

**A REGULAR MEETING**

Of The

**TRAVERSE CITY LIGHT AND POWER BOARD**

Will Be Held On

**TUESDAY, June 28, 2011**

At

**5:15 p.m.**

In The

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

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

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

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

Posting Date: 6-24-11  
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 of June 14, 2011.
- b. Consideration of adopting the 2011-2012 Budget.

#### **3. Old Business**

- a. Consideration of Power Cost Recovery rate stabilization. (Rice)

#### **4. New Business**

- a. Consideration of creating an In-city Residential Rate Class. (Rice)
- b. Consideration of renewing an agreement with Traverse Bay Economic Development Corporation. (Rice)
- c. Consideration of a Light and Power Bargaining Unit Economic Increase. (Rice)

#### **5. Appointments**

None.

#### **6. Reports and Communications**

- a. From Legal Counsel.
- b. From Staff.
- 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, June 14, 2011

**Board Members -**

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

**Ex Officio Member -**

Present: R. Ben Bifoss

**Others:** Ed Rice, W. Peter Doren, Tim Arends, Stephanie Tvardek, Karen Fehr, Jim Cooper, Tom Olney

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

Ed Rice introduced Tom Olney, new replacement Operations Manager for Traverse City Light & Power.

**Item 2 on the Agenda being Consent Calendar**

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

- a. Minutes of the Special Meeting and Closed Session of May 3, Study Session of May 5 and the Regular Meeting of May 10, 2011 be approved.
- b. 2011-12 Insurance Renewal.

CARRIED unanimously.

**Item 3 on the Agenda being Old Business**

- a. 2011-2012 Operating Budget.

Moved by Soffredine, seconded by Johnson, that the Light & Power 2011-12 Budget be revised to remove funding for the Community Relations Liaison in the amount of \$155,000 and staff be directed to present the revised budget to the City Commission for its consideration.

Roll Call Vote:

Yes – Carruthers, Estes, Soffredine, Taylor, Johnson, Coco  
No – Snodgrass

CARRIED.

R. Ben Bifoss departed the meeting at 6:15 pm.

**Item 4 on the Agenda being New Business**

**4(a).** Consideration of approving a Rate Stabilization Resolution.

Moved by Estes, seconded by Carruthers, that the Light & Power Board establish a separate rate class for resident individuals of Traverse City, and allocate \$2,000,000 to a rate stabilization fund to ensure that any rate increase is deferred for that separate class until the \$2,000,000 has been depleted to stabilize their rates.

The following individuals addressed the Board:

- Nate Elkins, 235 E. 10<sup>th</sup> Street, Ratepayer
- Tom Karas, 8801 Section Line Road, Michigan Energy Alternatives Project, Non-Ratepayer

Motion withdrawn by Estes, with approval of Carruthers.

Moved by Estes, seconded by Carruthers, that the Light & Power Board establish a separate rate class for resident individuals of Traverse City.

Motion withdrawn by Estes, with approval of Carruthers.

Resolution in Support of a Customer Rate Stabilization Program read by Vice Chair Johnson.

Moved by Johnson, seconded by Soffredine, that the Light & Power Board adopts the Resolution in support of a Customer Rate Stabilization Program and directs staff to forward the Resolution to the City Commission along with its required budget for 2011-12.

The following individuals addressed the Board:

- Mary Ann Moore, 1714 Timberlane Dr., Traverse City Commissioner, Ratepayer

Roll Call Vote:

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

CARRIED unanimously.

Chairman Coco called a 5 minute recess at 7:25 p.m.  
Chairman Coco called the meeting to order at 7:30 p.m.

W. Peter Doren departed the meeting at 7:30 p.m.

With no objection from the Board, Chairman Coco moved Public Comment before Reports and Communications.

**Item 5 on the Agenda being Appointments**

None.

**Item 7 on the Agenda being Public Comment**

The following individuals addressed the Board:

- Nate Elkins, 235 E. 10<sup>th</sup> Street, Ratepayer
- Gerladine Green, 214 E. 11<sup>th</sup> Street, Ratepayer
- Tom Karas, 8801 Section Line Road, Michigan Energy Alternatives Project, Non-Ratepayer

**Item 6 on the Agenda being Reports and Communications**

A. From Legal Counsel.

None.

John Taylor departed the meeting at 7:44 pm.

B. From Staff.

1. Karen Feahr spoke re: the Renewable Energy Plan filing.

C. From Board.

1. Ralph Soffredine spoke re: the NERC training he received at the Light & Power All Employee meeting on June 10, 2011.
2. John Snodgrass spoke re: the recent heat wave and he received confirmation that Light & Power had no reported outages during that time.

There being no objection, Chairman Coco declared the meeting adjourned at 7:53 p.m.

/st

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Edward E. Rice, Secretary  
LIGHT AND POWER BOARD



**TRAVERSE CITY**  
**LIGHT & POWER**

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**To:** Light and Power Board  
**From:** Tim Arends, Controller *h*  
**Date:** June 21, 2011  
**Subject:** 2011-2012 Budget Adoption

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At its June 20, 2011 meeting the City Commission passed a Resolution (attached) that authorizes the Light & Power Board to adopt the budget it presented at that meeting. As a final step in the budget process, it is now appropriate for the Board to formally adopt the budget document for 2011-2012.

This item is appearing on the consent calendar as staff deems it to be a non-controversial housekeeping matter, and recommends adoption of the 2011-2012 budgets for the electric and fiber optic funds. Approval of this item on the Consent Calendar means you agree with staff's recommendation.

If any member of the Board or the public wishes to discuss this matter, other than clarifying questions, it should be placed on the agenda an item under Old Business. If after Board discussion you agree with staff's recommendation the following motion would be appropriate:

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

**THAT THE LIGHT & POWER BOARD FORMALLY ADOPTS THE 2011-2012 OPERATING BUDGETS FOR THE ELECTRIC UTILITY AND FIBER OPTIC FUNDS.**

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The City of Traverse City

Office of the City Clerk

GOVERNMENTAL CENTER  
400 Boardman Avenue  
Traverse City, MI 49684  
(231) 922-4480  
tcclerk@ci.traverse-city.mi.us



**Resolution Adopting the Traverse City Light and Power Budget  
for Fiscal Year 2011-2012**

**Resolved,** that the Traverse City Light and Power Board has caused a budget document, including a Capital Improvements Plan to be prepared and presented to the City Commission covering the fiscal year commencing July 1, 2011, and ending June 30, 2012, and that the proposed budget document of the Traverse City Light and Power Department for the fiscal period of July 1, 2011, through June 30, 2012, is hereby approved in its entirety with revenues in the amount of \$34,007,350, and expenses in the amount of \$31,977,350, and the Fiber Optics Fund with revenues in the amount of \$254,250, and expenses in the amount of \$224,250, pursuant to the Charter of the City of Traverse City, Section 179(j); and that the Traverse City Light and Power Board is hereby authorized to adopt this budget, as submitted.

