

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, November 27, 2012

At

5:15 p.m.

In The

COMMISSION CHAMBERS

(2nd floor, Governmental Center)
400 Boardman Avenue

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

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

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

Posting Date: 11-21-12
4:30 p.m.

AGENDA

Pledge of Allegiance

1. Roll Call

2. Consent Calendar

The purpose of the consent calendar is to expedite business by grouping non-controversial items together to be dealt with by one Board motion without discussion. Any member of the Board, staff or the public may ask that any item on the consent calendar be removed therefrom and placed elsewhere on the agenda for full discussion. Such requests will be automatically respected. If an item is not removed from the consent calendar, the action noted in parentheses on the agenda is approved by a single Board action adopting the consent calendar.

- a. Consideration of approving minutes of the Regular Meeting of November 13, 2012. (Approval recommended)
- b. Receive and file the minutes of the Executive Director Recruitment Ad Hoc Committee Meeting of November 5, 2012. (Approval recommended)

Items removed from the Consent Calendar

- a.
- b.

3. Old Business

- a. East Hammond Substation Project update. (Verbal - GRP Engineering/Dine)
- b. Consideration of authorizing funding for the Chamber TCL&P Energy Efficiency Revolving Loan Fund and authorizing a Letter of Understanding. (Taylor/Laura Galbraith, Traverse City Area Chamber of Commerce)
- c. Consideration of authorizing a First Extension of Option Agreement – South Substation Project. (Arends/Doren)

4. New Business

- a. Presentation of the Generation Survey results. (Wheaton/Cathlyn Sommerfield, NMC)
- b. Consideration of authorizing an Amendment to the Joint Use of Poles Agreement between Consumer's Energy Company and City of Traverse City for the East Hammond Transmission Line. (Dine/Doren)
- c. Consideration of authorizing a Purchase Order for a rotor current controller for the M-72 wind turbine. (Olney)

5. Appointments

None.

6. Reports and Communications

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

7. Public Comment

/st

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Regular Meeting
Held at 5:15 p.m., Commission Chambers, Governmental Center
Tuesday, November 13, 2012

Board Members -

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

Absent: Barbara Budros

Ex Officio Member -

Absent: R. Ben Bifoss

Others: Tim Arends, W. Peter Doren, Stephanie Tvardek, Tom Olney, Nick
Abraitis, Larry LaCross, Rod Solak, Blake Wilson

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

As requested by Coco, Agenda Item 2(b) was removed from the Consent Calendar for full discussion.

Item 2 on the Agenda being Consent Calendar

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

- a. Minutes of the Regular Meeting of October 23 and Special Meeting of October 26, 2012.
- b. *Removed from the Consent Calendar.*

CARRIED unanimously. (Budros absent)

Items removed from the Consent Calendar

- a. MPPA Agency Alternates.

The following individuals addressed the Board:

Tim Arends, *Interim* Executive Director/Controller

Moved by Coco, seconded by Spence, that the Light & Power Board appoints Tim Arends as the TCL&P Commissioner on the MPPA Board, with Karen Feahr designated as the First Alternate and Tom Olney as the Second Alternate to represent TCL&P on the MPPA Board of Directors.

CARRIED unanimously. (Budros absent)

Item 3 on the Agenda being Old Business

- 3(a). Highland Park Overhead to Underground Conversion project re-authorization.

The following individuals addressed the Board:

Tim Arends, *Interim* Executive Director/Controller
Tom Olney, Operations Manager
W. Peter Doren, General Counsel

Moved by Coco, seconded by Spence, that the Light and Power Board rescind its action of October 23, 2012 approving the project authorization request for Highland Park Overhead to Underground Distribution Conversion; and further rescinds its action approving a boring contract with Elmer's for said project; and further approves the Highland Park Overhead to Underground Distribution Conversion project re-authorization request as presented, with boring services to be rebid in Spring 2013.

CARRIED unanimously. (Budros absent)

3(b). Major Projects Update.

- LED Street Lighting Conversion Project

The following individuals addressed the Board:

Tom Olney, Operations Manager

- 2012 Distribution Circuit Rehabilitation BW-22 Project

The following individuals addressed the Board:

Tom Olney, Operations Manager

- East Hammond Substation Project (Not Reviewed – To be discussed at the November 27, 2012 Regular Meeting)

The following individuals addressed the Board:

Tim Arends, *Interim* Executive Director/Controller

- East Hammond Transmission Line

The following individuals addressed the Board:

W. Peter Doren, General Counsel
Nick Abraitis, System Engineer
Tim Arends, *Interim* Executive Director/Controller

- South Side Distribution Substation Project

The following individuals addressed the Board:

W. Peter Doren, General Counsel
Tim Arends, *Interim* Executive Director/Controller

Item 4 on the Agenda being New Business

- 4(a). Consideration of authorizing an Assignment of Lease with Right of Reassignment and Landlord's Consent to Assignment for Traverse Tall Ship Company, LLC.

The following individuals addressed the Board:

Tim Arends, *Interim* Executive Director/Controller
W. Peter Doren, General Counsel
Dave McGinnis, Traverse Tall Ship Company, LLC

Moved by Carruthers, seconded by Coco, that the Board authorize the *Interim* Executive Director and the Board Chairman to provide written Consent of Assignment to Traverse City State Bank of the License to Use Coal Dock and Bottomlands dated February 6, 2012 between Traverse City Light & Power Department and Traverse Tall Ship Company, LLC.

CARRIED unanimously. (Budros absent)

- 4(b). Executive Director Recruitment Ad Hoc Committee report to Board.

Moved by Coco, seconded by Spence, that the Light & Power Board authorizes the *Interim* Executive Director to issue a service order to Mary Grover for services performed for the Board to-date; and further including the services as recommended by the Executive Director Recruitment Ad Hoc Committee.

CARRIED unanimously. (Budros absent)

Item 5 on the Agenda being Appointments

None.

Item 6 on the Agenda being Reports and Communications

A. From Legal Counsel.

None.

B. From Staff.

1. Tim Arends spoke re: the TCL&P City Fee vs. City Tax analysis.
2. Tom Olney gave an update re: the M-72 wind turbine.

The following individuals addressed the Board:

Tim Arends, *Interim* Executive Director/Controller

3. Tim Arends spoke re: the MECA board education opportunity.

C. From Board.

1. Pat McGuire spoke re: the status of the 2nd Regular Meeting in December – meeting will be canceled.
2. Jim Carruthers spoke re: the fracking article in the Northern Express.
3. Mike Coco spoke re: the Grand Vision Regional Energy Survey.

Item 7 on the Agenda being Public Comment

The following individuals addressed the Board:

Ed Rice, 1664 Strasbourg, Non-Ratepayer

There being no objection, Chairman McGuire declared the meeting adjourned at 7:04 p.m.

/st

Tim Arends, Secretary
LIGHT AND POWER BOARD

DRAFT

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes

Executive Director Recruitment Ad Hoc Committee

Held at 12:00 p.m., Commission Chambers, Governmental Center
Monday, November 5, 2012

Committee Members -

Present: Mike Coco, Pat McGuire, John Taylor

Absent: None

Others: None

The meeting was called to order at 12:00 p.m.

1. Discussion of a process to recruit and hire an Executive Director.

Committee members engaged in roundtable discussion regarding the recruitment of an Executive Director. It was the consensus of the committee to take their recommended "next steps" to the Board.

2. Public Comment

The following individuals addressed the Committee:

Barbara Budros, City Commissioner
Jim Feahr


There being no objection, Committee Chairman Taylor declared the meeting adjourned at 12:55 p.m.

/st

Patrick McGuire, Chairman
LIGHT AND POWER BOARD



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, *Interim* Executive Director/Controller 
Date: November 20, 2012
Subject: Chamber TCL&P Energy Efficiency Revolving Loan Fund Program

Included in your packet is detailed information related to the Chamber's Energy Efficiency Program that was introduced during a recent regular meeting of the board.

Traverse City Light & Power (TCL&P) general counsel worked with board members Taylor and McGuire and the Chamber's Laura Galbraith in developing a loan program specific to TCL&P along with a Letter of Understanding which would constitute a contract between the Chamber and TCL&P, if approved.

Energy Optimization Funds in the current fiscal year's budget are available to fund this program. Staff recommends that the Board approve the Letter of Understanding between the utility and the Traverse City Area Chamber of Commerce.

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

MOVED BY _____, SECONDED BY _____,
THAT THE LIGHT & POWER BOARD AUTHORIZES \$50,000 (2012-13 BUDGETED LINE
ITEM: CONSERVATION & PUBLIC SERVICES, "INCREASED ENERGY OPTIMIZATION
EFFORTS") TO BE PROVIDED TO THE TRAVERSE CITY AREA CHAMBER OF
COMMERCE TO FUND THE "CHAMBER TCL&P ENERGY EFFICIENCY REVOLVING
LOAN FUND PROGRAM" CONDITIONED UPON THE CHAMBER AGREEING TO
EARMARK THE FUNDS FOR FINANCING OF QUALIFIED ELECTRIC ENERGY
OPTIMIZATION PROJECTS OF TCL&P CUSTOMERS ONLY; AND FURTHER
AUTHORIZES THE *INTERIM* EXECUTIVE DIRECTOR TO SIGN THE CHAMBER TCL&P
ENERGY EFFICIENCY REVOLVING LOAN FUND LETTER OF UNDERSTANDING.



November 28, 2012

TRAVERSE CITY AREA CHAMBER OF COMMERCE
202 E GRANDVIEW PARKWAY
TRAVERSE CITY, MI 49684

Re: LETTER OF UNDERSTANDING – Chamber TCL&P Energy Efficiency
Revolving Loan Fund

The Traverse City Light and Power Department (TCL&P) is pleased to assist the Traverse City Area Chamber of Commerce (Chamber) by providing funding to the Chamber in the amount of \$50,000 for the Chamber TCL&P Energy Efficiency Revolving Loan Fund (“Program”). TCL&P and the Chamber share an understanding of the importance to promote and encourage energy efficiency in the Traverse City area.

Commercial and industrial customers of TCL&P are some of the area’s largest consumers of electric power. TCL&P anticipates that with the cooperation of the Chamber in the selection of projects most likely to reduce electric demand at peak times, there could be a reduction in its costs of purchased power.

By signing below, the Chamber agrees to conduct the Program as described in Attachment A which is incorporated here by reference. The Chamber further agrees that the funds it receives from TCL&P for the Program will be earmarked to fund qualifying electric energy optimization projects of TCL&P commercial and industrial customers only. Furthermore, if and when the Chamber discontinues the Program, it agrees to donate any remaining funds initially provided by TCL&P to the City of Traverse City to be earmarked for energy efficiency upgrades in city owned buildings.

Consistent with TCL&P’s strategic determination that achieving energy efficiency for commercial and industrial customers during system peak will benefit the utility, the Chamber shall report to the Light and Power Board the impact of this investment on reducing energy consumption during peak demand no later than March 1, 2014.

Sincerely,

Timothy J. Arends
Interim Executive Director
Traverse City Light and Power Department

Traverse City Area Chamber of Commerce agrees to and accepts the terms detailed above this _____ day of November, 2012.

Signed: _____

Title: _____



Chamber TCL&P Energy Efficiency Revolving Loan Fund (“Program”)

Program Description

The Chamber’s Energy Efficiency Revolving Loan Fund will extend to Traverse City Light and Power (TCL&P) commercial and industrial utility customers. The Program will provide low-interest micro-loans for businesses that are investing in energy efficient measures identified through a comprehensive energy assessment or audit.

Project Selection Process

Potential applicants will be required to complete a pre-qualification application via the Chamber’s website. A designated Loan Review Task Force will review and score qualified applications based on the following criteria:

- Must be a confirmed TCL&P commercial customer or industrial customer;
- Must be a Traverse City Area Chamber of Commerce member in good standing;
- Completion of a comprehensive energy assessment or audit;
- Proven reduction of electric demand at peak times;
- Capability of paying back loan;

Terms, Interest Rates, and Fees

Loan conditions will vary based on type of project and the needs of the borrower. The following identifies the average size, term, and interest rate:

- Loan Size: Up to \$50,000
- Loan Term: Up to 5 years
- Interest Rate: between 3% and 5%

Administration

The Chamber will provide the following administrative services for the Chamber TCL&P Energy Efficiency Revolving Loan Fund:

- Promote the Chamber TCL&P Energy Efficiency Revolving Loan Fund via the Chamber website and standard Chamber marketing and communications;
- Provide pre-qualification services of potential applicants;
- Monitor and service loan(s) for the term of the note;
- Establishment of a designated, restricted bank account;
- Produce auditor ready financial statements;
- Available to report to the TCL&P Board if requested;

In consideration for the above administrative services provided by the Chamber, it will retain 1.5% of the interest payments of any loan for the term of the loan. All loan principle and interest payments (less the 1.5% described above) will be re-deposited into the Chamber TCL&P Energy Efficiency Revolving Loan Fund for future use.



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, *Interim* Executive Director/Controller 
Date: November 20, 2012
Subject: First Extension of Option Agreement – South Substation Project

On February 14, 2012 the Traverse City Light & Power Board approved the 69/13.8kv South Side Distribution Substation project authorization request, and subsequently approved professional engineering services related to the project. In anticipation of this project, the utility retained the services of a realtor and found a site along LaFranier Road in Garfield Charter Township for the substation and entered into an option agreement on December 1, 2011 in the amount of \$25,000. That amount would be applied to the purchase price of the property if the option is exercised; the option to purchase expires December 1, 2012.

Because this project has not progressed to the point that I am confident the Board has enough information to make a decision on whether or not to exercise the option to purchase the 30 acre parcel on LaFranier Road, staff is recommending that the Board approve a "First Extension of Option Agreement". This extension allows the utility another 6 months to exercise the option and will cost \$7,500. This amount will not be applied to the purchase price of the property should the option ultimately be exercised. Considering this project is budgeted to cost \$5 million, \$7,500 is not a significant overall cost for the benefit of retaining the option to purchase the 30 acre site for this very important reliability project of the utility.

As I mentioned at your last board meeting, I am working on a board presentation plan that will involve many stakeholders regarding the substation project and the siting options for its location. To move this project forward, staff would like to maintain the option to purchase the property and have the opportunity to provide the Board with all of the options and information regarding the substation's need, required size, and siting options - including associated costs for each proposed site.

I believe that the Board will have all of the information described above within the timeframe of the First Extension that will enable it to make the most informed decision possible on the siting of the South Substation Project.

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

MOVED BY _____, SECONDED BY _____,
THAT THE LIGHT & POWER BOARD AUTHORIZES THE *INTERIM* EXECUTIVE
DIRECTOR TO ENTER INTO A "FIRST EXTENSION OF OPTION AGREEMENT" WITH
DIXIE ROETHLISBERGER AT A COST OF \$7,500 FOR PROPERTY LOCATED IN
GARFIELD CHARTER TOWNSHIP.

FIRST EXTENSION OF OPTION AGREEMENT

In consideration of the Extension Money, Dixie Roethlisberger, Trustee of the Louis G. LaFranier Revocable Inter Vivos Trust and the Marvel R. LaFranier Revocable Inter Vivos Trust, whose address is 15532 Bluff Road, Traverse City, Michigan 49686 (the "Seller"), **hereby extends** the Option Agreement with the Traverse City Light and Power Department, whose address is 1131 Hastings Street, Traverse City, Michigan 49686 (the "Buyer"), as follows:

1. Term of Option. On December 6, 2011, the above parties entered into an Option Agreement regarding the exclusive right and option to purchase a certain parcel of real estate described on Attachment A to the Option Agreement (the "Property") being a part of Tax Parcel No. 05-023-042-00. The original Option Term of twelve (12) months is extended an additional six (6) months to expire at 5:00 p.m. local time June 1, 2013.

