

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, April 10, 2012

At

5:15 p.m.

In The

COMMISSION CHAMBERS
(2nd floor, Governmental Center)
400 Boardman Avenue

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

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

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

Posting Date: 4-5-12
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 Study Session of March 22 and Regular Meeting of March 27, 2012. (Approval recommended)

Items removed from the Consent Calendar

- a.

3. Old Business

- a. Consideration of approving the Six Year Capital Improvements Plan - 2012 and 2012- 2013 Operating Budgets. (Rice/Arends)

4. New Business

- a. Consideration of authorizing a Purchase Order for the LED Overhead Roadway Lighting Project. (Olney)

5. Appointments

None.

6. Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
 1. Emergency Purchase – Report to Board. (Memo from Rice)
- c. From Board.

7. Public Comment

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Light and Power Board Study Session
Held at 5:15 p.m., Commission Chambers, Governmental Center
Thursday, March 22, 2012

LIGHT AND POWER BOARD MEMBERS -

Present: Barbara Budros, Jim Carruthers, Patrick McGuire, John Snodgrass, John Taylor, Mike Coco

Absent: Linda Johnson

EX OFFICIO MEMBER -

Absent: Ben Bifoss, City Manager

OTHERS: Ed Rice, Tim Arends, Stephanie Tvardek, Jim Cooper, Glen Dine, Karen Feahr, Scott Menhart, Tom Olney

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

1. Discussion of the Proposed 2012-13 Six Year Capital Improvements Plan and Operating Budgets.

The Board and staff discussed the proposed 2012-13 Six Year Capital Improvements Plan and Operating Budgets.

The following individuals addressed the Board:

Ed Rice, Executive Director
Tim Arends, Controller
Jim Cooper, Manager of Communications & Energy Services
Glen Dine, Chief Engineer

Chairman Coco called a 5 minute recess at 7:17 p.m.
Chairman Coco called the meeting to order at 7:23 p.m.

2. Public Comment

No one from the public commented.

3. From the Board

1. John Snodgrass asked about the proposed meeting with Cherryland Electric.

There being no objection, Chairman Coco declared the meeting adjourned at 8:25 p.m.

/st

Edward E. Rice, Secretary
LIGHT AND POWER BOARD

DRAFT

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Regular Meeting
Held at 5:15 p.m., Commission Chambers, Governmental Center
Tuesday, March 27, 2012

Board Members -

Present: Barbara Budros, Jim Carruthers, Patrick McGuire, John Snodgrass, John Taylor

Absent: Linda Johnson, Mike Coco

Ex Officio Member -

Present: R. Ben Bifoss

Others: Ed Rice, Tim Arends, Stephanie Tvardek, Blake Wilson, Glen Dine, Jim Cooper, Tom Olney, Scott Menhart

The meeting was called to order at 5:15 p.m. by Secretary Ed Rice.

Secretary Ed Rice opened the floor to nominations for Presiding Officer of the Light and Power Board:

Member McGuire nominated Member Snodgrass, Commissioner Budros seconded.

CARRIED unanimously. (Johnson, Coco absent)

Ed Rice turned the meeting over to Board Member Snodgrass.

Snodgrass requested that Agenda Item 2(b), 2(c), and 2(d) be removed from the Consent Calendar.

Item 2 on the Agenda being Consent Calendar

Moved by Carruthers, seconded by Budros, that the following actions, as recommended on the Consent Calendar portion of the Agenda, be approved as amended:

- a. Minutes of the Regular Meeting of March 13, 2012.
- b. Removed from the Consent Calendar.
- c. Removed from the Consent Calendar.
- d. Removed from the Consent Calendar.

CARRIED unanimously. (Johnson, Coco absent)

Items removed from the Consent Calendar

- a. Consideration of authorizing a purchase order for two 69kV circuit breakers for the East Side Transmission Substation Project.
The following individuals addressed the Board:

Ed Rice, Executive Director

Moved by Budros, seconded by Taylor, that the Board authorize the Executive Director to issue a purchase order in the amount of \$69,700 to Siemens Power Transmission and Distribution for two 69kV circuit breakers for the East Side Substation.

Roll Call:

Yes – Budros, Carruthers, McGuire, Taylor
No – Snodgrass

CARRIED. (Johnson, Coco absent)

- b. Consideration of authorizing a purchase order for one 138kV circuit switcher for the East Side Transmission Substation Project.

Moved by McGuire, seconded by Budros, that the Board authorize the Executive Director to issue a purchase order in the amount of \$36,958 to Siemens Power Transmission and Distribution for one 138kV circuit switcher for the East Side Substation.

Roll Call:

Yes – Budros, Carruthers, McGuire, Taylor
No – Snodgrass

CARRIED. (Johnson, Coco absent)

- b. Consideration of authorizing a purchase order for control panels for the East Side Transmission Substation Project.

Moved by Taylor, seconded by McGuire, that the Board authorize the Executive Director to issue a purchase order in the amount of \$66,933 to Harlo Corporation for three control panels for the East Side Substation.

Roll Call:

Yes – Budros, Carruthers, McGuire, Taylor
No – Snodgrass

CARRIED. (Johnson, Coco absent)

Item 3 on the Agenda being Old Business

None.

Item 4 on the Agenda being New Business

- 4(a).** Consideration of approving the Six Year Capital Improvements Plan – 2012 and 2012-2013 Operating Budgets.

The following individuals addressed the Board:

Ed Rice, Executive Director
Tim Arends, Controller
Ben Bifoss, City Manager
Jim Cooper, Manager of Communications & Energy Services

The following individuals from the Public addressed the Board:

Michael Estes, Mayor of Traverse City, Ratepayer

It was the consensus of the Board to direct staff to find further efficiencies in the Operating Budget and present to the Board at the April 10, 2012 Regular Meeting for the Board's consideration.

