

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, April 12, 2011

At

5:15 p.m.

In The

COMMISSION CHAMBERS
(2nd 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: 4-8-11
4:00 p.m.

AGENDA

Pledge of Allegiance

1. Roll Call

Organizational Meeting

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 and Wi-Fi Ad Hoc Committee Meeting of March 22, Study Session of March 30 and Study Session of April 5, 2011.

3. Old Business

None.

4. New Business

- a. Consideration of approving a Professional Services Agreement with Energy Resources, LLC. (Rice)
- b. Consideration of adopting the Vision Statement, Mission Statement, and Goals amended at the February 24 and March 30, 2011 Strategic Planning Study Sessions. (Rice)
- c. Consideration of approving the Six Year Capital Improvements Plan - 2011 and 2011- 2012 Operating Budgets. (Rice/Arends)


5. Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
 1. Verbal update re: Kalkaska Combustion Turbine. (Rollenhagen)
 2. Update re: LED grant. (Cooper)
- c. From Board.

6. Public Comment

/st



To: Light and Power Board
From: Tim Arends, Controller 
Date: April 8, 2011
Subject: L&P Board Organizational Meeting

As required by City Charter Section 177(f), the board meeting of April 12, 2011 is the annual organizational meeting in which a chairperson and vice-chairperson are elected, and a secretary is appointed by the Board. The Charter language is as follows:

“An election of officers of the Board shall be held annually at the first regular meeting following the appointment of a new Board member after the end of a regular term of office. No member shall serve as chairman for more than two (2) consecutive terms.”

Since the current Board Chair, Mike Coco, has only served 1 term as Chairman he is eligible for nomination again along with all other Board Members. All Board Members are eligible to serve as vice-chairperson. The following procedure would be appropriate for the organizational portion of the meeting.

- Ed Rice, as Secretary to the Board, shall initially preside over the meeting.
 - Call meeting to order – Pledge of Allegiance
 - Roll Call
 - Open the floor to nominations for chairperson (nominations need support), call for any further nominations for chairperson.
 - Close nominations
 - Public comment (specific to nominations for Board Chairperson)
 - Voice Vote (in the order nominated) – Once 4 votes are received by any one nominee that nominee becomes the new chairperson.
 - Secretary turns the meeting over to the new chairperson.
- The newly elected Chairperson follows the same process described above in electing a vice-chairperson of the Board.
- The Chairperson should then appoint a secretary to the Board with approval of a Board majority. This has historically been the Executive Director.
- Next, a Human Resources Committee should be formed consisting of 2 or 3 Board Members. City Charter Section 177(h) allows for ad hoc subcommittees, however, there can be no standing committees. Therefore, it is appropriate to have this committee’s term expire at the end of 12 months.
- Proceed to the consent calendar portion of the agenda.

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Regular Meeting
Held at 5:15 p.m., Commission Chambers, Governmental Center
Tuesday, March 22, 2011

Board Members -

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

Ex Officio Member -

Present: R. Ben Bifoss

Others: Ed Rice, Tim Arends, Stephanie Tvardek, Jessica Wheaton, Glen Dine, Jim Cooper

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

Chairman Coco added to the agenda a staff report from Ed Rice as item 5(b)3.

Item 2 on the Agenda being Consent Calendar

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

- a. Minutes of the Regular Meeting of March 8, 2011 be approved.

CARRIED unanimously.

Item 3 on the Agenda being Old Business

None.

Item 4 on the Agenda being New Business

- 4(a). Consideration of authorizing engineering services with GRP Engineering, Inc. for Bay Street undergrounding.

Moved by Johnson, seconded by Welch, that the Light and Power Board authorize the Chairman and Secretary to execute an agreement for professional services with GRP Engineering, Inc. for a total lump sum fee in the amount of \$122,000 including expenses for design services and for a fee not to exceed \$44,000 for construction inspection and coordination services including expenses for the installation of underground electric and communication facilities along a portion of Bay Street; subject to approval as to substance by the Executive Director and approval as to form by Counsel; and further authorize the Executive Director to administer amendments and change orders that are in the best interests of the Light and Power Department.

CARRIED unanimously.

- 4(b). Consideration of Community Investment Fund recommendations.

Ed Rice announced due to recent developments, the Cherry-T Ball Drop grant application would be removed from the list of recommendations.

Member Taylor announced he had a conflict of interest and would be abstaining from voting on the recommended Community Investment Fund applications.

Moved by Soffredine, seconded by Snodgrass, that the Light and Power Board support the Traverse City Area Public School's SCI-MA-TECH Program in the amount of \$3,000.

CARRIED unanimously. (Taylor Abstained)

Moved by Johnson, seconded by Welch, that the Light and Power Board support the City of Traverse City's Bay Front Improvement Plan by funding the Universal Small Boat Launch in the amount of \$15,000.

CARRIED unanimously. (Taylor Abstained)

Moved by Welch, seconded by Johnson, that the Light and Power Board support the Inland Seas Educational Association's Great Lakes Schoolship Program for ten TCAPS classes in the amount of \$12,000.

CARRIED unanimously. (Taylor Abstained)

Moved by Johnson, seconded by Snodgrass, that the Light and Power Board support the Traverse Area Community Sailing's purchase of additional boats in the amount of \$5,000.

CARRIED unanimously. (Taylor Abstained)

Moved by Welch, seconded by Johnson, that the Light and Power Board support the Grand Traverse Pavilions Foundation's purchase of lighting and sound reinforcement for the Grand Lawn Gazebo in the amount of \$5,000.

CARRIED unanimously. (Taylor Abstained)

Moved by Soffredine, seconded by Welch, that the Light and Power Board support the TART Trails' development of the Buffalo Ridge Trail in the amount of \$10,000.

