

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Public Meeting
Held at 10:30 a.m., Van Sumeren Room, Chamber of Commerce
Friday, February 18, 2011

Board Members -

Present: Mike Coco, Jim Carruthers, John Taylor

Others: Stephanie Tvardek

The meeting was called to order at 10:41 a.m. by Chairman Coco.

Item 1 on the Agenda being Discussion of Strategic Planning & Budgeting Process

Chairman Coco and Member Taylor discussed the Light & Power Strategic Planning and Budgeting process.

Item 2 on the Agenda being Presentations from Interested Parties

The following individuals addressed the Board:

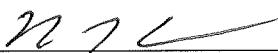
- Bill Queen, NMC
- M'Lynn Hartwell, Jobs and Energy Group
- Doug DeYoung, Chamber of Commerce
- Greg Reisig, NMEAC
- Bob Russell, Neahtawanta Center
- Tom Karas, MEAP
- Brian Beauchamp, MLUI
- Sarna Salzman, SEEDS
- Deb McKeon, Rotary Charities/Grand Vision Energy Working Group
- Andy Knott, Grand Traverse Watershed Center

Item 3 on the Agenda being Public Comment

The following individuals addressed the Board:

- Randy Smith
- Matt Vajda, Voltage Electric

There being no objection, Chairman Coco declared the meeting adjourned at 12:49 p.m.



Michael Coco, Chairman
LIGHT AND POWER BOARD

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Meeting Summary

Input from Interested Organizations on TCLP Strategic Planning
February 18th, 2011

Attendees

Andy Knott	Grand Traverse Watershed Center
M'Lynn Hartwell	Jobs and Energy Group
Tom Karas	Michigan Energy Alternatives Project (MEAP)
Brian Beauchamp	Michigan Land Use Institute (MLUI)
Bob Russel	Neahtawanta Center
Greg Reisig	Northern Michigan Environmental Action Council (NMEAC)
Bill Queen	Northwest Michigan College (NMC)
Matt Vajda	Public Attendee
Randy Smith	Public Attendee
Deb McKeon	Rotary Charities/Grand Vision Energy Working Group
Connor Miller	Grand Vision Americorp Vista Intern (note taker)
Sarna Salzman	SEEDS
Doug Deyoung	TC Chamber of Commerce
John Taylor	TCLP Board Member
Mike Coco	TCLP Board Chairman
Jim Carruthers	TCLP Board Member & City Commissioner
Stephanie Tvardek	TCLP Staff (note taker)

Overview

Mike Coco, TCLP Board Chair, summarized the process used for strategic planning, including creation of a budget and capital plan. Each organization in attendance then provided a brief presentation summarizing how the strategic goals could be enhanced.

Common Themes

The following items were supported by multiple presenters:

1. Expand Community Engagement/Education
2. Invest in Energy Efficiency as a Resource
3. Support Clean, Local Generation and Local Jobs
4. Position TCLP as an Environmental Leader in the Region
5. Develop strategic partnerships with local groups to achieve TCLP goals
6. FITS support the goals of a local, diverse power source, and economic development
7. Pursue long-term strategic planning

Detailed Summary of Presentations

NMC

TCLP should actively promote solar energy, like DTE. Solar can be installed safely (per UL1741 and IEEE 1547). Solar presents an opportunity to create jobs, and NMC is training people to fill these jobs. We need to be proactive in wind and solar with 30% discount (tax credit) is expires in 2016. Coal and Uranium are going up in price, while solar is coming down in price (which will aid in protecting customers from volatile prices). The Renewable Energy Credits provide an additional revenue stream. Feed-in tariffs are good, but only part of the solution. Energy efficiency programs should also be expanded.