2. Extension Money. The consideration for this extension is the Extension Money in the amount of Seventy-Five Hundred Dollars (\$7,500.00). This money is not to be considered Option Money and is not to be credited towards the Purchase Price. The Extension Money has been paid in escrow to ReMax Properties by Buyer to be delivered to Seller if this Extension is approved by the Buyer's Board on or before November 27, 2012. If not so approved, it is to be returned to Buyer and this Extension is null and void.

3. Other Provisions. All other provisions of the Option Agreement are to remain the same and extended throughout the extended Option Term.

4. Effective Date. The last date of the signatures below is the Effective Date of this First Extension of Option Agreement.

The Seller and Buyer have executed this First Extension of Option Agreement on the dates indicated below.

Trustee of the Louis G. LaFranier
Revocable Inter Vivos Trust and the
Marvel R. LaFranier Revocable
Inter Vivos Trust

Traverse City Light and Power
Department

By: _____ / _____
Dixie Roethlisberger, Date
Trustee

By: _____ / _____
Timothy Arends, Date
Interim Executive Director

OPTION AGREEMENT

In consideration of the Option Money of Twenty-Five Thousand Dollars (\$25,000.00), Dixie Roethlisberger, Trustee of the Louis G. LaFranier Revocable Inter Vivos Trust and the Marvel R. LaFranier Revocable Inter Vivos Trust, whose address is 15532 Bluff Road, Traverse City, Michigan 49686 (the "Seller"), hereby grants to the Traverse City Light and Power Department, whose address is 1131 Hastings Street, Traverse City, Michigan 49686 (the "Buyer"), the exclusive right and option to purchase a certain parcel of real estate located in Garfield Township, Grand Traverse County, Michigan, and more specifically described on Attachment A, incorporated here by reference (the "Property").

It is a part of Tax Parcel No. 05-023-042-00.

The Option is given on the following terms and conditions, and, if it is exercised by the Buyer, this Option Agreement shall constitute the parties' purchase and sale contract.

1. Term of Option. The Option Term shall be twelve (12) months from the date hereof and shall expire at 5:00 p.m. local time Dec 1st, 2012. The Option may be exercised by the Buyer at any time during the Option Term. If Buyer fails to exercise the Option prior to the expiration of Option Term, all rights herein provided shall terminate without further action by either party and the Option Money together with any improvements to the property shall be the Seller's and Buyer agrees to execute a written termination of option if requested by the Seller.

2. Purchase Price. For the Option Term the Purchase Price of the Property is Seventeen Thousand Dollars (\$17,000.00) per acre. The exact acreage of the Property for determining the Purchase Price is to be determined by a survey as described herein and shall include road rights of way.

3. Payment and Option Money. If Buyer exercises this Option, Buyer shall pay the Purchase Price at closing by certified or bank check. The Option Money shall be credited to the Buyer as payment toward the Purchase Price. Buyer shall have the right to terminate this agreement and be refunded the Option Money for sixty (60) days from the date of this agreement if the survey, title commitment, environmental inspections or other inspections allowed under this agreement disclose a matter that materially and adversely affects the value of the Property or Buyer's intended use of the Property. To properly terminate, Buyer must give written notice to Seller within this sixty (60) days by personal delivery or depositing in the U.S. Mail written notice of termination.

4. Exercise of Option. If this Option is exercised, then Seller shall sell and convey marketable title to the Property in an "as-is" condition and the Buyer shall purchase and accept the same from the Seller, all subject to the terms and conditions contained in this Agreement. If properly exercised, this Option Agreement shall be the purchase agreement of the parties. This Option may be exercised only by Buyer giving the Seller written Notice of Exercise during regular business hours prior to the expiration of the Option Term. The Notice of Exercise shall set forth the time and date of Closing, which shall be not less than thirty (30) days, nor more than ninety (90) days subsequent to the date of the Notice of Exercise. The date and time of the Notice of Exercise is the date and time it is personally delivered or mailed to the Seller at the Seller's address above. Faxed or emailed Notice of Exercise is not effective unless it is accepted in writing by the Seller and the date and time of the Notice shall be the date and time of the Seller's written acceptance.

5. Default. If after exercising this Option either party defaults under the terms and conditions hereof, the non-defaulting party may have specific performance of the other party's obligations hereunder, as well as any rights or remedies available at law or in equity, including, but not limited to damages.

6. Representation. The Seller represents and warrants to the Buyer that the following are true and correct on the date of the Option Agreement and will continue to be true and correct on each day until and including the day of closing as though made on and as of each such day:

- (a) That it has good title to the Property subject to no lease, mortgage, pledge, lien, charge or encumbrance of any nature except as disclosed in writing on or before the date the Seller signs this option; and
- (b) That no improvements, excavations, physical changes, or storage of hazardous substances or vehicles on the Property have been made or allowed and that no such matters will be made or allowed on the Property other than those made with Buyer's consent.
- (c) Except as to these representations, there are no warranties express or implied or any other representations.

7. Closing and Possession. The Closing shall be at the office of Corporate Title, Traverse City, Michigan, at a time and date set forth in the Notice of Exercise provided for in paragraph 4 hereof, or such other place and time as is mutually agreeable to the parties. Possession shall be given as of the date of closing unless otherwise agreed, closing shall be not sooner than 30 days and not later than 90 days after exercising the Option. Seller agrees to sign at closing an Estoppel Letter as requested by the title insurance company or agent.

8. Survey. A boundary survey with iron stakes and with all easements of record, improvements, and encroachments (if any), and an ALTA survey showing easements of record, improvements, and encroachments (if any), shall be provided by Buyer. All survey(s) shall be paid for by the Buyer.

9. Land Division. The Buyer's obligation to purchase the Property is contingent upon land division act approval by Garfield Township, if necessary.

10. Title Insurance. At Seller's expense, Seller shall provide Buyer with a standard ALTA owner's policy of title insurance in the amount of the purchase price, effective as of the date of closing. A commitment to issue such policy insuring marketable title vested in Buyer, including a tax status report, shall be ordered within seven (7) calendar days after the Effective Date of this Agreement, and shall be delivered as soon as feasible thereafter. A matter disclosed on the title commitment that is in the form of a lien that is liquidated in amount that can be readily discharged (such as a mortgage) shall not be grounds for termination of this Agreement by Buyer under this Section so long as Seller discharges such lien(s) at closing.

11. Taxes. All taxes and assessments which become a lien upon the Property, on or before the date of closing shall be paid by the Seller. The current year's taxes shall be prorated as of the date of closing according to local custom. All special assessments and outstanding utility charges shall be paid in full by Seller at or before closing.

12. Covenant Deed. At closing, the Seller shall deliver to the Buyer a good and sufficient recordable covenant deed, conveying marketable title to the property to the Buyer subject only to the exceptions permitted herein. Fee title absolute shall be conveyed for the Property.

13. Inspections, Testing and Permits. Buyer shall be conducting environmental inspections and tests, a survey, soil analysis and other investigation, testing or measurement of the Property, at its expense. Buyer has the right of entry and the right to do all inspections, surveys and testing during the Option Term and before Closing. Buyer may, without any further approval, seek necessary permits and applications to improve the subject property.

14. Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the parties and their respective successors, heirs and assigns. No assignment of rights under this Agreement shall be binding upon the other party until the assigning party delivers to the other a copy of such assignment.

15. Applicable Law. This Option being executed and delivered in the State of Michigan shall be construed in accordance with the laws of the State of Michigan both as to interpretation and performance.

16. Entire Agreement. This Option and referenced agreements and attachments represent the parties' entire agreement. It may not be amended, altered or modified except by a written instrument signed by all parties.

17. Time of the Essence. Time is of the essence in this Option Agreement. All parties must meet their obligations under this Agreement strictly within the required time frames.

18. Recording. This Agreement is confidential information not to be disclosed to any non-party until and if the Option is exercised. A Memorandum of this Option may be recorded by Buyer in the form deemed suitable by Buyer.

19. Date of Agreement. The Effective Date and date of this Option Agreement is the date the last party signs.

20. Dispute Resolution. If any party has a dispute with another regarding the meaning, operation, or enforcement of any provision of this Agreement, the disputing parties agree to meet and confer to negotiate a resolution of the dispute. They further agree as follows:

- (a) Mediation. If they are unable to resolve the dispute themselves, and before formally instituting any other dispute mechanism, they shall utilize the services of a mutually acceptable neutral mediator, who meets the qualifications of MCR 2.411, to bring them together in at least one mediation session.
- (b) Venue. All meetings, hearings and actions to resolve the dispute shall be in Grand Traverse County.
- (c) Notice. Written notice of a dispute shall be given to the other parties not later than 90 days after the occurrence giving rise to the dispute becomes known or should have become known. Negotiations and mediation shall occur within 60 days after such notice.

21. Additional Documents. Each party agrees to execute any additional documents reasonably requested by the other to carry out the intent of this Option Agreement, including but not limited to zoning, land use and land division applications.

22. Cooperation. The parties hereto agree to cooperate with each other in every reasonable way in carrying out the transaction contemplated hereby, in obtaining and delivering all required closing documents and obtaining the required governmental approvals, and agree to use their best efforts to expeditiously accomplish same.

23. Electronic Signatures. In order to expedite the transaction contemplated by this Option Agreement, telecopied or emailed signatures may be used in place of original signatures

on this Option Agreement. The parties intend to be bound by the signatures on the telecopied document, are aware that the other party will rely on the telecopied signatures, and hereby waive any defenses to the enforcement of the terms of this Option Agreement based on the form of signature.

24. No Third-Party Beneficiaries. This Option Agreement confers no rights or remedies on any third-party, other than the parties to this Agreement, and their respective successors and permitted assigns.

25. No Joint Venture or Partnership. This Agreement does not and is not intended to create a joint venture or partnership between the parties. The rights and obligations of the parties are entirely contained within this Option Agreement.

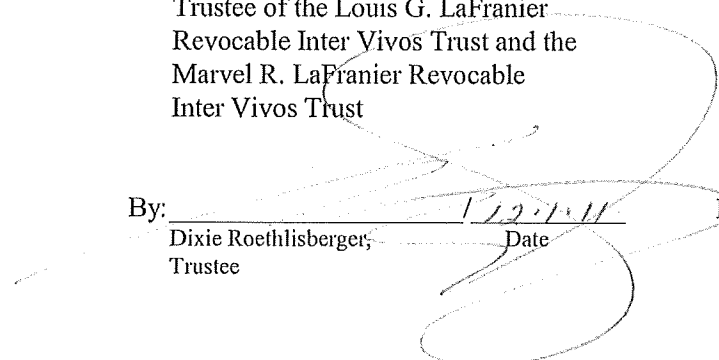
26. Attorneys' Fees. In the event of any litigation between the parties concerning the subject of this Option Agreement, the prevailing party shall be entitled to reasonable attorneys' fees. For this purpose, reasonable attorneys' fees shall be deemed to include court costs, including those for appellate proceedings, and fees for paralegals, legal assistants, accountants, and similar persons.

The last date of the signatures below is the Effective Date of this Option Agreement.

The Seller and Buyer have executed this Option Agreement on the date indicated below.

Trustee of the Louis G. LaFranier
Revocable Inter Vivos Trust and the
Marvel R. LaFranier Revocable
Inter Vivos Trust

Traverse City Light and Power
Department

By:  12-6-11
Dixie Roethlisberger, Trustee Date

By: Edward Rice 12-6-11
Edward Rice, Executive Director Date

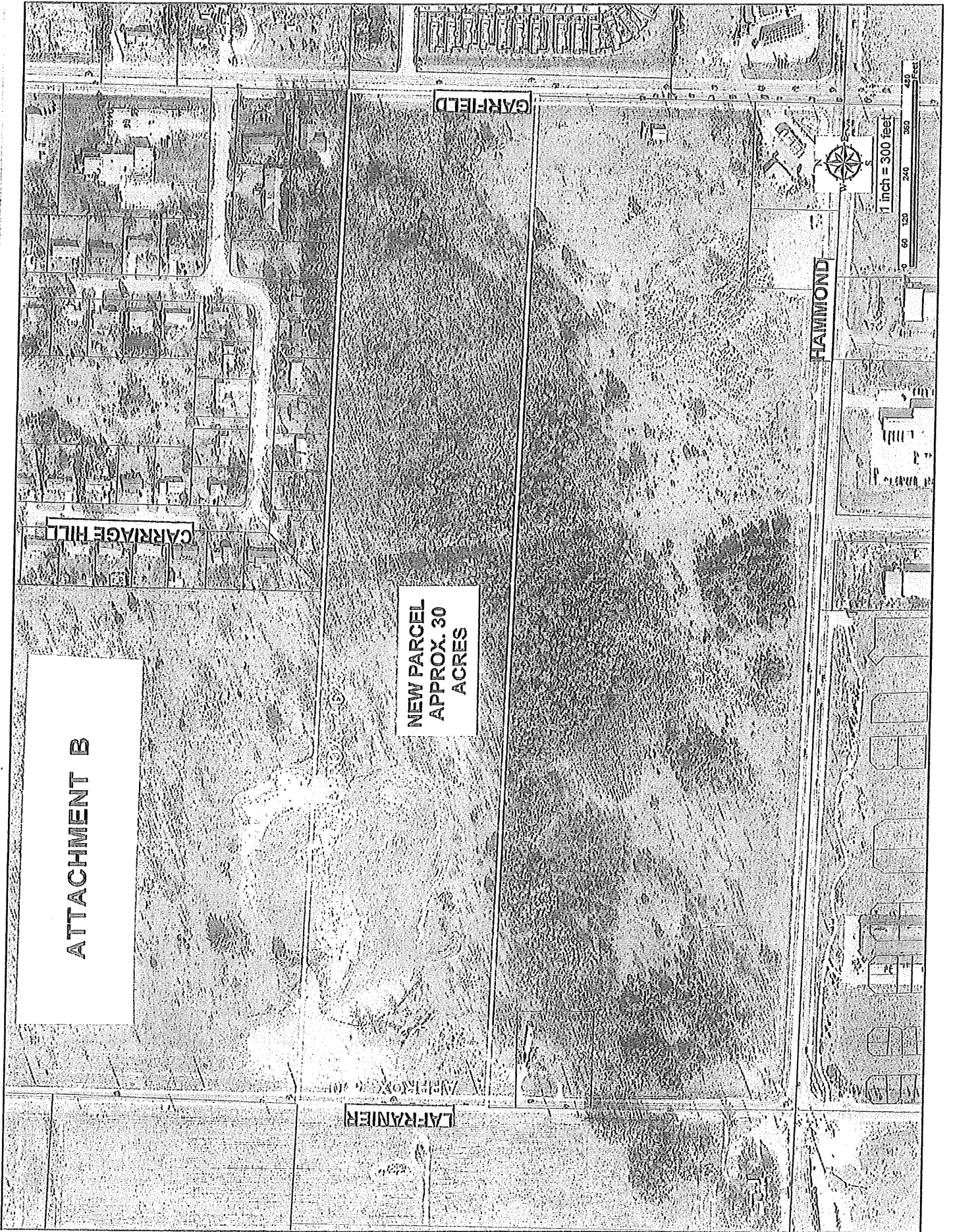
Attachment A

The Property consists of:

Approximately 30 acres being the north section of Tax Parcel No. 05-023-042-00 and having approximately 500 feet of width and frontage on LaFranier Road, and approximately 500 feet of width and frontage on Garfield Road, and having a north boundary line being the north line of said Tax Parcel approximately 2,625 feet, subject to the road rights-of-way.