CARRIED unanimously. (Taylor Abstained)

Moved by Johnson, seconded by Soffredine, that the Light and Power Board support the Traverse City Area Public School's studies of electricity, magnets and motors for 1st, 3rd and 4th graders in the amount of \$4,500.

CARRIED unanimously. (Taylor Abstained)

Item 5 on the Agenda being Reports and Communications

A. From Legal Counsel.

None.

B. From Staff.

1. Jim Cooper spoke re: the results of the recent Clean Up Green Up event.
2. Jim Cooper spoke re: the upcoming Grand Vision speaker scheduled for Thursday, April 7, 2011.
3. Ed Rice spoke re: the Strategic Planning Study Session scheduled for Wednesday, March 30, 2011 and the Budgeting Review Study Session scheduled for Tuesday, April 5, 2011.

C. From Board.

1. Jim Carruthers mentioned the current L&P bill inserts and the listed upcoming Earth Day events.

Item 6 on the Agenda being Public Comment

The following individuals addressed the Board:

a. Reserved.

1. Tom Karas, P.O. Box 27 Interlochen, representing Michigan Energy Alternatives regarding how a Feed-in Tariff program helps achieve the TCLP goals and objectives for local generation of renewable energy and a presentation of rate impacts to industrial accounts. (non-ratepayer)

R. Ben Bifoss departed the meeting at 6:34 p.m.

Member Snodgrass departed the meeting at 6:52 p.m.

b. General.

- Jim Dulzo, P.O. Box 351 Beulah, non-ratepayer
- Mike Powers, 604 Grant Street, SEEDS, ratepayer

There being no objection, Chairman Coco declared the meeting adjourned at 7:13 p.m.

/st

Edward E. Rice, Secretary
LIGHT AND POWER BOARD

**TRAVERSE CITY LIGHT AND POWER
WIFI AD HOC COMMITTEE**

Minutes of Wi-Fi Ad Hoc Committee Meeting
Held at 7:15 p.m., Governmental Center
Tuesday, March 22, 2011

COMMITTEE MEMBERS:

Present: Mike Coco, John Welch

Absent: John Snodgrass

OTHERS: Ed Rice, Scott Menhart

The meeting was called to order at 7:15 p.m.

Ed Rice updated the committee on the recent activity and progress of the Wi-Fi project.

No action was taken.

The meeting was adjourned at 8:10 p.m.

Edward E. Rice, Secretary
LIGHT AND POWER BOARD

/st

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Light and Power Board Study Session
Held at 5:30 p.m., 2nd Floor Training Room, Governmental Center
Wednesday, March 30, 2011

LIGHT AND POWER BOARD MEMBERS -

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

EX OFFICIO MEMBER -

Present: Ben Bifoss

OTHERS: Ed Rice, Tim Arends, Stephanie Tvardek, Mark Rollenhagen, Jim Cooper, Jessica Wheaton, Karen Feahr, Glen Dine

The meeting was called to order at 5:30 p.m. by Chairman Coco.

R. Ben Bifoss facilitated a discussion amongst the Board regarding strategic goals related to local and renewable/low-carbon generation.

Commissioner Soffredine departed the meeting at 6:45 p.m.
Commissioner Soffredine rejoined the meeting at 6:47 p.m.

Public Comment:

The following individuals addressed the Board:

- Rick Buckhalter, 932 Kelly St., Ratepayer
- Tom Karas, 8801 Section Line Road, Interlochen, MEAP, non-ratepayer
- Peggy Fry, 859 E. Front St., Ratepayer

There being no objection, Chairman Coco declared the meeting adjourned at 7:18 p.m.

/st

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., Light & Power Service Center
Tuesday, April 5, 2011

LIGHT AND POWER BOARD MEMBERS -

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

EX OFFICIO MEMBER -

Present: Ben Bifoss, City Manager

OTHERS: Ed Rice, Tim Arends, Jim Cooper, Jessica Wheaton, Stephanie
Tvardek, Karen Feahr, Glen Dine

The meeting was called to order at 5:30 p.m. by Chairman Coco.

1. Discussion of the Proposed 2011-12 Six Year Capital Improvements Plan and Operating Budgets.

The Board and staff discussed the proposed 2011-12 Six Year Capital Improvements Plan and Operating Budgets.

Chairman Coco called a 5 minute recess at 7:22 p.m.
Chairman Coco called the meeting to order at 7:32 p.m.

2. Public Comment

No one from the public commented.

Meeting adjourned at 9:12 p.m.

/st

Edward E. Rice, Secretary
LIGHT AND POWER BOARD



**TRAVERSE CITY
LIGHT & POWER**

To: Light and Power Board
From: Ed Rice, Executive Director 
Date: April 8, 2011
Subject: Natural Gas Contract Professional Services Agreement

Attached for your consideration is a recommended contract between TCL&P and Energy Resources, LLC to provide consulting services related to negotiating favorable natural gas contracts for the utility related to the Kalkaska Combustion Turbine and any future projects.

Carl Croskey is an expert in dealing with gas transmission and distribution companies and will provide the utility with recommendations and detailed strategies as we approach negotiating new gas contracts that are set to expire in 2012. Attached is a summary of Mr. Croskey's current and recent consulting assignments the detail his areas of expertise.

The proposed agreement is a continuation of the current agreement between the utility and Energy Resources, LLC. I believe it is vital to the utility that we have an expert in this area as we begin to negotiate the multi-million dollar contracts.

