

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, February 26, 2013

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: 02-25-13
9:00 a.m.

AGENDA

Pledge of Allegiance

1. Roll Call

2. Consent Calendar

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

None.

Items removed from the Consent Calendar

None.

3. Old Business

- a. Consideration of the South Side Substation site recommendation. (Arends)
- b. Consideration of an option to fill the Executive Director position. (McGuire)

4. New Business

- a. Consideration of approving minutes of the Regular Meeting of February 12, and Study Session of February 19, 2013. (McGuire)
- b. Receive and file the minutes of the Executive Director Recruitment Ad Hoc Committee Meeting of January 28 and February 8, 2013 and of the Charitable Giving/Sponsorship Ad Hoc Committee Meeting of February 20, 2013. (McGuire)

5. Appointments

None.

6. Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
 1. Low Income Energy Efficiency Pilot Program. (Arends/Wheaton)
 2. 2013-14 Budget & Capital Plan board input (Verbal – Arends)
- c. From Board.

7. Public Comment

/st



To: Light & Power Board
From: Tim Arends, *Interim* Executive Director/Controller
Date: February 24, 2013
Subject: South Substation Site Recommendation

A handwritten signature or set of initials, possibly "TAA", enclosed in a circular scribble.

The past two Light & Power Board meetings have focused on the South Side Substation Project that was approved by the Board on February 14, 2012. In determining the appropriate site for the substation, an independent evaluation of TCL&P's distribution system was obtained to reinforce TCL&P staff's position that the substation was needed; and further, to analyze the two sites being considered by TCL&P to determine which site would best serve the utility. The Study and Analysis ("Study") was performed by GRP Engineering, Inc.

Need for a new distribution substation:

The Study confirms that a new distribution substation is needed in the south-central area of TCL&P's service territory to allow for continued reliable service to customers during peak times when a first contingency outage (one transformer out of service) occurs. This new substation will resolve the loading issues at one current substation and nearly all of the existing distribution circuits. The Study recommends that two transformers be installed, not one as previously proposed by TCL&P staff. Further, the Study strongly recommends that additional measures be taken by the utility to increase existing transformer peak ratings, or to replace transformers at existing substations which are undersized. These additional measures are not currently identified in the utility's Six Year Capital Plan.

Based on the Study materials and presentation, it has been determined that TCL&P cannot serve all of its customers with uninterrupted service on peak days that typically occur in the summer months if a first contingency outage occurs at a substation. The Study identifies not only the need for the substation, but the sense of urgency in its construction to maintain system reliability of the utility's distribution system.

Siting the new distribution substation:

The Study focused on the analysis of two sites that have been discussed in the past year. Both sites are along LaFranier Road in the south-central area of TCL&P's system. One site has 30 acres of undeveloped land ("30 Acre Site"), while the other site is adjacent to Cherryland Electric Cooperative's existing substation and consists of approximately 1.3 acres ("Existing Site"). TCL&P has an Option Agreement to purchase the 30 Acre Site and has come to a general agreement in entering into an Option on the Existing Site. Both sites will require Garfield Charter Township approval in the form of rezoning and/or special land use permits.

FOR THE LIGHT & POWER BOARD MEETING OF FEBRUARY 26, 2013

The presentation of the Analysis of the two sites focused on the positives and negatives of each. The Analysis concluded that the 30 Acre Site would cost approximately \$200,000 less in comparison to the Existing Site. While \$200,000 is a significant amount of money, in relation to the overall cost of the project now estimated at \$4.6 million, it represents less than 5% of the total project cost. Projects of this nature typically have a 10% contingency for cost overruns. Further, the Board understands that these costs are best engineering estimates based on prior projects of this nature and that final costs are yet to be determined. The Board was cautioned that the cost could significantly increase at the Existing Site due to the need for easements of a distribution circuit from the new substation to Garfield Road, and further the Board was cautioned that the ability in obtaining these easements were not guaranteed.

Tentatively, I have negotiated with Cherryland Electric Cooperative in their agreeing to secure and pay the costs of the required easements for the distribution circuit from the new substation to Garfield Road and transfer those easements to TCL&P. If this is approved by their Board (which is being discussed at its meeting on Monday, February 25, 2013), I have concluded that there is no "significant" financial benefit of one site over the other.

