

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, May 10, 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.

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

Posting Date: 5-6-11
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 and Closed Session of April 26, 2011.

3. Old Business

None.

4. New Business

None.

5. Appointments

- a. Consideration of appointment of an Ad Hoc Committee for the annual Executive Director Review. (Coco)

6. Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
 1. 2010 Annual Report re: Public Act 295. (Cooper)
 2. Monthly bill insert. (Cooper)
 3. Verbal update re: South Substation real property purchase option. (Rice)
 4. 10 year history of Capital Expenditures. (Rice)
- c. From Board.

7. Public Comment

/st

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Regular Meeting
Held at 5:15 p.m., Commission Chambers, Governmental Center
Tuesday, April 26, 2011

Board Members -

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

Absent: Mike Coco

Ex Officio Member -

Absent: R. Ben Bifoss

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

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

Mayor Chris Bzdok and Vice Chair Linda Johnson recognized John Welch for his service on the Light and Power Board.

Vice Chair Johnson added to the agenda Consideration of Manhole Purchase as New Business item 4(c).

Moved by Snodgrass, seconded by Soffredine to approve the agenda as amended.

CARRIED unanimously. (Coco absent)

Item 2 on the Agenda being Consent Calendar

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

- a. Minutes of the Regular Meeting of April 12, 2011 be approved.

CARRIED unanimously. (Coco absent)

Item 3 on the Agenda being Old Business

None.

Item 4 on the Agenda being New Business

- 4(a). Consideration of awarding a contract for Bay Street underground conduit installation.

Moved by Soffredine, seconded by Taylor, that the Light and Power Board authorize the Chairman and Secretary to execute a contract with Molon Excavating Inc., for the Bay Street 69kv underground conduit installation and site restoration project subject to 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.

The following individuals addressed the Board:

- Kim Molitor, VP of External Affairs, Wolverine Power

Roll Call:

Yes – Carruthers, Estes, Soffredine, Taylor, Johnson

No – Snodgrass

CARRIED.

Vice Chair Johnson changed the order of business to consider item 4 (c) prior to 4 (b) with the consensus of the Board.

4(c). Consideration of Bay Street underground Manhole Purchase.

Moved by Soffredine, seconded by Taylor, that the Light and Power Board authorize the Executive Director to issue a purchase order to Advance Concrete Products Co. in the amount of \$38,250.00.

Roll Call:

Yes – Carruthers, Estes, Soffredine, Taylor, Johnson

No – Snodgrass

CARRIED.

4(b). Consideration of substation property acquisition.

Moved by Carruthers, seconded by Soffredine, that the Traverse City Light & Power Board go into closed session immediately after Public Comment to consider the purchase of real property.

Roll Call:

Yes – Carruthers, Estes, Snodgrass, Soffredine, Taylor, Johnson

No – None

CARRIED unanimously. (Coco absent)

Item 5 on the Agenda being Reports and Communications

A. From Legal Counsel.

None.

B. From Staff.

1. Jessica Wheaton spoke re: the upcoming TCL&P Seedling Give-Away scheduled for April 30, 2011.

C. From Board.

None.

Item 6 on the Agenda being Public Comment

The following individuals addressed the Board:

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

There being no objection, Vice Chair Johnson declared the meeting adjourned at 6:12 p.m.

/st

Edward E. Rice, Secretary
LIGHT AND POWER BOARD

DRAFT



To: Light & Power Board
From: Jim Cooper *JC*
Date: May 5, 2011
Subject: Public Act 295, 2010 Annual Report

The following pages contain most of the required information and forms that are filed with the Michigan Public Service Commission for the 2010 Energy Optimization report.

The following information is included:

- Public Act 295 history
- Residential and commercial program descriptions
- kWhr and budget goals
- kWhr and budget results
- Listing of commercial projects completed

I'll review these categories with the board as much as necessary. Essentially the 2010 EO kWhr goal of 1,148,701 kWhrs was exceeded by 796,766 kWhrs or 70%.

During the next few months staff will be working with the Michigan Municipal Electric Association and the 24 current participating utilities to develop and file another energy optimization plan to cover years 2012-2014.

Traverse City Light and Power Energy Optimization Annual Report for 2010 MPSC Case No. U-15884

Introduction

Pursuant to 2008 Public Act 295 (PA 295), Traverse City Light and Power (TCL&P) is filing this annual energy optimization (EO) report with the Michigan Public Service Commission (MPSC). This EO annual report consists of three sections:

- Section 1 will address the requirements under PA 295 Section 97, Subsections 1-3 and Section 71, Subsection 3 (i).
- Section 2 will summarize the EO programs implemented in 2010.
- Section 3 will provide additional information and goals for 2011 programs.

SECTION 1: PA 295 SECTION 97 SUBSECTIONS 1-3 REQUIREMENTS

Section 97 (1) Each provider shall submit to the commission an annual report that provides information relating to the actions taken by the provider to comply with the energy optimization standards.