If the Board agrees with staff's recommendation the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE LIGHT AND POWER BOARD AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT WITH ENERGY RESOURCES, LLC IN AN AMOUNT NOT TO EXCEED \$50,000 TO ASSIST LIGHT & POWER IN NEGOTIATING NATURAL GAS CONTRACTS IN THE BEST INTEREST OF LIGHT & POWER RATEPAYERS, SUBJECT TO APPROVAL AS TO FORM BY COUNSEL.

CONSULTING AGREEMENT

This Consulting Agreement (this "Agreement") is entered into as of the 12th day of April 2011, by and between Traverse City Power & Light Department, (the "Company"), and Energy Resources, LLC (the "Consultant"). The Company and the Consultant are sometimes referred to herein each as a "Party" and, collectively, as the "Parties."

RECITALS

WHEREAS, the Company desires to engage the Consultant to provide, from time to time and in accordance with the terms and conditions set forth in this Agreement, consulting services to the Company; and

WHEREAS, the Consultant desires to provide such consulting services to the Company;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the Parties agree as follows:

1. Services. During the Term (as defined below), the Company may, from time to time, request that the Consultant provide various services to the Company, including research, consultation, discussion, third-party introduction and general advisement services (the "Services"). The Parties agree that the Services are intended to be primarily related to the Consultant's expertise in the energy production, distribution and transmission field, but that the Services may relate to other areas or to the business of the Company generally, as the Company and the Consultant may mutually agree. If the Consultant desires to perform the Services as requested by the Company, the Company and the Consultant will negotiate the timing and scope of such Services. The Consultant reserves the right to reject any request to perform Services or the proposed timing and scope thereof.

2. Term. This Agreement will be effective for a term (the "Term") commencing as of April 12, 2011 and ending on April 11, 2012. The Term of this Agreement will be automatically extended for an additional one-year period at April 12, 2012, and at the end of each one-year renewal period thereafter, unless either Party gives the other Party 30 days advanced written notice of its intent to terminate this Agreement effective at the end of the then-current period. The Parties agree to negotiate in good faith a revised hourly rate for Fees (as defined below) at the beginning of each renewal period, taking into consideration inflation, increases in market rates, and any increase in the value of the Services to the Company. Notwithstanding anything to the contrary contained herein, the Term is subject to termination at any time pursuant to Section 5 below.

3. Fees and Expenses.

3.1 Fees. During the Term, the Company will pay the Consultant \$350 per hour of Services rendered (the "Fees"). Fees for services from March 1, 2011 through the

commencement date of this agreement will also be covered by this agreement. Within 15 days after the end of each month during which Services were rendered, the Consultant will provide the Company an invoice setting forth the total number of hours of Services provided by the Consultant during such month, a summary of the nature of those Services, and the total amount of Fees with respect thereto. The Company will pay the Fees to the Consultant within 30 days of receipt of such invoice. Any Fees not paid by the Company within such 30-day period will accrue interest at a rate of 8 percent per annum until paid. **Total fees charged under this agreement shall not exceed \$50,000.**

3.2 Expenses. The Company will reimburse the Consultant for the actual cost for all reasonable out-of-pocket expenses incurred by the Consultant in the performance of the Services hereunder (“Expenses”). All Expenses will be detailed on the invoice provided by the Consultant to the Company described in Section 3.1 above.

4. Relationship. The Consultant’s relationship to the Company during the Consulting Period will be that of an independent contractor and not an employee or agent. During the Consulting Period, the Consultant will not represent or hold itself out, nor shall any owner, employee or other agent of the Consultant represent or hold him or herself out, as having any relationship with the Company other than that of an independent contractor.

5. Termination. At any time during the Term, either Party may terminate this Agreement by providing written notice to the other Party. Such termination shall not be effective until received by such Party in accordance with Section 7.4 below. Upon termination of this Agreement, whether pursuant to the foregoing provision or pursuant to the delivery of a non-renewal notice described in Section 2 above, the following shall apply:

(a) The Consultant will cease performance of the Services;

(b) The Consultant will prepare an invoice to the Company for all Fees and Expenses through the date of termination; such amount will be due in full within 30 days of the Company’s receipt of such invoice; and

(c) Subject to (a) and (b) above, and excluding the obligation of the Consultant set forth in Section 6 below (which shall survive the termination of this Agreement), the Company and the Consultant will have no other rights, duties, obligations or liabilities under this Agreement.

6. Confidentiality.

6.1 Confidentiality Agreement. During the Term and for a period of three years after the end of the Term, the Consultant shall keep secret and retain in strictest confidence, and shall not, without the prior written consent of the Company, furnish, make available or disclose to any third party, any Confidential Information. As used in this Agreement, “Confidential Information” means any information relating to the business or affairs of the Company, the Company’s affiliates, including, but not limited to, information relating to financial statements, customer identities, potential customers, consultants, suppliers, servicing methods, equipment,

program, strategies and information, databases and information systems, analyses, profit margins or other proprietary information used by the Company or the Company's affiliates. However, Confidential Information does not mean any information which (a) was already known by the Consultant prior to being furnished with such information by the Company, (b) is in the public domain or becomes known in the industry through no wrongful act on the part of the Consultant, (c) was provided to the Consultant by a source other than the Company so long as such source was not subject to any prohibition against transmitting the information to the Consultant. The Consultant acknowledges that the Confidential Information is vital, sensitive, confidential and proprietary to the Company and the Company's affiliates.

6.2 Remedies. The Consultant acknowledges that the agreement set forth in Section 6.1 is unique and substantial, but the damages caused by a breach of such agreement may be impractical or difficult to assess in monetary terms. Accordingly, in the event of an actual or threatened violation of Section 6.1, the Consultant expressly consents to the enforcement of Section 6.1 by injunctive relief or specific performance, in addition to the other remedies available to the Company.

