

MEETING NOTICE

STUDY SESSION

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

THURSDAY, March 22, 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

AGENDA

Roll Call

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

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

Posting Date: 3-19-12
4:30 p.m



TRAVERSE CITY
LIGHT & POWER

To: Light and Power Board
From: Ed Rice, Executive Director
Subject: Proposed Six Year Capital Plan-2012 & 2012-13 Operating Budgets
Date: March 23, 2012

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Enclosed are the proposed Six Year Capital Plan-2012 and the 2012-13 operating budgets for the Fiber Optics Fund and the Electric Utility Fund that will be discussed at our study session on Thursday, March 22, 2012. I have reviewed the individual budgets by line item for each business with staff and will be prepared to answer questions you may have.

SIX YEAR CAPITAL PLAN:

Staff has incorporated two new projects into next year's Capital Plan along with updating anticipated capital costs for other previously approved projects.

In past years, L&P began replacement of high pressure sodium street lights with LED street lights with assistance of grant funding. Due to the positive feedback of the pilot program, staff has incorporated into the capital plan an annual program that will eventually convert all city street lights to LED. Also new this year is the Front Street URD Circuit Rebuild Project that will upgrade the downtown street lighting conduit and conductor system.

No project has been identified to solve L&P's long term generation issue.

FIBER OPTICS FUND:

It is anticipated that the DDA and L&P Board will approve a contract that allows for open area Wi-Fi services to be financed/constructed by Light and Power, with capital and operational costs to be reimbursed by the DDA over the term of the contract. Both revenues and expenses in the fiber fund will increase with this activity.

The fund is now operating with positive cash flow and it is anticipated that this fund will be in a position to start reimbursing the Electric Utility Fund for the initial capital contribution in building the fiber network.

ELECTRIC UTILITY FUND:

No rate increase is proposed for 2012/13.

Total electric kWh sales are projected to be 1.4% less than experienced in 2010/11 due to energy conservation efforts. kWh sales would have been flat year over year without this effort.

Generation expenses are projected to be \$2.6m more than experienced in 2010/11 due to wind generation purchase (\$0.5m); Power Pool termination (\$0.6m); Belle River Outages (\$0.2m) and coal/transportation costs (\$1.3m) at Campbell III.

The impact of the PCR cap is \$1.6m/year.

The 2012/13 recommended budget is based on the following projections and assumptions:

- 1.3% increase in kWh sales due to improving economy and weather normalization (same level as 2010/11).
- Continued (1.7%) energy optimization effort.
- Generation expenses being reduced by \$1.3m due to purchase optimization.
- PCR capped same as in 2011/12.
- \$1.0m contribution to City for Legacy Project.
- \$150k projected expense for efficiency audit.
- \$400k for increased Energy Efficiency effort.
- 2.5% increase due to CPI.
- Contributions to City Operations:
 - \$163k – Traffic Signal Operations & Maintenance
 - \$190k – Street Lighting
 - \$ 75k – Downtown Holiday Lighting
\$428k

In summary, operating revenues are projected to increase by 1.4% and operating expenses are expected to increase 3.3%. If the staff recommendations are approved by the board, net income would be (\$905,000) for the next fiscal year.



TRAVERSE CITY
LIGHT & POWER

Investing Our Energy In You

Vision Statement

The Vision of TCL&P is to enhance the local quality of life by securing our energy future.

Mission Statement

TCL&P is a customer focused utility which provides safe, reliable, competitively priced energy and related services in an environmentally conscious manner.