TCL&P has taken the following actions to comply with the EO standards:

- Filed a 4-year Energy Optimization plan with the MPSC on March 31, 2009 as required by PA 295.
- This EO plan was approved by the MPSC on July 1, 2009.
- Launched energy optimization programs for all customer classes in July, 2009.
- Overall administration of the EO programs was the responsibility of TCL&P personnel.
- In addition, an implementation contractor, Franklin Energy Inc., was selected to implement the HVAC/Efficient Appliance, Refrigerator/Freezer Turn-in and Recycling program, Business Prescriptive and Business Custom programs.
- Administration and implementation of the EO programs were the responsibility of TCL&P personnel.
- Contracted with the Traverse City Housing Commission and MCAAA to implement the Residential Low Income program.
- Educational outreach programs, including brochures and media placement, were implemented by TCL&P in-house personnel for both Residential and Business areas.
- Contracted with KEMA, Inc. for obtaining an independent expert evaluation for the verification of incremental energy savings for each energy optimization program.

Section 97 (2) Annual reports under subsection (1) shall include the following:

(a) The number of energy optimization credits that the provider generated during the reporting period. (b) Expenditures made in the past year and anticipated future expenditures to comply with this subpart. (c) Any other information that the commission determines necessary.

In the fall of 2009, the MPSC staff approved an interim report format for all the municipal utilities in Michigan. That interim report details the energy optimization credits generated, expenditures and surcharges collected from customers in the past year. The end of year interim report for 2010 can be found in Attachment A. Future expenditures for 2011 are expected to follow the EO Plan filing that was submitted and approved in 2009. Exceptions to that plan filing will be explained in Section 3 of this report.

Section 97 (3) Concurrent with the submission of each report under subsection (1), a municipally-owned electric utility shall submit a summary of the report to its customers in their bills with a bill insert, to its governing body, at its office and on its website.

TCL&P will submit a copy of this annual report to the TCL&P Board, to its customers through the bill insert and make it available on its website no later than August 30, 2011.

Section 71 (3)(i) Include a process for obtaining an independent expert evaluation of the actual energy optimization programs to verify the incremental energy savings from each energy optimization program for purposes of section 77.

In December 2009, TCL&P, as part of the Michigan Public Power Agency's Energy Efficiency Work Group issued a Request for Proposal (RFP) to verify the incremental gross energy savings for each EO program for 2010. KEMA, Inc. was chosen as the evaluation contractor for these 24 municipal utilities. KEMA started collecting data in late November of 2010 and will complete the evaluation for each municipal under the RFP and that evaluation is attached to this report as Attachment B.

SECTION 2: SUMMARY OF EO PROGRAMS IMPLEMENTED IN 2010

Residential Low Income Services

TCL&P worked with the Michigan Community Action Agency Association (MCAAA), the Northwest Michigan Community Action Agency (NWMCAAA) and the Traverse City Housing Commission (TCHC) to achieve 2010 goals. MCAAA installed 299 compact fluorescent light bulbs (CFL) (\$3.50 each, total \$1,046.50) and one refrigerator (total \$389). TCHC installed one refrigerator (total \$455) and five 800 watt occupancy sensor wall switches (\$180 each, total \$900). The MDS database indicates 1,100 kWhrs savings for the replacement of an existing refrigerator with a new Energy Star refrigerator (total 2,200 kWhrs), 44.1 kWhrs savings for the replacement of an incandescent light bulb with a CFL (total 13,185 kWhrs) and 994 kWhrs savings for the installation of an occupancy sensor greater than 500 watts (total 4,970 kWhrs). All measures were installed for residents that met the low income requirements for PA 295. TCL&P exceeded the low income energy savings goal by 6,663 kWhrs.

Low Income Program Summary

	2010 Goal	2010 Actual	Difference
Energy Savings (kWh)	13,692	20,355	+6,663
Budget (\$)	8,900	2,790	-6,110

Residential Solutions

The programs below were made available to all TCL&P residential electric customers.

Efficient Lighting Program

TCL&P focused on the distribution of CFLs to our residential customers. TCL&P received a \$50,000 DELEG CFL distribution promotion grant for 2009 and 2010. Since grant funding was still available L&P distributed the CFL bulbs for free instead of providing discount coupons. Bulbs were provided to L&P customers at the billing center for those who filled out address and account number information. CFLs were also distributed at local energy workshops, community public forums, and events. A total of 5807 CFLs were distributed. In addition to this program \$2 discount coupons were used to promote LED holiday light strings. A total of 271 LED coupons (\$542) were redeemed for a MDS base of 2981 kWhrs.

TCL&P partnered with the Grand Traverse County solid waste department to set up CFL recycling opportunities for residential customers in 2010. These recycling bins are located in 5 different areas throughout the city and county.

Refrigerator/Freezer Turn-In and Recycling Program

The objective of this program was to produce long-term energy savings in the residential sector by removing operable, inefficient refrigerators and freezers from the power grid and recycling them in an environmentally safe manner. Target market is residential customers who have "second" or back-up units in their garage

or basement. All units were required to be operable to participate in this program and each customer received a \$60 incentive for each unit recycled.