4(b). Consideration of authorizing a Tree Trimming Services Agreement with Penn Line Services, Inc.

The following individuals addressed the Board:

Ed Rice, Executive Director
Blake Wilson, Field Engineer

Moved by McGuire, seconded by Taylor, that the Board authorize the Chairman and the Secretary to enter into a Tree Trimming Services Agreement with Penn Line Services, Inc., at a hourly/weekly rate of \$70 and \$2,800 respectively for the duration of one year; subject to approval as to form by General Counsel. Not to exceed \$170,000.

CARRIED unanimously. (Johnson, Coco absent)

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: the closure of Bay Street.
2. Ed Rice spoke re: the letter from Garfield Township Recreational Authority Requesting L&P support in constructing a natural gas fired generation plant at the Barns.

C. From Board.

None.

Item 7 on the Agenda being Public Comment

No one from the public commented.

There being no objection, Snodgrass declared the meeting adjourned at 6:56 p.m.

/st

Edward E. Rice, Secretary
LIGHT AND POWER BOARD

DRAFT



**TRAVERSE CITY
LIGHT & POWER**

To: Light and Power Board
From: Ed Rice, Executive Director *ERR*
Subject: 2012-13 Operating Budgets & Six Year Capital Improvements Plan
Date: April 5, 2012

As requested by the Board at its March 27 meeting, staff has reviewed the proposed 2012-13 budget and made further expense reductions as identified below:

- (\$100,000) distribution – storm contingency
- (\$ 7,000) distribution – professional development

- (\$ 5,000) transmission – overhead lines
- (\$ 3,000) transmission – load and dispatching

- (\$ 50,000) conservation/public service – contract labor – energy optimization
- (\$ 30,000) conservation/public service – public service & communications
- (\$ 77,500) conservation/public service – in-kind community services (x-mas lights)
- (\$150,000) conservation/public service – increased energy optimization efforts

- (\$ 20,000) administration – fringe benefits
- (\$100,000) administration – professional & contractual
- (\$ 25,000) administration – legal services
- (\$ 8,000) administration – miscellaneous (open house)

- (\$575,500) total reductions

The above expense reductions will not compromise existing services to customers, as requested by the board.

These budget modifications are submitted to the board for its consideration. Staff recommends Board approval of the 2012-13 Budget and 2012 Six Year Capital Plan as presented (or as amended by the board) and be forwarded to the City Commission for their consideration. The following motion would be appropriate if you agree with staff's recommendation:

MOVED BY _____, SECONDED BY _____

THAT THE LIGHT & POWER BOARD APPROVES THE 2012-13 OPERATING BUDGETS AND 2012 SIX YEAR CAPITAL IMPROVEMENTS PLAN AS PRESENTED (or as amended) AND DIRECTS STAFF TO SUBMIT THEM TO THE CITY COMMISSION FOR THEIR CONSIDERATION.

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER DEPARTMENT
 2012-13 Budgeted Revenues and Expenses Summary

	FY 10/11 Actual	FY 11/12 Budgeted	FY 11/12 Projected	FY 12/13 Recommended
<u>Operating Income:</u>	\$ 30,253,236	\$ 33,201,550	\$ 31,066,550	\$ 31,508,000
<u>Operating Expenses:</u>				
<u>Generation Expenses:</u>				
MPPA/MISO Purchased Power	\$ 2,917,452	\$ 1,200,000	\$ 1,000,000	\$ 60,000
Lansing Purchased Power	4,056,945	7,200,000	6,500,000	6,100,000
Stoney Corners - Wind Energy	1,892,441	1,595,000	1,810,000	2,900,000
Combustion Turbine Power Cost	4,216,734	3,750,000	4,400,000	4,500,000
Cambell #3 Power Cost	3,322,056	3,670,000	4,575,000	4,000,000
Belle River #1 Power Cost	3,087,679	3,500,000	3,803,000	3,700,000
Landfill Gas - Granger Project	113,117	90,000	120,000	160,000
Other Generation Expenses	467,924	472,900	71,450	84,750
Total Generation Expenses	20,074,348	21,477,900	22,279,450	21,504,750
<u>Distribution Expenses:</u>				
Operations & Maintenance	3,276,966	3,449,250	3,613,350	3,505,100
<u>Transmission Expenses:</u>				
Operations & Maintenance	196,729	246,000	191,000	198,350
<u>Other Operating Expenses:</u>				
Metering & Customer Accounting	545,267	632,050	536,000	550,000
Conservation & Public Services	707,312	1,419,600	995,000	1,774,350
Administrative & General	1,320,067	1,276,900	1,079,550	1,145,250
Insurance	71,315	72,800	52,050	66,500
Depreciation Expense	1,732,080	1,715,000	1,775,000	1,875,000
City Fee	1,511,219	1,687,850	1,556,800	1,578,200
Total Other Operating Expenses	5,887,259	6,804,200	5,994,400	6,989,300
Total Operating Expenses	29,435,302	31,977,350	32,078,200	32,197,500
Operating Income/Loss	\$ 817,934	\$ 1,224,200	\$ (1,011,650)	\$ (689,500)
<u>Non Operating Revenues/(Expenses):</u>				
Non Operating Revenues	718,340	805,800	501,700	360,000
Non Operating Expenses	(22,324)	0	(172,050)	0
Total Non Operating Revenue/(Exp)	696,016	805,800	329,650	360,000
Net Income	\$ 1,513,949	\$ 2,030,000	\$ (682,000)	\$ (329,500)

