeline, budget, deliverables and tracking and evaluation measures.
2. Oversee creative development and production of all media types (TV, print, radio, Internet) to promote TCL&P images, products, services and programs.
3. Work with the staff and vendor to redesign TCL&P website.
4. Develop a social media strategy and provide training for staff.
5. Plan and coordinate the recommended special events.
6. Identify and recommend ongoing opportunities to increase brand exposure.
7. Develop and implement public relations campaign. Develop, maintain, and expand distribution, communications, and public relations relationships.
8. Conduct media placement services including budget development, schedule, placement and tracking.
9. Implement the media relations program including press release writing and distribution, cultivation of media members, arranging interviews and assisting TCL&P staff with media responses.
10. Access, conduct, analyze and use research to help gauge community opinion and guide communication decisions.
11. Provide crisis communication strategies and counsel.

The above items are not an all-inclusive list of duties. Other duties can be assigned as needed.

**SCHEDULE B  
RATES OF SERVICES**

Creative: \$90 per hour

Includes Art Direction, Concept Development, Copywriting, Graphic Design, Photo Research, Pre-production, Press Check, Broadcast Brand/Strategic

Planning: \$90 per hour

Includes Research, Strategic Planning, Tactics, Media Research, Media Planning, Media Buying

Project Management: \$90 per hour

Includes Budget Management, Client Communications, Proofreading, Project Overseeing, Vendor Communications

Public Relations: \$90 per hour

Concept Development, Copy Writing, Media Relations, Research

Outside Services: +15%

Broadcast Media, Out-Of-Home Media, Photography, Web Media, Print Media, Printing





TRAVERSE CITY  
LIGHT & POWER

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**To:** Light and Power Board  
**From:** Ed Rice, Executive Director  
**Date:** December 1, 2010  
**Subject:** Red Tag Revenue Distribution

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In 1996 Traverse City Light & Power implemented a fee of \$5.00 for each red tag (final disconnect notice) placed on a customer's door for unpaid delinquent utility charges. This fee is split with one-half recorded as Light and Power revenue and the other half accumulated in a special account for distribution to agencies that assist area citizens in need.

We regularly refer our customers facing shut-off for non-payment to the Father Fred Foundation, Love I.N.C., Salvation Army, and Northwest Michigan Human Services Agency. Since 1996, when Light and Power implemented the red tag fee, L&P has distributed \$121,804 to these area agencies.

**Currently there is \$ 9,615 in the distribution account, which represents one-half of the charges for red tags.**

Staff is recommending that the Board authorize distribution of these funds to area agencies to assist customers in need during the upcoming heating season.

If you agree with staff's recommendation the following motion would be appropriate:

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

**THAT THE LIGHT & POWER BOARD AUTHORIZES THE DISBURSEMENT OF \$9,615, REPRESENTING 50% OF THE ANNUAL REVENUES FOR NON-PAYMENT SHUT-OFF NOTICE TAGGING FEES, TO THE FATHER FRED FOUNDATION, LOVE I.N.C., THE SALAVATION ARMY, AND NORTHWEST HUMAN SERVICES AGENCY.**



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light and Power Board  
**From:** Karen Feahr, Energy Supply Manager *KEF*  
**Date:** December 9, 2010  
**Subject:** MPPA – Mutual Power Pool Termination Letter Agreement

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In order to remove any uncertainty regarding the termination of the Power Pool Power Supply and Capacity Purchase Agreement between MPPA and Traverse City Light & Power, Staff has drafted a Mutual Power Pool Termination Letter Agreement to be signed by both parties. In the letter agreement, MPPA waives the right to five years' notice, both agree the Power Pool Agreement terminates effective December 31, 2010 and Light & Power and MPPA mutually release each other from future obligations under the Power Pool Agreement. Staff recommends approval of the attached Letter Agreement.

If the Board is in agreement to approve the Mutual Power Pool Termination Letter Agreement, the following motion may be appropriate:

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_,  
THAT IN THE BEST INTEREST OF THE LIGHT & POWER RATEPAYERS AND TO  
REMOVE ANY UNCERTAINTY REGARDING THE TERMINATION OF THE POWER  
POOL AGREEMENT BETWEEN MPPA AND TRAVERSE CITY LIGHT & POWER,  
THE BOARD APPROVE AND ENTER INTO THE MUTUAL POWER POOL  
TERMINATION LETTER AGREEMENT BETWEEN TRAVERSE CITY LIGHT &  
POWER AND MPPA.**



TRAVERSE CITY  
LIGHT & POWER

Investing Our Energy In You

December 14, 2010

Michigan Public Power Agency  
809 Centennial Way  
Lansing, MI 48917

RE: Termination of Power Pool Power Supply and Capacity Purchase Agreement

This letter agreement is effective as of 2400 Hours on December 31, 2010 between the Michigan Public Power Agency (MPPA) and Traverse City Light & Power (TCL&P).