Franklin Energy selected JACO Environmental as the recycling subcontractor to provide comprehensive turn-key services. JACO was responsible for qualifying customers, scheduling and tracking unit pick-ups and processing incentive payments. The number of units that were picked up in 2010 was 96. The goal was 68.

HVAC/Efficient Appliance Program

Franklin Energy managed this program for residential customers who purchased qualified Energy Star window air conditioners and dehumidifiers, ECMs for home furnace and whole house air conditioners. KWhr savings equaled 8,522 and \$1,550 dollars were spent to achieve these program savings.

Residential Education Services

One and a half percent of the EO budget was used on Residential education programs. These budget expenditures were used to communicate and educate customers on the benefits of energy efficiency, and load management. Budget funds for education are deemed to generate a proportional amount of the required energy savings for each program year in which the money is spent.

The TCL&P Residential Education Program was implemented by in-house personnel. The benefits of energy savings through the use of CFLs, Energy Star appliances, energy audits, recycling old inefficient appliances, and changing life style habits was communicated to residential customers through energy workshops, seminars, billing inserts, newspaper ads, radio ads, TV ads, and web site information. A professional marketing firm was used for media coverage. The maximum KWhr and dollar reporting for this category is 1.5% of the program total. That equates to 24454 KWhrs and \$3338. However, a total of \$33,246 was spent on education for 2010, which would equate to 243,556 KWhrs.

Pilot Emerging Technology

L&P installed 50W LED lamps on pedestrian walkway poles. These replaced 100 W HPS lamps. The initial phase was successful so a total of 175 old lights were replaced with LEDs. Each light change out saves 76 w or 388 KWhrs a year. Although this did expand beyond the pilot phase, 67,900 KWhrs were saved at a capital cost of \$40,381.

Residential Program Summary

Overall the 2010 residential programs were successful. The tables below summarize the energy savings achieved and budget expenditures from the 2010 residential programs compared to the 2010 EO Plan goals. The residential program energy savings goals were bundled together to achieve the 2010 goals. Any excess kilowatt hours saved from the 2010 programs will be carried over into the 2011 program goals.

Residential Energy Savings

Program kWhrs	2010 kWh Goals	kWh Installed	Difference
Efficient Lighting	2121	2981	+860
CFLs-State Grant	177282	255508	+78226
Refrigerator/Freezer Recycling	112060	158213	+46153
HVAC Efficient Appliance	10012	8522	(1490)
Education Services	24454	24454	0
Pilot Emerging Technology	16303	67900	+51597
Total	342232	517578	175346

Residential Budget Summary

Program \$\$	2010 Budget	2010 Expenditures	Difference
Efficient Lighting	\$1176	\$542	(\$634)
CFLs-State Grant	0	0	0
Refrigerator/Freezer Recycling	19163	19163	0
HVAC Efficient Appliance	5730	4397	(1333)
Education Services	3338	3338	0
Pilot Emerging Technology	2225	2225	0
Total	31632	29665	(1967)

Business Solutions

The programs below were made available to all TCL&P commercial and industrial customers.

Commercial and Industrial Prescriptive Incentive Program

The Prescriptive Incentive program provides incentives when replacing inefficient equipment with high-efficiency electric technologies on a one-for-one basis. These incentives address the first-cost barrier for customers by providing financial incentives averaging 20% to 40% of the incremental cost of purchasing qualifying technologies. The program was marketed through trade allies, presentations at various organizations, local events and the TCL&P website. The majority of the incentive payments were for lighting upgrades. The number of customers who participated (completed applications) in the Prescriptive program was 26 for 2010.

Commercial and Industrial Custom Incentive Program

The objective of the Custom Incentive Program is to affect the installation of site-specific and unique energy efficiency technologies and process improvements (that do not fit the parameters of the Prescriptive Program) by business customers that would not have done so in the absence of the program. This program was marketed through the same channels as the Prescriptive Program. The number of completed applications for the Custom program was 5 in 2010.

Business Education Services

One and a half percent of the EO budget was used on Business education programs. These budget expenditures communicated and educated customers on the benefits of energy efficiency, conservation and load management. Budget funds for education are deemed to generate a proportional amount of the required energy savings for each program year in which the money is spent.

The TCL&P Business Education program was implemented by in-house personnel. The benefits of energy savings through more efficient lighting or prescriptive, non-prescriptive, and custom measures was communicated to the commercial customers through energy workshops, seminars, billing inserts, newspaper ads, radio ads, TV ads, trade ally meetings, and web site information. The maximum kWhr and dollar reporting for this category is 1.5% of the program total. That equates to 24454 kWhrs and \$3338. However, a total of \$33,246 was spent on education for 2010, which would equate to 243,556 kWhrs.

Pilot Emerging Technology

L&P installed 150W LED lamp replacements on local street lights. These replaced 250 W HPS lamps. The initial phase was successful so a total of 270 old lights were replaced with LEDs. Each light change out saves 168 w or 858 kWhrs a year. Although this did expand beyond the pilot phase, 231,660 kWhrs were saved at a capital cost of \$170,640.