I hereby certify that the above Resolution was adopted by the City Commission on June 20, 2011, at a regular meeting of the City Commission held in the Commission Chambers, Governmental Center, 400 Boardman Avenue, Traverse City, Michigan.

A handwritten signature in black ink, appearing to read "Benjamin C. Marentette", written over a horizontal line.

Benjamin C. Marentette, CMC, Deputy City Clerk

Prepared by: Benjamin C. Marentette, CMC  
Deputy City Clerk and  
William E. Twietmeyer, City Treasurer/Finance Director



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light and Power Board  
**From:** Ed Rice, Executive Director  
**Date:** June 23, 2011  
**Subject:** Power Cost Recovery

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ER

Light & Power (L&P) customer billings has experienced an increase over the past several months due to new purchase power contracts as a result of Public Act 295 requirements, and the dissolution of the MPPA Power Pool that provided 50% of L&P's baseload energy that resulted in a new purchase power contract with Lansing Board of Water & Light; also, unplanned outages with the Kalkaska combustion turbine and Belle River generation unit have caused temporary increases to the utility's purchase power costs.

These increased costs are passed on to customers through the Board approved rate tariff "Fuel Power Cost Adjustment" or Power Cost Recovery (PCR) that is charged monthly to customers on a per/kWh basis. In recent weeks the Board has expressed an interest in assisting its customers by stabilizing rates to lessen the impact of these increases. Staff recommends that this be accomplished by capping the PCR charge to customers for a period of one year.

Based on requests of Board members for a detailed explanation of how the PCR is calculated, attached are documents that explain the calculation of the PCR that would be charged July 1, 2011 (based on May 2011 power costs). Also attached is the tariff rate that sets the base power cost of \$0.04857 cents/kWh and describes how that rate should be adjusted. It should be noted that the rate authorizes the Director to administer a delayed billing bank for the purpose of stabilizing the PCR for L&P customers. For the past 3 years the PCR charges to customers have been based on a 12 month rolling average of the actual monthly PCR which has eliminated spiking of rates from month-to-month. This will be explained in more detail at the meeting.

Finally, a spreadsheet has been provided that shows the financial impact of three different proposed rate stabilization options for the Board's consideration. Staff is recommending that the PCR be capped at the rate that was charged January 1, 2011. The capped rate of \$0.00681/kWh would be charged from July 1, 2011 through June 30, 2012 for all residential L&P customers. On average, this option will result in monthly bill reduction of \$4.24 to residential customers; the utility has a sufficient fund balance to cover the \$490K reduction in revenues for fiscal year 2011-12. Further, staff will include an update to the Board on anticipated PCR rates (revenues) through the annual budget process.



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

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

**THAT THE BOARD APPROVES CAPPING THE CUSTOMER FUEL POWER COST ADJUSTMENT (PCR RECOVERY) FOR ALL L&P RESIDENTIAL CUSTOMERS AT \$0.00681/KWH THROUGH JUNE 30, 2012.**

City of Traverse City  
Light and Power Department  
Effective June 28, 2005

### FUEL-POWER COST ADJUSTMENT

The Fuel-Power Cost Adjustment shall be derived as follows: The coal, gas, and net purchased power costs, **including MISO and SECA expenses**, (all referenced to Plant bus voltage) during the month shall be totaled and then divided by the net Traverse City energy provided to yield a cost per kWh experienced during that month. This experienced cost is then compared to the base cost of **48.57** mils/kWh with the resulting difference in mils/kWh to be multiplied by 105%; the resulting difference so multiplied shall be known as the Fuel-Power Cost Adjustment and shall be applied as follows beginning on the first day of the second month following data acquisition. If the experienced cost is higher than the base cost, the Fuel-Power Cost Adjustment shall be added onto the cost of all kWh billed. If the experienced cost is lower than the base cost, the Fuel-Power Cost Adjustment will be subtracted from the cost of all kWh billed.

The Department shall establish a (0-15 mil) DELAYED FPCA BILLING BANK to be administered by the Executive Director, or designate, for the purpose of stabilizing the FPCA as rendered.

**Traverse City Light & Power**  
**Input Data for Monthly kWh Reports**  
**May-11**

	Net kWh	Cost	Cost/ kWh
Wind Turbine (Net)	58,493		
Cambell #3	7,330,556	\$ 301,181.35	\$ 0.04109
Belle River	4,247,599	\$ 288,102.58	\$ 0.06783
Combustion Turbine	156,926	\$ 253,615.06	\$ 1.61614
Granger (net of sales)	158,601	\$ 7,791.62	\$ 0.04913
MISO Billings thru LBWL 5/27	368,600	\$ 25,518.59	\$ 0.06923
MISO Billings thru LBWL 5/20	473,600	\$ 29,799.20	\$ 0.06292
MISO Billings thru LBWL 5/13	2,847,350	\$ 106,120.69	\$ 0.03727
MISO Billings thru LBWL 5/6	2,697,610	\$ 108,125.75	\$ 0.04008
Less: Belle/Campbell	(4,255,780)	\$ (466,983.21)	\$ 0.10973
Total MISO Energy	2,131,380	\$ (197,418.98)	\$ (0.09262)
Wolverine Power Loss Charges	n/a	\$ 2,288.05	n/a
MPPA Transmission Credits	n/a	\$ (16,063.67)	n/a
MPPA Power Pool Costs	n/a	\$ -	n/a
Stoney Corners Wind Farm	2,409,512	\$ 252,998.76	\$ 0.10500
<b><u>Wind Sales:</u></b>			
MISO Billings thru LBWL 5/27	577,000	\$ 18,191.82	\$ 0.03153
MISO Billings thru LBWL 5/20	536,200	\$ 15,189.86	\$ 0.02833
MISO Billings thru LBWL 5/13	518,110	\$ 17,886.87	\$ 0.03452
MISO Billings thru LBWL 5/6	581,200	\$ 13,475.62	\$ 0.02319
	2,212,510	\$ 64,744.17	\$ 0.02926
Net Stoney Corners		\$ 188,254.59	\$ 0.08509
Lansing Bridge Agreement	10,960,000	\$ 577,794.29	\$ 0.05272

