

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, August 23, 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
(231) 932-4543

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

Posting Date: 8-19-11
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 August 9, 2011.
- b. Consideration of certifying the Officer Delegate and Officer Alternate to represent the Light & Power Department at the Municipal Employees Retirement System (MERS) Annual Conference. (Approval recommended)

3. Old Business

- a. Consideration of commercial and industrial customer rate stabilization. (Rice)

4. New Business

None.

5. Appointments

None.

6. Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
 1. Verbal report re: recent MPPA meeting. (Rice)
 2. Update re: Better Buildings Block Grant. (Jim Cooper/Brian Beauchamp)
- 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, August 9, 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, Glen Dine

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

Item 2 on the Agenda being Consent Calendar

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

- a. Minutes of the Regular Meeting of July 12, 2011.

CARRIED unanimously.

Item 3 on the Agenda being Old Business

- 3(a).** Consideration of approving Strategic Objectives.

Moved by Soffredine, seconded by Taylor, that the Board approves the staff objectives as presented and amended related to the 2011 Board approved Strategic Goals; and further directs staff to provide updates to the Board periodically on the staff's progress of these objectives.

CARRIED unanimously.

- 3(b).** Consideration of real property purchase.

Moved by Johnson, 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 Vote:

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

CARRIED unanimously.

Item 4 on the Agenda being New Business

None.

Item 5 on the Agenda being Appointments

None.

Item 6 on the Agenda being Reports and Communications

A. From Legal Counsel.

None.

B. From Staff.

1. Ed Rice spoke re: Cherry Republic Project and L&P's underground conduit installation for Front Street lighting.
 - Bryan Crough, DDA Executive Director, addressed the Board

R. Ben Bifoss departed the meeting at 6:48 pm.

2. Ed Rice spoke re: the recent MPPA meeting.
3. Ed Rice spoke re: communication efforts with commercial and industrial customers concerning Power Supply Costs.
4. Ed Rice gave an update on the Bay Street Undergrounding Project.

C. From Board.

None.

Item 7 on the Agenda being Public Comment

No one from the public commented.

There being no objection, Chairman Coco declared the meeting adjourned at 7:04 p.m. and the Board entered into Closed Session.

/st

Edward E. Rice, Secretary
LIGHT AND POWER BOARD



To: Light & Power Board
From: Ed Rice, Executive Director *ΣΣR*
Date: August 15, 2011
Subject: 2011 MERS Annual Meeting – Delegate and Alternate

Attached is a memo from Denise Kuschell, Human Resources Specialist, explaining the appointments of the Employer Officer Delegate and Officer Alternate for the Municipal Employees Retirement System of Michigan Annual Meeting.

This item is appearing on the consent calendar as staff deems it to be a non-controversial item. Approval of this item on the Consent Calendar means you agree with staff's recommendation to appoint a MERS delegate and alternate.

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 as an item under New Business. If after Board discussion you agree with staff's recommendation the following motion would be appropriate:

**MOVED BY _____, SECONDED BY _____,
THAT HUMAN RESOURCES SPECIALIST, DENISE KUSCHELL AND CONTROLLER,
TIM ARENDS, BE APPOINTED OFFICER DELEGATE AND OFFICER ALTERNATE
DELEGATE RESPECTIVELY, FOR THE 2011 ANNUAL MEETING OF THE MUNICIPAL
EMPLOYEES RETIREMENT SYSTEM; AND THAT THE EXECUTIVE DIRECTOR BE
AUTHORIZED TO EXECUTE THE CERTIFICATION OF DELEGATES.**



TRAVERSE CITY
LIGHT & POWER

To: Ed Rice, L&P Executive Director
From: Denise Kuschell, Human Resources Specialist
Date: August 15, 2011
Subject: MERS Annual Meeting – Delegates

The Municipal Employees Retirement System (MERS) holds their Annual Meeting each year in the fall. Their 2011 meeting is set for September 27 – September 29, 2011 in Traverse City.

The MERS Plan Document provides that the Employer appoints an Officer Delegate and Officer Alternate Delegate to attend this meeting. Please appoint Denise Kuschell, Human Resources Specialist as Officer Delegate and Tim Arends, Controller, as Alternate Delegate.

Attached please find the MERS 2011 Annual Meeting Delegate and Alternate Certification form appointing the Officer Delegate and Alternate.