Follow-up on issues from the Study Session:

Generation: While the utility does have to come to a decision on local generation in the near future, it is not currently the most important decision of the utility. To delay the substation decision until the generation decision is made would cause an unnecessary, and perhaps very lengthy, delay in the construction of this essential reliability project.

The 30 Acre Site has the potential for siting a solar farm, a natural gas generation unit, or both. A MichCon gas main runs through the property. Whether that gas main has the capacity to fuel a generation unit has yet to be determined. If the 30 Acre Site is selected primarily because of the potential for local generation, there is the risk of public criticism that the public was not involved in the decision to pursue local generation. When the utility and the citizens of Traverse City are ready to make that decision, there are plenty of options for siting a generation facility within or outside the city limits. Last week I was contacted by a property owner in Garfield Township desirous of selling 30 acres to TCL&P just south of Hammond Road. Should the Board select the 30 Acre Site because it is the best site for the substation, and the utility and public decide sometime in the future that local generation should be pursued it would be a benefit if that development could occur on the 30 Acre Site.

Economic Development: The President of the Traverse Bay Economic Development Corporation expressed concerns with siting the substation on the 30 Acre Site, when approximately one acre was needed by TCL&P. The LaFranier/Hammond corridor is a prime area for commercial, residential, or mixed-use development based on recent activity. Garfield Charter Township estimates that the taxable value of developed commercial property is about \$1 million per acre based on the values from the industrial park just to the South of the 30 Acre Site.

It is estimated by GRP that nine acres of the 30 acre parcel is not buildable due to wetlands and topography (or inaccessible due to same). Two acres are not buildable due to existing road rights-

FOR THE LIGHT & POWER BOARD MEETING OF FEBRUARY 26, 2013

of-way and a natural gas main easement. The current site layout uses about 4 acres (excluding landscaping) of the potentially buildable area, leaving 15 additional acres to possibly split.

By relocating the substation close to the road and a property line, the proposed substation site could be reduced to about 2 acres, leaving 17 additional acres to possibly split. Land division issues, setback requirements, road access, and other zoning issues may reduce available acreage for future development.

Tax Exempt Property: If the 30 Acre Site is selected for the substation, those 30 acres would become exempt from the tax rolls. This was raised as a concern by the Supervisor of Garfield Charter Township. The estimated assessed value of the 30 acres is \$650,000. The assessed value is estimated because the 30 acres is currently part of a larger parcel. Considering that 11 of the 30 acres cannot be developed because of wetlands, easements, or being unbuildable due to the terrain, that amount may be high. The estimated taxable value of the 30 Acre Site is \$198,000 which equates to approximately \$4,500/year in property taxes to local and state operating and debt service budgets. If the 19 buildable acres at the 30 Acres Site became commercial development, the potential tax revenues would be \$432,000/year (using 2012 millage rates) to entities such as BATA, NMC, TCAPS, Garfield Charter Township, TADL, TBAISD, etc. Of course, if the Existing Site (1.3 acres) is selected, that site would become tax exempt as well.

Substation Siting Concerns: Concerns have been raised in siting a substation in a developed residential area. The 30 Acre Site would allow for the substation to be further from the road surrounded by natural screening to the Northeast and East, and allows room for plantings to screen the substation to the West and North. The Existing Site is adjacent to a current substation and very near LaFranier Road with three homes directly behind the property to the East. The existing Cherryland substation is very well screened from the road and residential areas in the winter and even more so in the summer. While construction of the TCL&P substation would dramatically and visually alter the site, it can be set back on the property to not be right next to the roadway. In addition, there are many screening options that may be considered or required.

The Board has expressed interest in being good neighbors in siting the substation. Currently, the 30 Acre Site is zoned agricultural on the LaFranier side, and single family residential on the Garfield Avenue side. Selecting this site would require rezoning and a special land use permit from Garfield Charter Township. This process requires notification to impacted residents and requires public hearings before consideration by the Garfield Charter Township Planning Commission and Garfield Charter Township Board. The Existing Site is already zoned for a substation; however, it would require a special land use permit because the site is only permitted for what is currently there. The process would likewise require notification to affected residents and public hearings.