6.3. Return of Company Materials Upon Termination. The Consultant acknowledges that all price lists, sales manuals, catalogs, binders, customer lists and other customer information, supplier lists, financial information, and other records or documents containing Confidential Information coming into the Consultant's possession by virtue of the Consultant's consulting arrangement, and any documents created by the Consultant while under this agreement with the Company is and will remain the property of the Company and that upon termination of this Agreement, the Consultant will immediately return to the Company all such items in its possession, together with all copies thereof.

7. Miscellaneous.

7.1 Entire Agreement. This Agreement constitutes the entire agreement between the Parties and supersedes any prior understandings or agreements between the Parties, written or oral, to the extent they related in any way to the subject matter hereof.

7.2 No Assignment; Assumption. This Agreement is not be assignable by either Party without the prior written consent of the other Party. This Agreement will inure to the benefit of and be binding upon any successor or permitted assign of the Parties.

7.3 Headings. The section headings contained in this Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Agreement.

7.4 Notices. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder will be deemed duly given on the day it is personally delivered, on the next business day after it is sent by recognized overnight courier, two business days after it is sent by registered or certified mail return receipt requested, or upon actual receipt if sent by e-mail or facsimile and addressed to the intended recipient as set forth below:

If to the Company: Edward E. Rice, Executive Director
Traverse City Light & Power
1131 Hastings St
Traverse City, MI 49686
Email: erice@tclp.org

If to the Consultant: Energy Resources L.L.C.
180 Country Club Drive
Grosse Point Farms, Michigan 48236
Attn: Carl J. Croskey
Email: carlcroskey@comcast.net

Either party may change the address to which notices, requests, demands, claims, or other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.

7.5 Governing Law. This Agreement will be governed by and construed in accordance with the domestic laws of the State of Michigan without giving effect to any choice or conflict of law provision or rule.

7.6 Amendments. No amendment of any provision of this Agreement will be valid unless the same will be in writing and signed by both the Company and the Consultant.

7.7 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction will not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

7.8 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

7.9 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.

7.10 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.

7.11 No 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.

7.12 Electronic Documents. After the Contract has been duly signed, delivered and received, by either party to the other party by means of telecopy (fax) transmission or attached to an email (or similar electronic transmission) in an unalterable image format, the Contract shall be considered as validly delivered as the physical delivery of the signed Contract in paper form. In addition, it is further understood that this Contract may be imaged and stored electronically and introduced as evidence in any proceeding as if an original business record; and neither party will object to the admissibility of such an image as evidence in any proceeding on account of having been stored electronically.

7.13 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.

IN WITNESS WHEREOF, the parties hereto have executed this Consulting Agreement as of the date first above written.

WITNESSES:

TRAVERSE CITY LIGHT & POWER
DEPARTMENT

By: _____
Edward E. Rice, Executive Director

CONSULTANT:

By: _____
Carl Croskey, Member
ENERGY RESOURCES, L.L.C.

APPROVED AS TO SUBSTANCE:

Edward E. Rice, Executive Director

APPROVED AS TO FORM:

W. Peter Doren, General Counsel



To: Light and Power Board
From: Ed Rice, Executive Director *ER*
Date: April 8, 2011
Subject: Strategic Goals - 2011

Attached are the updated Vision Statement, Mission Statement, and Strategic Goals for Traverse City Light & Power, as determined by the Board through its recent strategic planning meetings.

Over the next several weeks staff will prepare objectives and individual staff goals to support the Board's Strategic Goals. As those objectives are developed by staff they will be presented to the Board for approval and direction.

If the Board agrees that these statements and goals accurately reflect its direction for Traverse City Light & Power, the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE LIGHT AND POWER BOARD ADOPTS THE VISION STATEMENT, MISSION STATEMENT, AND STRATEGIC GOALS AS AMENDED THROUGH THE 2011 STRATEGIC PLANNING PROCESS.

Vision Statement

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

Mission Statement

TCL&P is a customer focused utility that provides safe, reliable, competitively priced energy and related services in an environmentally conscious manner.

2011 Strategic Goals

1. Ensure employee and public safety.
2. Resolve long term baseload requirement deficiencies.
3. Insulate customers from volatile power market prices while keeping rates competitive.
4. Provide a high level of transmission and distribution system reliability.
5. Improve communication with the community.
6. Promote energy efficiency, conservation and provide our customers the information and tools to best manage their energy use.
7. Promote a culture of continuous improvement throughout the organization.
8. Determine customer and community interest in local generation with a baseload goal of 30MW.
9. Reduce the L&P carbon footprint through a diversified portfolio and renewable energy sources.



To: Light and Power Board
From: Ed Rice, Executive Director *ER*
Date: April 8, 2011
Subject: 2011-12 Budget and Six Year Capital Improvements Plan - 2011

In accordance with City Charter Chapter XVIII, section 179 (o), the 2011-12 Operating Budget and Six Year Capital Improvements Plan must be submitted to the City Commission by its last meeting in April.

The attached budget and capital plan have been revised to incorporate the changes made by the Board at its April 5, 2011 Study Session:

Six Year Capital Plan: While the Board and staff recognize the need to replace 50% of the utility's baseload generation in the short term, it was the consensus of the board to omit this capital item from the Plan until a public process is completed to determine the community's interest/support for local generation, and the type of generation source that should be pursued. The only new project is the installation of street lights along the city's new planned road at GT Commons (Silver Drive).