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
 2012-13 Budgeted Revenues and Expenses

	FY 10/11 Actual	FY 11/12 Budgeted	FY 11/12 Projected	FY 12/13 Recommended
<u>OPERATING REVENUES:</u>				
Federal Grants	\$ 250,000	\$ -	\$ (5,050)	\$ -
State Grants	27,623	-	-	-
Residential Sales	5,421,674	6,207,000	5,295,000	5,380,000
Commercial Sales	13,587,206	15,085,000	13,921,000	14,130,000
Industrial Sales	8,321,852	8,985,000	9,131,000	9,205,000
Public Authority Sales	232,115	272,000	215,600	220,100
Street Lighting Sales	199,785	195,000	195,000	195,000
Yard Light Sales	82,004	86,600	76,000	78,400
Forfeited Discounts	55,757	53,400	51,000	51,500
Merchandise and Jobbing	145,548	177,900	55,000	75,000
Recovery of Bad Debts	80	500	-	-
Sale of Scrap	18,682	21,400	19,500	18,000
Miscellaneous Income	19,647	17,750	12,500	13,000
MISO Revenue	<u>1,891,263</u>	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,142,000</u>
TOTAL OPERATING REVENUES	\$ 30,253,236	\$ 33,201,550	\$ 31,066,550	\$ 31,508,000

OPERATING EXPENSES:

GENERATION-OPERATING & MAINTENANCE:

Wind Generation - Traverse	\$ 13,633	\$ 16,000	\$ 18,000	\$ 15,000
Brown Bridge	932	-	1,600	-
Wind Generation Farm	11,897	5,000	1,850	-
Trap and Transfer	-	1,000	1,000	1,000
Union Street Fish Ladder	-	250	250	250
Kalkaska Combustion Turbine	378,527	225,000	-	-
Sabin Dam	885	900	-	-
Boardman Dam	1,179	900	-	-
Operation Supplies	837	1,500	900	1,100
MPPA/MISO Purchased Power	2,917,452	1,200,000	1,000,000	60,000
Lansing Purchased Power	4,056,945	7,200,000	6,500,000	6,100,000
Stoney Corners - Wind Energy	1,892,441	1,595,000	1,810,000	2,900,000
Combustion Turbine Power Cost	4,216,734	3,750,000	4,400,000	4,500,000
Campbell #3 Power Cost	3,322,056	3,670,000	4,575,000	4,000,000
Belle River #1 Power Cost	3,087,679	3,500,000	3,803,000	3,700,000
Landfill Gas - Granger Project	113,117	90,000	120,000	160,000
<i>Total Purchased Power</i>	<i>19,606,424</i>	<i>21,005,000</i>	<i>22,208,000</i>	<i>21,420,000</i>
<i>Purchased Power Cost as % of Sales</i>	<i>70.4%</i>	<i>68.1%</i>	<i>77.0%</i>	<i>73.3%</i>
Coal Dock	4,221	4,500	5,000	5,000
Communications	351	550	350	400
Safety	4,000	4,200	8,000	8,000
Tools	282	1,500	750	1,000
Professional and Contractual	45,741	210,000	31,000	50,000
Professional Development	4,998	750	2,500	2,500
TCLP Equipment Maintenance	388	750	250	500
Miscellaneous	<u>53</u>	<u>100</u>	<u>-</u>	<u>-</u>
Total Generation O & M	<u>20,074,348</u>	<u>21,477,900</u>	<u>22,279,450</u>	<u>21,504,750</u>

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
 2012-13 Budgeted Revenues and Expenses

	FY 10/11 Actual	FY 11/12 Budgeted	FY 11/12 Projected	FY 12/13 Recommended
<u>DISTRIBUTION OPERATION & MAINTENANCE:</u>				
Office Supplies	4,305	8,200	4,200	4,500
Operation Supplies	34,034	39,450	35,100	36,000
Utilities	48,588	44,500	52,350	54,000
Communications	17,214	18,400	17,400	18,500
Supervision and Maintenance	700,400	725,000	595,000	600,000
Substation	149,903	237,350	205,000	207,000
Overhead Lines	515,483	525,850	545,000	550,000
Storm Damage Contingency	-	-	150,000	-
Load and Dispatching	575,341	578,500	571,000	575,000
Underground Lines	175,280	163,700	297,000	300,000
Customer Installations	32,985	44,450	34,000	35,000
Electric Meters	58,881	71,200	60,000	61,500
Street Lighting	277,541	282,250	286,800	290,000
Traffic Signal Oper. & Maint.	144,094	156,100	159,000	163,000
Radio Equipment	2,274	1,900	2,000	2,100
Plant & Structures	172,101	211,900	200,000	205,000
Shop Labor	139,682	93,900	185,000	191,000
Safety	35,395	33,850	63,000	65,000
Tools	17,124	18,750	18,750	19,500
Professional and Contractual	37,055	34,000	37,000	38,500
Rent Expense	2,341	3,100	5,000	2,500
Professional Development	135,075	155,100	89,000	85,000
Printing and Publishing	1,832	1,550	1,550	1,700
Miscellaneous	399	250	200	300
Inventory Adjustments	(361)	-	-	-
Total Distribution O & M	<u>3,276,966</u>	<u>3,449,250</u>	<u>3,613,350</u>	<u>3,505,100</u>
<u>TRANSMISSION OPERATIONS & MAINTENANCE:</u>				
Supervision & Maintenance	21,035	19,050	27,000	28,350
Substation	40,357	60,000	35,000	37,500
Overhead Lines	13,589	39,300	10,000	10,000
Load and Dispatching	57,860	57,650	60,000	59,500
Underground Lines	94	200	-	-
MISO Transmission	20,598	20,400	22,000	23,000
Professional and Contractual	-	-	-	-
Miscellaneous-MPPA Transmission Project	43,195	49,400	37,000	40,000
Total Transmission O & M	<u>196,729</u>	<u>246,000</u>	<u>191,000</u>	<u>198,350</u>
<u>METERING & CUSTOMER ACCOUNTING:</u>				
Salaries and Wages	288,025	275,000	274,200	275,000
Fringe Benefits	135,503	158,500	124,000	129,200
Office Supplies	5,888	4,750	5,000	5,200
Operation Supplies	-	-	-	-
Communications	590	850	250	300
Meal Payments	188	200	100	150
Safety	-	100	-	-