**Traverse City Light & Power  
System Energy Report  
May-11**

	Net kWh	System Peak Information
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**Generation:**

		Day	5/31/2011
		Time	3:00 PM
Wind Turbine	58,493	kW Peak	57,750

**Purchases:**

Lansing Bridge Agreement	10,960,000		
MISO Purchased Power	2,131,380		
Wolverine Power Loss Charges	n/a		
MPPA Transmission Credits	n/a		
MPPA Power Pool Costs	n/a		
Belle River	4,247,599		
Campbell #3	7,330,556		
Combustion Turbine	156,926		
Granger	n/a		
Stoney Corners Wind Farm	2,409,512		
Total Purchases	27,235,973		
System Energy	27,294,466		
Total Renewable Energy	9.6%		

**Not in Load**  
158,601

**Traverse City Light & Power  
Monthly PCR Adjustment**

Power Cost Recovery (PCR) for all kWh in the Month: **July-11**

Based on Cost of 2 Months Prior - Per Rate Schedules: \$ 0.004577

**Purchased Power Costs:**

Lansing Bridge Agreement	\$ 577,794.29	
MISO Purchased Power	\$ (197,418.98)	
Wolverine Power Loss Charges	\$ 2,288.05	
MPPA Transmission Credits	\$ (16,063.67)	
MPPA Power Pool Costs	\$ -	
Campbell #3	\$ 301,181.35	
Belle River	\$ 288,102.58	
Combustion Turbine	\$ 253,615.06	
Granger (Net of sales)	\$ 7,791.62	
Stoney Corners (Net of sales)	\$ 188,254.59	
Total Purchased Power Costs		<u>\$ 1,405,544.89</u>

**System Energy:**

Net kWh Purchased @ 69 Kv	27,235,973	
97.5% = 13.8 Kv kWh		<u>26,555,074</u>
Total System kWh		<u>26,555,074</u>
Actual Calculated Cost / kWh		<u>\$ 0.05293</u>
Base Cost per Rate Schedules	<u>\$ 0.04857</u>	
Actual PC/kWh, Less Base		<u>0.00436</u>
Calculated PCR @ 105%		<u>\$ 0.004577401</u>

**Traverse City Light & Power  
PCR Summary**

Month	Year	Monthly Actual PCR	12 Month Rolling Average
September	2007	\$ 0.00005000	\$ 0.00353
October	2007	\$ 0.00055000	\$ 0.00338
November	2007	\$ 0.00050000	\$ 0.00343
December	2007	\$ 0.01281000	\$ 0.00435
January	2008	\$ 0.00088700	\$ 0.00470
February	2008	\$ 0.00176000	\$ 0.00480
March	2008	\$ 0.00096000	\$ 0.00464
April	2008	\$ 0.00027000	\$ 0.00356
May	2008	\$ 0.00245000	\$ 0.00297
June	2008	\$ 0.00805000	\$ 0.00330
July	2008	\$ 0.00684000	\$ 0.00292
August	2008	\$ 0.00257000	\$ 0.00314
September	2008	\$ (0.00005000)	\$ 0.00313
October	2008	\$ 0.00274615	\$ 0.00332
November	2008	\$ 0.01074000	\$ 0.00417
December	2008	\$ 0.00109200	\$ 0.00319
January	2009	\$ 0.01053000	\$ 0.00400
February	2009	\$ 0.00278000	\$ 0.00408
March	2009	\$ (0.00243000)	\$ 0.00380
April	2009	\$ (0.00005707)	\$ 0.00377
May	2009	\$ (0.00123537)	\$ 0.00346
June	2009	\$ (0.00009000)	\$ 0.00279
July	2009	\$ 0.00494115	\$ 0.00263
August	2009	\$ (0.00215000)	\$ 0.00223
September	2009	\$ (0.00018900)	\$ 0.00222
October	2009	\$ (0.00002400)	\$ 0.00199
November	2009	\$ 0.00263000	\$ 0.00132
December	2009	\$ 0.00252000	\$ 0.00144
January	2010	\$ 0.00511000	\$ 0.00098
February	2010	\$ 0.00345000	\$ 0.00104
March	2010	\$ 0.00075000	\$ 0.00130
April	2010	\$ 0.01358000	\$ 0.00244
May	2010	\$ 0.00894000	\$ 0.00329
June	2010	\$ 0.00890000	\$ 0.00404
July	2010	\$ 0.00976000	\$ 0.00444
August	2010	\$ (0.00005000)	\$ 0.00461
September	2010	\$ (0.00247600)	\$ 0.00442
October	2010	\$ 0.00971900	\$ 0.00524
November	2010	\$ 0.00922500	\$ 0.00579
December	2010	\$ 0.01113500	\$ 0.00650
January	2011	\$ 0.00884200	\$ 0.00681
February	2011	\$ 0.01353100	\$ 0.00765
March	2011	\$ 0.02146900	\$ 0.00938
April	2011	\$ 0.02583400	\$ 0.01040
May	2011	\$ 0.02066800	\$ 0.01138
June	2011	\$ 0.02562900	\$ 0.01277
July	2011	\$ 0.00457700	\$ 0.01234

Traverse City Light & Power  
PCR Revenue Forecast - All Residential Customers

Month	Year	Billing PCR	Est. Monthly kWh Billed	Est. Monthly PCR Revenue	Est. Annual PCR Revenue
July	2011	\$ 0.01234	4,767,048	\$ 58,834	
August	2011	\$ 0.01357	4,767,048	\$ 64,712	
September	2011	\$ 0.01503	4,767,048	\$ 71,631	
October	2011	\$ 0.01549	4,767,048	\$ 73,830	
November	2011	\$ 0.01598	4,767,048	\$ 76,200	
December	2011	\$ 0.01635	4,767,048	\$ 77,937	
January	2012	\$ 0.01698	4,708,790	\$ 79,971	
February	2012	\$ 0.01720	4,708,790	\$ 80,968	
March	2012	\$ 0.01664	4,708,790	\$ 78,334	
April	2012	\$ 0.01573	4,708,790	\$ 74,091	
May	2012	\$ 0.01532	4,708,790	\$ 72,132	
June	2012	\$ 0.01447	4,708,790	\$ 68,124	\$ 876,763
<b>TOTALS</b>				<b>\$ 876,763</b>	

