

**A REGULAR MEETING**

Of The

**TRAVERSE CITY LIGHT AND POWER BOARD**

Will Be Held On

**TUESDAY, September 11, 2012**

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: 9-7-12  
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.*

None.

#### Items removed from the Consent Calendar

None.

#### 3. Old Business

- a. Consideration of TCL&P Management & Operations Audit – Auditing Firm recommendation. (Taylor)

#### 4. New Business

- a. Consideration of approving minutes of the Regular Meeting of July 24, Special Meeting of July 27, and the Joint Meeting with Cherryland of August 15, 2012. (McGuire)
- b. Consideration of 2013 Lansing Contract Power Purchase. (Feahr) (Possible closed session).

#### 5. Appointments

None.

#### 6. Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
- c. From Board.

#### 7. Public Comment

/st



**TRAVERSE CITY  
LIGHT & POWER**

Communication to the Board of Directors

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**DATE:** SEPTEMBER 7, 2012

**SUBJECT:** TCL&P MANAGEMENT & OPERATION AUDIT RECOMMENDATION

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The Traverse Bay Economic Development Corporation's (TBEDC) "TCLP Management & Operation Audit Task Force" has recommended Hometown Connections International, LLC to conduct the audit of the Traverse City Light & Power operations. Attached is information from the TBEDC Audit Task Force that outlines the process they followed in making its recommendation, along with a copy of the RFQ, the bid from Hometown Connections, and a sample Professional Services Agreement with Hometown Connections.

Doug Luciano of the TBEDC will be in attendance to make introductory comments and answer questions.

If the Board is in agreement with the recommendation and wishes to proceed with the Audit Task Force's recommendation the following motion would be appropriate to do so:

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

**THAT THE LIGHT & POWER BOARD CHAIRMAN BE AUTHORIZED TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT WITH HOMETOWN CONNETIONS INTERNATIONAL, LLC FOR A MANAGEMENT & OPERATIONS AUDIT OF TRAVERSE CITY LIGHT & POWER IN THE NOT TO EXCEED BID AMOUNT OF \$92,500; SUBJECT TO CITY COMMISSION APPROVAL, AND APPROVAL AS TO FORM BY THE CITY ATTORNEY.**



Douglas Luciani  
President & CEO

September 4, 2012

Mr. Ed Rice, Executive Director  
Traverse City Light & Power  
1131 Hastings St  
Traverse City, MI 49686

Dear Ed,

**RE: TCLP AUDIT RECOMMENDATION**

I am pleased to submit the recommendation of the Traverse Bay Economic Development Corporation's "TCLP Management & Operations Audit Task Force." The Task Force adopted and executed a non-political process generally approved by the TCLP & City Commissions that began nearly eight months ago to identify the most qualified firm to conduct the proposed audit in an open, competitive, and transparent selection. The Task Force is unanimous in its recommendation of Hometown Connections International LLC as the firm to conduct the proposed management and operations audit of Traverse City Light & Power.

The TBEDC appreciates the opportunity to serve as the neutral facilitator of the process of identifying a consultant for this important endeavor and looks forward to assisting in any way possible as the audit is performed and its recommendations are implemented.

Thank you for attending our meetings and supporting this effort.

Sincerely,

A handwritten signature in blue ink, appearing to read "Douglas Luciani", is written over a faint, larger version of the signature.

**Traverse Bay Economic Development Corporation**  
**Recommendation of Hometown Connections International, LLC**  
to Conduct a Management and Operations Audit of Traverse City Light & Power

The “TCLP Management & Operations Audit Task Force” (Task Force) of the Traverse Bay Economic Development Corporation (TBEDC) respectfully submits its recommendation of Hometown Connections International LLC (Hometown Connections) as the preferred and most qualified firm to conduct a management and operations audit of Traverse City Light & Power (TCLP) per the RFQ approved by the TCLP Board of Directors and the Traverse City City Commission (Attachment A).

**Background**

At the request of the City of Traverse City (the City) and TCLP, the TBEDC submitted a proposal to both entities to facilitate a process to identify the most qualified consultant to perform an audit of the management and operations of TCLP. The proposal was accepted and approved by the elected and appointed leadership of both Commissions. This process was done in phases that included the following:

- Approval of the TBEDC’s proposal;
- Convening of a qualified Task Force, including representation by Commissioners from both the TCLP and City Commissions;
- Drafting and subsequent approval by the Board of TCLP and the City Commission of a Request for Qualifications/Proposals;
- Identification and compilation of a list of potential bidders (TCLP executive staff was invited to submit names of potential bidders);
- Competitive, open, and transparent solicitation of proposals;
- Review of proposals; Interview meetings of finalists; Review and check of references; and
- Selection of the firm considered to be the best fit for the task.

The Task Force consisted of:

- Commissioner Jeanine Easterday, representing the Traverse City City Commission;
- Director Patrick McGuire – replaced by Director John Taylor upon becoming Board Chair – representing the TCLP Board of Directors;
- Edward Albert Jr., Principal, Crystal Aggregates (Chairman, TC Area Chamber Foundation Development Fund);
- Alan DeVore, President & CEO, Graceland Fruit Company (2012 Michigan Exporter of the Year);
- Charles Judson, Partner, Smith Haughey Rice & Rogge (former Chairman, TC Area Chamber); and
- Kathleen McManus, Executive VP & Chief Operating Officer, Munson Healthcare (former Chair, TBEDC and current Board member of the Chamber).

The Task Force was staffed by Doug Luciani, President & CEO of the Traverse City Area Chamber of Commerce and TBEDC, as well as Robert Richardson, Project Leader for the TBEDC. Ed Rice, Executive Director of TCLP, and Ben Bifoss, City Manager of Traverse City were invited to attend each meeting and attended most meetings of the Task Force and were copied on all correspondence sent to the Task Force. The Mayor of Traverse City and the Board Chair of TCLP were also kept apprised of meetings and copied on correspondence, but did not attend meetings.

Requests for Qualifications were sent to multiple firms and professional trade associations to solicit their participation or the participation of their members, as appropriate. Of those, four proposals were received – all from outside the State of Michigan. The proposals were reviewed and discussed by the Task Force and narrowed to three firms for interviews. Following interviews, the Task Force quickly came to a unanimous agreement on its recommendation pending a thorough review of its references, which was performed. The Task Force then met one last time to re-affirm its decision and articulate its reasons for the selection it made.

The Task Force concluded its work on Monday, August 27, 2012.

### **Recommendation**

The Task Force unanimously and without dissent recommends Hometown Connections International, LLC from Evergreen, Colorado (“Qualifications Statement”: Attachment B).

The Task Force has not attempted to negotiate with Hometown Connections regarding final scope or price or other factors that may be considered as TCLP and/or the City enter into a contract with them. That was not part of the scope of work conferred upon the TBEDC.

Hometown Connections was asked by TCLP to provide a copy of its standard form contract and it has done so (Attachment C).

### **Considerations for Selecting Hometown Connections**

Throughout its process, the Task Force sought to satisfy the criteria and concerns cited during deliberations by the TCLP Board of Directors relating to both the decision to conduct a management and operations audit, and the approval of the RFQ to be used in soliciting potential firms. There were numerous reasons the Task Force believed Hometown Connections was the best candidate to perform the Audit.

Ultimately, the factors that moved Hometown Connections to the top of the list were:

- Very strong proposal – seemed to best understand the substance and spirit of the RFQ and provided a simple, easy to understand document that thoroughly addressed the RFQ – simplicity of information was a plus and differentiated Hometown Connections from the other proposers;
- Performed best in its interview – related best to the Task Force and paid the closest attention to the instructions relative to the interview process
- Provided a client list that had more customers like TCLP in towns with characteristics more like Traverse City. This was an important requirement of the RFQ/P
- Hometown Connections has worked with 40 percent of the public utilities in the United States (800 out of 2000);
- Personnel of Hometown Connections will connect well with management, staff, and leadership of TCLP;
- Personnel of Hometown Connections appear to be highly professional and exude confidence and competence;
- Only company to state up front that it would provide a draft report prior to its final report to ensure accuracy relative to the assumptions and recommendations it would make;
- Task Force was impressed by Hometown Connections conveyance of its firm as an authority in these types of audits – believed Hometown would be credible, concise, and confident in the way it worked with TCLP and in its presentation;
- Hometown Connections asked good, probing questions in its interview, i.e., “What is the ROI to the owner?”;
- Principals of the firm have a solid variety of professional and consulting experience to be sensitive to the multiple dimensions of a municipality and a municipal utility;
- Had the best approach to be able to execute the work as described;
- Stated an objective to leave TCLP with an opportunity for continuous improvement;
- Other firms seemed to see the Audit as a “Phase I” of a two-phase project – Hometown addressed this as a possibility, but not an integral component of its proposal. Reference checks of Hometown Connections indicated that additional follow-up by formal engagement was not generally necessary;
- Task Force believed Hometown would “probably gather more data from TCLP than the other firms and have good filters” relative to the information it received;
- Hometown’s related work and benchmarks were most closely aligned with TCLP;
- Hometown, while a private, for-profit entity, is majority owned by the American Public Power Association (APPA) a credible and resource-rich trade association with members that include TCLP;
- Task Force believed Hometown would best be able to stay out of any actual or perceived potential politics related to the Audit and would best understand the public’s interests;

TCLP Management & Operations Audit  
Task Force Recommendation – Page Four

- Hometown had the best communication skills in writing, by phone, and in person via the interviews;
- Hometown was the only firm that heeded the invitation by the Task Force to follow-up with any additional information that might be helpful and sent a note of clarification regarding its proposed price, a note of appreciation for being considered, and a follow-up article recently written for a professional trade magazine;
- Hometown's team has strong West Michigan connections and had visited TCLP in the past to learn more about the windmill when it was erected;
- The principals of Hometown had the most relevant experience vis-à-vis TCLP's unique characteristics – one Task Force member noted of the experiences of one principal as City Manager of Fort Collins, CO and of another as Executive Director of the municipal utility in Braintree, MA that "...those are the two cities I would have selected as being most aligned with Traverse City in terms of type of utility and characteristics of our community."

**Next Steps**

This concludes the work of the Task Force unless either the Board of Directors of TCLP or the City Commission determines the process should be re-opened. Any further negotiations or clarifications with Hometown Connections will be the responsibility of the appropriate staff of TCLP and/or the City.