Business Program Summary

The business programs were well received by our customers. The tables below details the energy savings and the budget expenditures for the 2010 business programs compared to the 2010 EO Plan goals. Any excess energy goals from the 2010 programs will be carried over into the 2011 program goals.

Business Energy Savings Summary

Program kWhrs	kWh Goals	kWh Installed	Difference
Prescriptive Incentive	565706	1196167	630461
Custom Incentive	186314	222206	35892
Business Education	24454	24454	0
Pilot Emerging Technology	16303	231,660	215357
Totals	792777	1674487	881710

Business Budget Summary

Program \$\$	2010 Budget	2010 Expenditures	Difference \$
Prescriptive Incentive	89414	117793	28379
Custom Incentive	37960	26517	-11443
Education Services	3338	3338	0
Pilot Emerging Technology	2225	2225	0
Total	\$132937	\$149873	\$16936

SECTION 3: ADDITIONAL INFORMATION AND 2010 EO PROGRAMS

This section provides additional information to 2009 programs and a summary of the 2010 Energy Optimization programs.

Recovery of Costs from Customers

TCL&P did not collect surcharges in 2010, as previously filed, and at this time may or may not collect customer surcharges in 2011.

Levelized Surcharges		2009-2012
Residential	Per kWh	
Secondary 1	Per meter	
Secondary 2	Per meter	
Primary	Per meter	

Coordination of Energy Optimization Programs;

TCL&P has and will continue to meet with other utilities and agencies regarding the coordination of programs. In addition, TCL&P has participated in the EO Collaborative meetings hosted by MPSC through our membership in Michigan Municipal Electric Association (MMEA).

New Energy Optimization Programs for 2011

TCL&P plans to launch the following new additional programs in 2011. These programs will be added to the existing portfolio of programs that were launched in 2010.

- Residential Appliances and HVAC (This a combination of the Efficient Appliances/Electronic and HVAC Equipment program listed in the 2009 Plan filing. Due to limited budgets in both these programs the energy savings goals and the budgets will be blended together to ensure savings goals are met. This revision was approved for municipal utilities by the MPSC staff in the fall of 2009.)

Traverse City Light & Power - U15884
 Budget to Actual Comparison, EO Credits (kWh)
 December, 2010

	Actual Year-to-Date	Budget	Budget to Actual	Percentage of Budget
<u>Residential</u>				
Efficient Lighting	2,981	2,121	(860)	140.55%
Refrigerator/Freezer Turn-In & Recycling	158,213	112,060	(46,153)	141.19%
Efficient Appliances & HVAC	8,522	10,012	1,490	85.12%
Educational Services	24,454	24,454	-	100.00%
CFLs - State Grant	255,508	177,282	(78,226)	144.13%
Pilot/Emerging Technologies	16,303	16,303	-	100.00%
Total Residential	465,981	342,232	(123,749)	136.16%
<u>Commercial and Industrial</u>				
Prescriptive Incentive Program	1,196,167	565,706	(630,461)	211.45%
Custom Incentive Program	222,206	186,314	(35,892)	119.26%
Educational Services	24,454	24,454	-	100.00%
Pilot/Emerging Technologies	16,303	16,303	-	100.00%
Total Commercial and Industrial	1,459,130	792,777	(666,353)	184.05%
Low Income	20,356	13,692	(6,664)	148.67%
Total EO credits	1,945,467	1,148,701	(796,766)	169.36%

Traverse City Light & Power - U15884
 Budget to Actual Comparison, EO Program Expenditures
 December, 2010

\$\$\$

	Actual Year-to-Date	Budget	Budget to Actual	Percentage of Budget
Residential				
Efficient Lighting	542	1,176	634	46.09%
Refrigerator/Freezer Turn-In & Recycling	19,164	19,163	(1)	100.01%
Efficient Appliances & HVAC	4,397	5,730	1,333	76.74%
Educational Services	3,338	3,338	-	100.00%
CFLs - State Grant	-	-	-	0.00%
Pilot/Emerging Technologies	2,225	2,225	-	100.00%
Total Residential	29,666	31,632	1,966	93.78%
Commercial and Industrial				
Prescriptive Incentive Program	117,793	89,414	(28,379)	131.74%
Custom Incentive Program	26,517	37,960	11,443	69.86%
Educational Services	3,338	3,338	-	100.00%
Pilot/Emerging Technologies	2,225	2,225	-	100.00%
Total Commercial and Industrial	149,873	132,937	(16,936)	112.74%
Administration	11,125	11,125	-	100.00%
Evaluation	8,628	8,900	272	96.94%
Low Income	2,791	8,900	6,109	31.36%
Total Program Expenditures	202,083	193,494	(8,589)	104.44%

**Traverse City Light and Power
Energy Smart Program
Monthly Report
1/21/2011**

Executive Summary:

This report represents the final 2010 monthly report and includes all of the results recorded this year. The report shows your 2010 C&I and Residential kWh savings recorded, incentive budgets spent and customers who participated in the programs.