The public process that will be followed by Garfield Charter Township will help determine the tolerance of the affected residents for construction of a substation at either site, and will assist the Township in making the decision of where the substation may be constructed.

FOR THE LIGHT & POWER BOARD MEETING OF FEBRUARY 26, 2013

Recommendation:

Based on all of the above information, it is my recommendation that the Existing Site be the preferred site that is in the best interests of TCL&P ratepayers and the community as a whole.

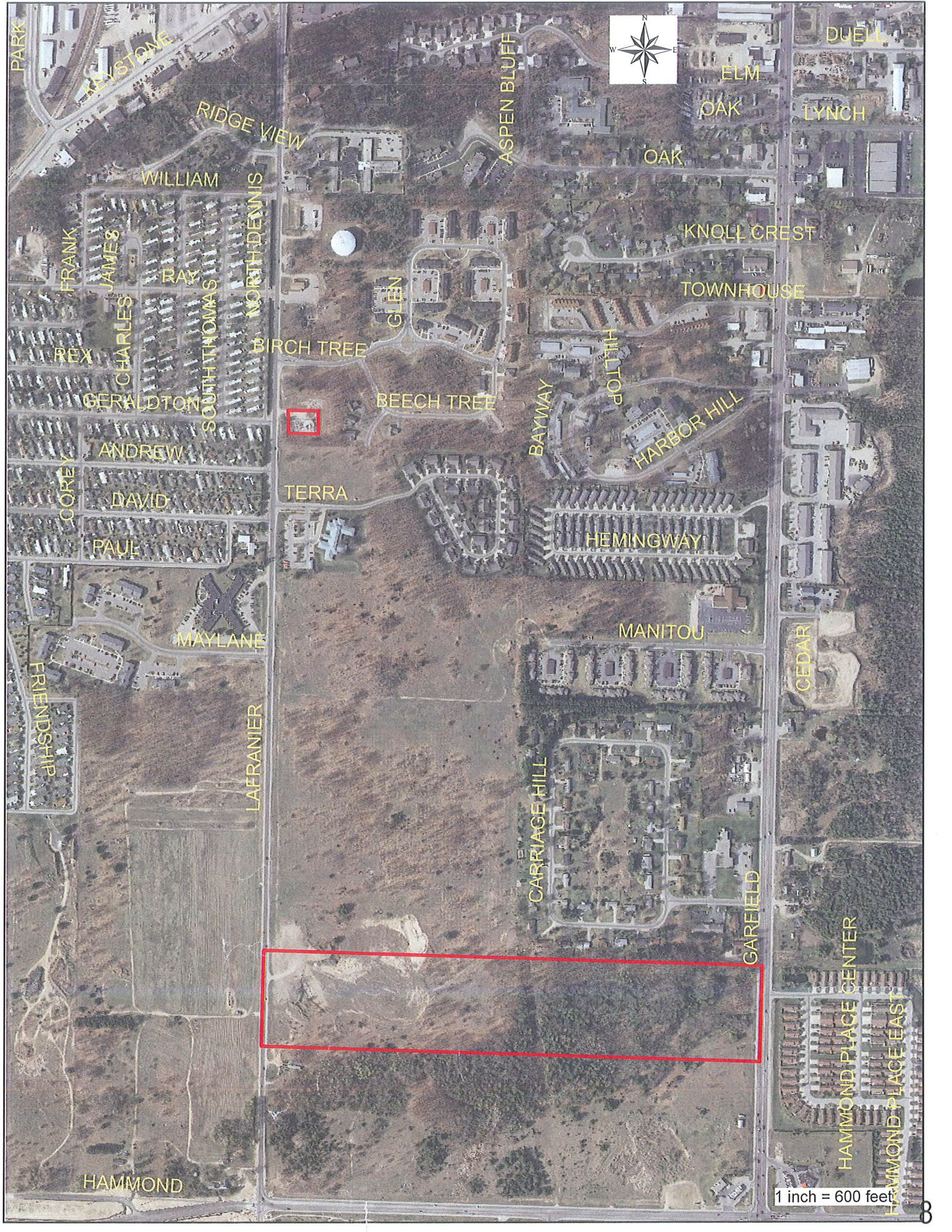
The cost comparison of the two sites is about equal after successful negotiations with Cherryland Electric in paying for and obtaining the necessary distribution circuit easements.