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
 2012-13 Budgeted Revenues and Expenses

	FY 10/11 Actual	FY 11/12 Budgeted	FY 11/12 Projected	FY 12/13 Recommended
Uniforms	2,138	2,550	3,200	3,350
Professional and Contractual	7,993	42,350	22,000	23,400
Postage	36,113	35,350	36,900	38,000
Uncollectable Accounts	19,454	66,300	21,500	25,000
Collection Costs	415	550	450	500
Data Processing	19,572	20,500	22,000	22,500
Transportation	5,370	5,050	6,000	6,200
Professional Development	4,690	2,500	2,600	2,500
Printing and Publishing	4,405	4,250	6,800	7,000
Vehicle Rentals	13,843	12,300	9,900	10,500
Miscellaneous	1,081	950	1,100	1,200
Total Customer Accounting	545,267	632,050	536,000	550,000
CONSERVATION & PUBLIC SERVICES:				
Professional and Contractual	35,834	120,000	80,000	60,000
Contract Labor - Energy Optimization	-	150,000	100,000	50,000
Public Service & Communications	74,854	203,500	60,000	30,000
Marketing & Public Services	99	-	-	-
In-Kind Community Services	76,160	70,100	75,000	-
Community Investment Fund	55,350	-	-	1,000,000
CFL Grant Expense	30,817	-	-	-
LED Street Lighting Grant Expense	123,722	-	-	-
Energy Audits	-	-	-	-
Increased Energy Optimization Efforts	-	350,000	280,000	150,000
PA295 Energy Optimization Compliance	310,475	526,000	400,000	484,350
Total Conservation & Public Services	707,312	1,419,600	995,000	1,774,350
ADMINISTRATIVE AND GENERAL:				
Salaries and Wages	760,912	760,300	651,000	665,000
Fringe Benefits	253,317	261,800	175,800	182,750
Office Supplies	7,871	8,450	9,000	9,050
Communications	7,833	7,200	7,500	8,000
Fees and Per Diem	58,009	61,700	54,000	57,000
Board Related Expenses	9,333	7,750	6,250	6,500
Professional & Contractual	74,071	11,150	80,000	130,000
Legal Services	78,262	85,000	55,000	50,000
Employee Appreciation	10,757	13,100	6,000	7,500
Rent Expense	-	-	-	-
City Fee	1,511,219	1,687,850	1,556,800	1,578,200
Transportation	7,683	4,500	2,600	3,500
Professional Development	37,033	40,400	21,400	22,450
Printing & Publishing	4,760	3,550	3,500	3,500
Insurance and Bonds	71,315	72,800	52,050	66,500
Miscellaneous	10,226	12,000	7,500	-
Depreciation Expense	1,732,080	1,715,000	1,775,000	1,875,000
Total Administrative and General	4,634,681	4,752,550	4,463,400	4,664,950

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
 2012-13 Budgeted Revenues and Expenses

	FY 10/11 Actual	FY 11/12 Budgeted	FY 11/12 Projected	FY 12/13 Recommended
Total Operating Expenses	29,435,302	31,977,350	32,078,200	32,197,500
Operating Income / (Loss)	\$ 817,934	\$ 1,224,200	\$ (1,011,650)	\$ (689,500)
<u>NON OPERATING REVENUES/(EXPENSES):</u>				
Rents and Royalties	\$ 44,154	\$ 45,400	\$ 21,200	\$ 43,000
Pole Rentals	59,435	31,750	31,750	34,500
Reimbursements	271,227	228,650	215,000	100,000
Interest & Dividend Earnings	337,679	500,000	225,000	180,000
Gain/(Loss) on Sale of Fixed Assets	(22,324)	-	(172,050)	-
Refunds and Rebates	5,845	-	8,750	2,500
Total Non Operating Revenue/(Expenses)	696,016	805,800	329,650	360,000
NET INCOME/(LOSS)	\$ 1,513,949	\$ 2,030,000	\$ (682,000)	\$ (329,500)