**MANAGEMENT AND OPERATIONS AUDIT  
REQUEST FOR QUALIFICATIONS**

By the Traverse Bay Economic Development Corporation  
On behalf of the City of Traverse City and Traverse City  
Light & Power

May 31, 2012

**INTRODUCTION & INTENT**

The Traverse Bay Economic Development Corporation (TBEDC) is soliciting responses to this Request for Qualifications (RFQ) from qualified firms to provide a Management & Operations Audit (“the audit”) of Traverse City Light & Power (TCLP) to measure the overall financial strength and the efficiency of the organization as benchmarked against industry best practices and standards. As a result of the audit, the TBEDC anticipates receiving a snapshot in time of TCLP’s current management and operations practices, and specific recommendations designed to make TCLP more efficient and cost effective.

The overall objectives of this audit are to identify opportunities for achieving efficiency, improving effectiveness and reducing costs, including strategies for reducing or maintaining customer rates.

To accomplish these objectives, it is anticipated that the selected consultant will interview TCLP and City management personnel and staff; review and analyze TCLP financial, planning, staffing, contract, and organizational documentation; review TCLP Board, City Commission and other public records pertaining to TCLP’s operations; and, collect and review data from other municipal utilities in similar communities for benchmarking and comparison purposes.

Based on the research and analysis, it is anticipated that the consultant will develop findings and recommendations to enhance overall efficiencies and practices commensurate with industry best practices, taking into account the unique characteristics of the community served by TCLP. Once the audit document is complete, it is further anticipated that the consultant will submit its findings to the TCLP Board and the City Commission for review and acceptance. An exit conference will be required with management to ensure factual accuracy and to discuss the findings, conclusions and recommendations contained in the audit.

**BACKGROUND**

TCLP is a wholly-owned public utility of the City of Traverse City (City), Michigan. It operates as an independent Department within the City. The City is a Home Rule City and has a Commission/City Manager form of government. The Commission is the legislative and policy making branch of local government. The Commissioners appoint a City Manager to execute and administer policies.

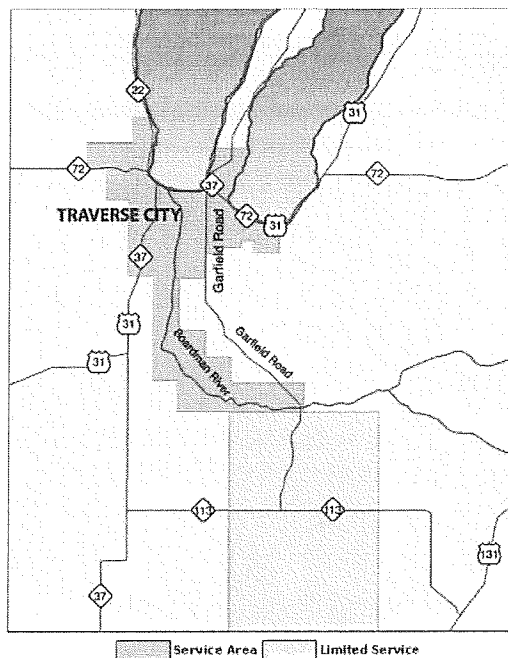
The City first acquired an electric utility company in 1912 that later became TCLP. Today, TCLP serves more than 11,000 customers and manages an approximately \$32 million annual budget. The company employs 42 workers (29 are unionized). Nearly 80% of the utility’s customers are residential, but nearly 80% of its revenue is derived from commercial and industrial customers. TCLP undergoes annual, independent financial audits at the end of each fiscal year (June 30). It is the impression of the TCLP Board that the utility is financially

stable. This audit is not being undertaken as a result of crisis, but rather in a spirit of ensuring the utility is being managed for maximum efficacy and value.

The TBEDC has entered into an agreement with TCLP and the City to conduct a national search of qualified firms capable of providing a Management & Operations Audit of TCLP. The TBEDC will manage the solicitation process, receive qualifications statements from responding firms, and recommend one or more of them for further consideration and selection by TCLP and the City.

**SELECTION**

With the release of this RFQ, the TBEDC is soliciting qualification statements from responsible firms to potentially provide the audit. Qualified firms will have a substantial track record providing audit services to similarly situated public utility companies owned and operated by similar sized communities as Traverse City, Michigan. Respondents should make every effort to highlight their previous audit experience for similar public electric utility companies at similarly sized communities with similar characteristics. This is an imperative underlying this RFQ. As noted in the evaluation section of this RFQ, respondents with similar experience will be given significant deference.



Additionally, the TBEDC is looking for a consultant that can provide innovative recommendations related to management and operational practices. The goal is to measure current management and operations against industry standards and best practices. The TBEDC is looking for a firm that can provide new solutions, performance measures, and practices that will best position TCLP as a highly efficient and effective operating entity. It is anticipated that these recommendations will be derived from industry best practices, but may also come from outside the electric power and distribution industry. As required by this RFQ, respondents should make every effort to highlight their approach in measuring the status quo but also in developing innovative recommendations designed to heighten operational capacity and effectiveness.

**SEALED QUALIFICATION STATEMENTS**

The TBEDC will receive sealed Qualification Statements in the Office of the President/CEO, 202 East Grand River Parkway, Traverse City, Michigan 49682 by close of business fifteen (15) working days after initial posting on May 31, 2012. Qualification Statements must include the phrase **“Management & Operations Audit Qualifications Statement for TCLP Audit,”** and must be compliant with the instructions provided in this RFQ. Although the TBEDC is managing the selection process, all materials reviewed are considered public records of TCLP and the City of Traverse City. No assurances are being made that any information received will be reserved as confidential.

The TBEDC reserves the right to accept or reject any or all Qualification Statements, waive irregularities, and to accept them either in their entirety or as severable component parts as it deems is in the best interest of TCLP and the City. The TBEDC accepts no responsibility for any expense incurred by the Respondent in the preparation and submission of a Qualifications Statement. Such expenses shall be borne exclusively by the Respondent.

Qualifications Statements that are submitted late, that are non-compliant, or that are telefaxed will not be accepted. **Qualifications may be sent via email, as long as a hard copy of the contents is submitted within five working days of the email submission.**

**If you have any questions, please contact Doug Luciani, President and CEO of the Traverse Bay Economic Development Corporation, at (231) 995-7108.**

**SUBMIT QUALIFICATIONS STATEMENT TO:**

Mr. Doug Luciani  
President & CEO  
Traverse Bay EDC  
202 East Grandview Parkway  
Traverse City, Michigan 49684  
luciani@tcchamber.org

**RESPONSE DUE DATE:**

**Thursday, June 21, 2012 at close of business. Proposals will then be distributed for appropriate review and recommendations.**

**SCOPE OF WORK TO BE PERFORMED**

This is an RFQ soliciting Qualification Statements from qualified firms to provide the required audit. Based on the Statements received by the TBEDC, it will recommend one or more firms to the TCLP Board and the Traverse City Commission as qualified to fulfill the described Scope of Work. The TCLP Board and Traverse City Commission must agree on and select the preferred firm, finalize a detailed, contractual scope of work consistent with that outlined herein, and negotiate final terms and conditions for the work to be performed. Proposals submitted will not result in a final contract until approved in the manner described above.

Using the format prescribed in this RFQ (below), respondents shall detail their specific approach to addressing the following areas of focus:

1. **Management & Operations.** The consultant shall examine the operations and practices of TCLP and determine if opportunities exist for improving efficiency, effectiveness, and economy. This review shall include an examination of all aspects of TCLP, including staffing; organization structure; business practices; planning and decision making; communications; contracting; marketing and advertising; and the use of equipment and resources, among other areas of inquiry typical for the industry. The following serve as examples of areas to be assessed, but may not necessarily limit the consultant's review:

- a. **Utility Planning.** The consultant shall review integrated resource planning measures to address demand and production planning; the effectiveness of efforts to reach renewable standards; review plans to ensure maintenance, system safety, and system reliability; review system maps and operating diagrams; review safety plans and monitoring and reporting protocols; review capital project plans; and review compliance initiatives consistent with North American Electric Reliability Corporation (NERC) standards.
  - b. **Contract Management.** The consultant shall review oversight and management protocols related to contract administration by ensuring that formal procedures are in place to review and approve purchases; assess contract compliance measurement and reporting efforts; and review competitive bidding and alternative contracting scenarios.
  - c. **Support Services.** The consultant shall review the risk management, legal, facilities management, purchasing and materials management, transportation, information technology, records management, emergency restoration of power, line clearance, i.e., tree trimming and vegetation management.
  - d. **Customer Services.** The consultant shall review the quality of customer service, meter reading, complaints and inquiries, credit and collections, service theft, customer support systems, and the like, focusing on TCLP's management of planning and implementation, including all costs incurred.
  - e. **Human Resources.** The consultant shall review staffing, TCLP's wage and salary policies, compensation programs, incentive programs, employee benefits including pensions and other post retirement employee benefits, employee development and training, performance evaluation, labor relations, manpower planning, and process management. This will include an analysis tracking staff productivity and costs; and a review of management succession planning.
2. **Findings & Recommendations.** The consultant shall report its findings, and include specific recommendations related to enhancing its financial strength, accounting controls, compliance, rates, staffing levels and job descriptions, and organization structure as measured against industry best practices and standards.

#### QUALIFICATIONS

The TBEDC seeks to recommend a consultant and/or auditing firm (or together a team) with specific experience providing similar Management, Operational, and Financial Auditing to similarly situated municipally owned power companies serving similar sized communities with a similar mix of residential and commercial/industrial customer base. The lead firm shall have demonstrated experience providing similar audits and must have established, credible experience providing such audits to municipally owned power companies. The firm must demonstrate a strong understanding of governing regulatory requirements. It must demonstrate a proven, quantifiable track record of making specific, action-oriented recommendations leading to actual cost savings and efficiencies.

**RESPONSE TO THE RFQ**

Firms responding to this RFQ should organize their responses as follows:

1. **Introductory Letter** – identify the principal corporate entity serving as the audit lead and warrant that the information contained in the RFQ Response is accurate and truthful; also include the project lead person by name, address, phone number, and email address. **One Page.**
2. **Entities Participating on Team** – identify the company or companies participating in the RFQ response by providing corporate name, address, telephone number, and website; Also, for each company participating, identify the lead person from each company by name, address, telephone number, and email address. **Not More than Two Pages.**
3. **Resumes** – for each individual actively and directly participating in the audit, provide detailed resumes and warrant that they are, in fact, available to provide the work described in the RFQ response. Also, include within each resume a detailed description of the work that each person will perform. **Not More than Ten Pages.**
4. **Corporate Description** – provide an overview of the company or companies responding to this RFQ, including size, specialty, financial strength (including a copy of the respondent’s most recent financial statement), industry licensure, and previous work history. **Not More than Ten Pages.**
5. **Response: Approach and Timing** – for each of the elements of this RFQ noted in the section “Scope of Work” the consultant shall provide a detailed description of the intended process and methodology to be deployed in achieving the proposed scope of work, including:
  - a. Management & Operations Audit. **Not More than Five Pages.**
  - b. Findings & Recommendations. **Not More than Five Pages.**

For each of the discrete components noted above, the Consultant shall provide the estimated time required to initiate and complete the described approach.