Please present this to the Light & Power Board at the August 23, 2011 Regular Board Meeting.



Officer and Employee Delegate Certification Form

MERS 65th Annual Meeting | September 27 – 29, 2011 | Grand Traverse Resort | Acme, Michigan

[see reverse for information]

IMPORTANT: Complete and return this form. Your registration is not confirmed until this form has been received by MERS.

In order to be your municipality's (including a court) delegate representative to MERS Annual Meeting, you must be a member of MERS. A member of MERS is defined as an individual on payroll who is enrolled in MERS Defined Benefit Plan (including Hybrid) or Defined Contribution Plan. Please refer to "Delegate Information" on the back for specific requirements.

OFFICER (ALTERNATE) DELEGATE INFORMATION

The officer delegate (or alternate) shall be an officer member who holds a department head position or above, exercises management responsibilities, and is directly responsible to the legislative, executive, or judicial branch of government.

Please type or print:

Officer Delegate Denise Kuschell

Officer Alternate Tim Arends

OFFICER DELEGATE APPOINTMENT

By official action of the governing body (or chief judge for a participating court) on _____, 2011, the officer delegate and alternate listed above were appointed to serve at the 2011 MERS Annual Meeting.

EMPLOYEE (ALTERNATE) DELEGATE INFORMATION

The employee delegate (or alternate) shall be an employee member who is not responsible for management decisions, receives direction from management and, in general, is not directly responsible to the legislative, executive, or judicial branch of government.

Please type or print:

Employee Delegate _____

Employee Alternate _____

EMPLOYEE DELEGATE ELECTION

By secret ballot election conducted by an authorized officer on _____, 2011, the employee delegate and alternate listed above were elected to serve at the 2011 MERS Annual Meeting.

CERTIFICATION

NOTE: Certification should be signed by a member of the governing body (or municipality's chief administrative officer), or the chief judge for a participating court, and municipality number provided in space at the bottom of certification box.

I certify that the officer delegate and alternate selections are true and correct, and the secret ballot election results for employee delegate and alternate are true and correct.

Name (Signature): _____

Name (Please Print): _____

Official Title: _____

Date: _____

NOTE: Municipality Number Required for Certification

Municipality Number: _____

Email address: _____

Municipality: _____

Municipality Mailing Address: _____



To: Light and Power Board
From: Ed Rice, Executive Director
Date: August 18, 2011
Subject: Commercial/Industrial Customer Rate Stabilization

In June the Light & Power Board capped the residential power cost recovery (PCR) rate at \$0.00681 per kWh for a period of one year to assist that customer class by reducing the impact of increasing purchased power costs. It is estimated that this action will reduce L&P revenues in fiscal year 2011-12 by \$550,000. Some Board Members desired a similar plan for L&P's commercial and industrial (C&I) customers.

Attached for your review is a spreadsheet entitled "PCR Summary" that provides history of the actual and billed PCR rates. Also attached is a spreadsheet that shows the financial impact of staff's proposal to cap the C&I PCR rate at \$0.012 cents per kWh beginning September 1, 2011 through August 31, 2012. This action would reduce L&P revenues by approximately \$1 million dollars while providing some rate relief for the C&I customers through next summer. It is anticipated that L&P's net income for 2011-2012 would be approximately \$500,000.

If the Board were to approve this rate plan, the average annual bill reduction for L&P's 2,983 commercial customers would be approximately \$180; while the annual bill reduction for L&P's 40 industrial customers would average approximately \$11,400.

Staff recommends approval of this item to provide an equitable PCR application for all customer classes. The utility has sufficient revenues to cover the \$1 million reduction in revenues. Further, staff will include an update to the Board on anticipated PCR rates and resulting 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 RATE) FOR ALL L&P COMMERCIAL AND INDUSTRIAL CUSTOMERS AT \$0.012/KWH THROUGH AUGUST 31, 2012.