STAFF PROPOSAL - ALL RESIDENTIAL CAPPED AT \$0.005 through 6-30-2012  
Average Residential Monthly Savings = \$4.24

Proposed PCR	Est. Monthly kWh Billed	Est. Monthly PCR Revenue	Est. Annual PCR Revenue	Difference	Annual Difference
\$ 0.00681	4,767,048	\$ 32,464		\$ (26,370)	
\$ 0.00681	4,767,048	\$ 32,464		\$ (32,248)	
\$ 0.00681	4,767,048	\$ 32,464		\$ (39,167)	
\$ 0.00681	4,767,048	\$ 32,464		\$ (41,366)	
\$ 0.00681	4,767,048	\$ 32,464		\$ (43,737)	
\$ 0.00681	4,767,048	\$ 32,464		\$ (45,473)	
\$ 0.00681	4,708,790	\$ 32,067		\$ (47,904)	
\$ 0.00681	4,708,790	\$ 32,067		\$ (48,901)	
\$ 0.00681	4,708,790	\$ 32,067		\$ (46,267)	
\$ 0.00681	4,708,790	\$ 32,067		\$ (42,024)	
\$ 0.00681	4,708,790	\$ 32,067		\$ (40,065)	
\$ 0.00681	4,708,790	\$ 32,067	\$ 387,183	\$ (36,057)	\$ (489,580)
<b>TOTALS</b>		<b>\$ 387,183</b>		<b>\$ (489,580)</b>	

Traverse City Light & Power  
PCR Revenue Forecast - Inside City Residential Customers Only

Month	Year	Billing PCR	Est. Monthly kWh Billed	Est. Monthly PCR Revenue	Est. Annual PCR Revenue
July	2011	\$ 0.01234	3,708,005	\$ 45,763	
August	2011	\$ 0.01357	3,708,005	\$ 50,336	
September	2011	\$ 0.01503	3,708,005	\$ 55,717	
October	2011	\$ 0.01549	3,708,005	\$ 57,428	
November	2011	\$ 0.01598	3,708,005	\$ 59,272	
December	2011	\$ 0.01635	3,708,005	\$ 60,622	
January	2012	\$ 0.01698	3,662,689	\$ 62,204	
February	2012	\$ 0.01720	3,662,689	\$ 62,980	
March	2012	\$ 0.01664	3,662,689	\$ 60,932	
April	2012	\$ 0.01573	3,662,689	\$ 57,631	
May	2012	\$ 0.01532	3,662,689	\$ 56,107	
June	2012	\$ 0.01447	3,662,689	\$ 52,990	\$ 681,982
<b>TOTALS</b>				<b>\$ 681,982</b>	

ESTES PROPOSAL - ALL INSIDE CITY RESIDENTIAL CAPPED AT \$0.005 THROUGH 6-30-2012  
Average Residential Monthly Savings = \$4.21

Proposed PCR	Est. Monthly kWh Billed	Est. Monthly PCR Revenue	Est. Annual PCR Revenue	Difference	Annual Difference
\$ 0.00681	3,708,005	\$ 25,252		\$ (20,512)	
\$ 0.00681	3,708,005	\$ 25,252		\$ (25,084)	
\$ 0.00681	3,708,005	\$ 25,252		\$ (30,466)	
\$ 0.00681	3,708,005	\$ 25,252		\$ (32,176)	
\$ 0.00681	3,708,005	\$ 25,252		\$ (34,020)	
\$ 0.00681	3,708,005	\$ 25,252		\$ (35,371)	
\$ 0.00681	3,662,689	\$ 24,943		\$ (37,261)	
\$ 0.00681	3,662,689	\$ 24,943		\$ (38,038)	
\$ 0.00681	3,662,689	\$ 24,943		\$ (35,989)	
\$ 0.00681	3,662,689	\$ 24,943		\$ (32,688)	
\$ 0.00681	3,662,689	\$ 24,943		\$ (31,164)	
\$ 0.00681	3,662,689	\$ 24,943	\$ 301,167	\$ (28,047)	\$ (380,816)
<b>TOTALS</b>		<b>\$ 301,167</b>		<b>\$ (380,816)</b>	

Traverse City Light & Power  
PCR Revenue Forecast - All Customers

Month	Year	Billing PCR	Est. Monthly kWh Billed	Est. Monthly PCR Revenue	Est. Annual PCR Revenue
July	2011	\$ 0.01234	27,085,500	\$ 334,284	
August	2011	\$ 0.01357	27,085,500	\$ 367,682	
September	2011	\$ 0.01503	27,085,500	\$ 406,993	
October	2011	\$ 0.01549	27,085,500	\$ 419,488	
November	2011	\$ 0.01598	27,085,500	\$ 432,956	
December	2011	\$ 0.01635	27,085,500	\$ 442,823	
January	2012	\$ 0.01698	26,754,488	\$ 454,378	
February	2012	\$ 0.01720	26,754,488	\$ 460,047	
March	2012	\$ 0.01664	26,754,488	\$ 445,081	
April	2012	\$ 0.01573	26,754,488	\$ 420,969	
May	2012	\$ 0.01532	26,754,488	\$ 409,842	
June	2012	\$ 0.01447	26,754,488	\$ 387,067	\$ 4,981,609
<b>TOTALS</b>				<b>\$ 4,981,609</b>	

SNODGRASS PROPOSAL - ALL CUSTOMERS PHASED-IN PCR INCREASE THROUGH 6-30-2012  
Average Residential Monthly Savings = \$1.52

Proposed PCR	Est. Monthly kWh Billed	Est. Monthly PCR Revenue	Est. Annual PCR Revenue	Difference	Annual Difference
\$ 0.01160	27,085,500	\$ 314,192		\$ (20,092)	
\$ 0.01186	27,085,500	\$ 321,099		\$ (46,583)	
\$ 0.01211	27,085,500	\$ 328,005		\$ (78,987)	
\$ 0.01237	27,085,500	\$ 334,912		\$ (84,576)	
\$ 0.01262	27,085,500	\$ 341,819		\$ (91,136)	
\$ 0.01288	27,085,500	\$ 348,726		\$ (94,097)	
\$ 0.01313	26,754,488	\$ 351,286		\$ (103,092)	
\$ 0.01339	26,754,488	\$ 358,109		\$ (101,938)	
\$ 0.01364	26,754,488	\$ 364,931		\$ (80,150)	
\$ 0.01390	26,754,488	\$ 371,754		\$ (49,215)	
\$ 0.01415	26,754,488	\$ 378,576		\$ (31,266)	
\$ 0.01447	26,754,488	\$ 387,067	\$ 4,200,476	\$ -	\$ (781,133)
<b>TOTALS</b>		<b>\$ 4,200,476</b>		<b>\$ (781,133)</b>	



**TRAVERSE CITY**  
**LIGHT & POWER**

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**To:** Light and Power Board  
**From:** Ed Rice, Executive Director  
**Date:** June 24, 2011  
**Subject:** In-City Residential Rate Class

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*ER*

The Board, at its June 14, 2011 meeting, discussed the creation of In-City Residential rates to distinguish between In-City from customers outside the city limits. Some board members supported the concept. Motions were made and withdrawn primarily due to concerns that the Public should be noticed before the action was considered by the Board.