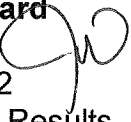
The property is depicted on the attached diagram, Attachment B, incorporated here by reference.

If this Option is exercised, the parties agree to substitute a surveyed legal description for the above description in the deed and all closing documents.





**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Jessica Wheaton 
Date: November 20, 2012
Subject: Generation Survey Results

In September 2012, the TCL&P board and staff decided to proceed with an in-house generation survey. The surveys were mailed to all customers on October 8 with a respond by date of October 23.

Surveys were mailed to 10,009 customers, which represents the unduplicated number of TCL&P customers. 1,823 completed surveys were received by November 2 and included in the following presentation.

Attached are the survey and survey results presentation. The written comments are provided in your board binder.

Cathlyn Sommerfield, Ph.D., Director of Research Services, will be in attendance at the board meeting to present the survey findings and answer any questions.

TCL&P is participating in the Grand Vision Energy Survey that was released November 7. The community has until December 7 to take part in this survey. A link to the Grand Vision Energy Survey can be found on the TCL&P website, under the "Events" section.

MOVED BY _____ SECONDED BY _____

**THAT THE LIGHT AND POWER BOARD RECEIVES AND FILES THE 2012
GENERATION SURVEY RESULTS.**



IMPORTANT - Traverse City Light & Power *NEEDS* your input!

Traverse City Light & Power is surveying *all* customers to get input on what type of future electrical generation will be supported by the community and whether or not the community would support a local electrical generation facility. In three years, access to 50% of TCL&P's total electrical generation, which produces electricity 24 hours a day/7 days a week (baseload), will expire. Before that time, decisions will need to be made about how to replace that baseload electrical generation.

TCL&P recognizes that renewable energy and energy conservation play an important role in solving our electrical generation needs and already significantly invests in these areas. Currently 10% of our electrical generation comes from renewable sources like wind, landfill gas and solar, and TCL&P expects that number to increase to 14% by 2015. In 2011, TCL&P customers also saved over 2.5 million kilowatt hours of electricity through our energy efficiency programs - the amount of electricity saved was equivalent to powering approximately 402 Traverse City homes for an entire year. Even with these renewable energy investments and energy efficiency savings, TCL&P still needs to replace the electrical generation source that produces electricity 24 hours a day/7 days a week (baseload), which is expiring in 2015.

This survey asks for your feedback regarding a replacement electrical generation fuel source that will produce electricity 24 hours a day/7 days a week and location of that generation source.

Research Services at Northwestern Michigan College has been contracted to manage and conduct this survey. Research Services will process and analyze all survey data, maintaining completed surveys on-site to insure confidentiality. If you have any questions regarding the survey, please call Jessica Wheaton at 231-932-4574.

Please complete the survey below and return it in the enclosed postage-paid business reply envelope to Research Services at Northwestern Michigan College by October 23, 2012. *Thank you for your thoughtful response!*

1. Do you support a local electrical generation facility in the Traverse City area?

Yes (Go to Item 2) No \Rightarrow 1a. If No, please indicate why in the space below and skip to Item 3:

2. If YES to Item 1 above, please indicate your level of support for each of the following fuel sources that TCL&P could investigate for local electrical generation that would produce electricity 24 hours a day/7 days a week.

Biomass	Strongly Support	Somewhat Support	Do Not Support At All
Coal	Strongly Support	Somewhat Support	Do Not Support At All
Natural Gas	Strongly Support	Somewhat Support	Do Not Support At All
Other _____	Strongly Support	Somewhat Support	Do Not Support At All

3. If future baseload electrical generation is replaced with downstate/out-of-state sources, options could include coal, natural gas and nuclear. Please indicate your level of support for TCL&P's purchase of downstate/out-of-state power from each of these sources.

Coal	Strongly Support	Somewhat Support	Do Not Support At All
Natural Gas	Strongly Support	Somewhat Support	Do Not Support At All
Nuclear	Strongly Support	Somewhat Support	Do Not Support At All

4. Where is your home/business located?

City of Traverse City	East Bay Township	Elmwood Township
Garfield Township	Peninsula Township	Paradise Township

Please provide any additional comments you may have for TCL&P regarding this issue:

Traverse City Light & Power Generation Survey



**Northwestern
Michigan
College**

Research Services

November 2012

Methodology

- Focus Group conducted to discuss survey language, concept and item clarity
- Surveys mailed the week of Oct. 8, 2012. Completed surveys accepted for inclusion in the final sample through Nov. 2, 2012 (43 completes received after cut-off)
- A total of 10,009 surveys mailed to a population consisting of 8,260 residential and 1,749 commercial customers
- A total of 1,823 completed surveys received, comprised of 1,502 residential surveys and 321 commercial surveys
- Survey sample closely aligns with assessed customer population demographics

Research Objective

- The purpose of the research was to determine views and opinions of Traverse City Light & Power (TCL&P) customers on what type of future baseload electrical generation will be supported and whether or not customers would support a local electrical generation facility.

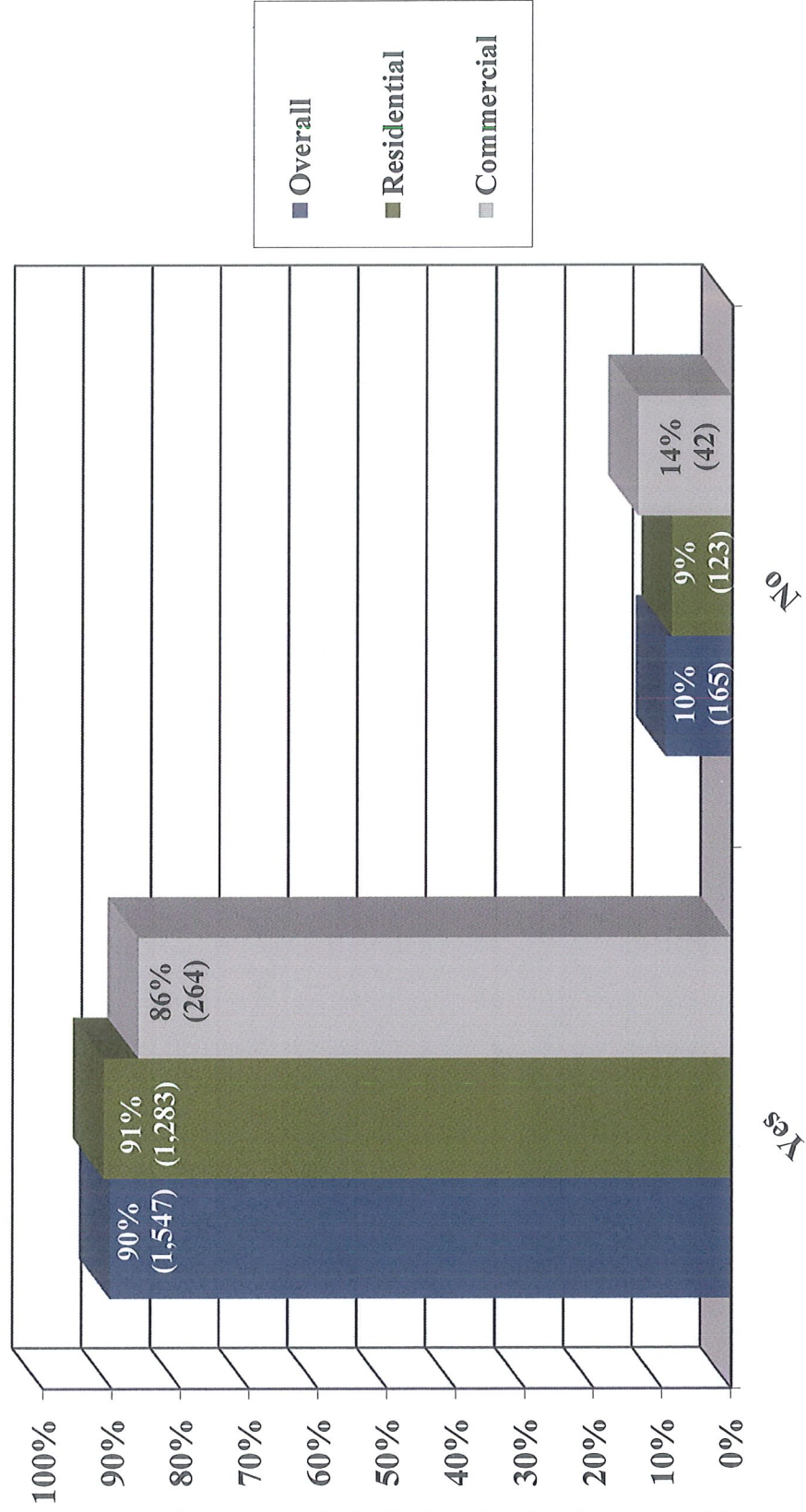
Key Findings

- The majority of respondents overall (90%) indicated they do support a local electrical generation facility in the Traverse City area. When considering customer type, 91% of residential and 86% of commercial customers indicated support.
- Respondents indicating they support a local electrical generation facility then rated their level of support for each of three fuel sources that TCL&P could investigate for local electrical generation that would produce electricity 24 hours a day/7 days a week.
 - The majority of respondents (68%) indicated they strongly support Natural Gas as a local electrical generation source, while 27% indicated they somewhat support, for a total of 95% expressing some level of support; 5% of respondents indicated they do not support Natural Gas as a local electrical generation source.
 - Approximately one-third of respondents (34%) indicated they strongly support Biomass as a local electrical generation source, while 38% indicated they somewhat support, for a total of 72% expressing some level of support; 28% of respondents indicated they do not support Biomass as a local electrical generation source.
 - Approximately 28% of respondents indicated they strongly support Coal as a local electrical generation source, while 32% indicated they somewhat support, for a total of 60% expressing some level of support; 40% of respondents indicated they do not support Coal as a local electrical generation source.

Key Findings, cont.

- Regarding potential replacement of baseload electrical generation with downstate/out-of-state sources, respondents rated support for purchase of power from each of three sources: coal, natural gas and nuclear.
- The majority of respondents (61%) indicated they strongly support the purchase of power from Natural Gas, while 30% indicated they somewhat support, for a total of 91% expressing some level of support; 9% of respondents indicated they do not support the purchase of power from Natural Gas.
- Approximately 35% of respondents indicated they strongly support the purchase of power from Nuclear, while 31% indicated they somewhat support, for a total of 66% expressing some level of support; 34% of respondents indicated they do not support the purchase of power from Nuclear.
- Approximately 29% of respondents indicated they strongly support the purchase of power from Coal, while 32% indicated they somewhat support, for a total of 61% expressing some level of support; 39% of respondents indicated they do not support the purchase of power from Coal.

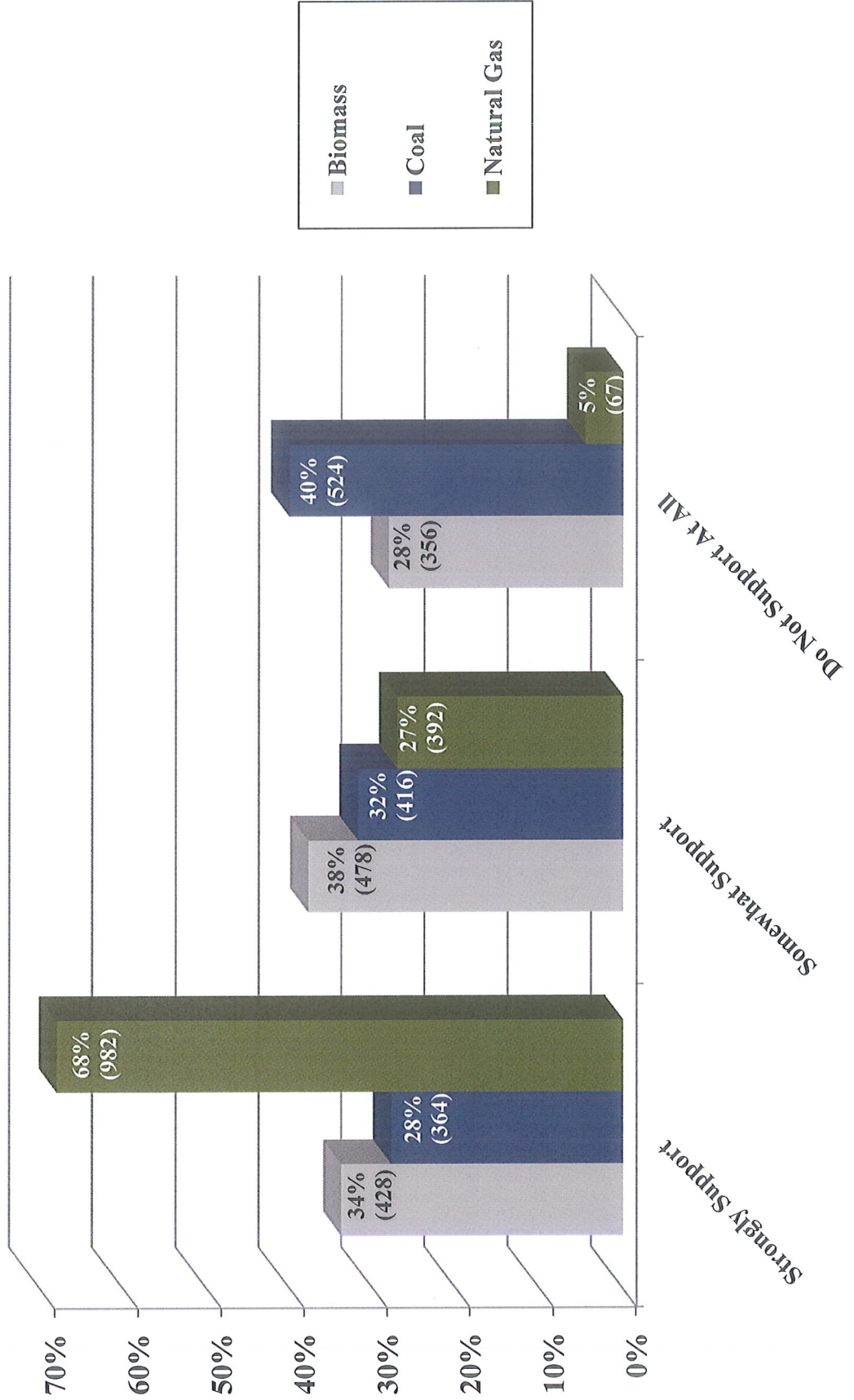
**Question 1:
Do you support a local electrical generation facility in the Traverse City area?**



Questions 2:

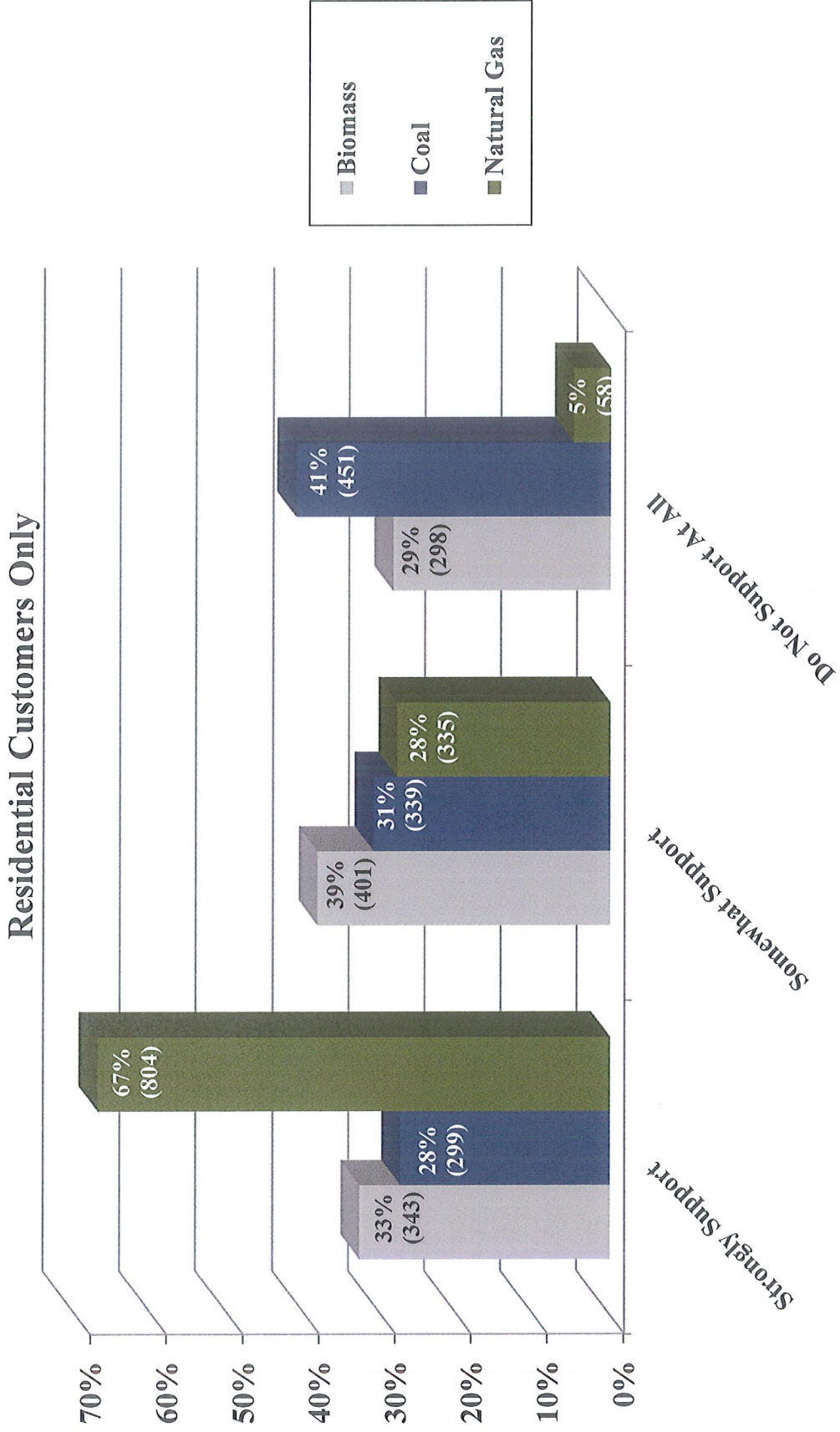
If YES to support local electrical generation facility, please indicate your level of support for each of the following fuel sources that TCL&P could investigate for local electrical generation that would produce electricity 24 hours a day/7 days a week:

Overall Customer Sample



Question 2:

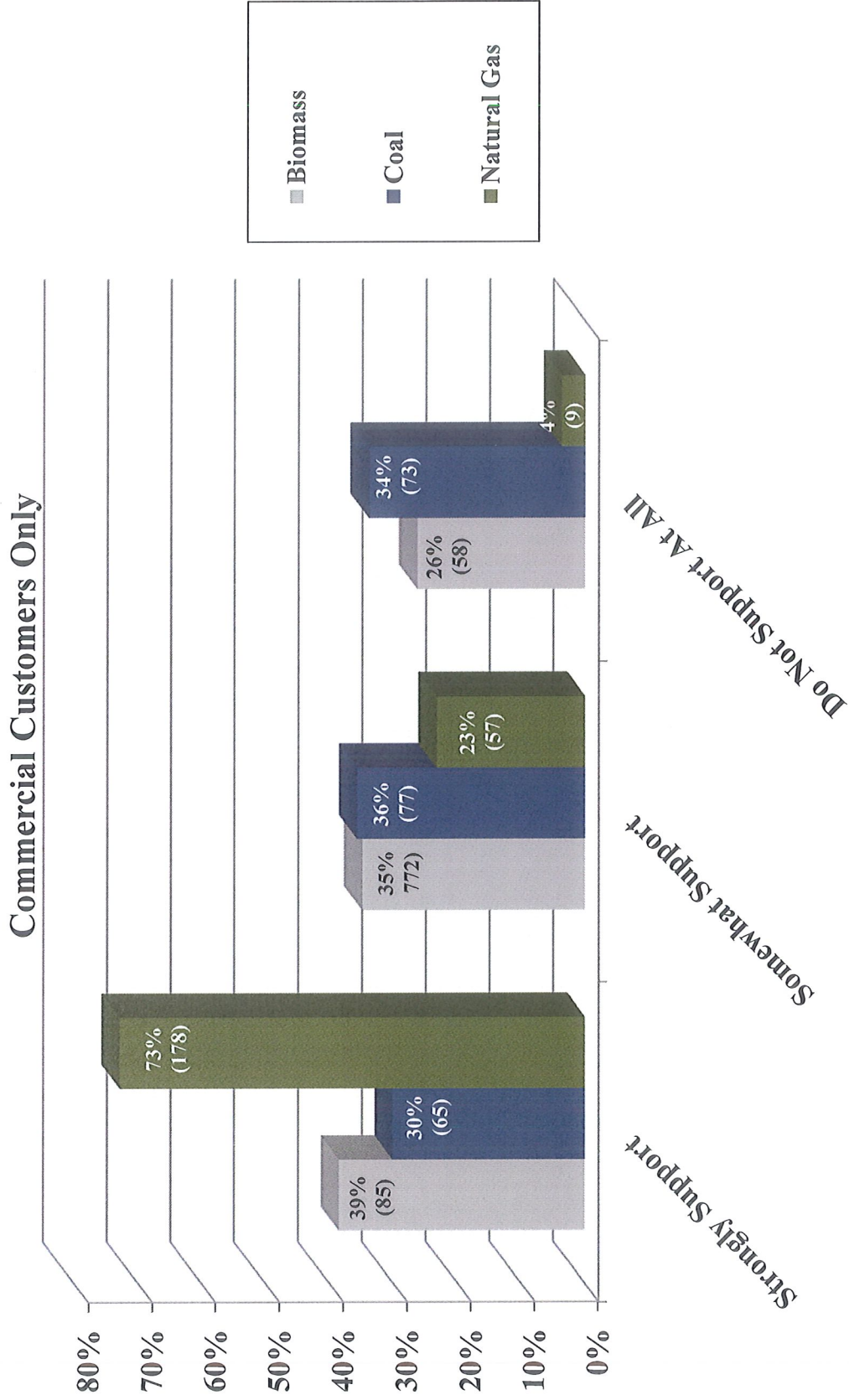
If YES to support local electrical generation facility, please indicate your level of support for each of the following fuel sources that TCL&P could investigate for local electrical generation that would produce electricity 24 hours a day/7 days a week:



Most frequently cited "Other" sources include Solar/Wind (90), Wind/Windmills (67), Nuclear (58), and Hydroelectric (46)

Question 2:

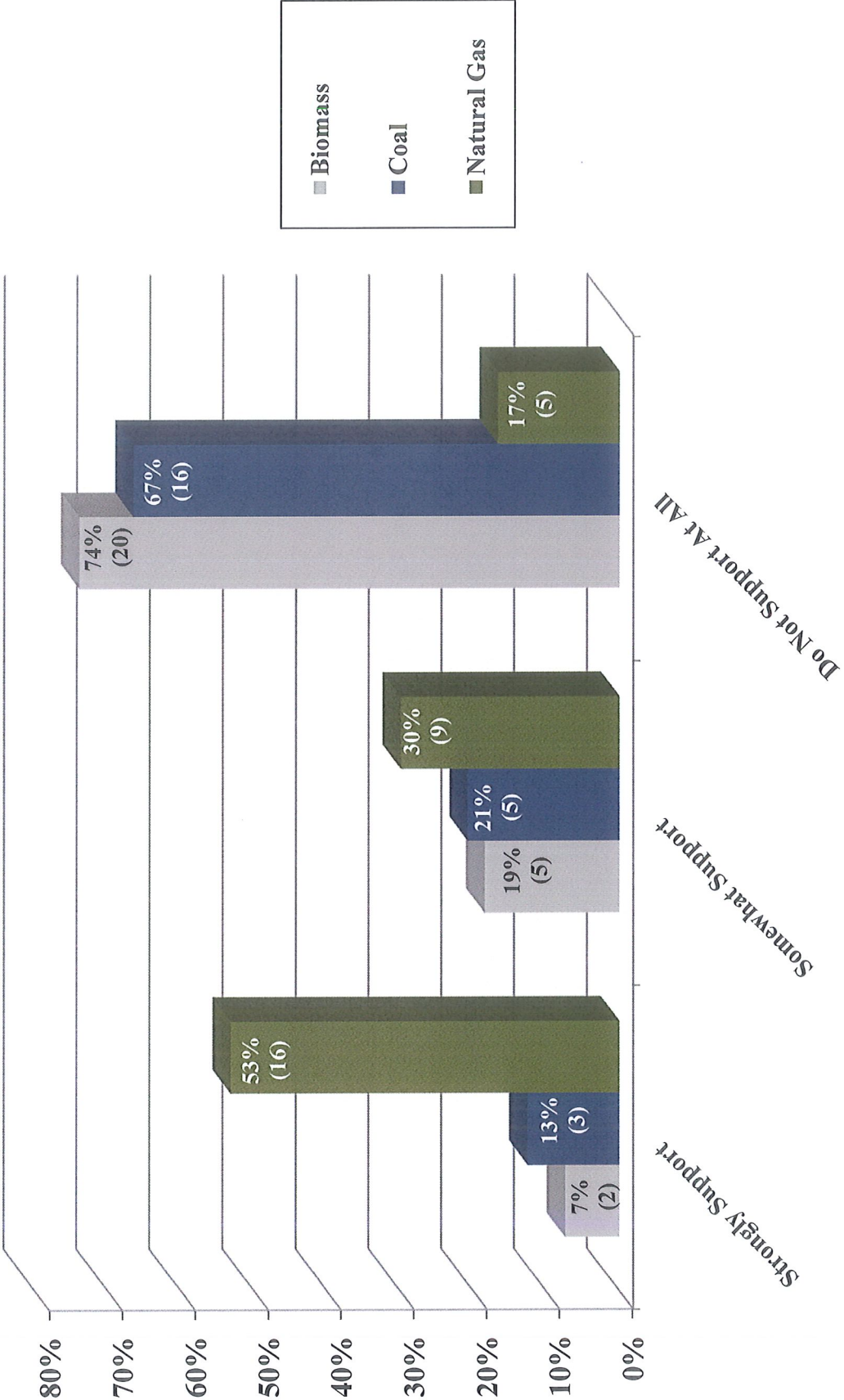
If YES to support local electrical generation facility, please indicate your level of support for each of the following fuel sources that TCL&P could investigate for local electrical generation that would produce electricity 24 hours a day/7 days a week:



Most frequently cited "Other" sources include Wind/Windmills (25) and Solar/Wind (24)

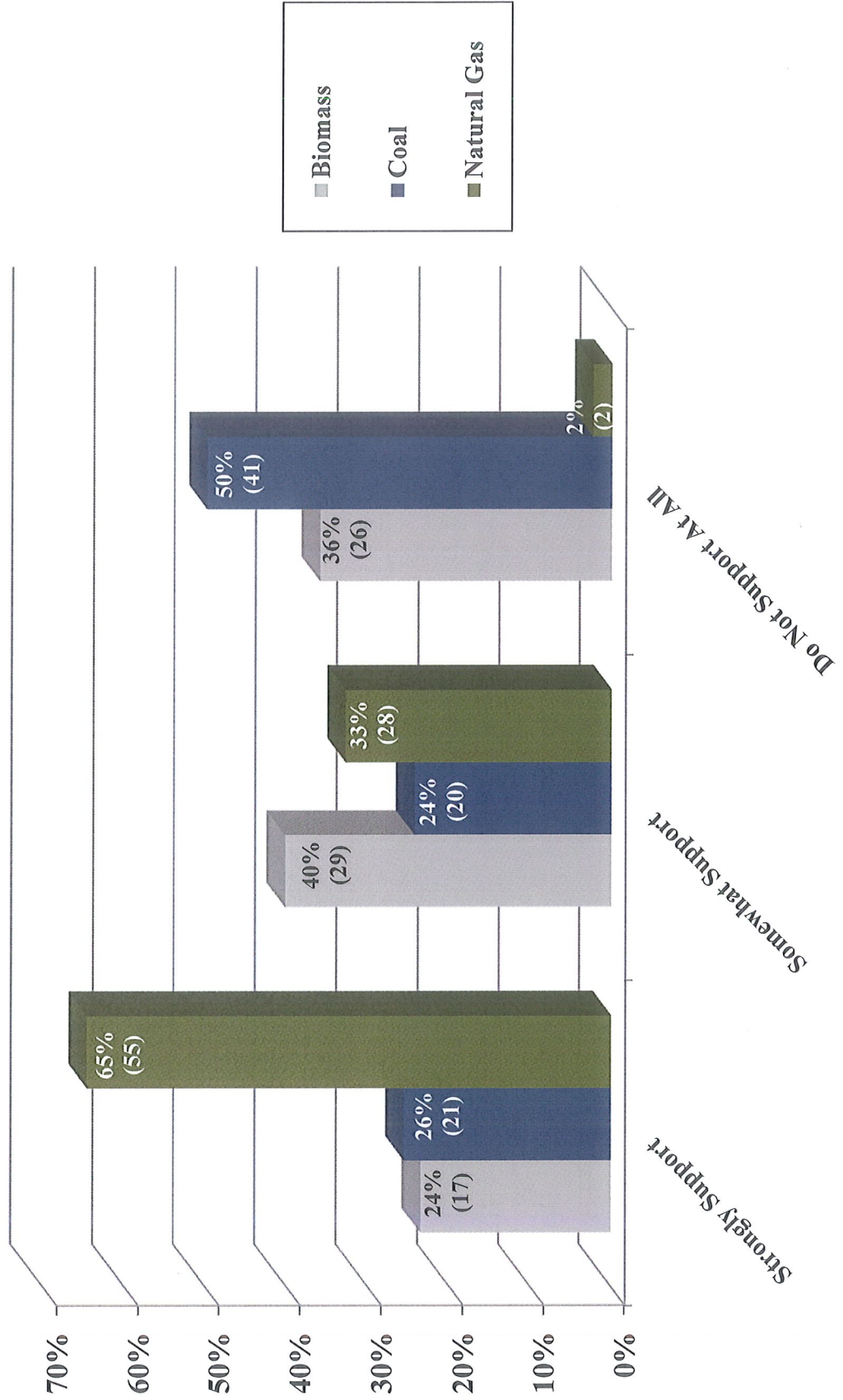
The following data represents customers who responded NO to Question 1 (support local electrical generation facility) but answered Question 2 (please indicate your level of support for each of the following fuel sources that TCL&P could investigate for local electrical generation that would produce electricity 24 hours a day/7 days a week)

Overall Customer Sample



The following data represents customers who did not answer Question 1 (support local electrical generation facility) and answered Question 2 (please indicate your level of support for each of the following fuel sources that TCL&P could investigate for local electrical generation that would produce electricity 24 hours a day/7 days a week)