- 1. Ensure employee and public safety.**
 - a. Achieve APPA safety accreditation by 12/31/12
 - b. Map location of all TCL&P electric underground facilities by 12/31/12
 - c. Customize TCL&P electric line engineering standards by 12/31/12
 - d. Rehabilitate 1 substation distribution circuit per year for the next 10 years
 - e. Develop and implement a service center disaster drill by 7/1/12
 - f. Revitalize TCL&P Safety Committee by 12/31/11

- 2. Resolve long term baseload requirement deficiencies.**
 - a. Evaluate long-term baseload power supply options and make recommendations upon completion of a public input process.
 - b. Complete evaluation of the Kalkaska Combustion Turbine and make recommendations by 12/31/11
 - c. Evaluate emerging and existing MPPA projects

- 3. Insulate customers from volatile power market prices while keeping rates competitive.**
 - a. Analyze the application for an Energy Supply Risk Management policy by 6/30/12
 - b. Analyze Demand Side Management for commercial and industrial customers and make recommendations by 6/30/12
 - c. Determine the Renewable Energy Credit (REC) financial benefit to TCL&P through 6/30/12
 - d. Manage TCL&P's Distribution, Transmission and other Operating Expenses (\$10.5m) to limit a 1% annual increase (including inflation) through 2015
 - e. Manage Purchase Power Generation expenses to not exceed \$21,500,000 per year through 2014

- 4. Provide a high level of transmission and distribution system reliability.**
 - a. Finalize and implement a disaster recovery plan by 6/30/12
 - b. Rehabilitate 1 substation distribution circuit per year for the next 10 years
 - c. Engineer and construct the East Side Transmission Project by 12/31/13
 - d. Engineer and construct the South Distribution Substation Project by 6/30/13
 - e. Replace 2000 feet per year of old and failing primary underground distribution cable per year for the next 5 years

- 5. Improve communication with the community.**
 - a. Attend, with Board Members, Traverse City Neighborhood Association meetings on a quarterly basis
 - b. Launch new TCL&P website by 10/1/11
 - c. Implement a TCL&P commercial and industrial customer newsletter by 1/1/12
 - d. Develop an email newsletter by 12/1/11
 - e. Convene 3rd annual TCL&P open house on 10/8/11
 - f. Develop TCL&P 100th Anniversary Program by 11/1/11
 - g. Create program specific brochures regarding energy efficiency, net metering and community solar
 - h. Implement Wi-Fi application for the DDA by 12/31/11
 - i. Analyze, engineer and implement a Fiber To The Premise (FTTP) pilot program by 6/30/12

- 6. Promote energy efficiency, conservation and provide our customers the information and tools to best manage their energy use.**
 - a. Achieve Energy Optimization reduction of 1.75% per year through 2015 (mainly focused on C&I customers)
 - b. Replace 100 HPNa with LED street lights per year
 - c. Analyze a smart metering program by 12/31/12
 - d. Develop an electric vehicle program for TCL&P by 6/30/12
 - e. Distribute 200 Power Cost Monitors to residential customers in conjunction with an energy home audit per year for the next 10 years

- 7. Promote a culture of continuous improvement throughout the organization.**
 - a. Continue to convene quarterly all employee information meetings
 - b. Develop and implement mobile computer terminals for field application by 6/30/12
 - c. Continue Hastings Street Service Center site re-development
 - d. Negotiate new Bargaining Unit contract by 7/1/12

- 8. Determine customer and community interest in local generation with a baseload goal of 30MW.**
 - a. Attend, with Board Members, Traverse City Neighborhood Association meetings on a quarterly basis
 - b. Develop a customer information program in conjunction with the Chamber of Commerce
 - c. Expand meetings with TCL&P commercial and industrial customers
 - d. Develop and implement by 12/31/11 a customer survey that is focused on customer expectations for the type and location of electric generation

- 9. Reduce the L&P carbon footprint through a diversified portfolio and renewable energy sources.**
 - a. Reduce TCL&P caused electric generation carbon emissions by 50% by 12/31/15
 - b. Implement a 50KW Community Solar Project by 6/30/12 provided that sufficient subscriptions are obtained to offset the cost.
 - c. Investigate non-carbon based forms of electric generation for economic justification



Operating Budget
& Six Year Capital Improvements Plan

2012-13



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2012

INTERNAL FINANCING:

GENERATION:

Community Solar – 50 KW

Location: Local solar generation either inside or outside city limits

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

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

Estimated Cost: \$400,000

Fiscal Year(s): 2012-13

DISTRIBUTION and SUBSTATION:

Line Improvements, Extensions, New Services

Location: Throughout the entire service area

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

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

Estimated Cost: \$6.35 Million

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

Overhead to Underground Conversion Projects

Location: Throughout the entire service area

Character: Conversion of overhead transmission and/or distribution facilities to underground.