While the utility billing system already identifies each customer by jurisdiction and customer class, one rate per class is applied to all customers within that class (i.e. residential rates apply to all residential customers). If the Board desires to charge different In-City rates, or apply a different PCR charge to In-City customers than to those outside the city limits, it would be required to adopt separate rate tariffs for those services/customer classes.

Attached are the rate classes that would be impacted if an In-City residential rate class was adopted by the Board. Once introduced and approved by the Board a Public Hearing would be set, which would be preceded by publishing the new rates in the newspaper and noticing the Public of the Public Hearing. After the Public Hearing the Board could formally adopt the new rate/class.

If the staff recommendation on the preceding agenda item that caps the PCR for all residential customers was approved by the Board this action would be a mute point as rates for all residential customers would remain the same. Therefore, staff would recommend the Board take no action in creating new rate tariffs that apply strictly to In-City residential customers. However, if the Board approved the option that capped the PCR for In-City residential customers only, the procedures described above would be required.



City of Traverse City  
Light and Power Department  
Effective October 1, 2006

## **RESIDENTIAL SERVICE**

(Rate "R")

### **Availability:**

Available to single family residences, individually metered dwelling units in: mobile home courts, apartment buildings, condominiums, and multiple dwelling units. This rate is not available for general service or for resale purposes.

Service for single phase motors may be included under this rate, provided the individual capacity of such motors does not exceed 3 hp, nor the total capacity of 10 hp, without the specific consent of the Department.

### **Nature of Service:**

Alternating current, 60 hertz, single phase, 120/240 nominal volts.

### **Monthly Rate:**

Customer Charge: \$4.75 per month, plus  
Energy Charge:

7.8¢ per kWh for the first 16 kWh per day

8.95¢ per kWh for all over 16 kWh per day

### **Water Heating Service:**

When service is supplied to a Department-approved water heater with a tank capacity of 30 gallons or greater, the rate of 7.8¢ per kWh shall apply to the first 29 kWh per day. All excess kWh are billed at 8.95¢ per kWh. This provision for water heating service is not applicable to the use of electricity as an occasional or seasonal substitute for another method of water heating.

City of Traverse City  
Light and Power Department  
Effective October 1, 2006

Residential Service (Rate"R"), cont.

**Space Heating Service:**

When service is supplied to a residence which has permanently installed electric heating equipment as the primary source of space heating, the following rate shall apply during the billing months of November through May: 7.6¢ per kWh  
June through October: 7.8¢ per kWh for 488 kWh/month. All excess kWh billed at 8.95¢/kWh

**Fuel-Power Cost Adjustment:**

This rate is subject to the Department's Fuel-Power Cost Adjustment.

**Minimum Charge:**

The customer charge included in the rate.

**Due Date:**

The due date of the customer's bill will be shown on the bill and will be at least twenty-one (21) days after mailing. Payments received after the due date are considered late, and a penalty charge of 2% shall be imposed as a one-time charge.

**Michigan Sales Tax:**

This tax shall be added to all bills, including minimum, where applicable.

City of Traverse City  
Light and Power Department  
Effective October 1, 2006

**RESIDENTIAL SENIOR CITIZEN SERVICE**

(Rate "RS")

**Availability:**

Available to single family residences, individually metered dwelling units in: mobile home courts, apartment buildings, condominiums, and multiple dwelling units. This rate is now available for general service or for resale purposes.

Service for single-phase motors may be included under this rate, provided the individual capacity of such motors does not exceed 3 hp, nor the total capacity of 10 hp, without the specific consent of the Department.

**Nature of Service:**

Alternating current, 60 hertz, single phase, 120/240 nominal volts.

**Monthly Rate:**

Customer Charge: \$3.75 per month, plus  
Energy Charge: 6.1¢ per kWh for the first 16 kWh per day  
10.69¢ per kWh for the next 17.3 kWh per day  
8.95¢ for all over

**Water Heating Service:**

When service is supplied to a Department-approved water heater with a tank capacity of 30 gallons or greater, the rate of 6.47¢ per kWh shall apply to the first 29 kWh's per day. All excess kWhs are billed at 8.95¢ per kWh. This provision for water heating service is not applicable to the use of electricity as an occasional or seasonal substitute for another method of water heating.

City of Traverse City  
Light and Power Department  
Effective October 1, 2006

Residential Senior Citizen Service (Rate "RS"), cont.

**Space Heating Service:**

When service is supplied to a residence which has permanently installed electric heating equipment as the primary source of space heating, the following rate shall apply during the billing months of November through May: 7.6¢ per kWh for all kWh per month  
June through October: 7.8¢ per kWh for 488 kWh per month and 8.95¢ per kWh for excess

**Fuel-Power Cost Adjustment:**

This rate is subject to the Department's Fuel-Power Cost Adjustment.

**Minimum Charge:**

The customer charge included in the rate.

**Due Date:**

The due date of the customer's bill will be shown on the bill and will be at least twenty-one (21) days after mailing. Payments received after the due date are considered late, and a penalty charge of 2% shall be imposed as a one-time charge.

**Michigan Sales Tax:**

This tax shall be added to all bills, including minimum, where applicable.

**Senior Citizen Requirements:**

To qualify for this reduction, the customer must be 62 years-of-age and head of the household. To apply for this, write or come to the City's Utility Customer Service Department at the Governmental Center, 400 Boardman Avenue, Traverse City, MI 49684. If you are applying in writing, be sure to:

1. Give your full name and utility service address.
2. State that you are 62 years-of-age or older, and supply copy of identification showing such.
3. State that you are the head of the household.
4. Sign your written request.