6. **Similar Work History** – the consultant shall provide five (5) examples of similar audits completed in the last three years that depict scope of work, timeframes, size of the organization audited, key results, and a contact person from the organization audited, with phone number, that oversaw the work performed. **Not More than Five Pages.**
7. **Pricing** – the firm shall provide pricing guidance related to their response, including an estimate of the time and cost required to complete its proposed process/methodology for completing the tasks identified in Point 5 (above), “Response”. Time and Cost estimates shall be broken down to reflect:
  - a. Management & Operations Audit; and
  - b. Findings & Recommendations.**One Page**
8. **References** – for each corporate entity participating (or in the case of individual consultants supporting a larger team), provide five (5) references from previously completed projects, including name, organization, telephone number, and email address. **One Page per Entity.**
9. **Respondent Certification** – The Respondent is required to complete and return the attached Respondent Certification with its Qualifications Statement.

**DECISION MATRIX**

A consultant shall be selected based upon the following:

1. Previous Experience Auditing Similar Publicly Owned Municipal Power Companies. Personnel Assigned to Complete the Scope of Work and their professional qualifications.
2. Approach (process and methodology) To Completing the Scope of Work.
3. Price.
4. Timing.

**OPENING OF QUALIFICATION STATEMENTS**

Qualification Statements received by the TBEDC by the deadline date will be opened and available for review on Friday, June 22, 2012. The TBEDC has formed an ad hoc review task force (Task Force) comprised of qualified individuals to review the Qualification Statements, make recommendations, and forward selected respondents' proposals on to TCLP and the City. The Task Force reserves the right to request that finalists appear in person for interviews prior to selection and recommendation.

### RESPONDENT CERTIFICATION

Respondent certifies that as of the date of this submission the Company or he/she is not in arrears to Traverse City Light & Power or to the City of Traverse City for debt or contract and is in no way a defaulter as provided in Section 152, Chapter XVI of the Charter of the City of Traverse City.

Respondent understands and agrees, if selected as the successful firm, to accept a purchase/service order or binding contract to be negotiated, and to provide proof of the required insurance.

The Respondent shall comply with all applicable federal, state, local laws, rules and regulations and obtain any required permits or certifications for this work.

The Respondent certifies that it is in compliance with the City's Nondiscrimination Policy as set forth in Administrative Order No. 47 and Chapter 605 of the City's Codified Ordinances.

The Bidder certifies that none of the following circumstances have occurred with respect to the Bidder, an officer of the Bidder, or an owner of a 25% or more share in the Bidder's business, within 3 years prior to the bid:

- (a) conviction of a criminal offense incident to the application for or performance of a contract;
- (b) conviction of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense which currently, seriously and directly reflects on the Respondent's business integrity;
- (c) conviction under state or federal antitrust statutes;
- (d) attempting to influence a public employee to breach ethical conduct standards; or
- (e) conviction of a criminal offense or other violation of other state, local, or federal law, as determined by a court of competent jurisdiction or an administrative proceeding, which in the opinion of the City indicates that the bidder is unable to perform responsibility or which reflects a lack of integrity that could negatively impact or reflect upon the City of Traverse City, including but not limited to, any of the following offenses or violations of:
  - i. The Natural Resources and Environmental Protection Act.
  - ii. A persistent and knowing violation of the Michigan Consumer Protection Act.
  - iii. Willful or persistent violations of the Michigan Occupational Health and Safety Act.
  - iv. A violation of federal, local, or state civil rights, equal rights, or non-discrimination laws, rules, or regulations.

v. Repeated or flagrant violations of laws related to the payment of wages and fringe benefits.

(f) the loss of a license or the right to do business or practice a profession, the loss or suspension of which indicates dishonesty, a lack of integrity, or a failure or refusal to perform in accordance with the ethical standards of the business or profession in question

Respondent understands that the TBEDC and/or TCLP and the City reserve the right to accept any or all Qualification Statements in whole or part and to waive irregularities in any Statement I in the best interest of TCLP and the City. The Qualification Statement will be evaluated and awarded on the basis of the best value to TCLP and the City. The criteria used by TCLP and the City may include, but will not be limited to: ability, qualifications, timeframe, experience, price, type and amount of equipment, accessories, options, insurance, permits, licenses, other pertinent factors and overall capability to meet the needs of the City. The City and TCLP are sales tax exempt – Government.

The Respondent certifies and warrants that the statements contained in its Qualification Statement are factual, accurate, and truthful.

Respondent agrees that its Qualification Statement may not be withdrawn for a period of sixty (60) days from the actual date of opening.

**Submitted by:**

\_\_\_\_\_

Signature

\_\_\_\_\_

Company Name

\_\_\_\_\_

Name and Title (Print)

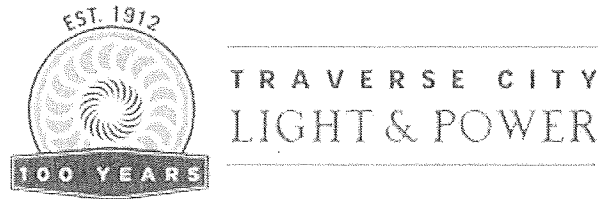
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Company Address

\_\_\_\_\_

Date





**Management &  
Operations Audit Qualifications  
Statement for TCLP Audit**

**Prepared for  
Traverse City Economic  
Development Corporation  
and  
Traverse City Light and Power**

Prepared by  
Hometown Connections International, LLC  
June 21, 2012

# Hometown Connections<sup>®</sup>

DELIVERING VALUE TO PUBLIC POWER

*The subsidiary of the American Public Power Association*

June 21, 2012

Mr. Doug Luciani  
President and CEO  
Traverse Bay EDC  
202 East Grandview Parkway  
Traverse City, Michigan 49684  
luciani@tcchamber.org

Dear Mr. Luciani:

Hometown Connections is pleased to present our qualifications for the recent request for qualifications for a "Management and Operations Audit Qualifications Statement for TCLP Audit." Hometown Connections is a privately held, limited liability company based in Evergreen Colorado. Its mission is to add value to public power utilities through its consulting services and third party product and service endorsements. It was formed in 1998 and since that time has focused on providing resources and support to public power utilities in a wide variety of areas.

Hometown Connections has a substantial body of work devoted directly to the review of public power electric utilities. These performance reviews and management audits cover all aspects of utility operations, including technical, customer service, power supply and financial elements of a utility's operation. Functions reviewed may reside entirely within the utility or be provided as an internal service through city general fund operations or through joint action agencies and state associations. Hometown Connections has worked with over 800 public power utilities, including over 80 where we have provided direct consulting and facilitation support. We differentiate our service from engineering and financial agencies that provide specific engineering analyses or detailed financial audits. Instead, Hometown Connections takes a system-wide approach to utility operations, examining the strengths and weaknesses from within each functional area, and the integration of the various functional areas into an effective and successful whole.

The Hometown Connections staff is experienced in a wide range of utility operations, and we would anticipate leveraging the skill sets of several staff as well as one subcontractor, Shel Ferdman. I will be the lead on the project.

We appreciate your consideration for this engagement.

Sincerely,



Tim Blodgett  
President and CEO  
Hometown Connections

[www.hometownconnections.com](http://www.hometownconnections.com)

PMB 414, 1153 Bergen Parkway #M 970.682.4217 office  
Evergreen, Colorado 80439-9501 303.526.4516 fax

**Entities Participating on Team**

Hometown Connections International is the sole vendor submitting this qualification. We have one subcontractor, Shel Ferdman, to assist with the power supply review.

Tim Blodgett  
tblodgett@hometownconnections.com  
Hometown Connections  
PMB 414  
1153 Bergen Parkway #M  
Evergreen, CO 80439-9501  
www.hometownconnections.com

## Resumes

### **Tim Blodgett**

Mr. Blodgett has held the positions of President and CEO of Hometown Connections, the utility services subsidiary of the American Public Power Association, since January 2001. Mr. Blodgett is responsible for Hometown's overall efforts in delivering value to public power utilities. Mr. Blodgett has worked with many public power utilities, governing boards and staffs, in the area of strategic consulting with an emphasis on continuous improvement and is a frequent guest speaker at industry forums across the country. Mr. Blodgett joined Hometown in May of 1998 as the Vice President, Sales and Marketing where he assisted in the molding of a startup organization into a well-recognized company known for value adding products and services specifically designed to meet public power's needs. Prior to joining Hometown, he was the Director of Sales for en-able, an affiliate of KN Energy and PacifiCorp, where he assisted energy distribution companies with their customer care programs. Prior to the formation of en-able, Mr. Blodgett worked for KN Energy where he focused on the sale of energy and related services to local distribution companies. Prior to this, Mr. Blodgett spent 6 years with Phillips Petroleum Company in various positions ranging from natural gas marketing to business development in exploration and production. Mr. Blodgett holds a Bachelor of Arts Degree from Northwestern Oklahoma State University in Business Management. In 2010 Mr. Blodgett was honored when his college alma mater invited him back to provide the commencement address at its spring graduation ceremony. He is an active volunteer in Colorado's youth and high school basketball scene. Mr. Blodgett is the overall project lead and will also be the primary lead in the areas of accounting, finance, administration, rates and technology.

### **Steve VanderMeer**

Mr. VanderMeer brings great deal of experience managing public participation projects for municipal governments. He has worked with a wide range of governing bodies, as an employee, consultant, and as a board member and chairman. He has facilitated several board planning retreats. In his consultant role with Hometown Connections, Mr. VanderMeer has interviewed the staff and governing board members of dozens of utilities throughout the nation, and has developed strong insights into the many issues that affect governance of public power utilities. Mr. VanderMeer joined Hometown Connections in October 1998, providing consulting, and marketing support to public power utilities. He came to Hometown Connections from a Colorado public power utility, Fort Collins Light & Power, where he was the Director of Marketing and Energy Services. Mr. VanderMeer directed the development and promotion of a stronger utility image and brand. He oversaw the launch of several new products and services including the very successful Wind Power Program, winner of the 1997 APPA Energy Innovators Award. Prior to his work with Light & Power, Mr. VanderMeer was Assistant to the City Manager with the City of Fort Collins. During this time he managed numerous community outreach and citizen participation programs, working closely with the city council. He facilitated strategic planning efforts at the department, organization and community levels. Mr. VanderMeer also directed the City's Total Quality Management program and is a certified TQM instructor. He served as the project manager for the development of organization-wide performance measures as part of the shift to a program-performance budgeting process. Mr. VanderMeer is a native Michigander. He holds a Bachelor of Arts Degree from the University of Michigan and a Master's Degree in Governmental Administration from the University of Pennsylvania. He is an active volunteer in the community, serving since 2001 on the board of directors of the Fort Collins Museum of Discovery, the past six as board president. Mr. VanderMeer will support

the project in the customer service, community outreach, utility programs, purchasing, contracts, governance, strategic planning and human resource areas.