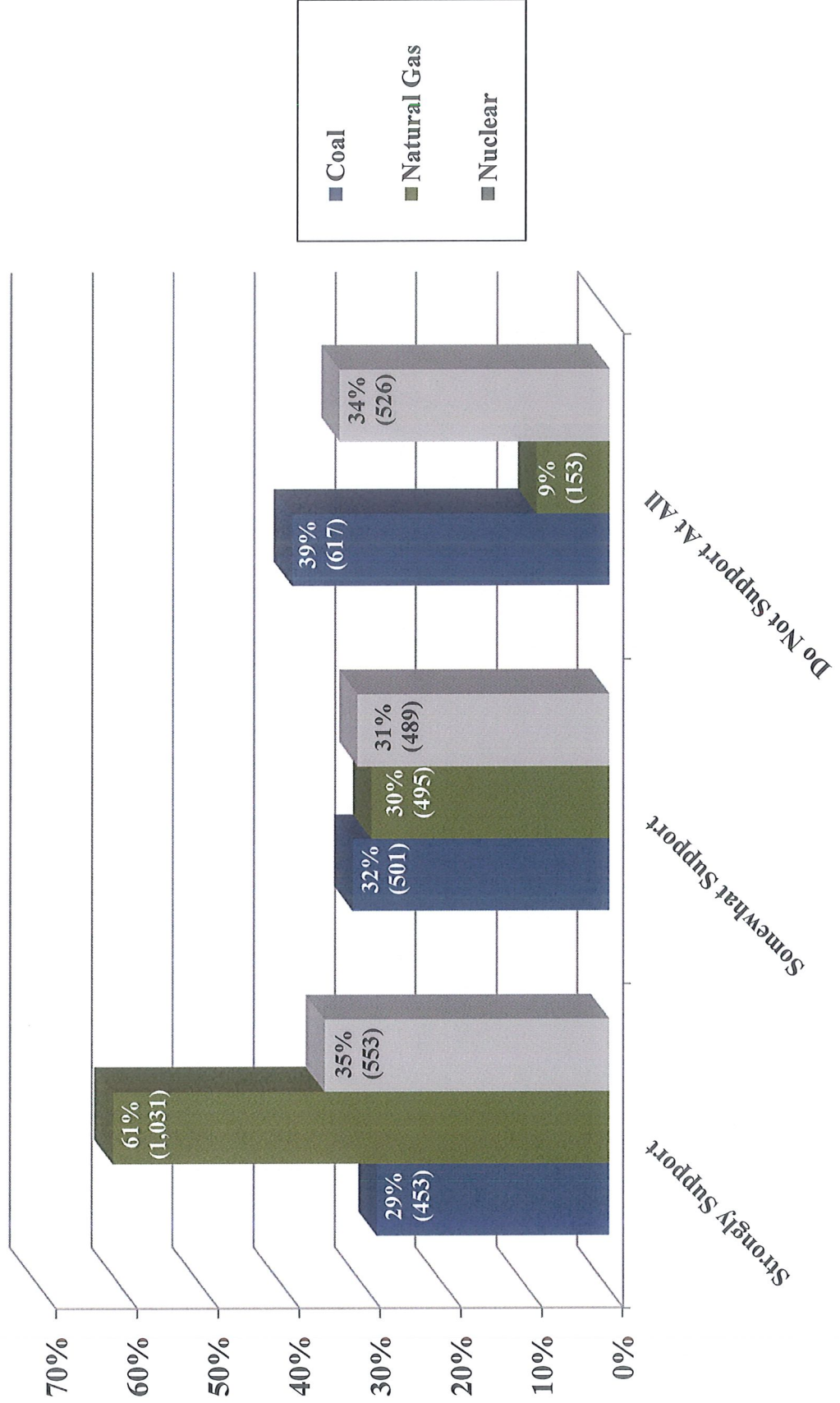
Overall Customer Sample



Question 3:

If future baseload electrical generation is replaced with downstate/out-of-state sources, options could include coal, natural gas and nuclear. Please indicate your level of support for TCL&P's purchase of downstate/out-of-state power from each of these sources.

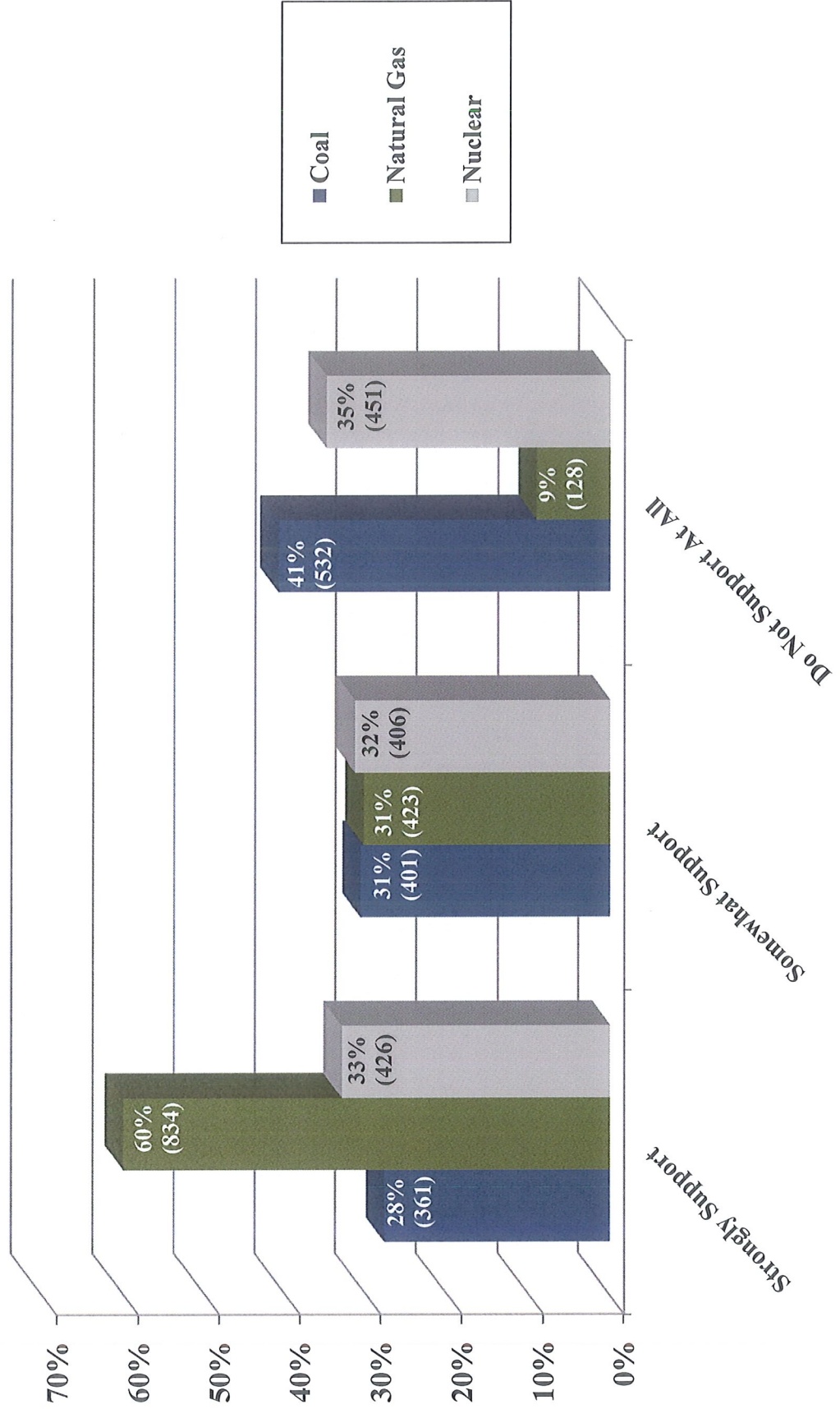
Overall Customer Sample



Question 3:

If future baseload electrical generation is replaced with downstate/out-of-state sources, options could include coal, natural gas and nuclear. Please indicate your level of support for TCL&P's purchase of downstate/out-of-state power from each of these sources.

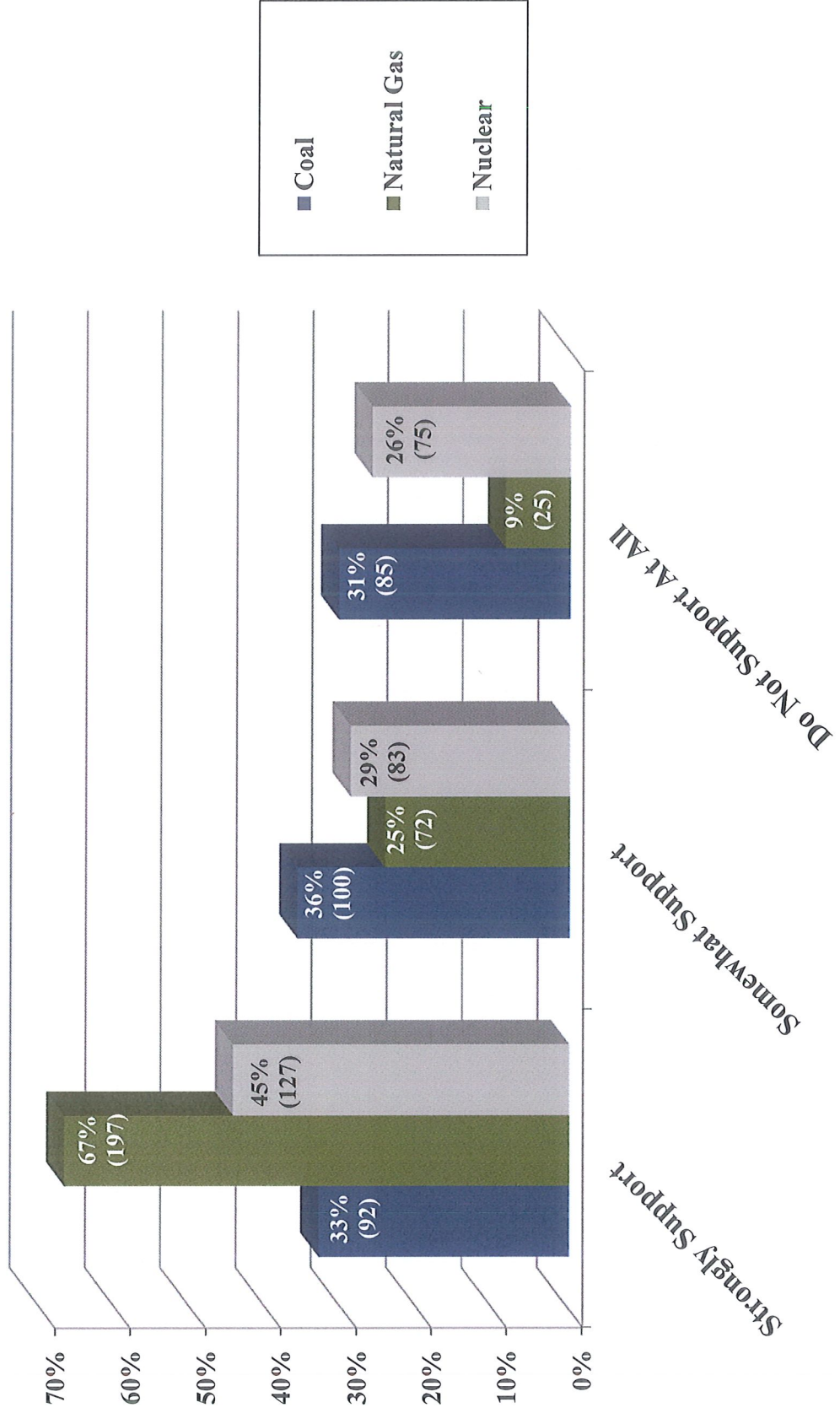
Residential Customers Only



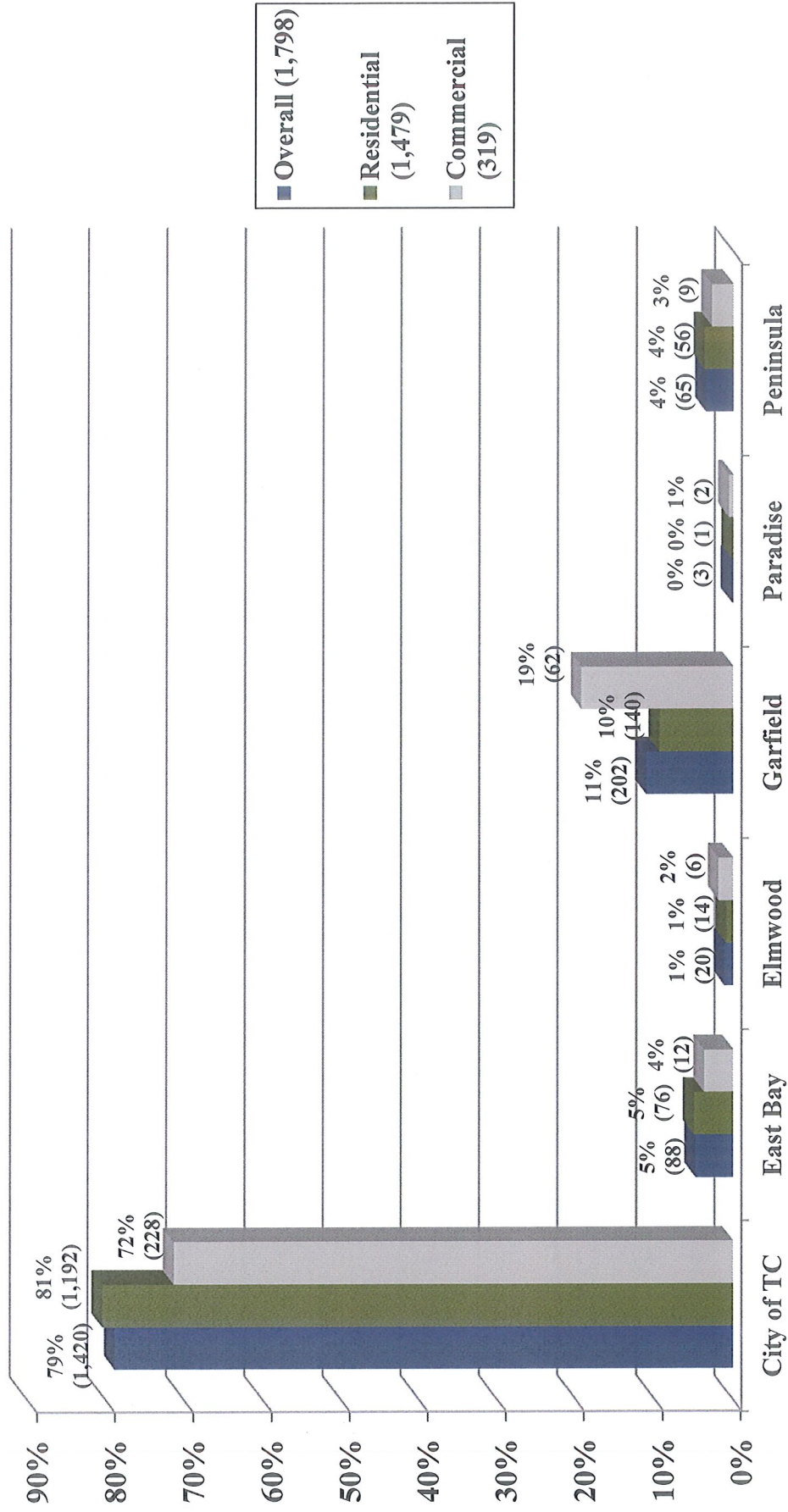
Question 3:

If future baseload electrical generation is replaced with downstate/out-of-state sources, options could include coal, natural gas and nuclear. Please indicate your level of support for TCL&P's purchase of downstate/out-of-state power from each of these sources.