**Traverse City Light & Power
Fiber Optics Fund
2012-13 Budgeted Revenues and Expenses**

	FY 10/11 Actual	FY 11/12 Budgeted	FY 11/12 Projected	FY 12/13 Recommended
<u>Operating revenues:</u>				
Charges for services	\$ 183,605	\$ 216,850	\$ 186,660	\$ 186,500
Wi-fi Service Fee - DDA	-	-	-	65,000
Total operating revenues	\$ 183,605	\$ 216,850	\$ 186,660	\$ 251,500
<u>Operating expenses:</u>				
Office & operation supplies	\$ 799	\$ 2,200	\$ 3,000	\$ 3,250
Supervision & maintenance	28,572	15,000	63,000	66,150
Overhead & Underground lines	4,376	7,000	26,000	6,000
Customer installations	1,700	2,750	11,500	5,600
Wi-fi operations & maintenance	-	30,000	-	45,000
Termination boxes	32,839	46,200	7,300	35,400
Tools	646	900	-	-
Professional services	-	20,000	-	-
Legal services	253	500	-	-
City fee	9,180	10,800	9,350	12,600
Professional development	7,757	500	500	500
Insurance	1,263	1,300	1,350	1,450
Repair and maintenance	1,154	450	-	500
Vehicle rental	-	-	-	-
Miscellaneous	-	150	-	150
Depreciation expense	85,409	86,500	86,700	99,800
Total operating expenses	\$ 173,948	\$ 224,250	\$ 208,700	\$ 276,400
Operating income/(loss)	\$ 9,657	\$ (7,400)	\$ (22,040)	\$ (24,900)
<u>Non-operating revenues:</u>				
Reimbursements	34,392	86,500	19,612	75,900
Net income	\$ 44,049	\$ 79,100	\$ (2,428)	\$ 51,000



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2012

INTERNAL FINANCING:

GENERATION:

Community Solar – 50 KW

Location: Local solar generation either inside or outside city limits

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

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

Estimated Cost: \$400,000

Fiscal Year(s): 2012-13

DISTRIBUTION and SUBSTATION:

Line Improvements, Extensions, New Services

Location: Throughout the entire service area

Character: Construction/replacement of overhead and underground distribution facilities involving the use of wire, poles, meters, cabinets, and transformers.

Extent: This is an annual project in which wages, benefits, and equipment charges are capitalized for upgraded existing services or to provide for new customer services.

Estimated Cost: \$6.35 Million

Fiscal Year(s): 2012-13 through 2017-18 (Annual Program)

Distribution Circuit Additions/Upgrades

Location: Throughout the entire service area

Character: Construction of new overhead distribution circuits & replacement of existing deteriorated underground wire.

Extent: New circuits and upgrade of existing circuits to improve reliability and serve anticipated growth and replacement of deteriorated underground wires.

Estimated Cost: \$5.4 Million

Fiscal Year(s): 2012-13 through 2017-18 (Annual Program)



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2012

DISTRIBUTION and SUBSTATION (continued):

Distribution Circuit Rebuild (NEW)

Location: Throughout the entire service area. In 2012-13 the circuit BW-22 will be rebuilt which includes the area: South of 8th St. between Woodmere Ave & Garfield Ave (Traverse Heights Neighborhood) to Hammond and TraverseField.

Character: Replace deteriorated overhead/underground facilities with new wire, conduit, poles, etc. Conversion of overhead facilities to underground as appropriate.

Extent: New circuits and upgrade of existing circuits to improve reliability and serve anticipated growth to include undergrounding facilities as appropriate.

Estimated Cost: \$11.4 Million

Fiscal Year(s): 2012-13 through 2017-18 (Annual Program)

69kV/13.8kV Distribution Substation-SOUTH

Location: Southern portion of service area – possibly outside city limits

Character: Construction of new 69/13.8kV distribution substation.

Extent: To include land purchase and facilities

Estimated Cost: \$3.8 Million

Fiscal Year(s): 2012-13

Street Lighting System Additions

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

Character: LED street lighting.

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

Estimated Cost: \$100,000

Fiscal Year(s): 2012-13

Street Lighting (LED) System Replacements (NEW)

Location: Throughout the entire utility service area

Character: LED street lighting replacements.

Extent: Removal of any old high pressure sodium street lights and replace with LED lights.

Estimated Cost: \$960,000

Fiscal Year(s): 2012-13 through 2017-18 (Annual Program)



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2012

DISTRIBUTION and SUBSTATION (continued):

Pine Street Overhead to Underground Conversion

Location: *Starting from behind Hall Street Substation South along Pine Street & crossing the Boardman River*

Character: *Convert existing overhead distribution facilities to underground.*

Extent: *In concert with TIF 97 Plan for Pine Street projects – this is a two phase project as directed by the DDA through the TIF 97 Plan.*

Estimated Cost: *\$1 Million*

Fiscal Year(s): *2012-13 through 2013-14*

TRANSMISSION and SUBSTATION:

69kV Load Break Switches

Location: *Three separate locations – South Airport Sub Junction on LaFranier Rd, Barlow Junction near Barlow Substation, & Cass Road Junction near Twelfth Street*

Character: *New steel poles & transmission switches*

Extent: *Replacing wood poles and switches with new steel poles & switches*

Estimated Cost: *up to \$600,000*

Fiscal Year(s): *2014-15 through 2016-17*

69kV Transmission Line and Substation – EAST

Location: *East Side of Service Area (substation and majority of the transmission line would be outside the city limits)*

Character: *Overhead transmission facilities to include new poles and wire*

Extent: *From a new transmission substation to an existing distribution substation*

Estimated Cost: *\$4.5 Million*

Fiscal Year(s): *2012-13*

Transmission Line Reconductor

Location: *Existing transmission corridor along Hammond, Barlow, LaFranier, Cass, Wadsworth, and north end of Boardman Lake*

Character: *Overhead transmission facilities to include new poles and wire.*

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

Estimated Cost: *\$3.675 Million*

Fiscal Year(s): *2014-15 through 2017-18*



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2012

FACILITIES:

M-72 Wind Turbine Refurbishment

Location: Bugai Road @ M-72

Character: Replace existing gear box with new gear box

Extent: Repair or replacement due to normal wear.