#### **Walter McGrath**

Walter R. McGrath is a Regional Manager for Hometown Connections. He formerly served as General Manager of the Braintree Electric Light Department, Braintree Massachusetts, a municipal electric system, from 1985 - 2002. He is a senior member of the Institute of Electrical and Electronic Engineers (IEEE) and has over thirty-eight years of experience in the electric power industry. Mr. McGrath served as president of the American Public Power Association in 1998-1999 and was a member of the board of directors for nine years. Mr. McGrath has a B.S.E.E. degree from Northeastern University and an MBA in Management from Bentley College. He has served on numerous committees for both the American Public Power Association and the Northeast Public Power Association. Mr. McGrath has been a member of the Braintree Rotary Club since 1989 and served as president of the Club in 2002-2003. Mr. McGrath will support the project in the distribution operations and safety areas.

#### **Shel Ferdman**

Mr. Ferdman has played many key roles within the electric utility industry for 42 years, over 30 of which in executive positions. Mr. Ferdman spent the first 27 years of his career with the Jacksonville Electric Authority (JEA) in Jacksonville, Florida. At JEA, Mr. Ferdman held the executive positions of Director of System Engineering, Director of Utility System Contracts, and Director of Bulk Power Marketing. Among the routine activities associated with these positions, Mr. Ferdman was lead negotiator for JEA in several joint venture projects with investor owned utilities, power marketers, and other municipal utilities related to jointly owned transmission and generation projects and lead negotiations for numerous long term power purchase and sale agreements. In 1997, Mr. Ferdman joined The Energy Authority (TEA) as its first Vice President of Physical Trading. As a member of the TEA startup team, Mr. Ferdman participated in the identification and procurement of energy marketing and trading systems, the recruitment of trading and analytics personnel, and the commencement of TEA as the first totally public power owned energy trading and marketing company in 1997. In 2010, Mr. Ferdman retired from TEA and started his own consulting business. In his capacity as president of Shel Ferdman, LLC, he provides executive level oversight and guidance to municipal utilities in the areas of energy marketing and risk management, power operations, and assistance in negotiation of joint ventures, purchase power agreements, and utility services contracts. In three recent enterprise risk management engagements, he has performed the wholesale business operations risk assessment and gaps analysis of energy risk management programs for municipal utilities. Mr. Ferdman has a Bachelor of Science degree in Electrical Engineering from the University of Florida, received his Master's degree in Business Administration from the University of North Florida and is a registered professional engineer with the State of Florida. Mr. Ferdman has testified before the Federal Energy Regulatory Commission and the Florida Public Service Commission on utility and public power business matters. Mr. Ferdman served on the Board of Directors for the Florida Municipal Electric Association for the period 1980 through 1995, serving as its president in 1988-1989. Mr. Ferdman will support the project in the power supply and compliance areas including integrated resource planning, transmission, risk management, MISO and NERC compliance.

Each of the individuals identified above has cleared the necessary room in their upcoming calendars to devote substantial time to the Traverse City project.

**Corporate Description**

Hometown Connections International is the utility services subsidiary of the American Public Power Association (APPA). It is 65% owned by APPA and 35% owned by the Alabama Municipal Electric Authority. Hometown Connections has been in business since 1998. Since that time it was worked with more than 800 public power utilities and associated city governments.

Through a staff of six, Hometown Connections offers APPA members advice and access to quality products/services from a trusted entity with public power's best interests in mind. Hometown Connections is a resource to APPA members large and small, providing discounted pricing on technology, services, and other solutions from industry-leading companies.

The products and services offered through Hometown Connections include the full range of smart grid solutions, as well as financial and organizational management tools and consulting.

Hometown Connections is a licensed limited liability company, in good standing, in the State of Colorado. Hometown Connections' Taxpayer Identification Number is 84-1452376.

Financials are available upon request.

**Response**

1) **Management & Operations.** The estimated time required to initiate and complete this phase of the engagement is 168 hours of offsite and onsite work including individual and group interviews. Hometown Connections will examine the operations and practices of TCLP and determine if opportunities exist for improving efficiency, effectiveness, and economy. This review will include an examination of all aspects of TCLP, including staffing; organization structure; business practices; planning and decision making; communications; contracting; marketing and advertising; and the use of equipment and resources, among other areas of inquiry typical for the industry. The following areas will be reviewed and assessed:

- a) **Utility Planning and Operations.** It is Hometown Connections' experience that within public power strategic planning is typically given far too little attention. Planning is usually restricted to system planning, focusing on expansion and integrity of the distribution system. Some utilities will also incorporate goals and objectives through their budgeting process, but time horizons tend to be short. In general, among public power we tend to see a strong culture of shorter term planning and responsibility, but rarely do we see much evidence of longer term strategic planning, where the utility's current and future roles are deliberated and a document generated to create organizational focus and alignment.
- i) Initially, Hometown Connections will review:
- integrated resource planning measures to address demand and production planning;
  - the effectiveness of efforts to reach renewable standards;
  - plans to ensure maintenance, system safety, and system reliability;
  - system maps and operating diagrams;
  - safety plans and monitoring and reporting protocols;
  - capital project plans;
  - compliance initiatives consistent with North American Electric Reliability Corporation (NERC) standards; and
  - written documentation, including the IRP and any strategic planning documents, system and capital plans, and operational policies, including safety, will be reviewed.

This initial review will be followed by face to face interviews with appropriate personnel in each area, which will include at a minimum, those in the areas of power supply, distribution operations, finance and compliance. Hometown Connections will assess the degree to which the utility has in place the necessary business processes and oversight.

- ii) For the area of power supply and risk management, Hometown Connections will include a review of the TCLP power supply portfolio including renewable resources from a power markets perspective; a review of contract administration related to existing jointly owned generating resources; review of purchase power contracts; review and interconnection with the Mid-West ISO (MISO); review of existing energy risk management policies and practices; review of hedging activities related to power and fuel resources; and review of other energy and power supply activities identified during the review process, as may be identified by the consultant or TCLP staff.

- iii) For the area of distribution planning and operations, Hometown Connections will include a review of the maintenance, reliability, safety (budget, equipment, manual, training, goals, recognition, performance), security, workforce utilization and development, street lighting and tree trimming/vegetation management, distribution technology and capital and maintenance budgets.
- b) **Contract Management.** Purchasing practices within municipal government vary widely reflecting differences in how the purchasing role is defined and to what degree local and potentially state rules have kept pace with modern purchasing practices. Increasingly, we see purchasing staff seeking to add value to the purchasing chain by leveraging their expertise and the tools available to them to create long-term value at low life-cycle costs. Hometown Connections will review oversight and management protocols related to contract administration by ensuring that formal procedures are in place to review and approve purchases; assess contract compliance measurement and reporting efforts; and review competitive bidding and alternative contracting scenarios. Hometown Connections will review written purchasing policies and interview purchasing staff as well as those utility staff using the purchasing process to ensure that policies and processes are in place to provide the highest value to the utility and its stakeholders.
- c) **Support Services.** Hometown Connections will review the risk management, legal, facilities management, purchasing and materials management, transportation, information technology, records management, and emergency restoration of power. Internal services within an organization play a key role in facilitating smooth operations of front line staff. Hometown Connections will meet with key personnel to discuss business processes in place and how well they have integrated both with core services and each other. Where written documentation exists, Hometown Connections will evaluate for appropriateness. For the area of support services Hometown Connections will review warehouse and inventory, fleet management, information technology, records management (retention and security), outage management and restoration.
- d) **Customer Services and Community Outreach.** Hometown Connections will review the quality of customer service, meter reading, complaints and inquiries, credit and collections, service theft, and customer support systems, focusing on TCLP's management of planning and implementation, including all costs incurred. As the customer-facing side of the utility operations, customer service business processes and staff play a major role in forming customer opinion of the utility. Hometown Connections will use several industry and public power-specific metrics to benchmark customer service operations in TCLP. Additionally, Hometown Connections will interview key staff from the utility to gauge how customer service is delivered, measured and improved upon.
  - i) For the area of customer services Hometown Connections will review service satisfaction, rate satisfaction, billing and payment options, customer service processes, utility programs such as economic development, key accounts, DSM and energy efficiency.
  - ii) For the area of community outreach Hometown Connections will review how information is conveyed and gathered between the utility and customers, role of utility in community and media relations.



- e) **Human Resources.** Human resources and employee development are playing an increasingly important role in fostering a strong employee base. Based on a 2008 Congressional Research Service study, the utility industry has the highest proportion of baby-boomers of any industry, with almost 3 of every 5 workers between the ages of 41 and 59. Recruitment, retention and employee development will play increasingly important roles in public power for at least the next decade as utilities must do more with less. Hometown Connections will review staffing, TCLP's wage and salary policies, compensation programs, incentive programs, employee benefits including pensions and other post retirement employee benefits, employee development and training, performance evaluation, labor relations, manpower planning, and process management. This will include a review of management succession planning. While appearing to be outside the scope of work of this RFQ, Hometown Connections has worked with market research firms that have conducted a number of different employee surveys on behalf of public power utilities. This is a resource that we would be happy to leverage on behalf of TCLP.
- f) **Governance and Administration.** Hometown Connections will review TCLP's governance and management structure. The vast majority of public power utilities fall into one of two general governing arrangements. The first is that where the utility is a city department, reporting to an administrator, most often a city manager, city administrator or city clerk, or in cases within a mayor-council form of government, the mayor. The governing body in this scenario is the city council or city commissioners. The second arrangement is where an independent commission serves as the governing board and the utility manager reports directly to them. Nationally, as utility size increases, the likelihood of it being governed by an independent board also increases. For the area of governance and management, Hometown Connections will review the form of government, reporting structures, understanding of roles, policy and/or strategic guidance, proper balance of governing board involvement and management operations.
- g) **Rates, Accounting and Finance.** Financial institutions are changing the way they evaluate the financial health of public power utilities. There is an increasing pressure on public power utilities to improve their policies in the areas of rates, reserves and transfers. The financial health of a public power utility is dependent on sound financial policies and a disciplined approach in the execution of the policies. Good financial planning and oversight include rate policy, cost of service and rate studies, cash reserve and financing policy and transfer policy. For the area of rates, accounting and finance Hometown Connections will review rate options, planning, performance, approvals, budget and accounting systems, policies and procedures, and transfers.
- h) **Technology.** The electric industry is becoming increasingly complex, as new and emerging technologies promise significant enhancements in how public power will meet and exceed customer expectations for service, efficiency and reliability. With these changes come greater demands on utility staff to effectively leverage technologies that will add value. Public power's use of new technologies varies tremendously, with many utilities committed to deploying leading edge technology, while others take a more conservative approach, adopting new technologies only after they have proven themselves, and price points stabilize (or even decline as efficiencies of mass production take effect). Hometown Connections believes there are a variety of acceptable approaches for public power to take in assessing and adopting new technologies. What is not acceptable is simply to ignore the emergence of new technologies that have tremendous potential to impact public power's success. For most utilities, this will mean the creation and maintenance of a technology plan, with resources – internal or external –

devoted to staying on top of evolving technology. Hometown Connections will review TCLP's technology in the areas distribution, generation, meter reading, communications and information technology and benchmark against similar sized public power utilities.