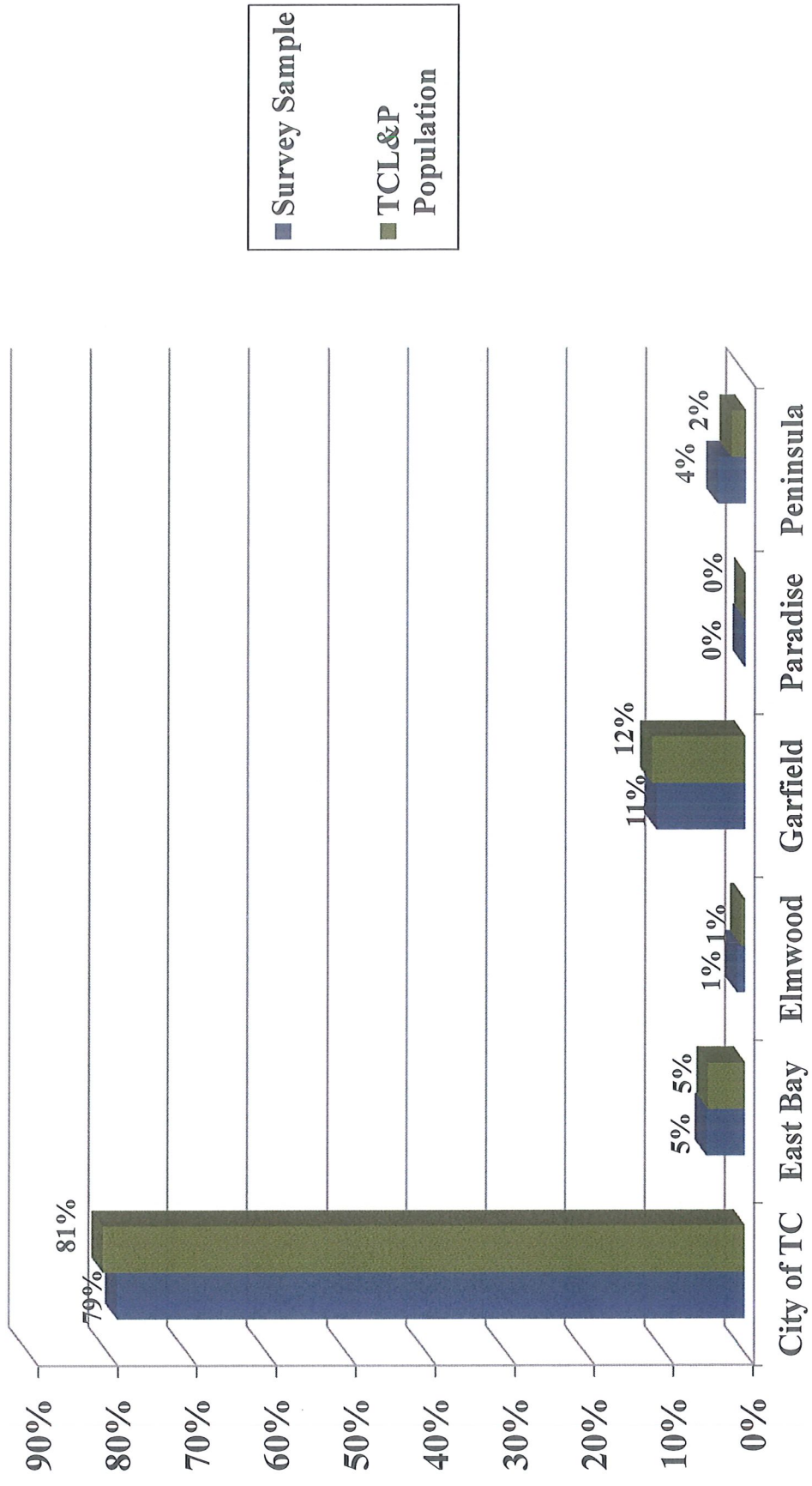
Commercial Customers Only



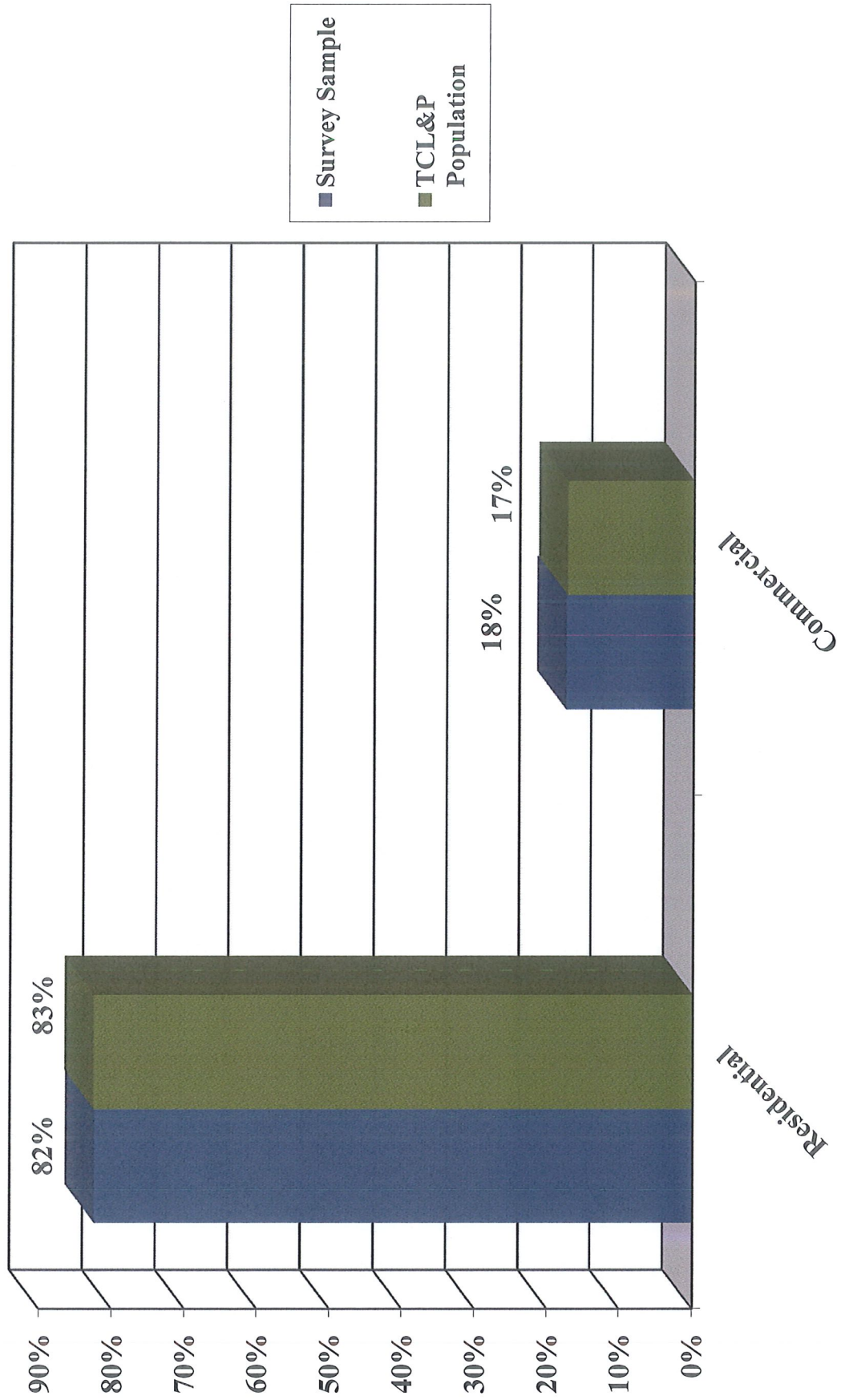
Question 4: Location of Home/Business



Location Sample/Population



Customer Type Sample/Population





To: Light & Power Board
From: Glen Dine/Peter Doren
Date: November 21, 2012
Subject: East Side 69kV Transmission Line – Amendment NO. 1 To The 1964 License Agreement For The Joint Use Of Poles Between Consumers Energy Company and City of Traverse City

Traverse City Light and Power and Consumers Energy have jointly developed an Amendment No. 1 to The 1964 License Agreement For The Joint Use Of Poles between the two utilities. This Amendment was specifically written for the joint use of poles at the request of TCL&P in order to facilitate use of an existing Consumers Energy pole corridor along the road right-of-way of Four Mile Road and use of an existing railroad corridor that would benefit both utilities in configuring their electric utility grid. The Amendment allows for the joint use of poles along these specific routes, located outside the City Limits, with electric circuits from each utility exceeding 15,000 volts.

The cost allocations between the utilities are identified in the Amendment with 50% of the total estimate due the other party upon execution of the Amendment and receipt of invoice.

Line construction is tentatively scheduled to begin in early spring. Both utilities will be working closely together and coordinating their own respective construction bid packages. It is the intent to have the same contractor working for both utilities.

As mentioned above, such joint use has benefits to both utilities. Consumers Energy will be working with staff in the future regarding joint use of poles to further extend their facilities inside the City Limits in order to achieve the connectivity needed for their reliability of service. It was agreed that such discussion will occur at a later date so as not to delay TCL&P's need to proceed with the construction of the East Side Transmission Line.

A recap of the East Hammond (Side) Substation and East Side Transmission Line Project can be found in the March 13, 2012 Board meeting packet. As these projects were approved by the MISO Board of Commissioners in 2010 these projects qualify for reimbursement through the Attachment O filing submitted by TCL&P to MISO each year.

If the Board concurs, the following motion is recommended:

MOVED BY _____, SECONDED BY _____,
THAT THE LIGHT AND POWER BOARD AUTHORIZES THE CHAIRMAN AND
SECRETARY TO ENTER INTO A AMENDMENT NO.1 TO THE LICENSE
AGREEMENT FOR THE JOINT USE OF POLES BETWEEN CONSUMERS ENERGY
COMPANY AND CITY OF TRAVERSE, SUBJECT TO APPROVAL AS TO
SUBSTANCE BY THE *INTERIM* DIRECTOR AND APPROVAL AS TO FORM BY
GENERAL COUNSEL; AND FURTHER AUTHORIZES THE PAYMENTS TO
CONSUMERS ENERGY AS REQUIRED IN THE AMENDMENT.

AMENDMENT NO.1 TO THE
LICENSE AGREEMENT
FOR THE JOINT USE OF POLES
BETWEEN
CONSUMERS ENERGY COMPANY
AND
CITY OF TRAVERSE CITY

THIS AMENDMENT NO. 1 is made and entered into as of the _____ day of _____, 2012, between CONSUMERS ENERGY COMPANY (formerly known as Consumers Power Company), a Michigan corporation (successor by merger to Consumers Power Company, a Maine corporation), with offices at One Energy Plaza, Jackson, Michigan 49201 (the "Company"), and CITY OF TRAVERSE CITY, a Michigan municipal corporation, acting by and through its Light and Power Department, with offices at 1131 Hastings Street, Traverse City, Michigan 49684 ("TCLP").

RECITALS:

A. The Company (under its prior name, Consumers Power Company) and TCLP entered into a License Agreement for the Joint Use of Poles dated July 1, 1964 (the "Agreement"), covering the joint use by both parties of each of their respective utility poles. For reference, by the Charter of the City of Traverse City, Section 180, "[c]ontracts and obligations relating to the Light and Power Department of the City incurred prior to the taking effect of this Chapter shall not be impaired and shall be binding upon the Board insofar as they apply to the Department". [Note: Throughout the original Agreement, the "shorthand" reference "the City" is used to refer to the City of Traverse City rather than "TCLP" as in this Amendment No. 1; it is expressly understood that no difference in the applicability or effectiveness of the provisions of the Agreement is intended.]

B. Article II(a) of the Agreement limits the joint use of poles under the Agreement to poles:

". . . within the corporate limits of the City . . .";

and Article II(c) of the Agreement provides that:

"In no event shall both parties attach circuits to the same pole when such circuits are operated by both parties at voltages in excess of 15,000 volts."

C. The Company owns an electric line, operated by the Company at a nominal 46,000 volts, located along a north-south corridor next to Four Mile Road in East Bay Township, Grand Traverse County, Michigan (the "Company's Hammond Road Line"). TCLP desires to have joint use of the Company's poles that are part of the Company's Hammond Road Line beginning at a point approximately 1300 feet south of where the Company's Hammond Road Line crosses Hammond Road and ending at a point near where the Company's Hammond Road Line branches off to the Company's O-At-Ka Substation, the exact beginning and ending points being more specifically identified on Attachment 1 hereto (said poles, and any replacements thereof, the "Subject Company Poles"). The wires with which TCLP desires to so jointly use the Subject Company Poles would be operated at a nominal 69,000 volts and would have a configuration materially as shown on Attachment 2.

The Company would, on and subject to the terms and conditions of the Agreement, be willing to allow such joint use by TCLP of the Subject Company Poles. However:

(i) the Company's Hammond Road Line is, as noted above, located in East Bay Township, outside the corporate limits of TCLP; and accordingly, such joint use would be

inconsistent with the above-quoted restrictions of Article II(a) of the Agreement; and

- (ii) the Company, as noted above, operates the Company's Hammond Road Line at a nominal 46,000 volts; and accordingly, if TCLP operates its wires at a nominal 69,000 volts as noted above, the joint use would be inconsistent with the above-quoted restrictions of Article II(c) of the Agreement.

Therefore, an amendment to the Agreement would be needed to allow TCLP to have joint use of the Subject Company Poles.

- D. TCLP intends to construct a new nominal 69,000 volt electric pole line along the Michigan Department of Transportation ("MDOT") railroad corridor from Four Mile Road to TCLP's Parsons Road Substation, such route being located partially within the corporate limits of the City of Traverse City and partially in located in East Bay Township, Grand Traverse County, Michigan, outside the corporate limits of the City of Traverse City ("TCLP's Parsons Road Line"). The Company desires to have joint use of TCLP's poles that will be part of TCLP's Parsons Road Line beginning at a point approximately where the MDOT railroad corridor crosses Four Mile Road near the Company's O-At-Ka Substation and ending at a point near where TCLP's Parsons Road Line would branch off to TCLP's Parsons Road Substation, the exact beginning and ending points being more specifically identified on Attachment 1 hereto (said poles, and any replacements thereof, the "Subject TCLP Poles"). The wires with which the Company desires to so jointly use the Subject TCLP Poles would be operated at up to a nominal 46,000 volts and would have a configuration materially as shown on Attachment 2.

TCLP would, on and subject to all terms and conditions of the Agreement, be willing to allow such joint use by the Company of the Subject TCLP Poles. However:

- (i) TCLP's Parsons Road Line, will, as noted above, be partially located in East Bay Township, outside the corporate limits of the City of Traverse City; and accordingly, joint use in that area would be inconsistent with the above-quoted restrictions of Article II(a) of the Agreement; and
- (ii) TCLP, as noted above, will operate TCLP's Parsons Road Line at a nominal 69,000 volts; and accordingly, if the Company operates its wires at a nominal 46,000 volts as noted above, the joint use would be inconsistent with the above-quoted restrictions of Article II(c) of the Agreement.

Therefore, an amendment to the Agreement would also be needed to allow the Company to have joint use of the Subject TCLP Poles.

- E. The parties desire to amend the Agreement, on certain terms and conditions as hereinbelow set forth, to, notwithstanding the above-quoted restrictions of Articles II(a) and II(c) of the Agreement, allow the joint use of the Subject Company Poles referred to in Recital "C" above and the joint use of the Subject TCLP Poles referred to in Recital "D" above.