Jobs and Energy Group

We shouldn't keep costs artificially low: we need to shift behavior, so customers should feel the impact of energy choices. We need to use smart metering. Don't insulate customers from the real world; they need to feel the impact of volatile prices to make prudent energy choices. Communication with customers and stakeholders is very important and we need a process similar to the Grand Vision (rather than more Public Relations expertise). Do a quantitative analysis of our choices and present findings in a matrix. More open meetings, educational forums, and a Citizens Advisory Panel will all help with community engagement. TCLP needs a process for accepting and reviewing proposals from local organizations (e.g. TCFITs and MLUI). Some in the community want green energy, and will pay a premium for it. Conservation and efficiency present the biggest opportunity of all, and a community that is making environmentally responsible decisions is where people will want to live. A loan/repayment program to allow people to invest in sustainable energy should be created. Rather than economic development, TCLP should provide a return to ratepayers.

TC Chamber of Commerce

TCLP should prioritize three areas: 1. Education, 2. Communication, and 3. Identifying easy targets for future generation (with a focus on energy efficiency first). Most consumers don't know the scope of TCL&P: 80% of revenue came from businesses that provide jobs and they pay a higher rate than residential customers, which make up the other 20%. They also don't always understand concepts like peak demand and base load. If prices are volatile that could lead to a loss of businesses and jobs in the community. Ideally, TCL&P would provide several generation choices for the community to choose from. TCL&P would educate customers on how much it will cost for consumers, and lay out other factors that would be important in making a choice. This avoids considering one particular generation option in a vacuum. TCL&P needs to develop their top 10 goals over the next five years and then push them over and over again by reaching out to customers and the community repeatedly. There needs to be an aggressive campaign for efficiency which is a low hanging fruit because costs will begin to rise in the near future. Help business (80%) and public (20%) improve their energy efficiency. Energy efficiency that individual homeowners can do is the low-hanging fruit. They recommend that the Strategic Plan will be an open, living plan; it can't be done in a 4 hour process. It will need to be a continuing process. The plan needs to be future focused, looking several years down the road. Some ideas for improving communications include: strategic expansion of your website as both a tool and information resource, public outreach in the form of neighborhood meetings, a quarterly presentation to City Commissioners, an annual meeting with customers and owners, and circling back to update community and customers on where you are at in the strategic planning.

NMEAC

They appreciate being consulted with on strategic planning, but ideally they need to be involved earlier on in the process (ideally 6 to 9 months ahead to get public comment). They suggest creating a process similar to what was done for the Waste Water Treatment Plant, or the "Your Bay, Your Say" process. Both could possibly serve as the model for a TCL&P plan. Further, creating a feedback loop for the TCLP staff and board to respond to ideas, questions, or proposals from community groups is necessary. Hiring a liaison or coordinator who could look at the whole process of public engagement and review and respond to proposals from groups like MLUI, NMEAC, and MEAP would help. Ann Arbor, who has an energy department, is a good example. Consider development of a true strategic planning process that looks several years out in the future and includes local groups. Leverage the grand vision working groups (energy and natural resources). Continue to increase open dialogue with the community before TCLP comes up with a solution.

Nehtawanta Center

Their staff was very involved in the process to select a water treatment plant, and would be happy to share the details of that process with TCL&P. In that case, the community chose a more expensive option once they understood the benefits. The same might be true with energy. Another anecdote from that process was that a large business customer balked at the high prices associated with treating their water, but didn't follow-through on threats to relocate. Regarding community relations, TCLP needs to listen and educate. Engagement requires two way communication. There is a very engaged and intelligent public in Traverse City, you need to facilitate their voice being heard. Ideally, the strategic plan would not be so general, only the most important goals should be a part of the strategic plan. The public expects safety, but they want to be engaged on how TCLP handle baseload needs. A resource for methods of community involvement may be found at www.mrsc.org. Conservation and efficiency need to be defined and clarified. They may also be separate from "sustainable energy." Creation of a revolving loan fund could help customers go through audits and cover up-front costs to get efficiency improvements or renewable energy technologies installed. This could be built into rates and also funded from the savings realized through measures. The goals on sustainable energy strategies/conservation should be combined with the goal of community development. They go hand in hand. Process for decision-making is really important in getting community involvement, especially when the board was formed to represent the public. Strategic goals don't need to be measurable if the objectives are measurable.