- 2 -

City of Traverse City  
Light and Power Department  
Effective October 1, 2006

## **LIFE SUPPORT SYSTEM SERVICE RATE**

### **Availability:**

Subject to any restrictions, this rate is available to any residential customer who, in addition to normal household requirements, desires electric service for life support systems.

For a life support system customer to qualify for this rate, the customer must notify the Utility that a member of the household is dependent upon electrical energy for the continuous operation of a life support system.

A signed certificate must be provided by a licensed physician stating that a member of the household is dependent on electric energy for the operation of a life support device. For application of this rate, life support systems are considered to be such devices as a respirator, iron lung or kidney dialysis machine.

This rate is not available for resale purposes or for any nonresidential usage.

### **Nature of Service:**

Alternating current, 60-hertz, single-phase, secondary voltage, the particular nature of the voltage in each case to be determined by the Utility.

### **Monthly Rate:**

Customers will be billed on the appropriate residential service rate schedule and charges reduced by 20%.

Customers on this rate will be subject to terms and conditions for the appropriate residential rate schedule including the Fuel Power Cost Adjustment.



**TRAVERSE CITY**  
**LIGHT & POWER**

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**To:** Light and Power Board  
**From:** Ed Rice, Executive Director *ER*  
**Date:** June 24, 2011  
**Subject:** Traverse Bay EDC Agreement Renewal

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At your Board meeting on June 28, 2011, Tino Breithaupt, Senior Vice President of Economic Development will present a status report regarding TBEDC activities on behalf of Light & Power. At this time I am recommending that the Board renew the agreement with the EDC for professional economic development services in the amount of \$25,000 that will focus on retention and expansion of existing business and industry, and encouragement of new business and industry within the Light & Power service territory.

If the Board is in agreement with Staff's recommendation the following motion may be appropriate:

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

**THAT THE BOARD AUTHORIZES THE EXECUTIVE DIRECTOR TO ENTER INTO AN AGREEMENT WITH TRAVERSE BAY ECONOMIC DEVELOPMENT CORPORATION FOR 2011-2012 PROFESSIONAL SERVICES IN THE AMOUNT OF \$25,000.**

**TRAVERSE CITY LIGHT & POWER DEPARTMENT  
AGREEMENT FOR ECONOMIC DEVELOPMENT SERVICES**

THIS AGREEMENT made this \_\_\_\_\_ day of June 2011, by and between Traverse City Light & Power Department, 1131 Hastings St., Traverse City, Michigan, 49686, ("TCL&P") and the TRAVERSE BAY ECONOMIC DEVELOPMENT CORPORATION, 202 East Grandview Parkway, Traverse City, Michigan, 49684 ("TBEDC") it supersedes and replaces all previous Agreements between the parties;

WITNESS TO:

WHEREAS, TCL&P desires to encourage economic development within the CITY, the retention, expansion and attraction of the employment opportunities within the CITY and other such activities; and

WHEREAS, TBEDC has the expertise and ability to assist in the retention and expansion of existing business and industry and the encouragement of new business and industry within the CITY relative to its Strategic Plan;

THEREFORE, the parties mutually agree as follows:

**Section 1: Purpose and Scope.**

- a. The purpose of this Agreement is to enter into an agreement for the implementation of the Traverse Bay EDC Strategic Plan within the City of Traverse City. Specific services will include retention, expansion and attraction of business, counseling small businesses and nurturing entrepreneurs. Additional activity will include the marketing and promotion of the CITY, all designed to strengthen and expand the business climate in the CITY.
- b. The TCL&P will provide assistance and guidance as may be required to support the Strategic Objectives and will provide funding for the services as identified below.

**Section 2: Reporting and Information.**

TBEDC shall provide a verbal or written report to the TCL&P Board of Directors on a quarterly basis, outlining all activities conducted in the implementation of the Strategic Plan. TBEDC shall also attend meetings upon request of the TCL&P Executive Director and/or the TCL&P Board of Directors to present such verbal or written reports on its activities as requested.

**Section 3: Compensation and Method of Payment.**

TCL&P shall pay to TBEDC and TBEDC agrees to accept as full compensation for its services under the Agreement the sum of TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00) for the purpose and scope as outlined in the TBEDC Strategic Plan.

**Section 4: Term.**

The services rendered and the obligations incurred under this Agreement shall be for the period July 1, 2011, through June 30, 2012.

**Section 5: Independent Contractor.**

The relationship of TBEDC to TCL&P is that of an independent contractor and in accordance therewith, TBEDC agrees to conduct itself consistent with such status and

that neither it nor its employees, officers, or agents will claim to be an officer, employee or agent of TCL&P or make any claim, demand of application to or for any rights or privileges applicable to any officer or employee of TCL&P including, but not limited to, workers' compensation coverage, unemployment insurance benefits, social security coverage, or retirement membership or credit.

**Section 6: Responsibility.**

TBEDC assumes the risk in performing services under this Agreement and shall be solely responsible and answerable for damages and all accidents or injuries to persons or property, and hereby covenants and agrees to indemnify and save harmless TCL&P, its officers and employees, from any and all claims, suits, losses, damages or injury, to persons or property of whatsoever kind and nature, whether direct or indirect, arising out of TBEDC's improper performance of services or out of any carelessness, negligence, or wrongful conduct of TBEDC or any of its officers or employees. Such responsibility shall not be limited by reason of any insurance coverage TBEDC may provide.

**Section 7: Compliance.**

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

**Section 8: Non-Discrimination.**

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

**Section 9: Entire Agreement.**

The Agreement, together with all items incorporated herein by reference, constitutes the entire Agreement of the parties and there are no valid promises, conditions or understandings which are not contained herein.

**Section 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.

**Section 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.

**Section 12: Amendments.**

The parties agree to modifications of this Agreement as appropriately needed, but such modifications shall be in writing and signed by both parties.

**Section 13: Assignment.**

The parties agree there shall be no assignment or transfer of this Agreement or any part thereof unless mutually agreed to in writing by both parties.



**Section 14: Venue.**

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

**Section 15: Interpretation.**

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

**Section 16: Workers Compensation.**

The parties agree to maintain at all times while work is being performed under this Agreement suitable workers compensation insurance pursuant to Michigan law and will upon execution of this Agreement provide a certificate of insurance or copy of state approval for self insurance to the TCL&P Executive Director.