It is the express intent of the parties that this Amendment No. 1 does not commit either party to in the future allow any other or additional deviations whatsoever from the above-quoted restrictions of Articles II(a) and II(c) of the Agreement or from any other provisions of the Agreement; and neither party shall be in any way obligated to in the future agree to any other or additional deviations from said above-quoted restrictions of Articles II(a) and II(c) of the Agreement or from any other provisions of the Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Notwithstanding the above-quoted restrictions of Articles II(a) and II(c) of the Agreement, the Company will allow TCLP the joint use of the Subject Company Poles with TCLP's nominal

69,000 volt wires in a configuration materially as shown on Attachment 2 hereto.

Except for the deviations from the above-quoted restrictions of Articles II(a) and II(c) of the Agreement and except as otherwise provided in this Amendment No. 1, such joint use by TCLP of the Subject Company Poles shall be covered by and subject to all terms, conditions and restrictions of the Agreement. Without limiting the generality of the foregoing, the parties expressly agree as follows in regard to the Subject Company Poles and joint use thereof:

- (a) The specifications attached hereto as Attachment 2 shall, for purposes of the joint use of and each party's attachments on the Subject Company Poles, apply in lieu of the drawings referred to in Article III ("Specifications") of the Agreement. Otherwise, the requirements of said Article III ("Specifications") of the Agreement shall apply.
- (b) The Company shall have the sole right to determine which existing Subject Company Poles, if any, are adequate to allow for joint use by TCLP and which Subject Company Poles, if any, must be replaced to allow for joint use by TCLP.
- (c) It is expressly understood, notwithstanding anything to the contrary in Articles VII(a) or (b) of the Agreement, that the Company shall be the owner of all Subject Company Poles -- regardless of whether existing poles are used for the joint use or whether existing poles are replaced to allow for the joint use. Any provisions of said Articles VII(a) or (b) (including without limitation any provisions of clauses "(i)" and "(ii)" of Article VII(a)) that would result in TCLP being or becoming the owner of any Subject Company Pole (whether an existing pole or a replacement pole) shall have no application whatsoever.
- (d) In respect to the provisions of Article VII(a) of the Agreement that each party will own approximately 50% of all joint poles of each standard length, and in regard to the further provisions of Article VII(a) that if the establishment of joint use "unbalances the ownership of joint poles so that either party owns less than its proportionate share as specified above, arrangements shall be made for that party to erect and maintain new joint poles so as to maintain its proportionate share of ownership", it is expressly understood that the Subject Company Poles shall be entirely disregarded and excluded from consideration.
- (e) In the case of any Subject Company Pole(s) that the Company determines must be replaced to accommodate the joint use:
 - (i) per Article VII(b) of the Agreement, TCLP shall pay the Company for the existing pole that is being replaced and said replaced pole shall remain the Company's property; provided, however, that the dollar amount to be so paid by TCLP to the Company for said replaced existing pole will not be in accordance with Schedule I to the Agreement (as is stated in said Article VII(b)) but, instead, will be an amount equal to the net book value (plant-in-service less accumulated depreciation) of said replaced existing pole as determined by the Company in accordance with the Company's then-usual accounting methods and procedures; and
 - (ii) the Company will furnish and install the replacement pole(s) (and any associated guys or supports) and, notwithstanding any other provisions of the Agreement to the contrary, TCLP shall pay the Company for the full cost, as determined by the Company in accordance with the Company's then-usual accounting methods and procedures, of designing, furnishing and installing the replacement pole(s) (and any associated guys or supports).
- (f) Regardless of whether an existing Subject Company Pole or a replacement Subject Company Pole is used:

- (i) TCLP shall, per Article VII(c), place its own attachments thereon entirely at TCLP's own expense; and
- (ii) the Company shall place, transfer and rearrange its own attachments thereon. However, notwithstanding any provisions of the Agreement, including without limitation the provisions of Article VII(c) of the Agreement, to the contrary, TCLP shall pay the Company for the full cost, as determined by the Company in accordance with the Company's then-usual accounting methods and procedures, of removing, placing, transferring and rearranging the Company's attachments as necessary for or in connection with creating and establishing the joint use.

After all of the respective parties' removal, placement, transfer and rearrangement work to initially establish the joint use of the Subject Company Poles has been completed, each party will, per Article VII(c) of the Agreement, be responsible for maintaining its own attachments at its own expense.

- (g) With respect to the Company's costs that are to be paid by TCLP as provided in the preceding Items "(e)" and "(f)", the following payment provisions shall apply in lieu of the provisions of Article XVI ("Bills and Payment for Work") of the Agreement:

- (i) Upon execution of this Amendment No. 1, TCLP shall pay to the Company fifty percent (50%) of the total amount that the Company estimates will be owing pursuant to the provisions of said preceding Items "1(e)" and "1(f)". Said total amount that the Company so estimates will be owing pursuant to such provisions is \$901,606.00; therefore, the fifty percent (50%) of such estimated total amount that is to be paid by TCLP to the Company upon execution of this Amendment No. 1 is \$450,803.00.
- (ii) Upon the Company's commencement of actual work in the field pursuant to said preceding items "(e)" and "(f)", the Company shall notify TCLP thereof in writing and at the same time invoice TCLP for the remaining fifty percent (50%) of the aforesaid estimated total (i.e., for an additional \$450,803.00); and TCLP shall pay said amount to the Company within fifteen (15) days after TCLP's receipt of such invoice.
- (iii) After the Company has completed the applicable work, the Company will determine its actual total costs in accordance with the Company's then-usual accounting methods and procedures. If such actual total costs, as so determined, are less than the estimated cost previously paid to the Company by TCLP pursuant to the immediately preceding clauses "(i)" and "(ii)", then the Company shall refund the incremental amount to TCLP. If such actual total costs, as so determined, are greater than the estimated costs previously paid to the Company by TCLP pursuant to the immediately preceding clauses "(i)" and "(ii)", then the Company shall issue a final invoice to TCLP for the incremental amount, which final invoice shall be paid by TCLP to the Company within thirty (30) days of TCLP's receipt thereof. The Company will, upon request of TCLP, provide TCLP with supporting details of the Company's computation of the actual total costs.
- (iv) All payments to the Company shall be made payable to Consumers Energy Company and shall be sent to Consumers Energy Company, Attention: Treasurer, One Energy Plaza, Jackson, Michigan 49201, or by wire transfer to a Company bank account or such other manner or at such place as the Company may designate by notice to TCLP. Payments made by wire transfer shall reference the appropriate invoice number for which payment is being made.

Any payment not made on or before the due date shall bear interest, from the date due until the date upon which payment is made, at an annual percentage rate of interest equal to the lesser of (a) the prime rate published by the Wall Street Journal (which represents the base rate on corporate loans posted by at least 75% of the nation's banks) on the date due, plus 2%, or (b) the highest rate permitted by law.

2. Notwithstanding the above-quoted restrictions of Articles II(a) and II(c) of the Agreement, TCLP will allow the Company the joint use of the Subject TCLP Poles with the Company's nominal 46,000 volt wires in a configuration materially as shown on Attachment 2 hereto.

Except for the deviations from the above-quoted restrictions of Articles II(a) and II(c) of the Agreement and except as otherwise provided in this Amendment No. 1, such joint use by the Company of the Subject TCLP Poles shall be covered by and subject to all terms, conditions and restrictions of the Agreement. Without limiting the generality of the foregoing, the parties expressly agree as follows in regard to the Subject TCLP Poles and joint use thereof:

- (a) The specifications attached hereto as Attachment 2 shall, for purposes of the joint use of and each party's attachments on the Subject TCLP Poles, apply in lieu of the drawings referred to in Article III ("Specifications") of the Agreement. Otherwise, the requirements of said Article III ("Specifications") of the Agreement shall apply.
- (b) It is expressly understood, notwithstanding anything to the contrary in Article VII(a) of the Agreement, that TCLP shall be the owner of all Subject TCLP Poles. Any provisions of said Article VII(a) (including without limitation any provisions of clauses "(i)" and "(ii)" of Article VII(a)) that would result in the Company being or becoming the owner of any Subject TCLP Pole shall have no application whatsoever.

It is understood that Article VII(b) will have no application whatsoever as TCLP's Parsons Road Line will be an entirely new line and accordingly all Subject TCLP Poles will be new and not replacements of any existing poles.

- (c) In respect to the provisions of Article VII(a) of the Agreement that each party will own approximately 50% of all joint poles of each standard length, and in regard to the further provisions of Article VII(a) that if the establishment of joint use "unbalances the ownership of joint poles so that either party owns less than its proportionate share as specified above, arrangements shall be made for that party to erect and maintain new joint poles so as to maintain its proportionate share of ownership", it is expressly understood that the Subject TCLP Poles shall be entirely disregarded and excluded from consideration.
- (d) Notwithstanding any other provisions of the Agreement to the contrary, the Company shall pay TCLP the incremental additional cost, as determined by TCLP in accordance with TCLP's then-usual accounting methods and procedures, of designing, furnishing and installing the Subject TCLP Poles so as to be able to support both the Company's attachments and TCLP's attachments, over what that cost would have been if the Subject TCLP Poles were designed, furnished and installed so as to be able only to support TCLP's attachments.

With respect to the Company's payment to TCLP of said incremental additional costs, the following payment provisions shall apply in lieu of the provisions of Article XVI ("Bills and Payment for Work") of the Agreement:

- (i) Upon execution of this Amendment No. 1, the Company shall pay to TCLP fifty percent (50%) of the total incremental additional cost that TCLP estimates will be owing pursuant to the provisions of the first paragraph of this Item "(d)". Said total incremental additional cost that TCLP so estimates will be owing pursuant to such provisions is \$437,851.00; therefore, the fifty percent (50%) of such

estimated total incremental additional cost that is to be paid by the Company to TCLP upon execution of this Amendment No. 1 is \$218,925.50.

- (ii) Upon TCLP's commencement of actual construction in the field of TCLP's Parsons Road Line, TCLP shall notify the Company thereof in writing and at the same time invoice the Company for the remaining fifty percent (50%) of the aforesaid estimated total incremental additional cost (i.e., for an additional \$218,925.50); and the Company shall pay said amount to TCLP within fifteen (15) days after the Company's receipt of such invoice .
- (iii) After TCLP has completed the installation of all of the Subject TCLP Poles, ready for installation of the parties' respective attachments, TCLP will determine its actual total incremental additional cost per the provisions of the first paragraph of this item "(d)" in accordance with TCLP's then-usual accounting methods and procedures. If such actual total incremental additional cost, as so determined, is less than the estimated cost previously paid to TCLP by the Company pursuant to the immediately preceding clauses "(i)" and "(ii)", then TCLP shall refund the incremental amount to the Company. If such actual total incremental additional cost, as so determined, is greater than the estimated costs previously paid to TCLP by the Company pursuant to the immediately preceding clauses "(i)" and "(ii)", then TCLP shall issue a final invoice to the Company for the incremental amount, which final invoice shall be paid by the Company to TCLP within thirty (30) days of the Company's receipt thereof. TCLP will, upon request of the Company, provide the Company with supporting details of TCLP's computation of the actual total costs.
- (iv) All payments to TCLP shall be made payable to Traverse City Light and Power Department and shall be sent to Traverse City Light and Power Department, Attention: Executive Director, 1131 Hastings Street, Traverse City, Michigan 49684, or by wire transfer to a Traverse City Light and Power Department bank account or such other manner or at such place as TCLP may designate by notice to the Company. Payments made by wire transfer shall reference the appropriate invoice number for which payment is being made.

Any payment not made on or before the due date shall bear interest, from the date due until the date upon which payment is made, at an annual percentage rate of interest equal to the lesser of (a) the prime rate published by the Wall Street Journal (which represents the base rate on corporate loans posted by at least 75% of the nation's banks) on the date due, plus 2%, or (b) the highest rate permitted by law.

- (e) Per Article VII(c) of the Agreement, TCLP shall place its own attachments on the Subject TCLP Poles at the TCLP's own expense and the Company shall place its own attachments on the Subject TCLP Poles at the Company's own expense. After each party has completed placing its respective attachments to initially establish the joint use of the Subject TCLP Poles, each party will, per Article VII(c) of the Agreement, be responsible for maintaining its own attachments at its own expense.
3. With respect, and only with respect, to joint use of the Subject Company Poles and the Subject TCLP Poles, the following changes shall apply to the provisions of Article VIII ("TERMINATION OF JOINT USE") of the Agreement:
- (a) The ninety (90) day notice period set forth in Article VIII(a) shall be increased to one hundred eighty (180) days. In addition, in the event that a pole of the "Owner" becomes the property of the "Licensee" pursuant to the provisions of said Article VIII(a), the dollar amount to be paid by the "Licensee" to the "Owner" for said pole will not be in accordance with Schedule II to the Agreement (as is stated in said Article VIII(a)) but,

instead, will be an amount equal to the net book value (plant-in-service less accumulated depreciation) of said pole as determined by the "Owner" in accordance with the "Owner's" then-usual accounting methods and procedures.

- (b) The one hundred eighty (180) day notice period set forth in Article VIII(b) shall be increased to two (2) years.

In all other respects, the terms and conditions of the Agreement remain unaffected.

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 1 as of the date first stated above.