MEAP

Coal costs are going up and we can work together to be sustainable. Leadership is about taking the longer-term view, but the necessary number crunching has not been taking place. The community solar project is not leadership; it would only make up 1/20th of 1% of energy needs. There needs to be more truth telling, more dissemination of information on the work of TCL&P. You can't beat Feedin Tariffs for Economic Development. They have fears that large utility companies are pulling strings to stop Feed and Tariffs from happening. They question whether TCL&P forward thinking and serving Traverse City or serving another master, such as larger utility companies? Someone needs to take leadership and put off strategic planning 60 days or more to decide about how important renewables are to the community. We need to know the straight cost of what it would take for various programs and then let the community decide. TCL&P has the chance to be a leader for Feed and Tariffs in the state.

MLUI

They support energy efficiency and renewable energy nationwide, and in this community. He believes the community cares about TCL&P because they have pride of ownership. They support previous

comments on ramping up communication and education efforts. They would also like a clear mechanism to exist for local groups to provide TCL&P with recommendations or suggestions. Additional meetings outside of the formal board meetings are very helpful, since some people find the public comment format intimidating. He doesn't believe there is any debate about energy efficiency, and TCL&P needs an energy efficiency Czar. A revolving loan fund would also help businesses and individuals become energy efficient. The SmartPower marketing campaign for energy efficiency that MLUI is exploring might be helpful. It stresses strategic partnership within the community to achieve deep energy savings, and this is very appealing to MLUI. Traverse City has the necessary infrastructure to pull a program like this off. TCL&P should be a part of this campaign and provide businesses and individuals things they can do to join the campaign. There needs to be a feasibility study of Feed and Tariff, rates study that the public and organizations can then respond to. Generally, the current strategic goals are too vague, goals can't be measured, need more measurable goals.

SEEDS

They really appreciate the fact that we have a municipal utility here. This fact is of great benefit to our region and should be leveraged. TCLP currently has stable clientele and your finances are in good enough shape that you are able to share with the City and the community, which is impressive. That means that you are in prime position to do strategic planning, to look at the long term picture and make deliberate investments toward our future, rather than being reactionary. Energy efficiency is very important, even more important than the type of energy we continue to use going forward. Change happens through leadership. Leadership comes from two places, the top and the grassroots. This room represents some of the grassroots of our community. You represent the top of TCLP. We seem to be in relative concert. What about the grassroots of the company – what inspires the staff of TCLP? Find out. You asked us to comment on the existing goals. They are weak. They need to become SMART – and by that they mean Strategic, Measurable, Actionable, Reasonable and on a Timeframe. For example: TCLP will invest 100% of its net revenue into Energy Efficiency for the next 5 years, or Because of TCLP, by 2012 TC will have a Revolving Energy Loan Fund. The 21st Century community does not need to be “communicated to,” it needs to be “engaged with.” Public engagement, not public relations is what we seek. Use technology. Find best practices, there are many examples of how to do it well. Big Solutions will happen through innovative partnerships that foster creativity. For example, it takes a lot of water to produce electricity; we are sitting on a bunch of water but our electricity is made far away. The water advocates have a stake in our energy portfolio, engage with them. Crisis brings opportunity. Focus on the opportunities, not the fear. SEEDS is fired up about what we can accomplish, and I want TCLP to be as well.

Watershed Center

What TCL&P is doing right now isn't consistent with our understanding of strategic planning. TCL&P should develop something similar to the current effort that is more long-term. They recommend specific quantitative targets for energy demand reduction and renewable energy goals. The renewable energy goals need to be realistic. TCL&P should have a smart energy demand program (volunteers sign up to have their energy shut off). People should pay more at peak times, which will help give people incentives to use less at the most expensive time to acquire electricity. Larger rebates on old appliances, smart metering, feed-in tariffs should all be considered. A feasibility study on these items makes sense. People are willing to pay more for green energy. A Citizen advisory committee to have regular dialogue may be helpful. Generally, TCL&P can make a commitment to engagement and dialogue and involvement. This public engagement would also help with your longer-term strategic planning.