- 2) **Findings and Recommendations.** The estimated time for this phase of the engagement is 154 hours. This includes Hometown Connections' time writing the first draft, as well as corrections, clarifications and other edits as provided by the client. This also includes an onsite presentation of the final results and report. Hometown Connections will prepare a report for the client that outlines, by functional area, the findings of the audit, detailing strengths and weakness, and where appropriate, include specific recommendations for changes in business processes or other improvements. Hometown Connections will identify what it believes are the highest priority recommendations for consideration by TCLP. A second section of the report will list all of the recommendations developed through the course of the audit. The report itself will likely run between 80 and 120 pages, including table of contents, executive summary, methodology, findings, recommendations and appendices. It will be made available both in hardcopy and electronically.

**Similar Work History**

Following are references for Hometown Connections and our subcontractor, Shel Ferdman.

- a. Alameda Municipal Power (CA) with 34,000 customers – Hometown Connections is currently performing an organization assessment and business process review. The onsite interview process was completed in May 2012 and the report writing process is currently underway with a schedule completion of July 2012. Outcomes include recommendations to increase the use of technology, change the executive level reporting structure, and improve the level of internal control processes. Contact: Girish Balachandran, General Manager, 510-748-3905
- b. City of Gastonia (NC) with 26,000 customers – During 2011 Hometown Connections performed an organization assessment and business process review including an onsite interview process and a written report on the strengths, weaknesses and recommendations for continuous improvement. The process was completed in approximately 12 weeks. Outcomes included recommendations to gain more control of rate making process, to perform a physical security assessment, to formalize its cash reserve policy and to perform a rate and cost of service study at least once every five years. Paul Jakubczak, Director of Enterprise Services, 704-866-6013
- c. City of Washington (NC) with 13,000 customers – During 2011 Hometown Connections performed an organization assessment and business process review including an onsite interview process and a written report on the strengths, weaknesses and recommendations for continuous improvement. The process was completed in approximately 12 weeks. Outcomes included recommendations to benchmark other utilities energy efficiency efforts, to begin measuring and tracking distribution line losses, to expand its power supply knowledge beyond the general manager, and to develop a more formal orientation program for new city council members on utility operations. Keith Hardt, Electric Director, 252-975-9313
- d. Jamestown Board of Public Utilities (NY) with 19,000 customers – During 2010 Hometown Connections performed an organization assessment and business process review including an onsite interview process and a written report on the strengths, weaknesses and recommendations for continuous improvement. The process was completed in approximately 12 weeks. Outcomes included recommendations to add temperature data to the bill, to add online billing and credit card payment options for its customers, to track employee volunteer hours in the community, and to perform an employee survey facilitated by an outside firm. Dave Leathers, General Manager, 716-661-1664
- e. Easley Combined Utilities (SC) with 13,000 customers – During 2010 Hometown Connections performed an organization assessment and business process review including an onsite interview process and a written report on the strengths, weaknesses and recommendations for continuous improvement. The process was completed in approximately 12 weeks. Outcomes include recommendations to develop a strategic and succession plans, engage in more outside contract support (for example, cost of service study, bill print, mail, remittance processing) and perform periodic customer satisfaction surveys. Joel Ledbetter, General Manager, 864-859-4013
- f. The Energy Authority - Since retiring from The Energy Authority (TEA) in December 2009, Shel Ferdman provides marketing and business development assistance under a 3-year contract. During this period, Mr. Ferdman played a key role in the addition of new TEA clients including American

Municipal Power (Columbus, Ohio) and the City of Dover (Delaware). Joanie Teofilo, President and CEO, 904-360-1403

- g. Holland Board of Public Works (MI) - During the period of May 2010 and April 2011, Mr. Ferdman assisted HBPW in the revisions to their risk management program and power and fuel hedging plans. HBPW has 26,000 electric customers and is a member of the Michigan Public Power Agency. This project included review and comments on HBPW's power supply portfolio and a gaps analysis of HBPW's risk management program as it relates to power supply and fuel resources. The findings were presented to the Holland Board in April 2011. Dave Koster, General Manager, 616-355-1520
- h. Owensboro Municipal Utilities (KY) - During the period of June through October 2010, Mr. Ferdman performed a gaps analysis on OMU's preparedness for participation in wholesale energy markets (which commenced in May 2010) and reviewed its trading and hedging plans. Included was a review of alternative power products traded into the Bilateral and RTO markets and identification of hedging products, alternatives, and strategies. OMU has 27,000 electric customers. Stan Conn, General Manager, 270-926-3200
- i. Alabama Municipal Electric Authority - During the period November 2010 and October 2011, Mr. Ferdman performed a review of AMEA's energy marketing activities, assisted in development of a risk management policy and performed an enterprise wide company review. AMEA is a municipal joint action agency with 11 members who collectively serve 350,000 customers in the state of Alabama. Fred Clark, President and CEO, 334-387-3500
- j. Wind Capital Group (St. Louis, MO) - Since April 2011, Mr. Ferdman has provided business development and project development input for the development of wind power generation in the Southeast, Southwest, and Midwest regions of the US. Primary focus includes states in the southeast where renewable portfolio standards are not in place taking advantage of technologies for producing wind power from lower wind speeds. Robert Bergstrom, Senior VP Business Development

**Pricing**

The total estimated price is \$92,500 as detailed below.

**a. Management & Operations Audit (estimated at \$51,000)**

- 1) Estimated billable hours 168 at \$250/hour = \$42,000.
- 2) Estimated travel expenses (billed at actual) = 2 trips each to TCLP for Mr. Blodgett and Mr. Ferdman plus 1 trip each for Mr. VanderMeer and Mr. McGrath estimated at \$1,500/trip = \$9,000.
- 3) Scope of work
  - a. Project kick off meeting at TCLP: Hometown Connections (Mr. Blodgett and Mr. Ferdman) will meet with the Traverse Bay Economic Development Corporation and TCLP executive teams to assure that the goals and objectives for the review project are clearly understood. A refinement to the scope of work may occur during this time frame.
  - b. Data collection/review: The process will start with a data request for the various areas to be reviewed including all power supply related contract documents; TCLP power and fuel related risk management policy(ies); most recent IRP; documentation of power supply services provided by others, including Michigan Public Power Agency; and documents specifying TCLP assignments and responsibilities related to contract management, etc.
  - c. Initial finding review at TCLP: Following data review process, Hometown Connections will meet with TCLP executives and key staff who are knowledgeable and responsible for the activities within the identified areas and with the requested documents. The meetings will occur over a 2 day period and involve Mr. Blodgett, Mr. Ferdman, Mr. VanderMeer and Mr. McGrath.

**b. Findings & Recommendations (estimated at \$41,500)**

- 1) Estimated billable hours 154 at \$250/hour = \$38,500.
- 2) Estimated travel expenses (billed at actual) = 1 trip each for Mr. Blodgett and Mr. Ferdman at \$1,500/trip = \$3,000.
- 3) Scope of work
  - a. Finding and recommendations: Following the meeting at TCLP Hometown Connections will prepare a draft report including gap analysis of the various areas including power supply and risk management activities that can be improved upon or where they differ from industry benchmarks and best practices. Also included will be the strengths of the organization and suggested recommendations. The draft report will be provided in electronic form to TCLP staff for their review for accuracy and input.
  - b. Presentation of final report at TCLP: Once the report is finalized Hometown Connections will provide TCLP an electronic copy and 20 hard copies of the report. Mr. Blodgett and Mr. Ferdman will meet and present the final report to the Traverse Bay Economic Development Corporation and TCLP executive teams.

References

Hometown Connections' client references are included in the "Similar Work History" above.

RESPONDENT CERTIFICATION

Respondent certifies that as of the date of this submission the Company or he/she is not in arrears to Traverse City Light & Power or to the City of Traverse City for debt or contract and is in no way a defaulter as provided in Section 152, Chapter XVI of the Charter of the City of Traverse City.

Respondent understands and agrees, if selected as the successful firm, to accept a purchase/service order or binding contract to be negotiated, and to provide proof of the required insurance.

The Respondent shall comply with all applicable federal, state, local laws, rules and regulations and obtain any required permits or certifications for this work.

The Respondent certifies that it is in compliance with the City's Nondiscrimination Policy as set forth in Administrative Order No. 47 and Chapter 605 of the City's Codified Ordinances.

The Bidder certifies that none of the following circumstances have occurred with respect to the Bidder, an officer of the Bidder, or an owner of a 25% or more share in the Bidder's business, within 3 years prior to the bid:

- (a) conviction of a criminal offense incident to the application for or performance of a contract;
- (b) conviction of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense which currently, seriously and directly reflects on the Respondent's business integrity;
- (c) conviction under state or federal antitrust statutes;
- (d) attempting to influence a public employee to breach ethical conduct standards; or
- (e) Conviction of a criminal offense or other violation of other state, local, or federal law, as determined by a court of competent jurisdiction or an administrative proceeding, which in the opinion of the City indicates that the bidder is unable to perform responsibility or which reflects a lack of integrity that could negatively impact or reflect upon the City of Traverse City, including but not limited to, any of the following offenses or violations of:
  - i. The Natural Resources and Environmental Protection Act.
  - ii. A persistent and knowing violation of the Michigan Consumer Protection Act.
  - iii. Willful or persistent violations of the Michigan Occupational Health and Safety Act.
  - iv. A violation of federal, local, or state civil rights, equal rights, or non-discrimination laws, rules, or regulations.
  - v. Repeated or flagrant violations of laws related to the payment of wages and fringe benefits.