Extent: Annual Program for Approved Projects.

Estimated Cost: \$6 Million

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

Distribution Circuit Additions/Upgrades

Location: Throughout the entire service area

Character: Construction of new overhead distribution circuits

Extent: New circuits and upgrade of existing circuits to improve reliability and serve anticipated growth.

Estimated Cost: \$13.8 Million

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



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2012

DISTRIBUTION and SUBSTATION (continued):

69kV/13.8kV Distribution Substation-SOUTH

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

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

Extent: *To include land purchase and facilities*

Estimated Cost: *\$4.5 Million*

Fiscal Year(s): *2012-13*

Street Lighting System Additions

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

Character: *LED street lighting.*

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

Estimated Cost: *\$150,000*

Fiscal Year(s): *2012-13*

Street Lighting (LED) System Replacements (NEW)

Location: *Throughout the entire utility service area*

Character: *LED street lighting replacements.*

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

Estimated Cost: *\$960,000*

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

Front St URG Circuit Rebuild-Street Light System (NEW)

Location: *100 and 200 blocks of Front Street*

Character: *Upgrade electric circuitry that supports the street light system.*

Extent: *Remove and replace conduit and circuitry*

Estimated Cost: *\$800,000*

Fiscal Year(s): *2012-13*

Pine Street Overhead to Underground Conversion

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

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

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

Estimated Cost: *\$1 Million*

Fiscal Year(s): *2012-13*



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2012

TRANSMISSION and SUBSTATION:

69kV Load Break Switches

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

Character: New steel poles & transmission switches

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

Estimated Cost: up to \$600,000

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

69kV Transmission Line and Substation – EAST

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

Character: Overhead transmission facilities to include new poles and wire

Extent: From a new transmission substation to an existing distribution substation (to be determined)

Estimated Cost: \$4.5 Million

Fiscal Year(s): 2012-13

Transmission Line Reconductor

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

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

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

Estimated Cost: \$3.675 Million

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

FACILITIES:

M-72 Wind Turbine Refurbishment

Location: Bugai Road @ M-72

Character: Replace existing gear box with new gear box

Extent: Repair or replacement due to normal wear.

Estimated Cost: \$150,000

Fiscal Year(s): 2015-16



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2012

FACILITIES (continued):

Hastings Service Center Facility Improvements

Location: 1131 Hastings Street

Character: Site improvements to existing facility

Extent: Facility expansion/improvements

Estimated Cost: \$1.85 Million

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

SCADA, COMMUNICATIONS, and OTHER ITEMS:

Smart Metering Technologies (AMI)

Location: Entire Service Area

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

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

Estimated Cost: \$750,000

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

SCADA (Supervisory Control and Data Acquisition)/Dispatch Improvements

Location: 1131 Hastings Street and Hall Street Substation

Character: Expansion of capabilities in 24 hour control center

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

Estimated Cost: \$150,000

Fiscal Year(s): 2012-13



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2012

FIBER OPTICS FUND:

Fiber Extensions – Customer Installations

Location: *Within the L&P service area*

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

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

Estimated Cost: *\$450,000*

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

Wi-Fi Project

Location: *Within the L&P service area*

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

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

Estimated Cost: *\$160,000*

Fiscal Year(s): *2012-13*

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

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

		Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Project Totals	Project Notes	2011 Funding Level	Change
INTERNAL FINANCING:											
Generation:											
no change	Community Solar - 50KW	400,000	---	---	---	---	---	400,000		400,000	-
Total Generation		400,000	0	0	0	0	0	400,000		400,000	0
Distribution and Substation:											
no change	Line Improvements, Extensions, New Services	950,000	1,000,000	1,050,000	1,100,000	1,150,000	1,100,000	6,350,000	Annual Program	\$ 6,275,000	\$ 75,000
no change	OH to URG Conversion Projects	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,000,000	Annual Program	\$ 6,500,000	\$ (500,000)
no change	Distribution Circuit Additions/Upgrades	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	13,800,000	Annual Program	\$ 11,300,000	\$ 2,500,000
no change	69kV/13.8kV Distribution Substation-SOUTH	4,500,000	---	---	---	---	---	4,500,000		\$ 5,000,000	\$ (500,000)
no change	Street Lighting System Additions	150,000	---	---	---	---	---	150,000		\$ 250,000	\$ (100,000)
NEW	Street Lighting (LED) System Replacements	160,000	160,000	160,000	160,000	160,000	160,000	960,000	Annual Program	\$ -	\$ 960,000
NEW	Front St URG Circuit Rebuild-Street Light System	800,000	---	---	---	---	---	800,000		\$ -	\$ 800,000
no change	Pine Street Overhead to Underground Conversion	1,000,000	---	---	---	---	---	1,000,000	With TIF 97 Project	\$ 1,000,000	\$ -
Total Distribution and Substation		10,860,000	4,460,000	4,510,000	4,560,000	4,610,000	4,560,000	33,560,000		30,325,000	3,235,000
Transmission and Substation:											
no change	69kV Load Break Switches	---	---	200,000	200,000	200,000	---	600,000		\$ 600,000	\$ -
no change	69kV Transmission Line & Substation - EAST	4,500,000	---	---	---	---	---	4,500,000		\$ 5,200,000	\$ (700,000)
no change	Transmission Line Reconductor	---	---	575,000	1,000,000	1,500,000	600,000	3,675,000		\$ 3,675,000	\$ -
Total Transmission and Substation		4,500,000	0	775,000	1,200,000	1,700,000	600,000	8,775,000		9,475,000	(700,000)
Facilities:											
no change	M-72 Wind Turbine Refurbishment	---	---	---	150,000	---	---	150,000		\$ 150,000	\$ -
no change	Hasting Service Center Facility Improvements	1,150,000	500,000	50,000	50,000	50,000	50,000	1,850,000	Annual Program	\$ 2,750,000	\$ (900,000)
Total Facilities		1,150,000	500,000	50,000	200,000	50,000	50,000	2,000,000		2,900,000	(900,000)
SCADA, Communications, and Other Items:											
no change	Smart Metering Technologies (AMI)	200,000	200,000	200,000	50,000	50,000	50,000	750,000	Annual Program	\$ 650,000	\$ 100,000
no change	SCADA/Dispatch Improvements	150,000	---	---	---	---	---	150,000		\$ 250,000	\$ (100,000)
Total SCADA, Communications & Other Items		350,000	200,000	200,000	50,000	50,000	50,000	900,000		900,000	0
TOTAL INTERNAL FINANCING		\$ 17,260,000	\$ 5,160,000	\$ 5,535,000	\$ 6,010,000	\$ 6,410,000	\$ 5,260,000	\$ 45,635,000		\$ 44,000,000	\$ 1,635,000
FIBER FUND PROJECTS:											
no change	Fiber Extensions - Customer Installations	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 450,000	Annual Program	\$ 450,000	\$ -
no change	Wi-Fi Project - DDA	160,000	---	---	---	---	---	160,000		\$ 160,000	\$ -
Total Fiber Fund Projects		\$ 235,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 610,000		\$ 610,000	\$ -