Further, it is my recommendation that TCL&P, with assistance from GRP Engineering and Special Counsel Karrie Zeits, proceed with seeking the necessary zoning and permitting for the South Substation at both sites simultaneously, with the Existing Site as the utility's preferred site. Should the Existing Site not be approved by the Township, this simultaneous permitting/zoning process would allow TCL&P to proceed with construction on the 30 Acre Site without further delays in starting the Township process from the beginning for that site.

If the Board agrees with this recommendation, the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZES STAFF TO PROCEED WITH THE ZONING AND PERMITTING PROCESS THROUGH GARFIELD CHARTER TOWNSHIP FOR BOTH POTENTIAL SUBSTATION SITES ALONG LAFRANIER ROAD, WITH THE EXISTING SITE AS THE PREFERRED SITE OF THE BOARD; AND FURTHER, THAT THE BOARD AUTHORIZES STAFF TO SEEK THE APPROPRIATE APPROVALS FOR THE CONSTRUCTION OF THE SOUTH DISTRIBUTION SUBSTATION.



PARK

JAYSTONE

RIDGE VIEW

ASPEN BLUFF



ELM

DUELL

OAK

LYNCH

WILLIAM

OAK

FRANK

JAMES

RAY

KNOLL CREST

NORTH DENNIS

TOWNHOUSE

REX

CHARLES

SOUTH THOMAS

GLEN

HILLTOP

BIRCH TREE

BAYWAY

BEECH TREE

HARBOR HILL

COREY

ANDREW

DAVID

TERRA

HEMINGWAY

GERALDTON

PAUL

MAYLANE

MANITOU

FRIENDSHIP

CEDAR

LAFRANIER

CARRIAGE HILL

GARFIELD

HAMMOND

HAMMOND PLACE CENTER

HAMMOND PLACE EAST

1 inch = 600 feet

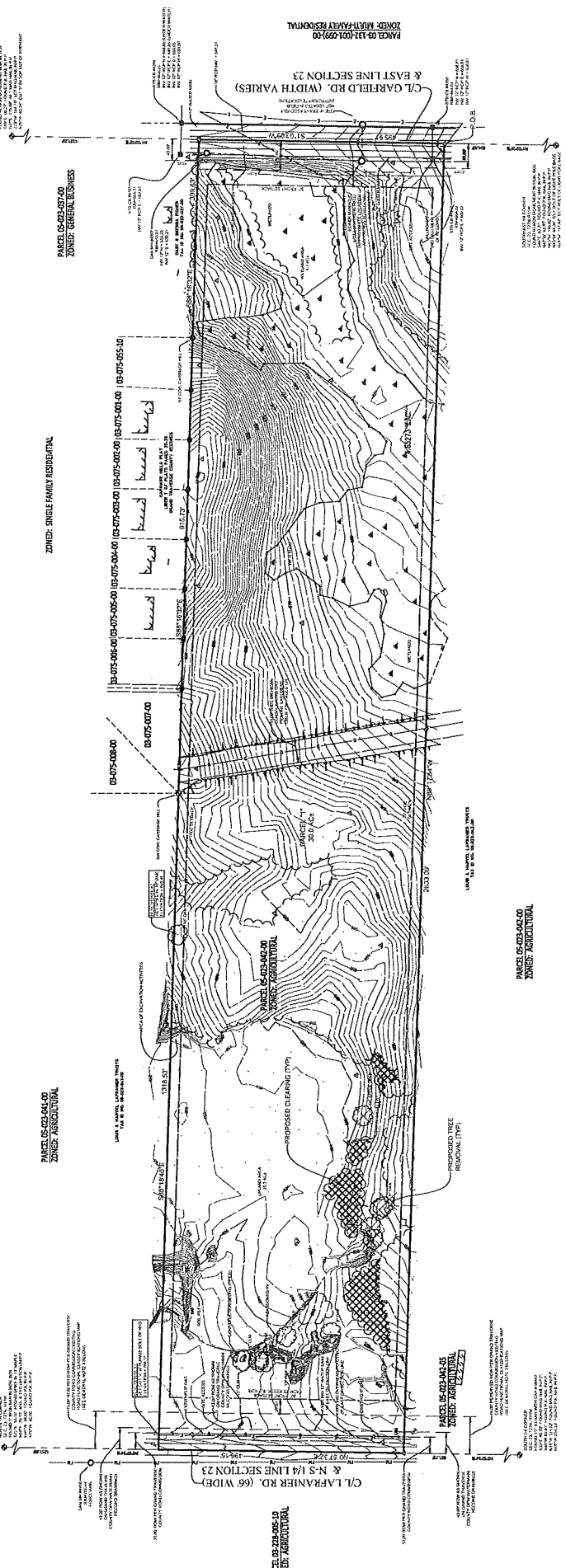
EXISTING USDA SOIL SERIES ON-SITE

RAH	- Kalamazoo Loamy Sand, 2-10% slope
RAE	- Kalamazoo Loamy Sand, 6-12% slope
RAO	- Kalamazoo-Kalamazoo Loamy Sand, 6-12% slope
RAH	- Emmet Sandy Loam, 2-10% slope
RAE	- Emmet Sandy Loam, 6-12% slope
RAO	- Emmet Sandy Loam, 6-12% slope

EXISTING CONDITIONS/CLEARING PLAN

NOTES

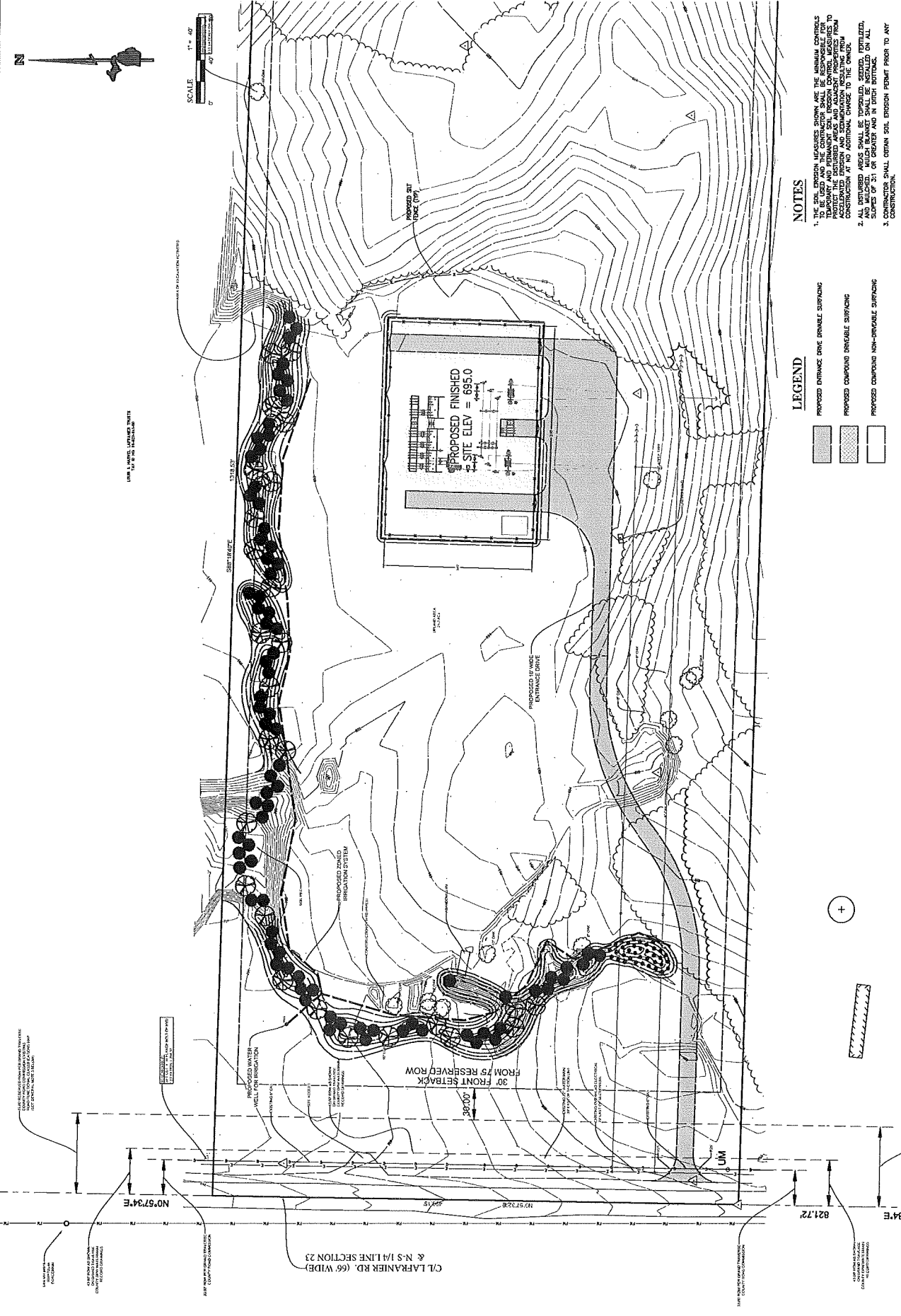
1. CONTRACTOR SHALL CLEAR & GRUB ALL TREES, STUMPS, AND VEGETATION WITHIN INDICATED CLEARING LIMITS.
2. ALL TREES TO BE REMOVED SHALL BE IDENTIFIED BY TAGS AND BE PROTECTED THROUGHOUT CONSTRUCTION.