Traverse City Light & Power
PCR Revenue Forecast

Month	Year	Billing PCR	Est. Monthly kWh Billed	Est. Monthly PCR Revenue	Est. Annual PCR Revenue
September	2011	\$ 0.01514	22,345,538	\$ 338,311	
October	2011	\$ 0.01549	22,345,538	\$ 346,078	
November	2011	\$ 0.01598	22,345,538	\$ 357,188	
December	2011	\$ 0.01635	22,345,538	\$ 365,329	
January	2012	\$ 0.01698	22,072,452	\$ 374,862	
February	2012	\$ 0.01720	22,072,452	\$ 379,539	
March	2012	\$ 0.01664	22,072,452	\$ 367,192	
April	2012	\$ 0.01573	22,072,452	\$ 347,299	
May	2012	\$ 0.01552	22,072,452	\$ 338,119	
June	2012	\$ 0.01447	22,072,452	\$ 319,331	
July	2012	\$ 0.01539	22,431,043	\$ 345,267	
August	2012	\$ 0.01543	22,431,043	\$ 346,026	\$ 4,224,541
TOTALS					\$ 4,224,541

STAFF PROPOSAL - Commercial & Industrial Rate Stabilization

Proposed PCR	Est. Monthly kWh Billed	Est. Monthly PCR Revenue	Est. Annual PCR Revenue
\$ 0.01200	22,345,538	\$ 268,146	
\$ 0.01200	22,345,538	\$ 268,146	
\$ 0.01200	22,345,538	\$ 268,146	
\$ 0.01200	22,072,452	\$ 264,869	
\$ 0.01200	22,072,452	\$ 264,869	
\$ 0.01200	22,072,452	\$ 264,869	
\$ 0.01200	22,072,452	\$ 264,869	
\$ 0.01200	22,072,452	\$ 264,869	
\$ 0.01200	22,072,452	\$ 264,869	
\$ 0.01200	22,431,043	\$ 269,173	\$ 3,200,147
TOTALS			\$ 3,200,147

Difference	Annual Difference	
\$ (70,166)		
\$ (77,931)		
\$ (89,042)		
\$ (97,182)		
\$ (109,993)		
\$ (114,670)		
\$ (102,322)		
\$ (82,430)		
\$ (73,250)		
\$ (54,461)		
\$ (76,095)		
\$ (76,853)	\$ (1,024,394)	
TOTALS		\$ (1,024,394)

**Traverse City Light & Power
PCR Summary**

Month	Year	Monthly Actual PCR	12 Month Rolling Average
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
August	2011	\$ 0.01156600	\$ 0.01331
September	2011	\$ 0.01950400	\$ 0.01514
October	2011		
November	2011		
December	2011		
January	2012		
February	2012		
March	2012		
April	2012		
May	2012		
June	2012		
July	2012		
August	2012		
September	2012		
October	2012		
November	2012		
December	2012		

BILLED TO CUSTOMERS	
Commercial Industrial	Residential
\$ 0.00098	\$ 0.00098
\$ 0.00104	\$ 0.00104
\$ 0.00130	\$ 0.00130
\$ 0.00244	\$ 0.00244
\$ 0.00329	\$ 0.00329
\$ 0.00404	\$ 0.00404
\$ 0.00444	\$ 0.00444
\$ 0.00461	\$ 0.00461
\$ 0.00430	\$ 0.00430
\$ 0.00526	\$ 0.00526
\$ 0.00579	\$ 0.00579
\$ 0.00650	\$ 0.00650
\$ 0.00681	\$ 0.00681
\$ 0.00765	\$ 0.00765
\$ 0.00941	\$ 0.00941
\$ 0.01049	\$ 0.01049
\$ 0.01669	\$ 0.01669
\$ 0.01280	\$ 0.01280
\$ 0.01234	\$ 0.00681
\$ 0.01331	\$ 0.00681
\$ 0.01200	\$ 0.00681
\$ 0.01200	\$ 0.00681
\$ 0.01200	\$ 0.00681
\$ 0.01200	\$ 0.00681
\$ 0.01200	\$ 0.00681
\$ 0.01200	\$ 0.00681
\$ 0.01200	\$ 0.00681
\$ 0.01200	
\$ 0.01200	



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Jim Cooper *JC*
Date: August 18, 2011
Subject: Update Regarding Better Buildings Block Grant

Brian Beauchamp, from the Michigan Land Use Institute will make a short presentation regarding the Better Buildings for Michigan Block Grant. The Department of Energy grant will target energy efficiency improvements for two Traverse City neighborhoods. This includes energy audits and interest free loans for energy efficiency improvements.

Light and Power will provide up to 15 cfl bulbs, pipe wrap, low flow shower heads, automatic set back thermostats, and information on incentives for recycling refrigerators, dehumidifiers, a/c units, along with energy saving brochures.