(f) the loss of a license or the right to do business or practice a profession, the loss or suspension of which indicates dishonesty, a lack of integrity, or a failure or refusal to perform in accordance with the ethical standards of the business or profession in question

Respondent understands that the TBEDC and/or TCLP and the City reserve the right to accept any or all Qualification Statements in whole or part and to waive irregularities in any Statement I in the best interest of TCLP and the City. The Qualification Statement will be evaluated and awarded on the basis of the best value to TCLP and the City. The criteria used by TCLP and the City may include, but will not be limited to: ability, qualifications, timeframe, experience, price, type and amount of equipment, accessories, options, insurance, permits, licenses, other pertinent factors and overall capability to meet the needs of the City. The City and TCLP are sales tax exempt – Government.

The Respondent certifies and warrants that the statements contained in its Qualification Statement are factual, accurate, and truthful.

Respondent agrees that its Qualification Statement may not be withdrawn for a period of sixty (60) days from the actual date of opening.

Submitted by:

Tim L. Blodgett

Signature:



Company Name:

Hometown Connections

Name and Title (Print) Company Address:

Tim Blodgett  
President and CEO  
Hometown Connections  
PMB 414, 1153 Bergen Parkway #M  
Evergreen, CO 80439-9501

Date:

June 21<sup>st</sup>, 2012



# ATTACHMENT C

## Professional Services Agreement

This agreement made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ between Traverse City Light and Power, (“TCLP”) and Hometown Connections International, LLC (“Contractor”).

**FOR CONSIDERATION** of the mutual promises and covenants contained herein, TCLP and Contractor agree as follows:

### 1. SCOPE OF WORK

- A. Professional Services: Contractor agrees to provide Professional Services (hereinafter “Services”) as specified in Scope of Work which is attached and expressly incorporated by reference.
- B. Performance Monitoring: To ensure satisfactory and timely performance, Contractor shall produce written reports or other written documents as needed or directed to TCLP by the dates indicated. The Contractor’s point of contact for this project is Tim Blodgett, tbladgett@hometownconnections.com, 303-526-4515.
- C. Revisions to Scope of Work: TCLP reserves the right to make changes to the Services to be provided which are within the Scope of Work above. Such changes and any added cost or cost reduction to the TCLP must be agreed to in writing and signed by TCLP and Contractor prior to proceeding with any change.

### 2. PERFORMANCE PERIOD

The performance period of this Agreement shall begin on the effective date above and shall not extend beyond more than one year after the effective date, unless amended by written mutual agreement.

### 3. COMPENSATION FOR SERVICES

- A. Compensation: TCLP will compensate Contractor at a rate of \$250.00 per hour for services provided by Contractor in connection with the attached scope of work for TCLP. Payments will be processed on a monthly basis based on information reported on a timesheet from Contractor. The timesheet will report time spent on TCLP projects and any reimbursable expenses as outlined below. All invoices should include the Purchase Order #, number of hours worked, hourly rate and dates of service.
- B. Expenses: TCLP agrees to reimburse Contractor for related travel expenses for on-site activity over the term of this Agreement. All expenses must be documented by receipts, excluding meals, and submitted for payment approval within sixty (60) days from the date the expense was incurred.

### 4. CONFIDENTIALITY

Contractor agrees to keep confidential and not to disclose to third parties any information

provided by TCLP pursuant to this Agreement without the TCLP's prior written consent. This provision shall survive expiration and termination of this Agreement.

## **5. TERMINATION OF AGREEMENT**

- A. Termination for Breach of Agreement: TCLP may terminate this Agreement upon ten (10) days written notice for breach of this Agreement or any obligation thereof by the Contractor.
- B. Termination for Convenience: Either Party may terminate this Agreement for convenience by providing thirty 30 days prior written notice.
- C. Payment Upon Termination: Upon termination for any reason, TCLP shall pay Contractor all fees and expenses in accordance with provision 3 above already provided or incurred through the effective date of termination.

## **6. NON EXCLUSIVE**

Contractor shall retain the right to perform work for others during the term of this Agreement and thereafter, so long as it does not violate the terms of the confidentiality clause, as noted below.

## **7. STATE AND FEDERAL TAXES**

Contractor will be solely responsible for any state and federal income taxes due as Contractor is not a TCLP employee. All income paid to Contractor will be reported on a Form 1099. TCLP will not withhold FICA, make state or federal unemployment insurance contributions, make disability insurance contributions or obtain workers' compensation insurance or maintain any other benefits on the behalf of Contractor.

## **8. CONFIDENTIALITY**

Contractor shall keep in strict confidence all information of a competitively sensitive or proprietary nature that is received from TCLP in connection with the work that is being performed by Contractor. Upon the termination of this Agreement, regardless of cause or manner, and in exchange for payment of all fees and expenses owed to Contractor, Contractor shall turn over and return to TCLP all property belonging to TCLP as well as any work product created pursuant to this Agreement, including without limitation, all confidential information received from TCLP.

## **9. INDEMNIFICATION**

TCLP agrees to indemnify and save harmless Contractor from and against all loss, cost or damages that may arise with respect to the services performed by Contractor, on behalf of TCLP, except for criminal acts or intentional negligence.

## **10. GOVERNING LAW**

This Agreement will be governed by and construed in accordance with the laws of the State of Colorado.

**11. INSURANCE**

Contractor shall maintain personal automobile liability and professional liability insurance coverage and policy limits that are satisfactory to TCLP.

**12. NOTICES**

Any notices to be given hereunder by either party to the other may be effected either by personal delivery, in writing or by mail. Mailed notices shall be addressed to the parties at the addresses appearing below. Each party may change addresses by written notice.

Accepted by: \_\_\_\_\_

Accepted by: \_\_\_\_\_

Traverse City Light and Power

Hometown Connections International,  
LLC

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## SCOPE OF WORK AND ESTIMATED PRICING

### SCOPE OF WORK:

- 1) **Management & Operations.** The estimated time required to initiate and complete this phase of the engagement is 168 hours of offsite and onsite work including individual and group interviews. Hometown Connections will examine the operations and practices of TCLP and determine if opportunities exist for improving efficiency, effectiveness, and economy. This review will include an examination of all aspects of TCLP, including staffing; organization structure; business practices; planning and decision making; communications; contracting; marketing and advertising; and the use of equipment and resources, among other areas of inquiry typical for the industry. The following areas will be reviewed and assessed:
  - a) **Utility Planning and Operations.** It is Hometown Connections' experience that within public power strategic planning is typically given far too little attention. Planning is usually restricted to system planning, focusing on expansion and integrity of the distribution system. Some utilities will also incorporate goals and objectives through their budgeting process, but time horizons tend to be short. In general, among public power we tend to see a strong culture of shorter term planning and responsibility, but rarely do we see much evidence of longer term strategic planning, where the utility's current and future roles are deliberated and a document generated to create organizational focus and alignment.
    - i) Initially, Hometown Connections will review:
      - integrated resource planning measures to address demand and production planning;
      - the effectiveness of efforts to reach renewable standards;
      - plans to ensure maintenance, system safety, and system reliability;
      - system maps and operating diagrams;
      - safety plans and monitoring and reporting protocols;
      - capital project plans;
      - compliance initiatives consistent with North American Electric Reliability Corporation (NERC) standards; and
      - written documentation, including the IRP and any strategic planning documents, system and capital plans, and operational policies, including safety, will be reviewed.

This initial review will be followed by face to face interviews with appropriate personnel in each area, which will include at a minimum, those in the areas of power supply, distribution operations, finance and compliance. Hometown Connections will assess the degree to which the utility has in place the necessary business processes and oversight.

- ii) For the area of power supply and risk management, Hometown Connections will include a review of the TCLP power supply portfolio including renewable resources from a power markets perspective; a review of contract administration related to existing jointly owned generating resources; review of purchase power contracts; review and interconnection with the Mid-West ISO (MISO); review of existing energy risk management policies and practices; review of hedging activities related to power and fuel resources; and review of other energy and power supply activities identified during the review process, as may be identified by the consultant or TCLP staff.
  - iii) For the area of distribution planning and operations, Hometown Connections will include a review of the maintenance, reliability, safety (budget, equipment, manual, training, goals, recognition, performance), security, workforce utilization and development, street lighting and tree trimming/vegetation management, distribution technology and capital and maintenance budgets.
- b) **Contract Management.** Purchasing practices within municipal government vary widely reflecting differences in how the purchasing role is defined and to what degree local and potentially state rules have kept pace with modern purchasing practices. Increasingly, we see purchasing staff seeking to add value to the purchasing chain by leveraging their expertise and the tools available to them to create long-term value at low life-cycle costs. Hometown Connections will review oversight and management protocols related to contract administration by ensuring that formal procedures are in place to review and approve purchases; assess contract compliance measurement and reporting efforts; and review competitive bidding and alternative contracting scenarios. Hometown Connections will review written purchasing policies and interview purchasing staff as well as those utility staff using the purchasing process to ensure that policies and processes are in place to provide the highest value to the utility and its stakeholders.
- c) **Support Services.** Hometown Connections will review the risk management, legal, facilities management, purchasing and materials management, transportation, information technology, records management, and emergency restoration of power. Internal services within an organization play a key role in facilitating smooth operations of front line staff. Hometown Connections will meet with key personnel to discuss business processes in place and how well they have integrated both with core services and each other. Where written documentation exists, Hometown Connections will evaluate for appropriateness. For the area of support services Hometown Connections will review warehouse and inventory, fleet management, information technology, records management (retention and security), outage management and restoration.
- d) **Customer Services and Community Outreach.** Hometown Connections will review the quality of customer service, meter reading, complaints and inquiries, credit and collections, service theft, and customer support systems, focusing on TCLP's management of planning and implementation, including all costs incurred. As the customer-facing side of the utility operations, customer service business processes and staff play a major role in forming customer opinion of the utility. Hometown

Connections will use several industry and public power-specific metrics to benchmark customer service operations in TCLP. Additionally, Hometown Connections will interview key staff from the utility to gauge how customer service is delivered, measured and improved upon.