- NOTES**
1. THE SOIL EROSION MEASURES SHOWN ARE THE MINIMUM CONTROLS TO BE MAINTAINED THROUGHOUT CONSTRUCTION. THE CONTRACTOR SHALL BE RESPONSIBLE FOR ESTABLISHING GROUND PROTECTION AND EROSION CONTROL MEASURES TO PROTECT THE DISTURBED AREAS AND ADJACENT PROPERTIES FROM CONSTRUCTION AT NO ADDITIONAL CHARGE TO THE OWNER.
 2. ALL DISTURBED AREAS SHALL BE TOPSOILED, SEDED, FERTILIZED, AND MULCHED WITH MULCH AND SOIL ENRICHMENT SUPPLIES OF 3:1 AN GRASS AND 1:1 TURF BRICKS.
 3. CONTRACTOR SHALL OBTAIN SOIL EROSION PERMIT PRIOR TO ANY CONSTRUCTION.
 4. THE CONTRACTOR IS RESPONSIBLE FOR ESTABLISHING GROUND PROTECTION AND EROSION CONTROL MEASURES PRIOR TO ALL WORK AND EROSION DURING THE CONSTRUCTION PERIOD OF ONE (1) YEAR AT NO ADDITIONAL COST TO THE OWNER.

- LEGEND**
- PROPOSED ENTRANCE DRIVE DRIVEABLE SURFACING
 - PROPOSED COMPOUND DRIVEABLE SURFACING
 - PROPOSED COMPOUND NON-DRIVEABLE SURFACING
 - PROPOSED CONTOUR
 - PROPOSED SIT FENCE
 - PROPOSED GRADING LINES

SITE & GRADING PLAN





Communication to the Board of Directors From the Board Chairman

DATE: February 21, 2013

SUBJECT: Options for the Board's Consideration to Fill the Position of Executive Director

At the February 12, 2013 regular meeting of the Board the Executive Director Search Ad Hoc Committee brought to the Board two options to advance our efforts to fill the Executive Director slot; focus on possible internal candidates before turning to a broader search, or plunge ahead with a broader search inclusive of both internal and external candidates. During the meeting a third option developed whereby the search would be deferred for a period of time pending the hiring of a new city manager among other considerations.