Operating Budget: The Community Investment Fund \$75k funding was moved into the Public Service & Communications line item for 2011-12 to provide for focused education to our ratepayers on electric generation issues as requested by the Board. The budget also includes \$300k of additional funding of two new positions. One position will provide increased emphasis and effort on community communications and the other position will increase L&P's energy optimization effort to achieve 200% of the State of Michigan PA295 Energy Optimization requirements. As mentioned at the study session, no new employees will be hired before the Board approves a new organizational chart and specific job descriptions and salary ranges for these new positions.

Staff recommends Board approval of the 2011-12 Budget and Six Year Capital Plan and that they be forwarded to the City Commission for their consideration. The following motion would be appropriate if you agree with staff's recommendation:

MOVED BY _____, SECONDED BY _____

THAT THE LIGHT & POWER BOARD APPROVES THE 2011-12 OPERATING BUDGET AND SIX YEAR CAPITAL IMPROVEMENTS PLAN AS PRESENTED AND DIRECTS STAFF TO SUBMIT THEM TO THE CITY COMMISSION FOR THEIR CONSIDERATION.

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER DEPARTMENT
 2011-12 Budgeted Revenues and Expenses

	FY 09/10 Actual	FY 10/11 Budgeted	FY 10/11 Projected	FY 11/12 Recommended
<u>Operating Income:</u>	\$27,063,181	\$28,660,000	\$30,591,000	\$33,201,550
<u>Operating Expenses:</u>				
<u>Generation Expenses:</u>				
MPPA Purchased Power	\$6,446,442	\$2,850,000	\$2,733,100	\$0
MISO Purchased Power	0	0	716,900	1,200,000
Lansing Purchased Power	0	2,500,000	4,250,000	7,200,000
Stoney Corners - Wind Energy	0	1,250,000	1,550,000	1,595,000
Combustion Turbine Power Cost	3,657,141	3,680,000	3,275,000	3,750,000
Cambell #3 Power Cost	3,223,417	3,280,000	3,260,000	3,670,000
Belle River #1 Power Cost	2,732,687	2,883,000	2,650,000	3,500,000
Landfill Gas - Granger Project	15,319	250,000	140,000	90,000
Other Generation Expenses	662,696	426,000	494,500	472,900
Total Generation Expenses	16,737,702	17,119,000	19,069,500	21,477,900
<u>Distribution Expenses:</u>				
Operations & Maintenance	3,005,426	3,083,900	3,380,700	3,449,250
<u>Transmission Expenses:</u>				
Operations & Maintenance	186,162	178,600	240,950	246,000
<u>Other Operating Expenses:</u>				
Metering & Customer Accounting	583,173	627,400	612,950	632,050
Conservation & Public Services	421,841	563,700	776,150	1,574,600
Administrative & General	1,241,816	1,281,800	1,256,400	1,276,900
Insurance	80,809	90,000	71,350	72,800
Depreciation Expense	1,624,621	1,665,000	1,695,000	1,715,000
City Fee	1,374,844	1,450,000	1,556,900	1,687,850
Total Other Operating Expenses	5,327,104	5,677,900	5,968,750	6,959,200
Total Operating Expenses	25,256,394	26,059,400	28,659,900	32,132,350
Operating Income/Loss	\$1,806,787	\$2,600,600	\$1,931,100	\$1,069,200
<u>Non Operating Revenues/(Expenses):</u>				
Non Operating Revenues	839,606	482,400	902,900	805,800
Non Operating Expenses	(12,431)	0	0	0
Total Non Operating Revenue/(Exp)	827,175	482,400	902,900	805,800
Net Income	\$2,633,962	\$3,083,000	\$2,834,000	\$1,875,000

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
 2011-12 Budgeted Revenues and Expenses

	FY 09/10 Actual	FY 10/11 Budgeted	FY 10/11 Projected	FY 11/12 Recommended
<u>OPERATING REVENUES:</u>				
State Grants	\$ 21,176	\$ 15,000	\$ 27,650	\$ -
Residential Sales	4,799,781	5,212,000	5,720,000	6,207,000
Commercial Sales	12,490,638	13,375,000	13,835,000	15,085,000
Industrial Sales	7,467,368	7,922,000	8,245,000	8,985,000
Public Authority Sales	226,101	222,500	251,000	272,000
Street Lighting Sales	193,937	189,500	194,250	195,000
Yard Light Sales	82,614	85,000	84,900	86,600
Forfeited Discounts	47,627	50,000	52,350	53,400
Merchandise and Jobbing	110,665	64,000	174,400	177,900
Recovery of Bad Debts	0	500	100	500
Sale of Scrap	10,666	10,000	20,950	21,400
Miscellaneous Income	11,076	14,500	17,400	17,750
MISO Revenue	1,601,533	1,500,000	1,968,000	2,100,000
TOTAL OPERATING REVENUES	\$ 27,063,181	\$ 28,660,000	\$ 30,591,000	\$ 33,201,550

OPERATING EXPENSES:

GENERATION-OPERATING & MAINTENANCE:

Wind Generation - Traverse City	\$ 38,318	\$ 37,500	\$ 15,500	\$ 16,000
Brown Bridge	4,363	4,000	600	0
Wind Generation Farm - Charlevoix	33,132	0	500	5,000
Trap and Transfer	22	1,000	1,000	1,000
Union Street Fish Ladder	162	350	250	250
Kalkaska Combustion Turbine	218,900	185,000	265,000	225,000
Sabin Dam	2,896	4,700	1,000	900
Boardman Dam	3,289	3,700	1,300	900
Operation Supplies	2,080	2,100	850	1,500
MPPA Purchased Power	6,446,442	2,850,000	2,733,100	0
MISO Purchased Power	0	0	716,900	1,200,000
Lansing Purchased Power	0	2,500,000	4,250,000	7,200,000
Stoney Corners - Wind Energy	0	1,250,000	1,550,000	1,595,000
Combustion Turbine Power Cost	3,657,141	3,680,000	3,275,000	3,750,000
Campbell #3 Power Cost	3,223,417	3,280,000	3,260,000	3,670,000
Belle River #1 Power Cost	2,732,687	2,883,000	2,650,000	3,500,000
Landfill Gas - Granger Project	15,319	250,000	140,000	90,000
<i>total purchased power</i>	<i>16,075,006</i>	<i>16,693,000</i>	<i>18,575,000</i>	<i>21,005,000</i>
Coal Dock	8,971	8,400	2,150	4,500
Communications	5,164	6,000	500	550
Safety	5,741	9,000	4,100	4,200
Tools	9,833	2,500	500	1,500
Professional and Contractual	328,101	150,000	200,000	210,000
Professional Development	1,075	10,000	500	750