Participating Projects and Customers

The following customers are participating in the C&I prescriptive program

Customer	Incentive	kWh
Moats Office, LLC - 735 S. Garfield Ave.	\$1,555.00	26,895
Ace Welding & Machine, Inc. - 1505 Premier St.	\$667.80	7,937
Bayview Professional Centre LLC - 10850 E. Traverse Hwy	\$1,020.00	16,697
Britten Media - 2466 Cass Rd.	\$485.10	5,766
Brown Lumber - 1701 S. Airport Rd. West	\$4,282.00	70,083
Cone Drive Operations - 240 E. 12th Street	\$10,000.00	119,791
Courtyard Fine Art - 914 E. 8th Street	\$59.19	2,352
CPM Century Extrusion - 2412 West Aero Park Court	\$9,349.86	121,081
Fit for you health club - 1226 S. Garfield Avenue	\$1,140.00	30,563
Fox Grand Mercedes - 3258 North US 131	\$3,726.80	44,296
Fox Grand Traverse Ford/BMW - 3464 North US 131	\$6,273.20	180,954
Grand Traverse C. Facilities Mgmt - 400 Boardman Ave.	\$3,224.00	33,808
Grand Traverse Co. Front Street - 520 W. Front St.	\$1,848.00	19,500
Grand Traverse Continuous - 1661 Park Drive	\$808.50	9,610
Great Lakes Forge - 2465 N Aero Park Court	\$1,859.51	26,907
Maxbaur's Market - 407 S. Union St.	\$840.50	14,632
Members Credit Union - 3475 North U.S. 31 S. PO Box 795	\$1,527.00	16,173
Moats Office, LLC - 735 S. Garfield Ave.	\$1,600.00	28,091
Natural Gas Compression Systems, Inc. - 2480 Aero Park Dr.	\$8,489.25	100,901
Northern Michigan College - 1870 College Dr.	\$1,880.00	21,060
Petroleum Abstract & Title Service - 434 East Front Street	\$592.00	6,290
Sherwin Williams(Store # 1320) - 1204 S. Garfield Ave.	\$378.00	9,795
Traverse City Area Public Schools - 1150 Milliken Drive	\$8,910.00	160,677
Traverse City Light & Water - 1131 Hastings Street	\$2,010.97	40,171
World Wide Auto - 911 Lynch Dr.	\$646.80	7,688
Spartan Stores (Glen's Market) - 905 E 8th Street	\$4,000.00	74,450
Total	\$77,173.48	1,196,167

The following customers are participating in the C&I custom program

Customer	Incentive	kWh
Britten Media - 2466 Cass Rd.	\$7,580.66	185,747
Cade Development - 522 W. 14th Street	\$1,101.11	13,764
Ellas - 209 Front Street	\$1,084.19	13,552
James C. Smith - 101 West Front St.	\$366.42	4,580
Streamside - 223 E. Front Street	\$364.98	4,562
Total	\$10,497.36	222,206

Did you know that most incandescent light bulbs are going to be phased out?

DRAFT

The Energy Independence and Security Act of 2007 calls for increased energy efficiency for products, public buildings and vehicles, among other things. The law sets high energy efficiency standards for items such as the commonly used incandescent light bulb. Beginning January 1, 2012, all light bulbs produced must be 25 to 30 percent more efficient than today's technology. If bulbs do not meet these requirements they will be phased out. The process will begin with the 100-watt bulb in 2012, the 75-watt bulb in 2013 and the 60-watt and 40-watt bulbs in 2014. By 2020, all bulbs will have to be at least 70 percent more efficient than today's incandescent technology.

L&P Mission:

To provide safe, affordable, reliable energy services in an environmentally conscious manner.

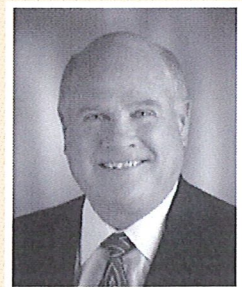
Executive Director Update: Working to Keep Electric Costs Affordable

L&P purchases power from multiple sources, including coal, natural gas, wind and landfill gas electric generation companies. L&P also purchases power from additional power suppliers during periods of high electric demand. To cover the total cost of power, L&P charges a Power Cost Recovery (PCR) on every customer's utility bill.

For every dollar L&P spends, approximately sixty-five cents is used to pay for purchased power. The remaining thirty-five cents is spent on transmission and distribution maintenance, metering, billing, energy conservation and other administrative costs.

The cost of power is increasing for L&P, as with all electric utilities, specifically due to coal transportation costs, addition of state required renewable energy, new power contracts and other state mandates. Even with the cost increases, it is important to point out that L&P still provides considerably lower rates than the surrounding electric providers.

A key element in L&P's Mission Statement is to keep costs affordable for all customers. You can be assured that L&P is working diligently to keep all cost increases to a minimum.