At this evening's meeting the Board is being presented with these three options in the form of suggested motions as presented on the succeeding page. Prior to proceeding to consideration of individual motions each director will have time to speak for or against any or all of the options before the Board. Subsequent to all directors having an opportunity to speak the Chair would encourage discussion and questions amongst the Directors and the interim Executive Director to promote a better understanding of the various issues surrounding this very important decision.

(Please propose in the form of a motion)

Option 1:

That the Light and Power Board resolves to conduct a search for candidates to fill the position of executive director by causing the vacancy to be posted/advertised as considered appropriate, and that such search shall commence as soon as practicable after review of the Hometown Connections report.

Option 2:

That the Light and Power Board promotes Tim Arends to the position of executive director pending the board's consideration of the Hometown Connections Efficiency Study; and further subject to negotiation of a satisfactory employment contract between the parties to be considered by the board at its first meeting in April 2013.

Option 3:

That the Light and Power Board retain Tim Arends as its interim executive director through February 28, 2014 and that consideration to permanently fill the executive director position be commenced at such time as considered necessary consistent with said date; and further, that the Light and Power Board directs Tim Arends' salary to be increased by \$375 per pay period effective March 1, 2013 as compensation for the additional responsibilities he has assumed, and for the extended period he will serve as Interim Executive Director.

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Regular Meeting
Held at 5:15 p.m., Commission Chambers, Governmental Center
Tuesday, February 12, 2013

Board Members -

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

Ex Officio Member -

Present: R. Ben Bifoss

Others: Tim Arends, W. Peter Doren, Stephanie Tvardek, Karen Feahr, Scott
Menhart, Tom Olney, Jessica Wheaton

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

Item 2 on the Agenda being Consent Calendar

None.

Items removed from the Consent Calendar

None.

Item 3 on the Agenda being Old Business

3(a). Discussion and Board action concerning certain modifications to the Interim Executive Director's job description.

The following individuals addressed the Board:

R. Ben Bifoss, City Manager

Moved by Budros, seconded by Spence, that the Interim Executive Director's job description be amended as presented.

McGuire proposed a friendly amendment to the motion with the support of Budros and Spence that the following amendments be made to the job description:

- Amend #7 to read "Complete, *with the assistance of the City of Traverse City Human Resources Department...*"
- Amend #8 to read "*Contract with*, supervise and coordinate the activities of all (*remove the word "existing"*) external..."

The following individuals from the Public addressed the Board:

Ed Rice, 1664 Strasbourg, Non-Ratepayer
Doug Luciani, President & CEO Traverse City Area Chamber of Commerce, Ratepayer
Michael Estes, Mayor, City of Traverse City

Rick Buckhalter, 932 Kelley Street, Ratepayer
Tony Anderson, 8088 Palomino Drive, General Manager Cherryland Electric
Cooperative, Non-Ratepayer

Now, the motion before the Board is as follows: That the Interim Executive Director's job description be amended as presented and amended.

Roll Call:

Yes – Budros, Carruthers, Spence, Taylor, McGuire

No – Snodgrass

CARRIED. (Coco absent)

Item 4 on the Agenda being New Business

4(a). Consideration of approving minutes of the Regular Meeting of January 22, and Special Meeting of January 29, 2013.

Moved by Carruthers, seconded by Budros, that the minutes of the Regular Meeting of January 22, and Special Meeting of January 29, 2013, be approved.

Mike Coco joined the meeting at 5:42 p.m.

CARRIED unanimously.

4(b). TCL&P South Substation Study.

The following individuals addressed the Board:

Tim Arends, *Interim* Executive Director
Michael McGeehan, President of GRP Engineering
W. Pete Doren, General Counsel

No action taken.

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 presented the 2nd Quarter Financial Report.
2. Board and staff reviewed the upcoming Budget Schedule.
3. *TCL&P news and correspondence. (General – no official report)*

c. From Board.

1. Vice Chairman Taylor gave an update on the Executive Director Recruitment Ad Hoc Committee.

The following individuals addressed the Board:

W. Peter Doren, General Counsel
R. Ben Bifoss, City Manager

2. Bob Spence requested an update on the revised City Manager job description.
3. Jim Carruthers gave a reminder regarding the March 10th Clean Up Green Up event.