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
 2011-12 Budgeted Revenues and Expenses

	FY 09/10 Actual	FY 10/11 Budgeted	FY 10/11 Projected	FY 11/12 Recommended
TCLP Equipment Maintenance	648	1,000	700	750
Miscellaneous	<u>1</u>	<u>750</u>	<u>50</u>	<u>100</u>
Total Generation O & M	<u>16,737,702</u>	<u>17,119,000</u>	<u>19,069,500</u>	<u>21,477,900</u>
<u>DISTRIBUTION OPERATION & MAINTENANCE:</u>				
Office Supplies	8,918	7,100	8,000	8,200
Operation Supplies	36,258	32,000	38,650	39,450
Utilities	49,823	60,300	43,600	44,500
Communications	24,806	27,500	18,000	18,400
Supervision and Maintenance	613,505	555,000	710,500	725,000
Substation	192,349	130,000	232,650	237,350
Overhead Lines	425,093	315,000	515,500	525,850
Load and Dispatching	540,880	510,000	567,150	578,500
Underground Lines	230,710	295,000	160,450	163,700
Customer Installations	27,366	21,600	43,550	44,450
Electric Meters	38,343	35,000	69,800	71,200
Street Lighting	129,576	324,000	276,700	282,250
Traffic Signal Oper. & Maint.	69,973	180,600	153,000	156,100
Radio Equipment	256	0	1,850	1,900
Plant & Structures	280,603	235,000	207,700	211,900
Shop Labor	125,548	139,000	92,050	93,900
Safety	62,468	60,000	33,150	33,850
Tools	16,488	14,000	18,350	18,750
Professional and Contractual	19,395	33,000	33,300	34,000
Rent Expense	2,850	5,100	3,000	3,100
Professional Development	107,291	100,000	152,050	155,100
Printing and Publishing	597	1,800	1,500	1,550
Miscellaneous	2,022	2,900	200	250
Inventory Adjustments	<u>307</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Distribution O & M	<u>3,005,426</u>	<u>3,083,900</u>	<u>3,380,700</u>	<u>3,449,250</u>
<u>TRANSMISSION OPERATIONS & MAINTENANCE:</u>				
Supervision & Maintenance	13,882	12,000	18,650	19,050
Substation	18,126	8,000	58,750	60,000
Overhead Lines	47,946	24,100	38,500	39,300
Load and Dispatching	54,057	93,500	56,500	57,650
Underground Lines	0	0	150	200
MISO Transmission	19,987	21,000	20,000	20,400
Professional and Contractual	3,500	0	0	0
Miscellaneous	<u>28,665</u>	<u>20,000</u>	<u>48,400</u>	<u>49,400</u>
Total Transmission O & M	<u>186,162</u>	<u>178,600</u>	<u>240,950</u>	<u>246,000</u>

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
 2011-12 Budgeted Revenues and Expenses

	FY 09/10 Actual	FY 10/11 Budgeted	FY 10/11 Projected	FY 11/12 Recommended
<u>METERING & CUSTOMER ACCOUNTING:</u>				
Salaries and Wages	276,411	304,000	270,100	275,000
Fringe Benefits	124,634	158,100	148,700	158,500
Office Supplies	3,944	4,750	4,500	4,750
Operation Supplies	141	350	0	0
Communications	594	850	800	850
Meal Payments	212	350	150	200
Safety	8	100	0	100
Uniforms	2,124	1,750	2,500	2,550
Professional and Contractual	42,410	12,500	41,500	42,350
Postage	37,920	39,000	34,650	35,350
Uncollectable Accounts	50,979	50,000	65,000	66,300
Collection Costs	770	1,000	500	550
Data Processing	15,253	18,000	20,050	20,500
Transportation	149	400	4,950	5,050
Professional Development	2,878	3,750	2,450	2,500
Printing and Publishing	7,946	11,000	4,150	4,250
Vehicle Rentals	14,877	18,500	12,050	12,300
Miscellaneous	<u>1,926</u>	<u>3,000</u>	<u>900</u>	<u>950</u>
Total Customer Accounting	<u>583,173</u>	<u>627,400</u>	<u>612,950</u>	<u>632,050</u>
<u>CONSERVATION & PUBLIC SERVICES:</u>				
Professional and Contractual	15,964	25,000	43,200	120,000
Public Service & Communications	29,823	30,000	62,500	203,500
Marketing & Public Services	6,063	7,500	0	0
In-Kind Community Services	75,016	120,000	68,700	70,100
Community Investment Fund	56,985	75,000	54,900	0
CFL Grant Expense	59,032	26,200	30,850	0
LED Street Lighting Grant Expense	6,031	0	125,000	0
Energy Audits	2,320	5,000	0	0
Community Relations Liaison	0	0	0	155,000
PA295 Energy Optimization Compliance	170,606	275,000	391,000	526,000
Increased Energy Optimization Efforts	<u>0</u>	<u>0</u>	<u>0</u>	<u>500,000</u>
Total Conservation & Public Services	<u>421,841</u>	<u>563,700</u>	<u>776,150</u>	<u>1,574,600</u>
<u>ADMINISTRATIVE AND GENERAL:</u>				
Salaries and Wages	672,882	775,000	745,350	760,300
Fringe Benefits	188,585	203,000	256,650	261,800
Office Supplies	11,593	13,000	8,250	8,450
Communications	9,292	10,000	7,050	7,200
Fees and Per Diem	54,514	56,000	60,450	61,700
Board Related Expenses	11,348	10,500	7,600	7,750
Professional & Contractual	134,911	85,000	11,000	11,150