Estimated Cost: \$150,000

Fiscal Year(s): 2015-16

Hastings Service Center Facility Improvements

Location: 1131 Hastings Street

Character: Site improvements to existing facility

Extent: Facility expansion/improvements

Estimated Cost: \$1.28 Million

Fiscal Year(s): 2012-13 through 2017-18 (Annual Program)

SCADA, COMMUNICATIONS, and OTHER ITEMS:

Smart Metering Technologies (AMI)

Location: Entire Service Area

Character: Electric meters and software to accommodate smart metering capabilities.

Extent: An annual program to provide for the migration to electronic smart meters that will assist utility customers on energy use and reliability.

Estimated Cost: \$750,000

Fiscal Year(s): 2012-13 through 2017-18 (Annual Program)

SCADA (Supervisory Control and Data Acquisition)/Dispatch Improvements

Location: 1131 Hastings Street and Hall Street Substation

Character: Expansion of capabilities in 24 hour control center

Extent: Equipment upgrades and improvements/modifications to the current control room and to provide for a remote SCADA control center.

Estimated Cost: \$150,000

Fiscal Year(s): 2012-13



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2012

FIBER OPTICS FUND:

Fiber Extensions – Customer Installations

Location: *Within the L&P service area*

Character: *Fiber optic facilities extending from current facilities.*

Extent: *Costs related to line extensions to customer facilities (either overhead or underground)*

Estimated Cost: *\$450,000*

Fiscal Year(s): *2012-13 through 2017-18 (Annual program)*

Wi-Fi Project

Location: *Within the L&P service area*

Character: *Upgrade of facilities to allow for Wi-Fi (wireless internet access)*

Extent: *Costs related to installing facilities that allow for open area wireless internet access, or “hot zones” in the DDA/TIF Districts.*

Estimated Cost: *\$160,000*

Fiscal Year(s): *2012-13*

**TRAVERSE CITY LIGHT & POWER
SIX YEAR CAPITAL IMPROVEMENTS PLAN 2012**

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

		Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Project Totals	Project Notes	2011 Funding Level	Change
INTERNAL FINANCING:											
Generation:											
no change	Community Solar - 50KW	\$ 400,000	---	---	---	---	---	\$ 400,000		\$ 400,000	\$ -
Total Generation		400,000	0	0	0	0	0	400,000		400,000	0
Distribution and Substation:											
no change	Line Improvements, Extensions, New Services	950,000	1,000,000	1,050,000	1,100,000	1,150,000	1,100,000	6,350,000	Annual Program	\$ 6,275,000	\$ 75,000
CHANGE	OH to URG Conversion Projects (funding was combined with Distribution Circuit Rebuild line item)	---	---	---	---	---	---	0		\$ 6,500,000	\$ (6,500,000)
CHANGE	Distribution Circuit Additions/Upgrades (extent - circuit rebuild was removed and listed as a separate project.)	900,000	900,000	900,000	900,000	900,000	900,000	5,400,000	Annual Program	\$ 11,300,000	\$ (5,900,000)
NEW	Distribution Circuit Rebuild	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	11,400,000		\$ -	\$ 11,400,000
no change	69kV/13.8kV Distribution Substation-SOUTH	3,800,000	---	---	---	---	---	3,800,000		\$ 5,000,000	\$ (1,200,000)
no change	Street Lighting System Additions	100,000	---	---	---	---	---	100,000		\$ 225,000	\$ (125,000)
NEW	Street Lighting (LED) System Replacements	160,000	160,000	160,000	160,000	160,000	160,000	960,000	Annual Program	\$ -	\$ 960,000
no change	Pine Street Overhead to Underground Conversion	500,000	500,000	---	---	---	---	1,000,000	With TIF 97 Project	\$ 1,000,000	\$ -
Total Distribution and Substation		8,310,000	4,460,000	4,010,000	4,060,000	4,110,000	4,060,000	29,010,000		30,300,000	(1,290,000)
Transmission and Substation:											
no change	69kV Load Break Switches	---	---	200,000	200,000	200,000	---	600,000		\$ 600,000	\$ -
no change	69kV Transmission Line & Substation - EAST	4,500,000	---	---	---	---	---	4,500,000		\$ 5,200,000	\$ (700,000)
no change	Transmission Line Reconductor	---	---	575,000	1,000,000	1,500,000	600,000	3,675,000		\$ 3,675,000	\$ -
Total Transmission and Substation		4,500,000	0	775,000	1,200,000	1,700,000	600,000	8,775,000		9,475,000	(700,000)
Facilities:											
no change	M-72 Wind Turbine Refurbishment	---	---	---	150,000	---	---	150,000		\$ 150,000	\$ -
no change	Hasting Service Center Facility Improvements	580,000	500,000	50,000	50,000	50,000	50,000	1,280,000	Annual Program	\$ 2,750,000	\$ (1,470,000)
Total Facilities		580,000	500,000	50,000	200,000	50,000	50,000	1,430,000		2,900,000	(1,470,000)
SCADA, Communications, and Other Items:											
no change	Smart Metering Technologies (AMI)	200,000	200,000	200,000	50,000	50,000	50,000	750,000	Annual Program	\$ 650,000	\$ 100,000
no change	SCADA/Dispatch Improvements	150,000	---	---	---	---	---	150,000		\$ 250,000	\$ (100,000)
Total SCADA, Communications & Other Items		350,000	200,000	200,000	50,000	50,000	50,000	900,000		900,000	0
TOTAL INTERNAL FINANCING		\$ 14,140,000	\$ 5,160,000	\$ 5,035,000	\$ 5,510,000	\$ 5,910,000	\$ 4,760,000	\$ 40,515,000		\$ 43,975,000	\$ (3,460,000)
FIBER FUND PROJECTS:											
no change	Fiber Extensions - Customer Installations	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 450,000	Annual Program	\$ 450,000	\$ -
no change	Wi-Fi Project - DDA	160,000	---	---	---	---	---	160,000		\$ 160,000	\$ -
Total Fiber Fund Projects		\$ 235,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 610,000		\$ 610,000	\$ -