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

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

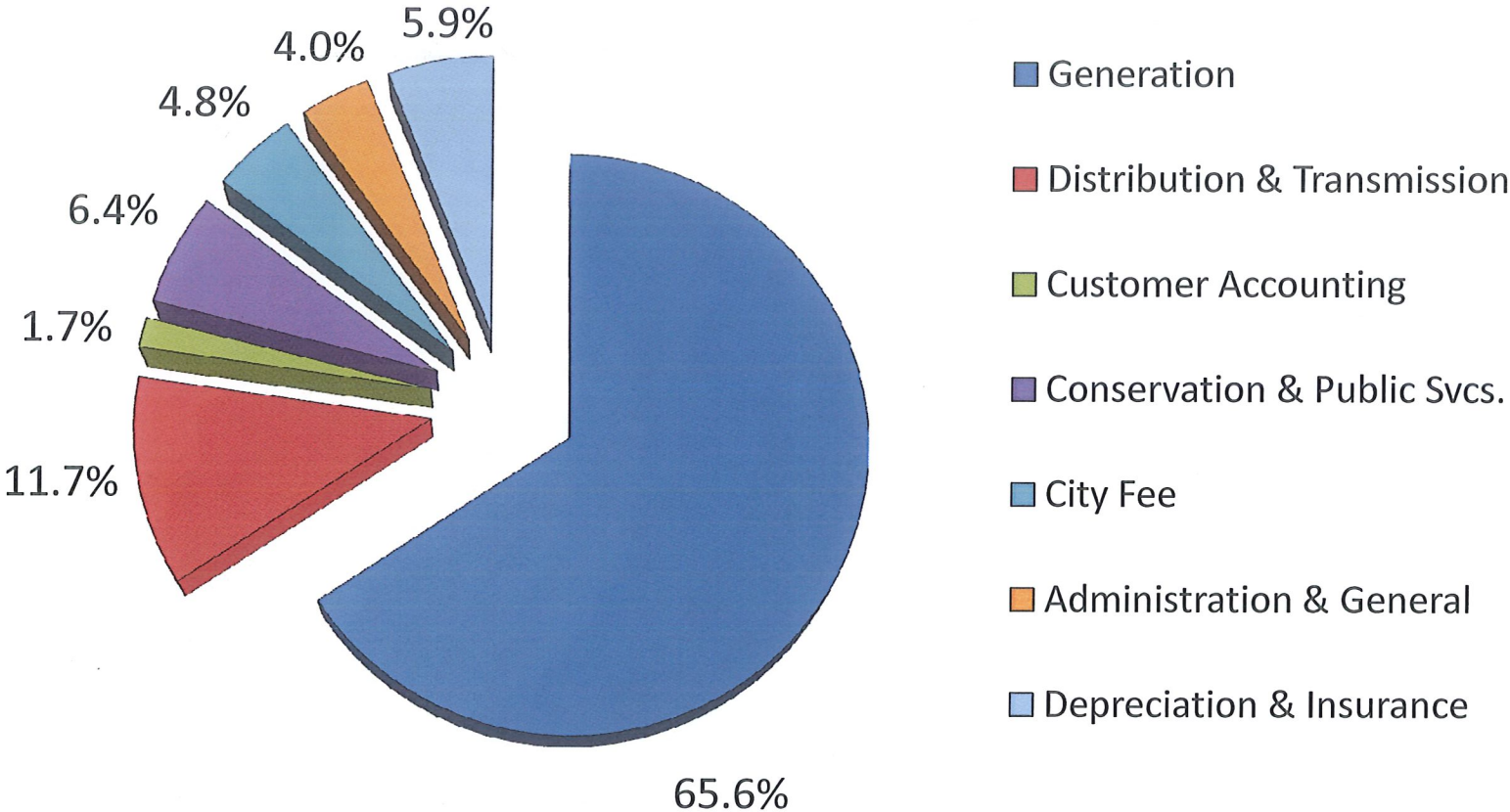
	FY 10/11 Actual	FY 11/12 Budgeted	FY 11/12 Projected	FY 12/13 Recommended
<u>Operating revenues:</u>				
Charges for services	\$ 183,605	\$ 216,850	\$ 186,660	\$ 186,500
Wi-fi Service Fee - DDA	-	-	-	65,000
Total operating revenues	\$ 183,605	\$ 216,850	\$ 186,660	\$ 251,500
<u>Operating expenses:</u>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