CITY OF TRAVERSE CITY, acting by and through its Light and Power Department

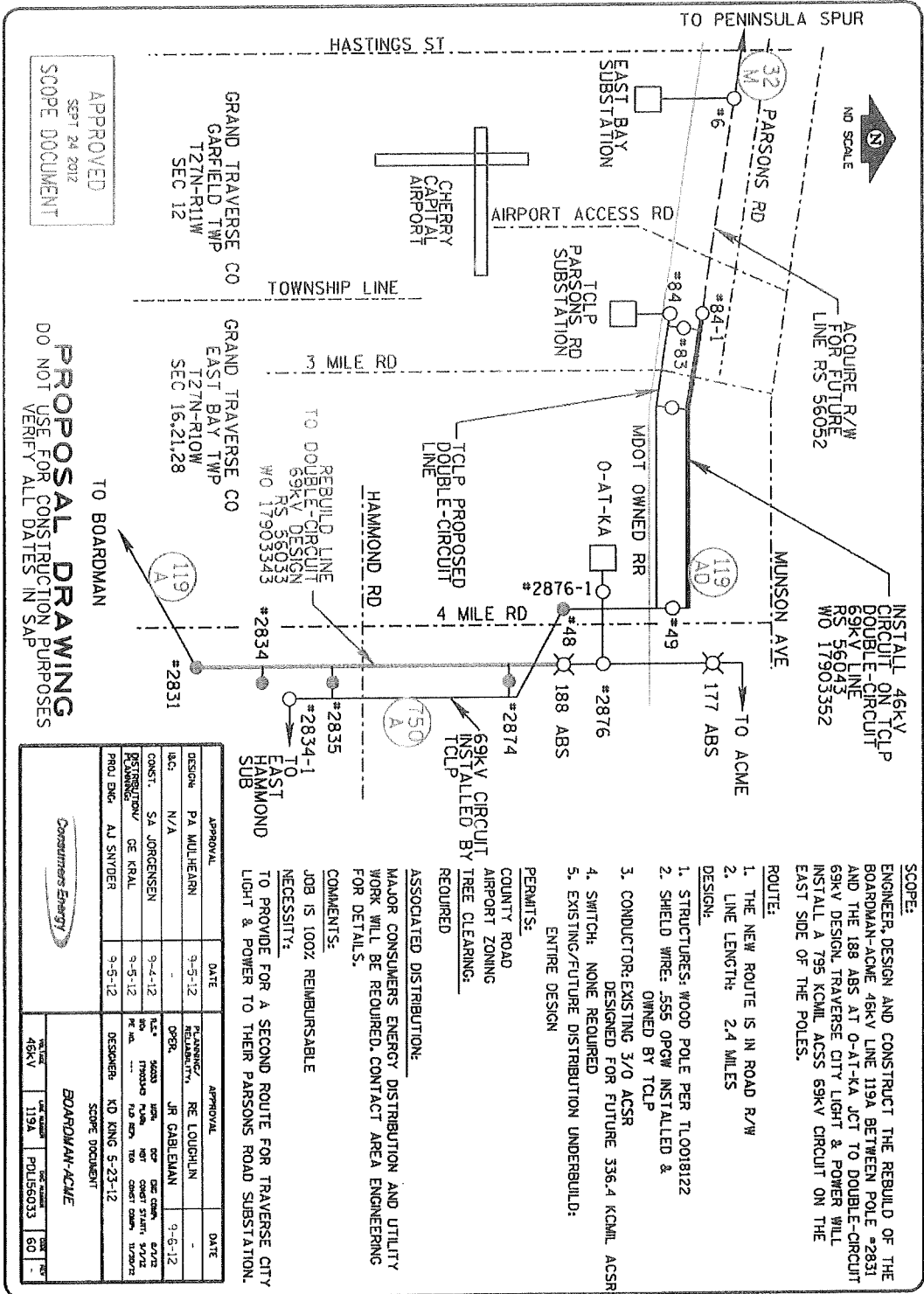
CONSUMERS ENERGY COMPANY

By: _____
Patrick McGuire
Title: Chairman

By: _____
Garrick J. Rochow
Title: Vice President of Energy Delivery

By: _____
Timothy J. Arends
Title: Secretary

CECo Review and Approval	
Legal	D&S
KA Rudolph	
JR Anderson	
SOX	n/a



APPROVED
SEPT 24 2012
SCOPE DOCUMENT

PROPOSAL DRAWING
DO NOT USE FOR CONSTRUCTION PURPOSES
VERIFY ALL DATES IN SAP

DESIGN	PA	DATE	PLANNING/RELIABILITY	RE	DATE
DESIGN	N/A	9-5-12	RE	LOUHLIN	9-6-12
CONSTR	SA JORGENSEN	9-4-12	OP&R	JR GABLEMAN	9-6-12
DESIGN/CONSTR	DE KRAL	9-5-12	RE
PROJ ENG	AJ SWYDER	9-5-12	DESIGNER	KD KING	5-23-12

NO. OF POLES	NO. OF TOWERS	NO. OF CROSSINGS	NO. OF CROSSINGS
46KV	119A	POL156033	601

SCOPE:
ENGINEER, DESIGN AND CONSTRUCT THE REBUILD OF THE BOARDMAN-ACME 46KV LINE 119A BETWEEN POLE #2831 AND THE 188 ABS AT O-AT-KA JCT TO DOUBLE-CIRCUIT 69KV DESIGN, TRAVERSE CITY LIGHT & POWER WILL INSTALL A 795 KCMIL ACSS 69KV CIRCUIT ON THE EAST SIDE OF THE POLES.

ROUTE:
1. THE NEW ROUTE IS IN ROAD R/W
2. LINE LENGTH: 2.4 MILES

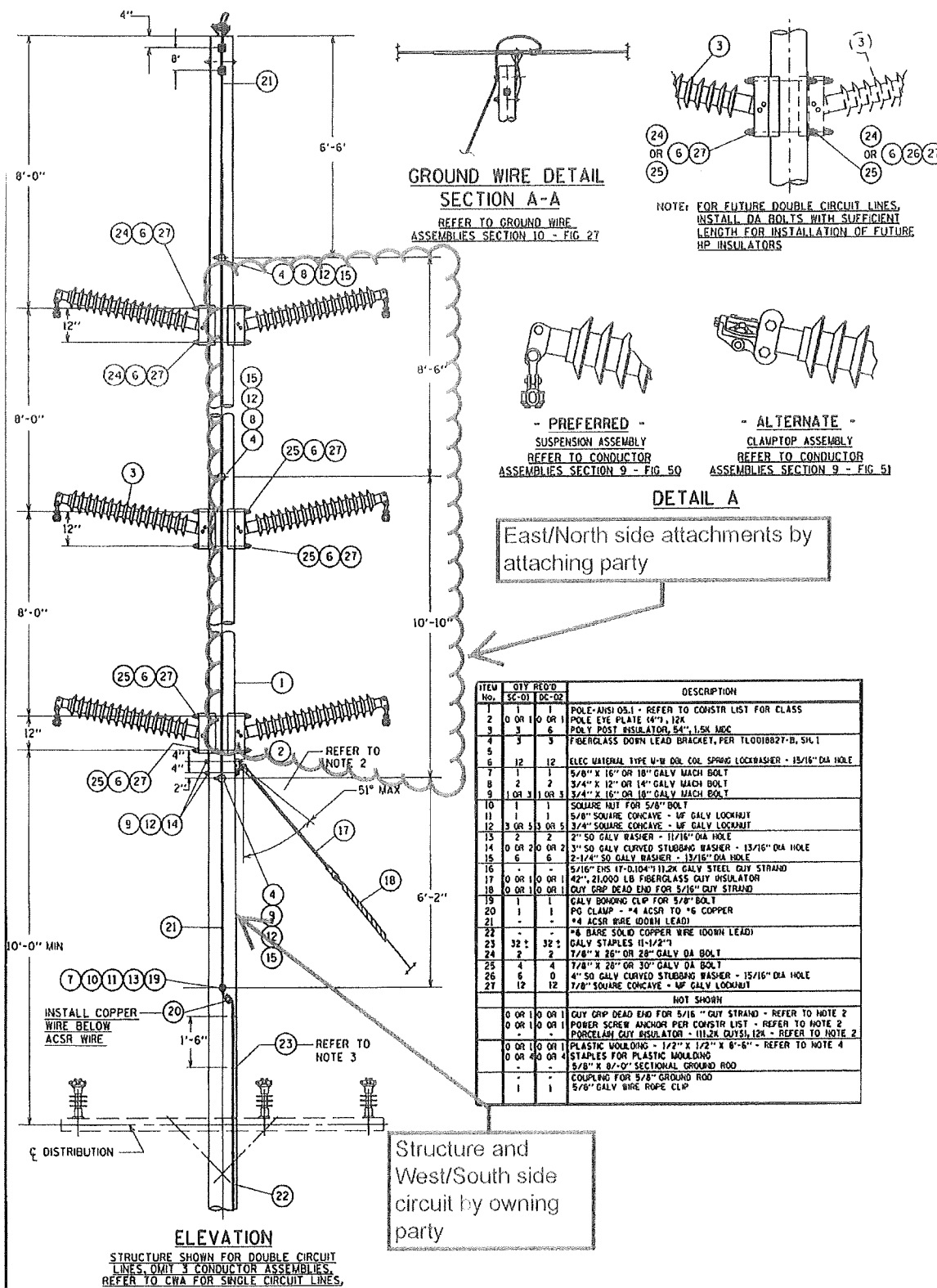
DESIGN:
1. STRUCTURES: WOOD POLE PER TL0018122
2. SHIELD WIRE: .555 OPGW INSTALLED & OWNED BY TCLP
3. CONDUCTOR: EXISTING 3/0 ACSSR DESIGNED FOR FUTURE 336.4 KCMIL ACSSR
4. SWITCH: NONE REQUIRED
5. EXISTING/FUTURE DISTRIBUTION UNDERBUILD: ENTIRE DESIGN

PERMITS:
COUNTY ROAD
AIRPORT ZONING
TREE CLEARING
REQUIRED

ASSOCIATED DISTRIBUTION:
MAJOR CONSUMERS ENERGY DISTRIBUTION AND UTILITY WORK WILL BE REQUIRED. CONTACT AREA ENGINEERING FOR DETAIL S.

COMMENTS:
JOB IS 100% REIMBURSABLE
NECESSITY:
TO PROVIDE FOR A SECOND ROUTE FOR TRAVERSE CITY LIGHT & POWER TO THEIR PARSONS ROAD SUBSTATION.

Attachment 2





TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, *Interim* Executive Director
Date: November 27, 2012
Subject: Purchase of a Rotor Current Controller for the M-72 Wind Turbine

As mentioned at the last board meeting, the M-72 wind turbine has been down for the past two months and it is determined that a new Rotor Current Controller to replace the defective Controller on the wind turbine is needed. Without this component the wind turbine cannot operate.

Attached is financial/operation information related to the turbine since its installation.

Annually, when the unit is operating at peak and requires low maintenance it does provide a "net" offset to purchased power; however, the overall "net" operation activity is a savings of \$180K over the past 17 years. If the Green Rate revenues that were charged from 1996 to 2009 were removed from the equation the "net" operation gain would be \$73K.

When repairs are needed to the unit they are very expenses and more than offset the years that the unit provides a gain to the utility financially. However, staff does realize other benefits to TCL&P from the M-72 wind turbine. The capital investment of the turbine is \$785K. Operational offsets bring the cashflow from the unit to approximately \$600K. Clearly, it has not paid for itself and will not pay for itself during its useful life.

Staff will be analyzing options for this unit for the Board's consideration in the near future. Based on the attached information it appears that the replacement of the Current Controller will be offset with 2 years of low maintenance full operation of the unit.

Staff is recommending authorization from the L&P Board to proceed with the replacement of the Rotor Current Controller in the amount of \$37,746.69.

If the Board concurs, the following motion is appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE LIGHT AND POWER BOARD AUTHORIZES A PURCHASE ORDER IN THE AMOUNT OF \$37,746.69 TO VESTAS FOR THE PURCHASE OF A ROTOR CURRENT CONTROLLER FOR THE M-72 WIND TURBINE.



Quotation
2045067

Sold-To-Party
Traverse City Light & Power
1131 Hasting St.
TRAVERSE CITY MI 49686
UNITED STATES OF AMERICA

Customer number 105359
Currency USD
Validity period: 11/07/2012 - 12/07/2012
Page 1 of 2

Ship-To-Party
Traverse City Light & Power
1131 Hasting St.
TRAVERSE CITY MI 49686
UNITED STATES OF AMERICA

CONDITIONS

Terms of payment Within 30 days, due net
Terms of delivery FOB ORIGIN

Please Reference Quote on Purchase Order

Item	Material	Description	Quantity	Price per unit	Amount
10	188312REN	REP. POWER ELEC.HOUS. 76886 CW	1 EA		
	Gross value			37,746.69	37,746.69
<hr/>					
	Tax Description	Tax Base Amount	Tax	%	Tax Amount
	USA	37,746.69	0.000	%	0.00
	Michigan State sales tax	37,746.69	0.000	%	0.00
	Total:	37,746.69		USD	0.00
	Final amount:				37,746.69

Quote Bound by additional Terms and Condition

Company reg. name: Vestas American Wind Technology Address: 1417 NW Everett St. · Portland · OR 97209 USA
Tel: +1 503 327 2000 · Fax: +1 503 327 2001 · E-mail: APCustomerService@vestas.com
Web: www.vestas.com
Remit to Address: Lockbox #601665, 1525 West W.T. Harris Blvd- 2C2, Charlotte NC 28262-1665

Traverse City Light & Power Department
M-72 Wind Turbine Statistics - (In Service 17 Years)
November 20, 2012

Asset Value:		1995-96	\$	763,860.19	Original cost			
2009-10		\$	21,756.08	Trico TC Wind/Elmer's (refurbishment)				
Accumulated Depreciation		\$	785,616.27					
Book Value 6/30/2012		\$	(379,745.48)	33.3 year straight line method				
Book Value 6/30/2012		\$	405,870.79					
Fiscal Year	Operating Expenses	kWh Generated (net of station use)	Cost Per kWh	Estimated Green Rate Revenues	Node Reference	Average Annual \$/kWh	Avoided Cost	Net Operational Expense
1995-96 (Online June 1996)	\$ 218.46	26,800	\$ 0.0082	\$ 7,750.00	MPPA Power Pool	\$ 0.0250	\$ 670.00	\$ (8,201.54)
1996-97	\$ 28,831.77	326,927	\$ 0.0882	\$ 7,750.00	MPPA Power Pool	\$ 0.0280	\$ 9,153.96	\$ 11,927.81
1997-98	\$ 16,006.24	822,729	\$ 0.0195	\$ 7,750.00	MPPA Power Pool	\$ 0.0240	\$ 19,745.50	\$ (11,489.26)
1998-99	\$ 13,511.12	764,939	\$ 0.0177	\$ 7,750.00	MPPA Power Pool	\$ 0.0275	\$ 21,035.82	\$ (15,274.70)
1999-00	\$ 17,443.12	833,215	\$ 0.0209	\$ 7,750.00	MPPA Power Pool	\$ 0.0310	\$ 25,829.67	\$ (16,136.55)
2000-01	\$ 40,894.41	754,457	\$ 0.0542	\$ 7,750.00	MPPA Power Pool	\$ 0.0305	\$ 23,010.94	\$ 10,133.47
2001-02	\$ 8,255.90	737,659	\$ 0.0112	\$ 7,750.00	MPPA Power Pool	\$ 0.0300	\$ 22,129.77	\$ (21,623.87)
2002-03	\$ 6,764.85	853,769	\$ 0.0079	\$ 7,750.00	MPPA Power Pool	\$ 0.0280	\$ 23,905.53	\$ (24,890.68)
2003-04	\$ 6,157.81	760,968	\$ 0.0081	\$ 7,750.00	MPPA Power Pool	\$ 0.0230	\$ 17,502.26	\$ (19,094.45)
2004-05	\$ 2,822.71	706,714	\$ 0.0040	\$ 7,750.00	MPPA Power Pool	\$ 0.0340	\$ 24,028.28	\$ (28,955.57)
2005-06	\$ 2,283.52	635,548	\$ 0.0036	\$ 7,750.00	MPPA Power Pool	\$ 0.0340	\$ 21,608.63	\$ (27,075.11)
2006-07	\$ 12,482.12	760,646	\$ 0.0164	\$ 7,750.00	MPPA Power Pool	\$ 0.0340	\$ 25,861.96	\$ (21,129.84)
2007-08	\$ 37,940.67	815,745	\$ 0.0465	\$ 7,750.00	MISO LMP	\$ 0.0480	\$ 39,155.76	\$ (8,965.09)
2008-09	\$ 37,201.88	761,276	\$ 0.0489	\$ 6,450.00	MISO LMP	\$ 0.0510	\$ 38,825.08	\$ (8,073.20)
2009-10	\$ 38,318.21	318,515	down 5 months	\$ -	MISO LMP	\$ 0.0310	\$ 9,873.97	\$ 28,444.25
2010-11	\$ 13,633.30	766,147	\$ 0.0178	\$ -	MISO LMP	\$ 0.0370	\$ 28,347.44	\$ (14,714.14)
2011-12	\$ 18,157.29	650,704	down 2 months	\$ -	MISO LMP	\$ 0.0360	\$ 23,425.34	\$ (5,268.05)
Totals	\$ 300,923.38	11,296,758	\$ 0.0266	\$ 107,200.00			\$ 374,109.90	\$ (180,386.52)

Balance Due on Land Lease: \$ 2,288.06
(6/1/1995 to 6/1/2019)

Total Capital Investment	\$ 785,616.27
Operation Expenses	\$ 300,923.38
Green Rate Revenues	\$ (107,200.00)
Avoided Purch. Power Costs	\$ (374,109.90)
Net Cashflow from Investment	\$ 605,229.75