- i) For the area of customer services Hometown Connections will review service satisfaction, rate satisfaction, billing and payment options, customer service processes, utility programs such as economic development, key accounts, DSM and energy efficiency.
  - ii) For the area of community outreach Hometown Connections will review how information is conveyed and gathered between the utility and customers, role of utility in community and media relations.
- e) **Human Resources.** Human resources and employee development are playing an increasingly important role in fostering a strong employee base. Based on a 2008 Congressional Research Service study, the utility industry has the highest proportion of baby-boomers of any industry, with almost 3 of every 5 workers between the ages of 41 and 59. Recruitment, retention and employee development will play increasingly important roles in public power for at least the next decade as utilities must do more with less. Hometown Connections will review staffing, TCLP's wage and salary policies, compensation programs, incentive programs, employee benefits including pensions and other post retirement employee benefits, employee development and training, performance evaluation, labor relations, manpower planning, and process management. This will include a review of management succession planning. While appearing to be outside the scope of work of this RFQ, Hometown Connections has worked with market research firms that have conducted a number of different employee surveys on behalf of public power utilities. This is a resource that we would be happy to leverage on behalf of TCLP.
- f) **Governance and Administration.** Hometown Connections will review TCLP's governance and management structure. The vast majority of public power utilities fall into one of two general governing arrangements. The first is that where the utility is a city department, reporting to an administrator, most often a city manager, city administrator or city clerk, or in cases within a mayor-council form of government, the mayor. The governing body in this scenario is the city council or city commissioners. The second arrangement is where an independent commission serves as the governing board and the utility manager reports directly to them. Nationally, as utility size increases, the likelihood of it being governed by an independent board also increases. For the area of governance and management, Hometown Connections will review the form of government, reporting structures, understanding of roles, policy and/or strategic guidance, proper balance of governing board involvement and management operations.
- g) **Rates, Accounting and Finance.** Financial institutions are changing the way they evaluate the financial health of public power utilities. There is an increasing pressure on

public power utilities to improve their policies in the areas of rates, reserves and transfers. The financial health of a public power utility is dependent on sound financial policies and a disciplined approach in the execution of the policies. Good financial planning and oversight include rate policy, cost of service and rate studies, cash reserve and financing policy and transfer policy. For the area of rates, accounting and finance Hometown Connections will review rate options, planning, performance, approvals, budget and accounting systems, policies and procedures, and transfers.

h) **Technology.** The electric industry is becoming increasingly complex, as new and emerging technologies promise significant enhancements in how public power will meet and exceed customer expectations for service, efficiency and reliability. With these changes come greater demands on utility staff to effectively leverage technologies that will add value. Public power's use of new technologies varies tremendously, with many utilities committed to deploying leading edge technology, while others take a more conservative approach, adopting new technologies only after they have proven themselves, and price points stabilize (or even decline as efficiencies of mass production take effect). Hometown Connections believes there are a variety of acceptable approaches for public power to take in assessing and adopting new technologies. What is not acceptable is simply to ignore the emergence of new technologies that have tremendous potential to impact public power's success. For most utilities, this will mean the creation and maintenance of a technology plan, with resources – internal or external – devoted to staying on top of evolving technology. Hometown Connections will review TCLP's technology in the areas distribution, generation, meter reading, communications and information technology and benchmark against similar sized public power utilities.

2) **Findings and Recommendations.** The estimated time for this phase of the engagement is 154 hours. This includes Hometown Connections' time writing the first draft, as well as corrections, clarifications and other edits as provided by the client. This also includes an onsite presentation of the final results and report. Hometown Connections will prepare a report for the client that outlines, by functional area, the findings of the audit, detailing strengths and weakness, and where appropriate, include specific recommendations for changes in business processes or other improvements. Hometown Connections will identify what it believes are the highest priority recommendations for consideration by TCLP. A second section of the report will list all of the recommendations developed through the course of the audit. The report itself will likely run between 80 and 120 pages, including table of contents, executive summary, methodology, findings, recommendations and appendices. It will be made available both in hardcopy and electronically.

## ESTIMATED PRICING

The total estimated price is \$92,500 as detailed below.

1) **Management & Operations Audit** (estimated at \$51,000)

a) Estimated billable hours 168 at \$250/hour = \$42,000.

- b) Estimated travel expenses (billed at actual) = 2 trips each to TCLP for Mr. Blodgett and Mr. Ferdman plus 1 trip each for Mr. VanderMeer and Mr. McGrath estimated at \$1,500/trip = \$9,000.
- c) Scope of work
  - i) Project kick off meeting at TCLP: Hometown Connections (Mr. Blodgett and Mr. Ferdman) will meet with the Traverse Bay Economic Development Corporation and TCLP executive teams to assure that the goals and objectives for the review project are clearly understood. A refinement to the scope of work may occur during this time frame.
  - ii) Data collection/review: The process will start with a data request for the various areas to be reviewed including all power supply related contract documents; TCLP power and fuel related risk management policy(ies); most recent IRP; documentation of power supply services provided by others, including Michigan Public Power Agency; and documents specifying TCLP assignments and responsibilities related to contract management, etc.
  - iii) Initial finding review at TCLP: Following data review process, Hometown Connections will meet with TCLP executives and key staff who are knowledgeable and responsible for the activities within the identified areas and with the requested documents. The meetings will occur over a 2 day period and involve Mr. Blodgett, Mr. Ferdman, Mr. VanderMeer and Mr. McGrath.

1) **Findings & Recommendations** (estimated at \$41,500)

- a) Estimated billable hours 154 at \$250/hour = \$38,500.
- b) Estimated travel expenses (billed at actual) = 1 trip each for Mr. Blodgett and Mr. Ferdman at \$1,500/trip = \$3,000.
- c) Scope of work
  - i) Finding and recommendations: Following the meeting at TCLP Hometown Connections will prepare a draft report including gap analysis of the various areas including power supply and risk management activities that can be improved upon or where they differ from industry benchmarks and best practices. Also included will be the strengths of the organization and suggested recommendations. The draft report will be provided in electronic form to TCLP staff for their review for accuracy and input.
  - ii) Presentation of final report at TCLP: Once the report is finalized Hometown Connections will provide TCLP an electronic copy and 20 hard copies of the report. Mr. Blodgett and Mr. Ferdman will meet and present the final report to the Traverse Bay Economic Development Corporation and TCLP executive teams.



**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Regular Meeting  
Held at 5:15 p.m., Commission Chambers, Governmental Center  
Tuesday, July 24, 2012

**Board Members -**

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

Absent: John Snodgrass

**Ex Officio Member -**

Present: R. Ben Bifoss

**Others:** Ed Rice, W. Peter Doren, Tim Arends, Stephanie Tvardek, Glen Dine,  
Blake Wilson, Jessica Wheaton

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

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

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

- a. Minutes of the Regular Meeting of July 10, 2012.
- b. Receive and file the minutes of the Decorative Lighting Review Ad Hoc Committee Meeting of July 10, 2012.
- c. Pole Attachment Agreement with Merit.

CARRIED unanimously. (Snodgrass absent)

**Items removed from the Consent Calendar**

None.

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

None.

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

**4(a).** Consideration of attorney-client confidential communication.

The following individuals addressed the Board:

W. Peter Doren, General Counsel

Moved by Coco, seconded by Spence, that the Traverse City Light and Power Board enter into closed session to discuss information or records subject to the attorney-client privilege.

## Roll Call:

Yes – Carruthers, Coco, Spence, Taylor, McGuire

No – Budros

CARRIED. (Snodgrass absent)

**4(b).** Consideration of settlement strategy in Brown Bark I v. TCL&P.

The following individuals addressed the Board:

W. Peter Doren, General Counsel

Moved by Coco, seconded by Taylor, to go into closed session to discuss with Traverse City Light and Power's General Counsel the settlement strategy in Brown Bark I, L.P. v Traverse City Light and Power Department, United States Court of Appeals for the Sixth Circuit, Case No. CA 10-2644.

## Roll Call:

Yes – Budros, Carruthers, Coco, Spence, Taylor, McGuire

No – None

CARRIED unanimously. (Snodgrass absent)

**Item 5 on the Agenda being Appointments**

- a. Consideration of extending the term of the Decorative Lighting Review Ad Hoc Committee.

Moved by Budros, seconded by Coco, that the term of the Decorative Lighting Review Ad Hoc Committee be extended for another 90 days, to expire October 31, 2012, consisting of the same Committee members (Barbara Budros, Pat McGuire, John Snodgrass (Committee Chairman)).

CARRIED unanimously. (Snodgrass absent)

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

- A. From Legal Counsel.

None.

- B. From Staff.

1. Ed Rice spoke re: the Electric Rate Survey.

The following individuals addressed the Board:

Tim Arends, Controller

2. Ed Rice gave an update re: the South Side Distribution Substation Project.

The following individuals addressed the Board:

Glen Dine, Chief Engineer

3. Ed Rice gave an update re: the Pine Street Overhead to Underground Conversion Project.

The following individuals addressed the Board:

Glen Dine, Chief Engineer

4. Jessica Wheaton gave an update re: 100<sup>th</sup> Anniversary.
5. Ed Rice spoke re: the generating facility Northwestern Michigan College has approached TCL&P about.

C. From Board.

1. John Taylor gave an update re: the efficiency audit task force.

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

No one from the public commented.

There being no objection, Chairman McGuire declared the meeting adjourned at 5:55 p.m.

/st

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Edward E. Rice, Secretary  
LIGHT AND POWER BOARD

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Light and Power Board Special Meeting  
Held at 4:00 p.m., Commission Chambers, Governmental Center  
Friday, July 27, 2012

**LIGHT AND POWER BOARD MEMBERS -**

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

Absent: John Snodgrass, Bob Spence

**EX OFFICIO MEMBER -**

Absent: Ben Bifoss, City Manager

**OTHERS:** Ed Rice, W. Peter Doren, Stephanie Tvardek

The meeting was called to order at 4:00 p.m. by Chairman McGuire.

**1. Consideration of the Brewery Creek Condominium Association judgment lien and the purchase of properties by Elmwood Township.**

The following individuals addressed the Board:

Ed Rice, Executive Director  
W. Peter Doren, General Counsel  
Jack Kelly, Elmwood Township Supervisor

Moved by Coco, seconded by Carruthers, to approve the Agreement Regarding Judgment Lien with Elmwood Township and to authorize the Chairman and Secretary to execute that Agreement upon approval as to form by General Counsel.

CARRIED unanimously. (Snodgrass, Spence absent)

**2. Public Comment**

No one from the public commented.

There being no objection, Chairman McGuire declared the meeting adjourned at 4:27 p.m.