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

	FY 10/11 Actual	FY 11/12 Budgeted	FY 11/12 Projected	FY 12/13 Recommended
<u>Operating Income:</u>	\$ 30,253,236	\$ 33,201,550	\$ 31,066,550	\$ 31,508,000
<u>Operating Expenses:</u>				
<u>Generation Expenses:</u>				
MPPA/MISO Purchased Power	\$ 2,917,452	\$ 1,200,000	\$ 1,000,000	\$ 60,000
Lansing Purchased Power	4,056,945	7,200,000	6,500,000	6,100,000
Stoney Corners - Wind Energy	1,892,441	1,595,000	1,810,000	2,900,000
Combustion Turbine Power Cost	4,216,734	3,750,000	4,400,000	4,500,000
Cambell #3 Power Cost	3,322,056	3,670,000	4,575,000	4,000,000
Belle River #1 Power Cost	3,087,679	3,500,000	3,803,000	3,700,000
Landfill Gas - Granger Project	113,117	90,000	120,000	160,000
Other Generation Expenses	467,924	472,900	71,450	84,750
Total Generation Expenses	20,074,348	21,477,900	22,279,450	21,504,750
<u>Distribution Expenses:</u>				
Operations & Maintenance	3,276,966	3,449,250	3,613,350	3,612,100
<u>Transmission Expenses:</u>				
Operations & Maintenance	196,729	246,000	191,000	206,350
<u>Other Operating Expenses:</u>				
Metering & Customer Accounting	545,267	632,050	536,000	550,000
Conservation & Public Services	707,312	1,419,600	995,000	2,081,850
Administrative & General	1,320,067	1,276,900	1,079,550	1,298,250
Insurance	71,315	72,800	52,050	66,500
Depreciation Expense	1,732,080	1,715,000	1,775,000	1,875,000
City Fee	1,511,219	1,687,850	1,556,800	1,578,200
Total Other Operating Expenses	5,887,259	6,804,200	5,994,400	7,449,800
Total Operating Expenses	29,435,302	31,977,350	32,078,200	32,773,000
Operating Income/Loss	\$ 817,934	\$ 1,224,200	\$ (1,011,650)	\$ (1,265,000)
<u>Non Operating Revenues/(Expenses):</u>				
Non Operating Revenues	718,340	805,800	501,700	360,000
Non Operating Expenses	(22,324)	0	(172,050)	0
Total Non Operating Revenue/(Exp)	696,016	805,800	329,650	360,000
Net Income	\$ 1,513,949	\$ 2,030,000	\$ (682,000)	\$ (905,000)

Traverse City Light & Power

2012-13 Budgeted Expenses \$32,773,000



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

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

OPERATING EXPENSES:

GENERATION-OPERATING & MAINTENANCE:

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

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

	FY 10/11 Actual	FY 11/12 Budgeted	FY 11/12 Projected	FY 12/13 Recommended
<u>DISTRIBUTION OPERATION & MAINTENANCE:</u>				
Office Supplies	4,305	8,200	4,200	4,500
Operation Supplies	34,034	39,450	35,100	36,000
Utilities	48,588	44,500	52,350	54,000
Communications	17,214	18,400	17,400	18,500
Supervision and Maintenance	700,400	725,000	595,000	600,000
Substation	149,903	237,350	205,000	207,000
Overhead Lines	515,483	525,850	545,000	550,000
Storm Damage Contingency	-	-	150,000	100,000
Load and Dispatching	575,341	578,500	571,000	575,000
Underground Lines	175,280	163,700	297,000	300,000
Customer Installations	32,985	44,450	34,000	35,000
Electric Meters	58,881	71,200	60,000	61,500
Street Lighting	277,541	282,250	286,800	290,000
Traffic Signal Oper. & Maint.	144,094	156,100	159,000	163,000
Radio Equipment	2,274	1,900	2,000	2,100
Plant & Structures	172,101	211,900	200,000	205,000
Shop Labor	139,682	93,900	185,000	191,000
Safety	35,395	33,850	63,000	65,000
Tools	17,124	18,750	18,750	19,500
Professional and Contractual	37,055	34,000	37,000	38,500
Rent Expense	2,341	3,100	5,000	2,500
Professional Development	135,075	155,100	89,000	92,000
Printing and Publishing	1,832	1,550	1,550	1,700
Miscellaneous	399	250	200	300
Inventory Adjustments	(361)	-	-	-
Total Distribution O & M	<u>3,276,966</u>	<u>3,449,250</u>	<u>3,613,350</u>	<u>3,612,100</u>
<u>TRANSMISSION OPERATIONS & MAINTENANCE:</u>				
Supervision & Maintenance	21,035	19,050	27,000	28,350
Substation	40,357	60,000	35,000	37,500
Overhead Lines	13,589	39,300	10,000	15,000
Load and Dispatching	57,860	57,650	60,000	62,500
Underground Lines	94	200	-	-
MISO Transmission	20,598	20,400	22,000	23,000
Professional and Contractual	-	-	-	-
Miscellaneous-MPPA Transmission Project	43,195	49,400	37,000	40,000
Total Transmission O & M	<u>196,729</u>	<u>246,000</u>	<u>191,000</u>	<u>206,350</u>
<u>METERING & CUSTOMER ACCOUNTING:</u>				
Salaries and Wages	288,025	275,000	274,200	275,000
Fringe Benefits	135,503	158,500	124,000	129,200
Office Supplies	5,888	4,750	5,000	5,200
Operation Supplies	-	-	-	-
Communications	590	850	250	300
Meal Payments	188	200	100	150
Safety	-	100	-	-

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

	FY 10/11 Actual	FY 11/12 Budgeted	FY 11/12 Projected	FY 12/13 Recommended
Uniforms	2,138	2,550	3,200	3,350
Professional and Contractual	7,993	42,350	22,000	23,400
Postage	36,113	35,350	36,900	38,000
Uncollectable Accounts	19,454	66,300	21,500	25,000
Collection Costs	415	550	450	500
Data Processing	19,572	20,500	22,000	22,500
Transportation	5,370	5,050	6,000	6,200
Professional Development	4,690	2,500	2,600	2,500
Printing and Publishing	4,405	4,250	6,800	7,000
Vehicle Rentals	13,843	12,300	9,900	10,500
Miscellaneous	1,081	950	1,100	1,200
Total Customer Accounting	545,267	632,050	536,000	550,000
<u>CONSERVATION & PUBLIC SERVICES:</u>				
Professional and Contractual	35,834	120,000	80,000	60,000
Contract Labor - Energy Optimization	-	150,000	100,000	100,000
Public Service & Communications	74,854	203,500	60,000	60,000
Marketing & Public Services	99	-	-	-
In-Kind Community Services	76,160	70,100	75,000	77,500
Community Investment Fund	55,350	-	-	1,000,000
CFL Grant Expense	30,817	-	-	-
LED Street Lighting Grant Expense	123,722	-	-	-
Energy Audits	-	-	-	-
Increased Energy Optimization Efforts	-	350,000	280,000	300,000
PA295 Energy Optimization Compliance	310,475	526,000	400,000	484,350
Total Conservation & Public Services	707,312	1,419,600	995,000	2,081,850
<u>ADMINISTRATIVE AND GENERAL:</u>				
Salaries and Wages	760,912	760,300	651,000	665,000
Fringe Benefits	253,317	261,800	175,800	202,750
Office Supplies	7,871	8,450	9,000	9,050
Communications	7,833	7,200	7,500	8,000
Fees and Per Diem	58,009	61,700	54,000	57,000
Board Related Expenses	9,333	7,750	6,250	6,500
Professional & Contractual	74,071	11,150	80,000	230,000
Legal Services	78,262	85,000	55,000	75,000
Employee Appreciation	10,757	13,100	6,000	7,500
Rent Expense	-	-	-	-
City Fee	1,511,219	1,687,850	1,556,800	1,578,200
Transportation	7,683	4,500	2,600	3,500
Professional Development	37,033	40,400	21,400	22,450
Printing & Publishing	4,760	3,550	3,500	3,500
Insurance and Bonds	71,315	72,800	52,050	66,500
Miscellaneous	10,226	12,000	7,500	8,000
Depreciation Expense	1,732,080	1,715,000	1,775,000	1,875,000
Total Administrative and General	4,634,681	4,752,550	4,463,400	4,817,950