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

Traverse City Light & Power

Cash Flow Forecast

Fiscal Year:	Budget		Budget		Estimate 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18
	Audited 2010/11	Projected 2011/12	Recommended 2012/13	Estimate 2013/14					
Receipts									
Operating Revenues	29,981,458	31,066,550	31,508,000	32,738,160	35,892,923	36,610,782	37,342,997	38,089,857	
Non Operating Revenues	967,793	501,700	360,000	367,200	374,544	382,035	389,676	397,469	
Total Receipts	30,949,251	31,568,250	31,868,000	33,105,360	36,267,467	36,992,817	37,732,673	38,487,326	
Payments									
Generation Expense	20,074,348	22,279,450	21,504,750	21,934,845	22,873,542	25,160,896	25,664,114	26,177,396	
Distribution Expense	3,276,966	3,613,350	3,505,100	3,592,728	3,682,546	3,774,609	3,868,975	3,965,699	
Transmission Expense	196,728	191,000	198,350	203,309	208,391	213,601	218,941	224,415	
Metering & Customer Accounting	545,269	536,000	550,000	563,750	577,844	592,290	607,097	622,275	
Conservation & Public Service	707,311	995,000	1,774,350	818,709	839,176	860,156	881,660	903,701	
Administrative & General	1,320,066	1,079,800	1,145,250	1,023,881	1,049,478	1,075,715	1,102,608	1,130,173	
Insurance	71,315	52,050	66,500	68,163	69,867	71,613	73,404	75,239	
City Fee	1,511,219	1,556,800	1,578,200	1,617,655	1,733,096	1,776,424	1,820,834	1,866,355	
Capital Investments	2,636,982	4,850,000	14,140,000	5,160,000	5,035,000	5,510,000	5,910,000	4,760,000	
Total Payments	30,340,204	35,153,450	44,462,500	34,983,039	36,068,940	39,035,305	40,147,633	39,725,253	
Cashflow Surplus/Deficit (-)	609,047	(3,585,200)	(12,594,500)	(1,877,679)	198,527	(2,042,488)	(2,414,960)	(1,237,927)	
Opening Cash & Investments Balance	28,987,599	29,596,646	26,011,446	13,416,946	11,539,267	11,737,794	9,695,306	7,280,346	
Closing Cash & Investments Balance	29,596,646	26,011,446	13,416,946	11,539,267	11,737,794	9,695,306	7,280,346	6,042,419	



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Thomas Olney, Operations Manager *TO*
Date: April 5th, 2012
Subject: LED Overhead Roadway Lighting Project

Traverse City Light and Power proposes to replace 225 High Pressure Sodium Streetlights with GE LED Cobra Head type fixtures at various locations in Traverse City. Bids were received as follows:

Vendor	Fixture	Price
RESCO	GE Evolve LED Roadway Light	\$103,185.00
CHAMPION, INC.*	GE Evolve LED Roadway Light	\$109,015.00
ELUS COMPANY	GE Evolve LED Roadway Light	\$125,925.00

*The bid received from Champion, Inc. did not meet the bid specifications.

Staff recommends awarding the purchase of 225 GE LED Cobra Head type fixtures to the low bidder, RESCO, for the total price of \$103,185.00.

If the Board is in agreement, the following motion is recommended:

**MOVED BY _____, SECONDED BY _____,
THE BOARD AUTHORIZE THE EXECUTIVE DIRECTOR TO ISSUE A PURCHASE
ORDER TO RESCO FOR THE PURCHASE OF 225 LED COBRA HEAD TYPE
FIXTURES, IN THE AMOUNT OF \$103,185.00.**

GE
Lighting Solutions

Evolve™ LED Roadway Lighting

Scalable Cobrahead (ERS1, ERS2, ERS3 & ERS4)



imagination at work

Product Features

From local to major roadways, the GE Evolve™ LED Roadway Scalable Cobrahead fixtures are changing the way you light your lanes. Preserving the aesthetic look of traditional roadway Cobrahead fixtures, GE balances the technical needs of a sophisticated LED system with the functional demands of an outdoor fixture facing extreme weather hazards. GE's advanced LED optical design offers hundreds of photometric options to meet your precise lighting requirements, while delivering reduced glare and improved light control. The refined thermal management system incorporates a sleek and robust heat sink directly into the fixture to ensure maximum heat transfer and long LED life.

The GE Evolve LED Roadway Scalable Cobrahead offers more than 11 years of reliable service life to significantly reduce maintenance frequency and expense, based on a 50,000 hour life and 12 hours of operation per day. This efficient fixture can yield up to a 50-percent reduction in system energy compared with standard HID systems, depending on roadway applications, and can also be paired with programmable dimming options for even greater savings and control.

Applications

- Designed to meet recommended luminance and illuminance requirements for local to major roadway / street classifications.

Housing

- Die cast aluminum housing.
- A modern design preserving the aesthetic look of traditional roadway Cobrahead fixtures incorporates the heat sink directly into the unit ensuring maximum heat transfer and long LED life.
- Meets 2G vibration per C136.31-2010 For 3G rating contact manufacturer.
- Power door assembly with removable retention latch.