**Section 17: Authority to Execute.**

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

**Section 18: Termination.**

- a. FOR FAULT. If TCL&P determines that TBEDC has failed to perform or will fail to perform all or any part of the services, obligations, or duties required by the Agreement, TCL&P may terminate or suspend this Agreement in whole or in part upon written notice to TBEDC specifying the portions of the Agreement and in the case of suspension, shall specify a reasonable period not more than thirty (30) days, nor less than fifteen (15) days from receipt of the notice, during which time TBEDC shall correct the violations referred to in the notice. If TBEDC does not correct the violations during the period provided for in the notice, this Agreement shall be terminated upon expiration of such time. The provision for termination shall not limit or modify any other right to TCL&P to proceed against TBEDC at law or under the terms of this Agreement.
- b. NOT FOR FAULT. Whenever TCL&P determines that termination of this Agreement in whole or in part is in the best interest of TCL&P or in the event that termination is required by the State of Federal agency, TCL&P may terminate this Agreement by written notice to TBEDC specifying the services terminated and the effective date of such termination.

**Section 17: Remedies.**

Upon any termination of the Agreement, TBEDC shall return part of the last paid annual payment prorated on a monthly basis from the date of termination until the end for the period covered.

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

TRAVERSE CITY LIGHT & POWER DEPARTMENT

By: \_\_\_\_\_  
Edward E. Rice, Executive Director

TRAVERSE BAY ECONOMIC DEVELOPMENT CORPORATION

By: \_\_\_\_\_  
Tino J. Breithaupt  
Senior Vice President

# Economic Development Team

- Five-Year Track Record
- City of TC Compared to Region
- Strategic Partnerships
- Changing Landscape
- Business and Talent
- Regional Branding

# Economic Development Team

- Economic Gardening
  - Stage 2 Companies
  - Products, Programs and Services
  - Peer-to-Peer Learning / CEO Roundtables
- Access to Capital
- Continued Leadership
  - Regional Entrepreneurial Collaborative
  - MEDC Regional Resources

# Economic Development Team

- Stakeholders Meeting
- Energy Efficiency
- Community Engagement

**Successful TBEDC Projects  
Five-Year Cumulative Total (2006-2010)  
4-County Region**

Year	# of Projects	Jobs Created	Jobs Retained	Total Investment	Private Investment	Public Investment
2006	12	139	303	\$ 39,053,309	\$ 32,206,679	\$ 6,846,630
2007	15	174	591	\$ 64,116,441	\$ 60,882,446	\$ 3,233,995
2008	21	202	380	\$ 15,569,769	\$ 13,513,466	\$ 2,056,303
2009	17	420	583	\$ 58,973,949	\$ 41,858,662	\$ 17,115,287
2010	17	182	211	\$ 71,458,454	\$ 66,412,784	\$ 5,045,670
<b>Total</b>	<b>82</b>	<b>1117</b>	<b>2068</b>	<b>\$ 249,171,922</b>	<b>\$ 214,874,037</b>	<b>\$ 34,297,885</b>

**Successful TBEDC Projects  
Five-Year Cumulative Total (2006-2010)  
City of Traverse City**

Year	# of Projects	Jobs Created	Jobs Retained	Total Investment	Private Investment	Public Investment
2006	1	10	8	\$ 1,135,000	\$ 1,000,000	\$ 135,000
2007	7	108	226	\$ 46,368,404	\$ 45,548,196	\$ 820,208
2008	4	8	13	\$ 50,000	\$ 50,000	\$ -
2009	5	354	414	\$ 53,844,891	\$ 37,159,250	\$ 16,685,641
2010	3	54	52	\$ 18,756,343	\$ 15,273,384	\$ 3,482,959
<b>Total</b>	<b>20</b>	<b>534</b>	<b>713</b>	<b>\$ 120,154,638</b>	<b>\$ 99,030,830</b>	<b>\$ 21,123,808</b>

Successful TBEDC Projects  
Five-Year Cumulative Total (2006-2010)  
Garfield Township

Year	# of Projects	Jobs Created	Jobs Retained	Total Investment	Private Investment	Public Investment
2006	4	28	14	\$ 1,038,748	\$ 698,500	\$ 340,248
2007	2	14	39	\$ 6,904,549	\$ 6,039,250	\$ 865,299
2008	3	14	76	\$ 1,602,821	\$ 1,259,754	\$ 343,067
2009	2	25	4	\$ 778,619	\$ 710,000	\$ 68,619
2010	5	81	112	\$ 19,360,000	\$ 19,360,000	\$ -
<b>Total</b>	<b>16</b>	<b>162</b>	<b>245</b>	<b>\$ 29,684,737</b>	<b>\$ 28,067,504</b>	<b>\$ 1,617,233</b>

Successful TBEDC Projects  
Five-Year Cumulative Total (2006-2010)  
Grand Traverse County

Year	# of Projects	Jobs Created	Jobs Retained	Total Investment	Private Investment	Public Investment
2006	8	79	60	\$ 8,425,531	\$ 7,206,679	\$ 1,218,852
2007	11	122	342	\$ 53,426,831	\$ 51,587,446	\$ 1,839,385
2008	14	171	164	\$ 10,616,169	\$ 8,615,466	\$ 2,000,703
2009	8	379	420	\$ 55,369,010	\$ 38,614,750	\$ 16,754,260
2010	12	182	211	\$ 71,224,672	\$ 66,432,784	\$ 4,791,888
<b>Total</b>	<b>53</b>	<b>933</b>	<b>1197</b>	<b>\$ 199,062,213</b>	<b>\$ 172,457,125</b>	<b>\$ 26,605,088</b>

Successful TBEDC Projects  
Five-Year Cumulative Total (2006-2010)  
Benzie County

Year	# of Projects	Jobs Created	Jobs Retained	Total Investment	Private Investment	Public Investment
2006	0	0	0	\$ -	\$ -	\$ -
2007	3	32	215	\$ 7,689,610	\$ 6,295,000	\$ 1,394,610
2008	1	1	0	\$ 20,000	\$ 20,000	\$ -
2009	3	16	0	\$ 1,055,000	\$ 920,000	\$ 135,000
2010	1	0	0	\$ 34,770	\$ -	\$ 34,770
<b>Total</b>	<b>8</b>	<b>49</b>	<b>215</b>	<b>\$ 8,799,380</b>	<b>\$ 7,235,000</b>	<b>\$ 1,564,380</b>

Successful TBEDC Projects  
Five-Year Cumulative Total (2006-2010)  
Leelanau County