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
 2011-12 Budgeted Revenues and Expenses

	FY 09/10 Actual	FY 10/11 Budgeted	FY 10/11 Projected	FY 11/12 Recommended
Legal Services	112,140	80,000	83,350	85,000
Employee Appreciation	8,053	7,000	12,800	13,100
Rent Expense	581	1,500	0	0
City Fee	1,374,844	1,450,000	1,556,900	1,687,850
Transportation	4,074	3,800	9,100	4,500
Professional Development	19,225	20,000	39,600	40,400
Printing & Publishing	8,225	8,500	3,450	3,550
Insurance and Bonds	80,809	90,000	71,350	72,800
Miscellaneous	6,392	8,500	11,750	12,000
Depreciation Expense	<u>1,624,621</u>	<u>1,665,000</u>	<u>1,695,000</u>	<u>1,715,000</u>
Total Administrative and General	<u>4,322,090</u>	<u>4,486,800</u>	<u>4,579,650</u>	<u>4,752,550</u>
Total Operating Expenses	<u>25,256,394</u>	<u>26,059,400</u>	<u>28,659,900</u>	<u>32,132,350</u>
Operating Income / (Loss)	<u>\$1,806,788</u>	<u>\$2,600,600</u>	<u>\$1,931,100</u>	<u>\$1,069,200</u>
<u>NON OPERATING REVENUES/(EXPENSES):</u>				
Rents and Royalties	\$31,976	\$56,050	\$44,150	\$45,400
Pole Rentals	35,662	35,650	31,750	31,750
Reimbursements	214,759	140,700	335,150	228,650
Interest & Dividend Earnings	557,209	250,000	491,850	500,000
Gain/(Loss) on Sale of Fixed Assets	<u>(12,431)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Non Operating Revenue/(Expenses)	<u>827,175</u>	<u>482,400</u>	<u>902,900</u>	<u>805,800</u>
NET INCOME/(LOSS)	<u>\$2,633,962</u>	<u>\$3,083,000</u>	<u>\$2,834,000</u>	<u>\$1,875,000</u>

Traverse City Light & Power
 Fiber Optics Fund
 2011-12 Budgeted Revenues and Expenses

	FY 09/10 Audited	FY 10/11 Budgeted	FY 10/11 Projected	FY 11/12 Recommended
<u>Operating revenues:</u>				
Charges for services	\$ 167,692	\$ 192,800	\$ 183,600	\$ 216,850
Wifi sales & commissions	-	20,000	-	-
Miscellaneous	4,464	-	-	-
Total operating revenues	\$ 172,156	\$ 212,800	\$ 183,600	\$ 216,850
<u>Operating expenses:</u>				
Office & operating supplies	\$ 2,542	\$ 4,600	\$ 2,150	\$ 2,200
Supervision & maintenance	32,628	33,600	13,650	15,000
Overhead & Underground lines	5,753	1,500	6,800	7,000
Customer installations	12,279	18,700	2,500	2,750
Termination boxes	20,389	21,000	45,500	46,200
Wifi operations & maintenance	-	-	3,500	30,000
Tools	1,314	2,750	850	900
Professional services	-	82,200	750	20,000
Legal services	2,612	1,000	800	500
Rent expense	8,214	-	-	-
City fee	8,608	10,600	9,150	10,800
Professional development	100	1,500	-	500
Insurance	-	-	1,250	1,300
Repair and maintenance	544	5,000	150	450
Vehicle rental	-	1,000	-	-
Miscellaneous	-	350	100	150
Depreciation expense	84,745	99,500	85,400	86,500
Total operating expenses	179,727	283,300	172,550	224,250
Operating income/(loss)	(7,571)	(70,500)	11,050	(7,400)
<u>Non-operating revenues:</u>				
Reimbursements	53,486	86,500	24,250	37,400
Net income	\$ 45,915	\$ 16,000	\$ 35,300	\$ 30,000



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2011

INTERNAL FINANCING:

GENERATION:

Community Solar – 50 KW

Location: Local solar generation either inside or outside city limits

Character: Solar panels either free standing or on buildings or rooftops

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

Estimated Cost: \$400,000

Fiscal Year(s): 2011-12 through 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: \$6.275 Million

Fiscal Year(s): 2011-12 through 2016-17 (Annual Program)

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: \$6.5 Million

Fiscal Year(s): 2011-12 through 2016-17 (Annual Program)



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2011

DISTRIBUTION and SUBSTATION (continued):

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: \$11.3 Million

Fiscal Year(s): 2011-12 through 2016-17 (Annual Program)

69kV/13.8kV Distribution Substation-SOUTH

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: \$5 Million

Fiscal Year(s): 2011-12 through 2012-13

Street Lighting System Additions (NEW)

Location: New street lighting along Silver Drive in the Grand Traverse Commons area

Character: LED street lighting.

Extent: Removal of any old street lights and installation of new LED street lights.