MPPA and TCL&P are parties to a Power Pool Power Supply and Capacity Purchase Agreement entered into as of April 1, 1990, with subsequent amendments (Power Pool Agreement).

Section 2 of the Power Pool Agreement identifies TCL&P as one of the several Project Participants; the other Project Participants being members of MPPA. Section 2 of the Power Pool Agreement also provides that the Agreement shall remain in effect until January 1, 2001, and thereafter shall be automatically extended for successive one year periods unless terminated by the Project Participant prior to any such automatic extension upon five years' prior written notice to MPPA.

MPPA has represented to TCL&P, and TCL&P understands, that over time all other Project Participants have provided written notice of termination under Section 2. The last notice is effective December 31, 2010. TCL&P has not provided such written notice

MPPA has expressed the position that as a result of all other Project Participants terminating their interest in the Agreement, the pooling of Project Participants' power supply resources and needs under the Power Pool Agreement is no longer possible and the Agreement will terminate effective December 31, 2010.

Accordingly to remove any uncertainty, MPPA and TCL&P mutually agree that any right to five years' written notice from under Section 2 is waived, and that the Power Pool Agreement terminates effective as of 2400 Hours on December 31, 2010. TCL&P and MPPA also mutually release each other from future obligations under the express terms of the Power Pool Agreement as a result of the termination of the Power Pool Agreement.



Agreed:

Traverse City Light & Power

By: \_\_\_\_\_

Its:

Michigan Public Power Agency

By: \_\_\_\_\_

Its:

## T. Karas – Rate Impact Questions of Solar FIT

Below is a summary of the 3 main concerns about the analysis of the Solar FIT program. With very limited data and information available the areas in question are listed below after a review of what the 20-20 Proposal suggested for a FIT program:

The 20-20 proposal described a 10% feed-in tariff program comprised of the following

- A. *1% Solar 3,330,000 kwhs equal to about 66 50kw solar arrays*
- B. *9% Community Wind Projects 29,970,000 kwhs equal to about 10, 1.5MW wind turbines*

Below is an economic analysis that concluded the 1% solar component would increase rates by 10.4%.

- The 10% calculation does not take much scientific analysis.

Input data:

- 3mw (3000kw) of solar capacity per MLIU/TKaras promotion
- 0.2 capacity factor – usually runs at 0.18
- 8760 hours/year
- \$0.50 \$/kwh – Tom has suggested \$0.60
- TCLP annual electric service revenue = \$25,260,439
- TCLP customer usage = 320,000mwh

Calculations:

- $3000\text{kw} \times 0.2 \times 8760\text{hrs/year} \times \$0.50 = \$2,628,000/\text{year}$
- $\$2,628,000 / \$25,260,439 \times 100 = 10.4\%$
- **Conclusion: A 10.4% cost increase for 1.6% of additional generation. This does not support L&P's goal for low cost generation acquisition.**

### **There are 3 main areas of question:**

#### 1. **Size of program:**

**The 20-20 Proposal defined the solar FIT program as 1% of generation:**

*1% Solar 3,330,000 kwhs Equal to about 66 50kw solar arrays*

The TCLP analysis overstates the size of the program by apparently interjecting 'capacity' into the equation so that the purchases totaled 5,256,000 kwhs, almost 2 million more kilowatt hours than the 20-20 proposal intended.

**\$2,628,000 divided by 50 cents = 5,256,000 kilowatt hours**

This results in overstating the amount of the program by 60%.

2. **The 'rate' used to establish impact**

The average rate can be determined by dividing revenue by usage, thus \$25,260,439 divided by 320,000,000 = 7.9 cents

The TCLP analysis uses .50 for the rate. In actuality the solar FIT would *replace* kilowatt hours paid for at the average rate. So the added cost would be .42pkwh, not the .50 cents. (.50 – .079) this results in overstating the program cost by 16%.

3. **Method of Comparison**

- **$\$2,628,000/\$25,260,439 \times 100 = 10.4\%$**

The TCLP analysis compares *their* cost of the program against the cost of total revenues.

What should be compared is the cost of total generation with, and then without the FIT program.

Without the solar FIT:

TCLP annual electric service revenue = ***\$25,260,439***

TCLP customer usage = 320,000,000 kWhs

With the solar FIT:

1% = 3,200,000 kWhs x .42 = \$1,344,000

99% = 316,800,000 kWhs x .079 = \$25,027,200

$\$25,027,200 + \$1,344,000 = \mathbf{\$26,371,200}$

The comparison between total revenue with the program (\$26,371,200), and without the solar FIT program (\$25,260,439) shows only a 4.2% increase to rates.

There are other costs that could be used to determine the real value of the FIT program, such as savings on transmission expense for local distributed energy and also avoidance of peak rates when the solar production is best. A professional rate analysis would be able to best determine the actual rate impacts.

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