Year	# of Projects	Jobs Created	Jobs Retained	Total Investment	Private Investment	Public Investment
2006	1	60	0	\$ 25,000,000	\$ 25,000,000	\$ -
2007	1	20	34	\$ 3,000,000	\$ 3,000,000	\$ -
2008	3	5	14	\$ 160,000	\$ 120,000	\$ 40,000
2009	4	3	17	\$ 62,240	\$ 49,357	\$ 12,883
2010	2	0	0	\$ 60,820	\$ -	\$ 60,820
<b>Total</b>	<b>11</b>	<b>88</b>	<b>65</b>	<b>\$ 28,283,060</b>	<b>\$ 28,169,357</b>	<b>\$ 113,703</b>



Successful TBEDC Projects  
 Five-Year Cumulative Total (2006-2010)  
 Kalkaska County

Year	# of Projects	Jobs Created	Jobs Retained	Total Investment	Private Investment	Public Investment
2006	0	0	0	\$ -	\$ -	\$ -
2007	0	0	0	\$ -	\$ -	\$ -
2008	2	25	2	\$ 1,610,000	\$ 1,600,000	\$ 10,000
2009	1	12	140	\$ 600,000	\$ 600,000	\$ -
2010	1	0	0	\$ 20,000	\$ -	\$ 20,000
<b>Total</b>	<b>4</b>	<b>37</b>	<b>142</b>	<b>\$ 2,230,000</b>	<b>\$ 2,200,000</b>	<b>\$ 30,000</b>

Successful TBEDC Projects  
 Five-Year Cumulative Total (2006-2010)  
 Regional Projects

Year	# of Projects	Jobs Created	Jobs Retained	Total Investment	Private Investment	Public Investment
2006	3	0	243	\$ 27,778	\$ -	\$ 27,778
2007	0	0	0	\$ -	\$ -	\$ -
2008	2	0	200	\$ 3,163,600	\$ 3,158,000	\$ 5,600
2009	1	10	6	\$ 1,887,699	\$ 1,674,555	\$ 213,144
2010	1	0	0	\$ 27,500	\$ -	\$ 27,500
<b>Total</b>	<b>7</b>	<b>10</b>	<b>449</b>	<b>\$ 5,106,577</b>	<b>\$ 4,832,555</b>	<b>\$ 274,022</b>



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light and Power Board *ER*  
**From:** Ed Rice, Executive Director  
**Date:** June 25, 2011  
**Subject:** L&P Bargaining Unit Economic Adjustment

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The Light & Power bargaining unit employees, represented by Local 295 of the Utility Workers Union of America AFL-CIO, are currently working under a contract agreement with the Board that covers the period July 1, 2005 through June 30, 2008 that was subsequently extended three times through June 30, 2011 by Letters of Understanding (latest one attached).

Neither the bargaining unit nor management exercised its option under Section 65 of the contract agreement to renegotiate the terms of the agreement which caused the current agreement to be automatically extended for another fiscal year to June 30, 2012. While the Board and management are not contractually obligated to offer any economic increase to the current wage rates (attached), I am recommending that the Board offer a Fourth Letter of Understanding which will offer a 2% wage rate increase effective July 3, 2011.

This recommended increase is in line with increase percentages being offered to other employee groups throughout the city. I believe that approval of this recommendation would be in the best interests of the utility.

If the Board is in agreement with this recommendation the following motion would be appropriate:

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

**THAT THE BOARD OFFER A LETTER OF UNDERSTANDING TO THE LIGHT & POWER BARGAINING UNIT UWUA LOCAL 295 THAT CALLS FOR A 2% INCREASE TO THE CURRENT WAGE RATES WITH AN EFFECTIVE DATE OF JULY 3, 2011.**

Please note: Because the bargaining agreement is 61 pages, a copy will be provided to board members upon request. Otherwise, it can be viewed on the City's website: <http://www.ci.traverse-city.mi.us/person/tclpcba20050701.pdf>

Third Letter of Understanding  
Between  
City of Traverse City Light & Power  
and  
Utility Workers Union of America, Local 295

Re: Contract Extension

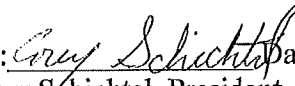
The parties agree as follows:

1. The collective bargaining agreement between the parties is hereby extended for one year, with the new expiration date being June 30, 2011, with no additional changes other than the following:
  - a) All of the wage rates listed in Section 4(C) of Appendix A of the parties' collective agreement (as adjusted by the Second Letter of Understanding) are increased by 2%, with an effective date of July 4, 2010.

The City of Traverse City  
Light and Power Board

The Utility Workers of America  
Local 295

By:  Date 7/28/10  
Mike Coco, Board Chairperson

By:  Date 7-30-10  
Corey Schichtel, President, Local 295

APPROVED AS TO SUBSTANCE:

By:  Date 7-30-10  
Edward E. Rice, Executive Director

**Traverse City Light & Power  
Bargaining Unit Wage Scale  
Effective 7/04/2010**

A/S 400 Coding	Grade	A	B	C	D	E	F
1	00	\$12.54	\$12.84	\$13.10	\$13.22	\$13.59	\$13.68
2	0	\$16.19	\$16.52	\$16.85	\$17.03	\$17.48	\$17.63
3	1	\$18.81	\$19.19	\$19.56	\$19.73	\$20.25	\$20.40
11	T 1	\$13.88	\$14.76	\$15.65	\$16.53	\$17.41	\$18.31
4	2	\$19.81	\$20.11	\$20.41	\$20.96	\$21.27	\$21.64
12	T 2	\$14.70	\$15.62	\$16.58	\$17.53	\$18.45	\$19.37
5	3	\$20.01	\$20.41	\$20.88	\$21.10	\$21.68	\$22.06
13	T 3	\$14.87	\$15.85	\$16.84	\$17.82	\$18.80	\$19.80
6	4	\$21.75	\$22.13	\$22.56	\$23.23	\$23.75	\$24.10
14	T 4	\$16.33	\$17.40	\$18.46	\$19.50	\$20.57	\$21.61
7	5	\$22.83	\$23.39	\$23.96	\$24.48	\$25.16	\$25.50
8	6	\$23.18	\$23.73	\$24.24	\$24.87	\$25.57	\$26.02
9	7	\$23.90	\$24.40	\$24.94	\$25.63	\$26.43	\$26.91
10	8	\$24.14	\$24.69	\$25.27	\$26.12	\$27.00	\$27.51
16	9	\$27.06	\$27.54	\$28.08	\$28.77	\$29.56	\$30.05
17	10	\$27.90	\$28.45	\$29.02	\$29.89	\$30.76	\$31.27