Ed Rice

Ed Rice
Executive Director



TRAVERSE CITY
LIGHT & POWER

Investing Our Energy In You

1131 Hastings St. | Traverse City, MI 49686
Main Office and 24-Hour Service: **922-4940**
Billing / Other Questions: **922-4431**

See the Energy Advisor and L&P Energy Smart Program at: www.tclp.org



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**TRAVERSE CITY LIGHT & POWER
TEN YEAR CAPITAL ANALYSIS**

	ACTUAL (\$000)	PLAN (\$000)	VARIANCE (\$000)
2001-02	\$ 6,228	\$ 4,745	\$ 1,483
2002-03	\$ 8,657	\$11,171	(\$ 2,514)
	<ul style="list-style-type: none"> • \$1,000 – Hall Street project less than estimated • \$ 850 – GT transformer booked in 2001-02 • \$ 750 – Brown Bridge spillway deferred 		
2003-04	\$ 2,193	\$ 6,668	(\$ 4,475)
	<ul style="list-style-type: none"> • \$ 750 – Brown Bridge spillway deferred • \$ 1,600 – GT to Cass Rd reconductor carryover to 2004-05 • \$ 1,000 – Cass Rd switching station carried over to 2005-05 • \$ 800 – Hall St to Boardman River project scope reduced • \$ 300 – 69/4160 substation deferred to 2005-06 		
2004-05	\$ 3,752	\$ 6,850	(\$ 3,098)
	<ul style="list-style-type: none"> • \$ 1,900 – GT to Cass forecast error • \$ 200 – Hammond Rd relocation deferred to 2008-09 • \$ 570 – Distributed generation deferred • \$ 200 – Cass Rd switching station less than estimated 		
2005-06	\$ 2,859	\$ 2,637	\$ 222
2006-07	\$ 1,744	\$ 3,515	(\$ 1,771)
	<ul style="list-style-type: none"> • \$ 1,000 – Gray Rd delayed to 2007-08 • \$ 800 – Distributed generation cancelled 		

**TRAVERSE CITY LIGHT & POWER
TEN YEAR CAPITAL ANALYSIS**

	ACTUAL (\$000)	PLAN (\$000)	VARIANCE (\$000)
2007-08	\$ 6,080	\$ 6,020	\$ 40
2008-09	\$ 1,557	\$ 6,986	\$ 5,429
	<ul style="list-style-type: none"> • \$ 550 – Fewer new extensions due to economic conditions • \$ 290 – Fewer circuit upgrades due to economic conditions • \$ 1,000 – South distribution substation deferred • \$ 2,000 – Gray to Hall 69KV line cancelled • \$ 200 – Load break switch deferred (Gray to Hall) • \$ 150 – Wind turbine refurbishment – no failure • \$ 1,500 – Transmission line reconductor deferred (Hall St) 		
2009-10	\$ 1,030	\$14,325	(\$13,295)
	<ul style="list-style-type: none"> • \$ 5,000 – Charlevoix wind farm cancelled • \$ 1,000 – Biomass generation project cancelled • \$ 600 – Fewer new extensions due to economic conditions • \$ 1,400 – Bay St undergrounding deferred to 2010-11 • \$ 2,125 – South distribution substation deferred to 2010-11 • \$ 670 – Gray Rd reconciliation • \$ 2,000 – East side project deferred – MISO issues • \$ 200 – Hastings St project deferred to 2010-11 • \$ 300 - Fewer circuit upgrades due to economic conditions 		
2010-11	\$ 1,422	\$ 9,225	(\$ 7,803)
	<ul style="list-style-type: none"> • \$ 1,100 – Biomass generation project cancelled • \$ 1,000 – Bay St undergrounding carryover to 2011-12 • \$ 2,125 – South distribution substation project deferred • \$ 2,000 – East side project deferred to 2011-12 		

TRAVERSE CITY LIGHT AND POWER
COMPARATIVE CAPITAL ASSET ADDITION ANALYSIS - Electric Utility Fund
FOR THE FISCAL YEARS 2001-02 THROUGH 2010-11