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

	FY 10/11 Actual	FY 11/12 Budgeted	FY 11/12 Projected	FY 12/13 Recommended
Total Operating Expenses	29,435,302	31,977,350	32,078,200	32,773,000
Operating Income / (Loss)	\$ 817,934	\$ 1,224,200	\$ (1,011,650)	\$ (1,265,000)
<u>NON OPERATING REVENUES/(EXPENSES):</u>				
Rents and Royalties	\$ 44,154	\$ 45,400	\$ 21,200	\$ 43,000
Pole Rentals	59,435	31,750	31,750	34,500
Reimbursements	271,227	228,650	215,000	100,000
Interest & Dividend Earnings	337,679	500,000	225,000	180,000
Gain/(Loss) on Sale of Fixed Assets	(22,324)	-	(172,050)	-
Refunds and Rebates	5,845	-	8,750	2,500
Total Non Operating Revenue/(Expenses)	696,016	805,800	329,650	360,000
NET INCOME/(LOSS)	\$ 1,513,949	\$ 2,030,000	\$ (682,000)	\$ (905,000)

Traverse City Light & Power

Cash Flow Forecast

Fiscal Year:	Budget		Budget		Estimate 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18
	Audited 2010/11	Projected 2011/12	Recommended 2012/13						
Receipts									
Operating Revenues	29,981,458	31,066,550	31,508,000	32,738,160	34,392,923	35,080,782	35,782,397	36,498,045	
Non Operating Revenues	967,793	501,700	360,000	367,200	374,544	382,035	389,676	397,469	
Total Receipts	30,949,251	31,568,250	31,868,000	33,105,360	34,767,467	35,462,817	36,172,073	36,895,514	
Payments									
Generation Expense	20,074,348	22,279,450	21,504,750	21,504,750	22,004,750	22,004,750	22,004,750	22,004,750	
Distribution Expense	3,276,966	3,613,350	3,612,100	3,702,403	3,794,963	3,889,837	3,987,083	4,086,760	
Transmission Expense	196,728	191,000	206,350	211,509	216,796	222,216	227,772	233,466	
Metering & Customer Accounting	545,269	536,000	550,000	563,750	577,844	592,290	607,097	622,275	
Conservation & Public Service	707,311	995,000	2,081,850	1,133,896	1,162,244	1,191,300	1,221,082	1,251,609	
Administrative & General	1,320,066	1,079,800	1,207,800	1,087,995	1,115,195	1,143,075	1,171,652	1,200,943	
Insurance	71,315	52,050	66,500	68,163	69,867	71,613	73,404	75,239	
City Fee	1,511,219	1,556,800	1,578,200	1,617,655	1,658,096	1,699,549	1,742,038	1,785,588	
Capital Investments	2,636,982	4,850,000	17,260,000	5,160,000	5,535,000	6,010,000	6,410,000	5,260,000	
Total Payments	30,340,204	35,153,450	48,067,550	35,050,120	36,134,754	36,824,629	37,444,876	36,520,629	
Cashflow Surplus/Deficit (-)	609,047	(3,585,200)	(16,199,550)	(1,944,760)	(1,367,287)	(1,361,813)	(1,272,803)	374,885	
Opening Cash & Investments Balance	28,987,599	29,596,646	26,011,446	9,811,896	7,867,136	6,499,849	5,138,036	3,865,233	
Closing Cash & Investments Balance	29,596,646	26,011,446	9,811,896	7,867,136	6,499,849	5,138,036	3,865,233	4,240,118	