/st

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Edward E. Rice, Secretary  
LIGHT AND POWER BOARD

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Light and Power Board Joint Meeting  
With The  
Cherryland Electric Cooperative Board  
Held at 5:30 p.m., County Training Room, Governmental Center  
Wednesday, August 15, 2012

**LIGHT AND POWER BOARD MEMBERS -**

Present: Barbara Budros, Jim Carruthers, Mike Coco, John Snodgrass, Bob Spence,  
John Taylor, Pat McGuire

**EX OFFICIO MEMBER -**

Absent: Ben Bifoss, City Manager

**OTHERS:** Ed Rice, W. Peter Doren, Stephanie Tvardek, Scott Menhart, Tom Olney,  
Karen Feahr, Jim Cooper

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

Commissioner Barbara Budros joined the meeting at 5:31 pm.

**2. Board Member introductions.**

Cherryland Board Members-

Present: Richard Deneweth, Melinda Lautner, Terry Lautner, Betty Maciejewski,  
John Olson, Tom VanPelt

Absent: Jon Zickert

Others: Tony Anderson, General Manager

**3. Statement from Counsel.**

W. Peter Doren read the following statement for the record:

“It may be that during our meeting we discuss matters involving the antitrust laws. We wanted to make sure that we understood those laws and did not unintentionally violate them, so we have met with our antitrust counsel and have suggested that Cherryland officials also meet with theirs.

We are not meeting to stifle competition.

Further, it is our understanding that any agreements regarding territorial matters between us must be submitted to the MPSC or other appropriate governmental agency for approval and must involve supervision by the MPSC or other appropriate governmental agency.

I am sure you understand, but I would like to state that no agreement will be made today. Any future agreement will require review by TCL&P staff and approval of the full Traverse City Light and Power Board and legal counsel. However, we appreciate having this meeting and will seriously consider any ideas which you might put in front of us.”

4. **CEC and TCL&P presented their use of “key ratio trend analysis” (KRTA) and “key performance indicators”, respectively.**
5. **The CEC and TCL&P boards discussed the following topics:**
  - Sharing of industry information, educational and training opportunities
  - Strategic opportunities to work together at present or in future
  - Is meeting jointly worthwhile, and if so, how to schedule going forward

6. **Public Comment**

The following individuals addressed the Boards:

Jeff Gibbs

There being no objection, Chairman McGuire declared the meeting adjourned at 7:25 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 & Power Board  
**From:** Karen Feahr, Energy Supply Manager  
**Date:** September 6, 2012  
**Subject:** 2013 Power Purchase from LBW&L

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By Board approved contract, Light & Power is required to reserve monthly blocks of energy from Lansing Board of Water & Light (LBW&L) by October 1 each year for the following year. Staff has analyzed LBW&L's offer for 2013 and recommends reserving the minimum amount required under the contract and supplementing Light & Power's energy needs by purchasing its remaining energy requirements from the MISO energy market. The minimum amount required is 10 MW of base energy (7 days a week, 24 hours a day) and 7 MW of peaking energy (5 days a week, 16 hours a day).

If the Board is in agreement with staff's recommendation above, the following motion would be appropriate:

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_,  
THAT IN THE BEST INTEREST OF LIGHT & POWER RATEPAYERS, THE BOARD  
APPROVE THE RESERVATION OF 10 MW OF BASE ENERGY AND 7 MW OF  
PEAKING ENERGY FROM LANSING BOARD OF WATER & LIGHT FOR 2013.**



TRAVERSE CITY  
LIGHT & POWER

# POWER PURCHASE FROM LBW&L

## 2013



**POWER PURCHASE AGREEMENT  
BETWEEN  
TCL&P AND LBW&L**

**Term** - January 1, 2011 – December 31, 2015 (5 Years).

**Energy Delivery Requirements** – Base Block, Peaking Block and Peaking Option Block

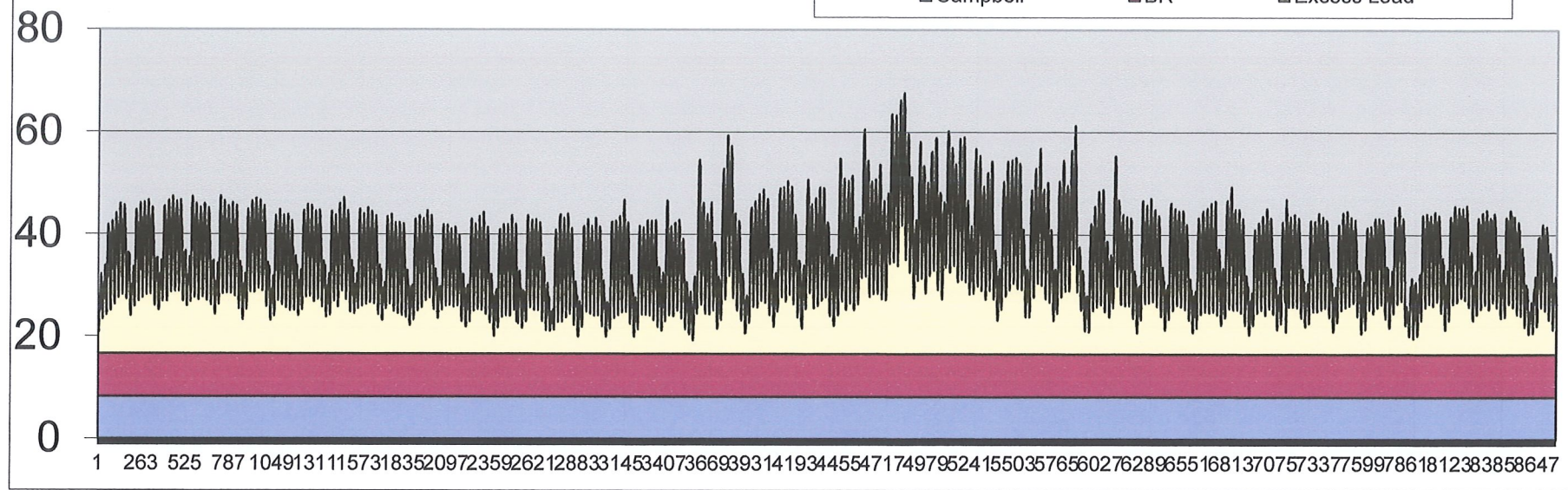
**Base Block Energy Quantity** – Fixed quantity of 10 to 20 MW for every hour of the year.

**Peaking Block Energy Quantity** - Fixed quantity of 7 to 15 MW for on-peak hours only.

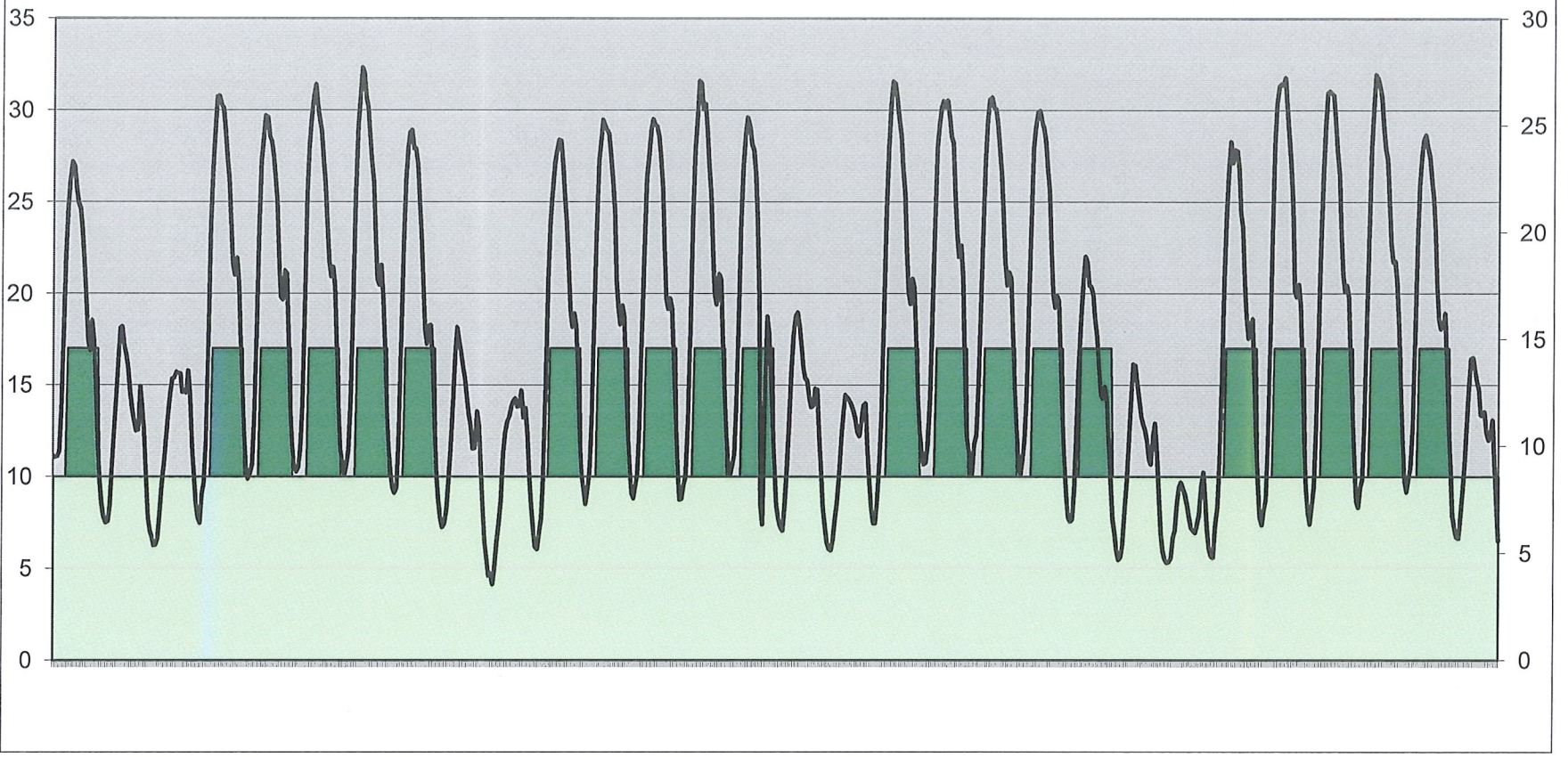
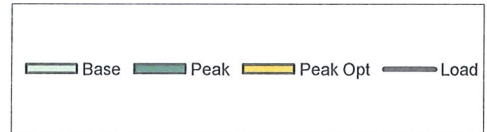
**Peaking Option Block Energy Quantity** – Fixed quantity of 0 to 10 MW for on-peak hours only.

**Energy Scheduling Requirements** – By October 1 of each year, TCLP shall notify LBWL of the quantity of energy under each block to be delivered for each month of the subsequent calendar year.

# Traverse City CY2013



### Flexible Blocks - Apr



### Flexible Blocks - July