Estimated Cost: \$225,000

Fiscal Year(s): 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 – 2011

TRANSMISSION and SUBSTATION:

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

69kV Transmission Line and Substation – EAST

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): 2011-12 through 2012-13

Transmission Line Reconductor

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: Reconductor/rebuilding of existing 69kV transmission lines with new 69kV transmission lines.

Estimated Cost: \$3.675 Million

Fiscal Year(s): 2013-14 through 2016-17

FACILITIES:

M-72 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



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2011

FACILITIES (continued):

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: \$2.75 Million

Fiscal Year(s): 2011-12 through 2016-17 (Annual Program)

SCADA, COMMUNICATIONS, and OTHER ITEMS:

Smart Metering Technologies (AMI)

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: \$650,000

Fiscal Year(s): 2011-12 through 2016-17 (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: \$250,000

Fiscal Year(s): 2011-12 through 2012-13

FIBER OPTICS FUND:

Fiber Extensions – Customer Installations

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: \$450,000

Fiscal Year(s): 2011-12 through 2016-17



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2011

Wi-Fi Project

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 open area wireless internet access, or "hot zones" primarily in the DDA/TIF Districts.

Estimated Cost: \$160,000

Fiscal Year(s): 2011-12

**TRAVERSE CITY LIGHT & POWER
SIX YEAR CAPITAL IMPROVEMENTS PLAN - 2011**

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

	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Project Totals	Project Notes
INTERNAL FINANCING:								
Generation:								
Community Solar - 50KW	\$ 100,000	\$ 300,000	---	---	---	---	\$ 400,000	
Total Generation	100,000	300,000	0	0	0	0	400,000	
Distribution and Substation:								
Line Improvements, Extensions, New Services	950,000	1,000,000	1,025,000	1,050,000	1,100,000	1,150,000	6,275,000	Annual Program
OH to URG Conversion Projects	1,500,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,500,000	Annual Program
Distribution Circuit Additions/Upgrades	2,300,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	11,300,000	Annual Program
69kV/13.8kV Distribution Substation-SOUTH	2,500,000	2,500,000	---	---	---	---	5,000,000	
NEW Street Lighting System Additions	225,000	---	---	---	---	---	225,000	
Pine Street Overhead to Underground Conversion	---	1,000,000	---	---	---	---	1,000,000	With TIF 97 Project
Total Distribution and Substation	7,475,000	7,300,000	3,825,000	3,850,000	1,650,000	1,650,000	30,300,000	
Transmission and Substation:								
69kV Load Break Switches	---	---	200,000	200,000	200,000	---	600,000	
69kV Transmission Line & Substation - EAST	2,000,000	3,200,000	---	---	---	---	5,200,000	
Transmission Line Reconductor	---	---	575,000	1,000,000	1,500,000	600,000	3,675,000	
Total Transmission and Substation	2,000,000	3,200,000	775,000	1,200,000	1,700,000	600,000	9,475,000	
Facilities:								
M-72 Wind Turbine Refurbishment	---	---	---	---	150,000	---	150,000	
Hasting Service Center Facility Improvements	300,000	2,250,000	50,000	50,000	50,000	50,000	2,750,000	Annual Program
Total Facilities	300,000	2,250,000	50,000	50,000	200,000	200,000	2,900,000	
SCADA, Communications, and Other Items:								
Smart Metering Technologies (AMI)	100,000	200,000	200,000	50,000	50,000	50,000	650,000	Annual Program
SCADA/Dispatch Improvements	100,000	150,000	---	---	---	---	250,000	
Total SCADA, Communications & Other Items	200,000	350,000	200,000	50,000	50,000	50,000	900,000	
TOTAL INTERNAL FINANCING	\$ 10,075,000	\$ 13,400,000	\$ 4,850,000	\$ 5,150,000	\$ 3,600,000	\$ 2,500,000	\$ 43,975,000	
FIBER PROJECTS:								
Fiber Extensions - Customer Installations	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 450,000	
Wi-Fi Project - DDA	160,000	---	---	---	---	---	160,000	
Total Fiber Projects	\$ 235,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 610,000	

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



To: Light & Power Board
From: Jim Cooper *JC*
Date: April 6, 2011
Subject: Completion of L&P LED Street Light Block Grant

In February 2010, Traverse City Light and Power received a \$250,000 Michigan Energy Efficiency Block Grant for the installation of Light Emitting Diode (LED) lights in a variety of applications. The grant provided for 80% of the purchase costs of the LED lights. L&P was required to match 20% of those costs and complete all installations.

The Michigan Energy Efficiency Block Grant program is part of the American Reinvestment and Recovery Act (ARRA), otherwise known as the Federal Stimulus program.

Block Grant funds were received by the State of Michigan and distributed through the Michigan Public Service Commission. Grand Traverse County was also successful in receiving a \$353,575 Block Grant for lighting improvements and other energy efficiency measures at County and City facilities.

The grant period is complete and all lights have been installed. At the initial stages of the grant it was thought that 205 Cobra head street lights, 100 intersection or pedestrian lights, and 50 building or wall pack lights could be installed. Because the bid prices were lower than anticipated, it was discovered that 343 street lights, 313 pedestrian lights and 50 building lights could be installed within the grant funding levels.

Total grant expenses are \$450,267; \$250,000 (reimbursable by the State), \$63,980 (L&P matching capital costs); \$136,287 (L&P required labor). The LED replacement street lights were installed in downtown areas and along the parkway. The LED pedestrian lights replaced high pressure sodium lights used in the gooseneck style walkway lights in the downtown and farmer's market areas. They can also be used in intersection lights. The new LED building lights were installed on several Traverse City School buildings.

A total of 444,051 kW hrs a year will be saved each year by the conversion of the 705 lights.