Fiscal Year:	thru March 2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Capital Plan:										
Generation	\$ 1,100,000	\$ 6,000,000	\$ 40,000	\$ 1,500,000	\$ 800,000	\$ 570,000	\$ 770,000	\$ 770,000	\$ 750,000	\$ -
Distribution & Substation	\$ 5,375,000	\$ 5,375,000	\$ 2,550,000	\$ 1,285,000	\$ 575,000	\$ 550,000	\$ 690,000	\$ 1,317,000	\$ 1,447,000	\$ 1,195,000
Transmission & Substation	\$ 2,050,000	\$ 2,350,000	\$ 3,831,000	\$ 2,215,000	\$ 1,315,000	\$ 1,307,750	\$ 5,210,000	\$ 4,376,388	\$ 7,274,000	\$ 2,800,000
Facilities	\$ 500,000	\$ 250,000	\$ 260,000	\$ 400,000	\$ 70,000	\$ 40,000	\$ 55,000	\$ 55,000	\$ 1,500,000	\$ 750,000
SCADA, Communications & Other	\$ 200,000	\$ 350,000	\$ 305,000	\$ 220,000	\$ 155,000	\$ 70,000	\$ 25,000	\$ 150,000	\$ 200,000	\$ -
Fiber Optics	\$ 436,500	\$ -	\$ 75,000	\$ 400,000	\$ 600,000	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -
Total Capital Plan	\$ 9,661,500	\$ 14,325,000	\$ 7,061,000	\$ 6,020,000	\$ 3,515,000	\$ 2,637,750	\$ 6,850,000	\$ 6,668,388	\$ 11,171,000	\$ 4,745,000
Actual Capital Outlay:										
Generation	\$ 1,109	\$ 115,264	\$ 29,735	\$ (35,130)	\$ (144,910)	\$ 51,656	\$ 192,748	\$ 61,392	\$ 367,360	\$ -
Distribution & Substation	\$ 1,030,470	\$ 1,050,870	\$ 998,008	\$ 1,418,755	\$ 1,194,967	\$ 1,356,881	\$ 1,415,009	\$ 877,037	\$ 1,358,806	\$ 1,547,427
Transmission & Substation	\$ 104,449	\$ (267,598)	\$ (21,863)	\$ 3,585,097	\$ 118,587	\$ 1,414,175	\$ 2,054,821	\$ 1,188,501	\$ 4,837,368	\$ 3,098,356
Facilities	\$ 35,931	\$ 7,115	\$ 106,366	\$ -	\$ 278,188	\$ 6,254	\$ 23,726	\$ 54,479	\$ 2,032,180	\$ 1,545,110
SCADA, Communications & Other	\$ 226,517	\$ 48,070	\$ 225,362	\$ 153,102	\$ 40,312	\$ 96,920	\$ 16,619	\$ 11,192	\$ 61,472	\$ 37,023
Fiber Optics	\$ 23,180	\$ 76,489	\$ 219,854	\$ 958,193	\$ 256,426	\$ 70,028	\$ 49,373	\$ -	\$ -	\$ -
Total Capital Outlay	\$ 1,421,657	\$ 1,030,210	\$ 1,557,462	\$ 6,080,017	\$ 1,743,570	\$ 2,995,914	\$ 3,752,295	\$ 2,192,601	\$ 8,657,187	\$ 6,227,917
Variance	\$ (8,239,843)	\$ (13,294,790)	\$ (5,503,538)	\$ 60,017	\$ (1,771,430)	\$ 358,164	\$ (3,097,705)	\$ (4,475,787)	\$ (2,513,813)	\$ 1,482,917