LED & Optical Assembly

- Structured LED array for optimized roadway photometric distribution.
- Evolve light engine consisting of scalable reflective technology designed to optimize application efficiency and minimize glare.
- Reverse facing light engine options available.
- Utilizes high brightness LEDs, 70 CRI at 4000K & 5700K typical.
- LM-79 tests and reports are performed in accordance with IESNA standards.

Lumen Maintenance

- System rating is L85 at 50,000 hours. Contact manufacturer for Lxx rating (Lumen Depreciation) beyond 50,000 hours.

Ratings

- /  listed, suitable for wet locations per UL 1598.
- IP65 rated optical enclosure per ANSI C136.25-2009.
- Temperature rated at -40° to 50°C (-40° to 45°C for ERS4 347-480V fixtures).
- Upward Light Output Ratio (ULOR) = 0.
- RoHS compliant.

Mounting

- Slipfitter with +/- 5 degree of adjustment for leveling.
- Integral die cast mounting pipe stop feature.
- Wildlife intrusion protection at mounting pipe entry.
- Adjustable for 1.25 in. or 2 in. mounting pipe.

Finish

- Corrosion resistant polyester powder painted, minimum 2.0 mil. thickness.
- Standard colors: Black and Gray.
- RAL & custom colors available.

Electrical

- 120-277 volt and 347-480 volt available.
- System power factor is >90% and THD <20%.*
- Class "A" audible sound rating.
- Integral surge protection:
 - For 120-277VAC per IEEE/ANSI C62.41.-1991, 6kV/3kA Location Category B3 (120 Events).
- Optional high capability surge protection per IEEE/ANSI C62.41.2-2002.
 - Rating 1 - 10kV/5kA Location Category (120 events).
 - Rating 2 - 6kV/3kA Location Category C-Low (5000 events).
- EMI: Title 47 CFR Part 15 Class A.
- Photo electric sensors (PE) available for all voltages.

** System power factor and THD is tested and specified at 120V input and maximum load conditions.*

Warranty

- 5-year limited system warranty standard.



TRAVERSE CITY
LIGHT & POWER

To: Light and Power Board
From: Ed Rice, Executive Director *ER*
Date: April 5, 2012
Subject: Emergency Purchase Report to Board

Due to the emergency created by the snow storm of March 2-3, 2012, L&P called-in additional tree trimming crews from N.G. Gilbert who, along with L&P's contractor Trees, Inc., assisted with the work required to restore electric service to L&P customers.

The charges from N.G. Gilbert through March 10 were \$51,471.60 which is beyond the monetary spending limit set by the board for the Executive Director. The Board approved purchasing policy does allow for emergency purchases by the Executive Director beyond the monetary spending authority, with conditions.

This communication to the board is made to comply with the reporting requirement as identified in the purchasing policy (relevant section attached).



**TRAVERSE CITY
LIGHT & POWER**

No. S 2012- 0228

VENDOR NAME AND ADDRESS:

N.G. Gilbert
P.O. Box 128
Parker City, IN 47368-0128

SERVICE ORDER

1131 HASTINGS STREET
TRAVERSE CITY, MI 49686
Telephone: (231) 922-4940

Account: 582-510-776.00



Date: 3-27-2012

THE FOLLOWING SERVICES ARE TO BE PROVIDED BY THE CONTRACTOR FOR LIGHT AND POWER

Tree Trimming Services During Storm Outage

Period ending March 3, 2012
\$9,475.28

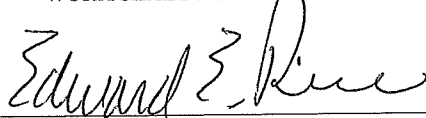
Period ending March 10, 2012
\$41,996.32

SERVICE ORDER TOTAL \$51,471.60

VENDOR: Please sign the "Contractor Line" on both copies of the Service Order, keep the "Vendor's Copy" and return the "Purchasing Division" copy to the address above. Thank you.

TO BE COMPLETED BY	TCL&P CONTACT PERSON/PHONE NUMBER
Complete	NA
The reverse side of this document contains additional terms and conditions which are part of this contract. The Contractor acknowledges that the terms and conditions have been read and further agrees to be bound by them.	

WORK SHALL NOT COMMENCE UNTIL SIGNED SERVICE ORDER HAS BEEN RETURNED TO THE PURCHASING AGENT



L&P AUTHORIZED SIGNATURE

NA

CONTRACTOR: sign and return to the purchasing agent for TCL&P

INSTRUCTIONS TO VENDOR:

1. Send all invoices to TRAVERSE CITY LIGHT & POWER, 1131 Hastings Street, Traverse City, MI 49686
2. Service Order Number must be shown on all documents, packages, and correspondence.
3. A separate invoice must be submitted for each service order.
4. As a municipality, our purchases are not subject to State Sales Tax.

VENDOR'S COPY

CITY TREASURER

DEPARTMENT COPY

PURCHASING DIVISION

C. EMERGENCIES

1. **Emergency Defined.** Emergency is defined as a threat to the public safety or welfare, or where timely action is required to restore electric service or avoid reduction of electric service or an anticipated outage.
2. **Executive Director Authority.** The Executive Director is authorized to enter into such contracts, purchase orders and service orders without Board approval in the amount necessary to alleviate or avoid an emergency. The Executive Director may delegate in writing to a Department Head authority to authorize that Department Head to exercise his or her emergency authority.
3. **Reporting.** When the Executive Director engages in an emergency transaction beyond the monetary spending limit of the Executive Director, he shall report such activity as soon as possible to the Board members and place the matter on the agenda of the next regular or special TCL&P Board Meeting for the information of the Board.

Edward E. Rice

Edward E. Rice
Secretary
Traverse City Light & Power Board