**TRAVERSE CITY LIGHT AND POWER
CAPITAL ADDITIONS BY PROJECT
FOR THE FISCAL YEARS 2001-02 THROUGH 2010-11**

Fiscal Year:	thru March 2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	Totals
Building Additions - Service Center	\$ 35,931	\$ 6,900	\$ 24,478		\$ 235,383		\$ 23,516	\$ 54,479	\$ 2,032,180	\$ 1,545,111	\$ 3,957,978
Building Additions-Hall Street Tenant Space					\$ 42,805	\$ 6,254					\$ 49,059
Distribution - Customer Installations		\$ 12,900				\$ 50,507	\$ 5,810		\$ 9,831	\$ 392	\$ 79,440
Distribution - Line Transformers					\$ 57,842		\$ 152,044	\$ 120,739	\$ 198,780	\$ 151,750	\$ 681,155
Distribution - Meters	\$ 11,486	\$ 52,659	\$ 28,940	\$ 58,483	\$ 74,844	\$ 97,702	\$ 70,681	\$ 61,903	\$ 63,993	\$ 80,547	\$ 601,238
Distribution - Overhead Lines	\$ 264,910	\$ 250,251	\$ 328,483	\$ 559,580	\$ 4,053	\$ 28,083	\$ 146,572	\$ 98,119	\$ 46,379	\$ 79,572	\$ 1,806,002
Distribution - Poles & Fixtures	\$ 2,500				\$ 239,322	\$ 180,751	\$ 125,037	\$ 97,363	\$ 199,484	\$ 88,716	\$ 933,173
Distribution - Substation Equipment	\$ 21,557		\$ 11,276	\$ 95,765		\$ 47,510		\$ 5,022		\$ 2,663	\$ 183,793
Distribution - Underground Lines	\$ 401,549	\$ 564,692	\$ 580,015	\$ 654,306	\$ 788,920	\$ 586,888	\$ 650,903	\$ 467,109	\$ 421,550	\$ 413,518	\$ 5,529,450
Fiber Optics	\$ 23,180	\$ 130,580	\$ 219,853	\$ 958,193	\$ 256,426	\$ 70,028	\$ 49,373				\$ 1,707,633
Generation - Bayside Plant Decommissioning								\$ 2,105			\$ 2,105
Generation - Biomass		\$ (28,888)	\$ 28,888					\$ 18,895			\$ 18,895
Generation - Britten Banner Power Supply							\$ 181,780				\$ 181,780
Generation - Brown Bridge Spillway					\$ (162,362)			\$ 4,544	\$ 157,818		\$ (0)
Generation - Charlevoix Wind Farm				\$ 46,385	\$ 17,453						\$ 63,838
Generation - Distributed Generation							\$ 15,131	\$ 35,848	\$ 209,543		\$ 260,522
Generation - Hydro Decommissioning				\$ (50,000)		\$ 50,000					\$ -
Generation - M72 Wind Turbine		\$ 21,756									\$ 21,756
Generation - Renewable Energy				\$ (31,515)		\$ 1,656	\$ 10,967				\$ (18,892)
Generation - Solar at Hastings St. Building B	\$ 1,109	\$ 13,572	\$ 847								\$ 15,528
Land - Substation									\$ 7,965		\$ 7,965
Land Improvements - Coal Dock		\$ 215	\$ 76,004								\$ 76,219
Land Improvements - General			\$ 5,884								\$ 5,884
Lighting - General Additions/Upgrades	\$ 327,345	\$ 19,396	\$ 49,295	\$ 50,621	\$ 29,985	\$ 12,885	\$ 76,358	\$ 17,296	\$ 74,035	\$ 83,837	\$ 741,053
Lighting - Boardman River Boardwalk									\$ 67,320		\$ 67,320
Lighting - Brewery Creek Development						\$ 261,594					\$ 261,594
Lighting - Bryant Park									\$ 8,430		\$ 8,430
Lighting - Downtown Streetscapes								\$ 9,487			\$ 9,487
Lighting - Hall Street							\$ 1,821				\$ 1,821
Lighting - State Street Streetscapes									\$ 37,526	\$ 119,010	\$ 156,536
Other - Billing Software Upgrade	\$ 460	\$ 15,370									\$ 15,830
Other - Furniture & Fixtures							\$ 4,804	\$ 8,974	\$ 6,958	\$ 10,969	\$ 31,705
Other - Property & Equipment	\$ 175,351	\$ 133,588	\$ 120,587	\$ 153,102	\$ 40,312	\$ 3,414	\$ 11,815	\$ 2,219	\$ 4,500	\$ 26,054	\$ 670,942
SCADA - GIS, Controls & Devices	\$ 51,168	\$ 229,474	\$ 104,775			\$ 93,506			\$ 56,972		\$ 535,895
Substations - Cass & Parsons						\$ 1,307,337	\$ 1,198,670	\$ 105,903		\$ 9,188	\$ 2,621,098
Substations - East Side Transmission	\$ 75,636	\$ 33,420	\$ 1,400								\$ 110,456
Substations - Grand Traverse			\$ 40,119	\$ 94,574					\$ 112,889	\$ 1,570,894	\$ 1,818,476
Substations - Gray Transmission	\$ 12,903	\$ (426,462)	\$ 89,424	\$ 3,303,017	\$ 10,000						\$ 2,988,882
Substations - Hall Street		\$ (2,012)					\$ 37,410	\$ 129,301	\$ 2,342,941	\$ 1,073,814	\$ 3,581,454
Substations - Barlow					\$ 74,831		\$ 27,766				\$ 102,597
Transmission - 69 KV Keystone Line							\$ 749,052	\$ 740,268	\$ 104,123	\$ 10,472	\$ 1,603,915
Transmission - MISO Equipment						\$ 4,447		\$ 149,273			\$ 153,720
Transmission - Overhead Lines	\$ 15,246	\$ 2,800		\$ 34,700	\$ 33,756	\$ 102,391	\$ 31,259	\$ 24,341	\$ 65,330	\$ 21,261	\$ 331,084
Transmission - Substation Equipment								\$ 11,665	\$ 37,379		\$ 49,044
Transmission - Underground Lines							\$ 38,640	\$ 20,056		\$ 26,524	\$ 85,220
Transmission - Wayne Street			\$ (152,806)	\$ 152,806							\$ -
Underground - 3 Mile Road Widening						\$ 90,961					\$ 90,961
Underground - 86th District Courthouse							\$ 30,040				\$ 30,040
Underground - Bay Street	\$ 1,326										\$ 1,326
Underground - Building 50 Project									\$ 6,254		\$ 6,254
Underground - Cherry Capital Airport							\$ 73,180		\$ 57,346	\$ 350,843	\$ 481,369
Underground - Hall & Garland Streets								\$ 7,694	\$ 2,287,595	\$ 395,390	\$ 2,690,679
Underground - Morgan Farms Phase I							\$ 39,666				\$ 39,666
Underground - NMC Phase II										\$ 100,071	\$ 100,071
Underground - Union & Lake Streets									\$ 107,386		\$ 107,386
Total Capital Outlay	\$ 1,421,657	\$ 1,030,210	\$ 1,557,462	\$ 6,080,017	\$ 1,743,570	\$ 2,995,914	\$ 3,752,295	\$ 2,192,601	\$ 8,657,187	\$ 6,227,917	\$ 35,658,829