Item 7 on the Agenda being Public Comment

The following individuals from the Public addressed the Board:

Ann Rogers, 1236 Peninsula Drive, Ratepayer
Ed Rice, 1664 Strasbourg, Non-Ratepayer
Rick Buckhalter, 932 Kelley Street, Ratepayer
Tony Anderson, 8088 Palomino Drive, General Manager Cherryland Electric Cooperative, Non-Ratepayer

There being no objection, Chairman McGuire declared the meeting adjourned at 7:14 p.m.

/st

Tim Arends, Secretary
LIGHT AND POWER BOARD

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Light and Power Board Study Session
Held at 5:30 p.m., Training Room, Governmental Center
Tuesday, February 19, 2013

LIGHT AND POWER BOARD MEMBERS -

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

EX OFFICIO MEMBER -

Present: Ben Bifoss, City Manager

OTHERS: Tim Arends, W. Peter Doren, Stephanie Tvardek, Karen Fehr, Scott
Menhart, Tom Olney, Jessica Wheaton

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

1. Review South Substation site options.

The Board and staff discussed the proposed site options.

The following individuals addressed the Board:

Tim Arends, *Interim* Executive Director/Controller
Michael McGeehan, President of GRP Engineering
W. Peter Doren, General Counsel

5:33 p.m. John Taylor joined the meeting.

5:36 p.m. John Snodgrass joined the meeting.

Frank Siepker, Jr. Engineering and Operations Manager, Cherryland Electric Cooperative
Chuck Korn, Garfield Township Supervisor
Kevin Evans, Wolverine Power
R. Ben Bifoss, City Manager

2. Advise of Executive Director Search process options for 2-26-2013 regular meeting.

Chairman McGuire informed the Board, options for the Executive Director Search process would be on the agenda for a vote at the next Regular Board Meeting.

3. Public Comment

The following individuals from the Public addressed the Board:

Rick Buckhalter, 932 Kelley Street, Ratepayer
Doug Luciani, President/CEO, Traverse City Area Chamber of Commerce

Hans Voss, 727 Washington, Executive Director, MLUI, Ratepayer
Frank Siepker, Jr. Engineering and Operations Manager, Cherryland Electric Cooperative
Maura Brennan, 130 E. 9th Street, Ratepayer

There being no objection, Chairman McGuire declared the meeting adjourned at 6:55 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 9:00 a.m., Commission Chambers, Governmental Center
Monday, January 28, 2013

Committee Members -

Present: Mike Coco, Pat McGuire, John Taylor

Absent: None

Others: Mary Grover

The meeting was called to order at 9:00 a.m.

1. Discuss the Committee's recommendation to the TCL&P Board regarding the recruitment of a new Executive Director.

Committee members engaged in discussion with Mary Grover regarding the recruitment of a new Executive Director.

2. Public Comment

No one from the public commented.

There being no objection, Committee Chairman Taylor declared the meeting adjourned at 10:05 a.m.

/st

Patrick McGuire, Chairman
LIGHT AND POWER BOARD

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes

Executive Director Recruitment Ad Hoc Committee

Held at 12:00 p.m., Commission Chambers, Governmental Center
Friday, February 8, 2013

Committee Members -

Present: Mike Coco, Pat McGuire, John Taylor

Absent: None

Others: Jim Carruthers

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

1. Discuss and identify potential next steps the Board could take in the recruitment of an Executive Director.

Committee members identified options for the Board to choose from and will facilitate a discussion about the hiring criteria at the next Regular Board Meeting.

2. Public Comment

No one from the public commented.

There being no objection, Committee Chairman Taylor declared the meeting adjourned at 1:15 p.m.

/st

Patrick McGuire, Chairman
LIGHT AND POWER BOARD

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes

Charitable Giving/Sponsorship Ad Hoc Committee

Held at 12:00 p.m., Large Conference Room, TCL&P Service Center
Wednesday, February 20, 2013

Committee Members -

Present: Barbara Budros, John Taylor, Pat McGuire

Absent: None

Others: Tim Arends, R. Ben Bifross, Jessica Wheaton

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

1. Red Tag Revenue Distribution.

Committee members and staff engaged in discussion regarding red tag revenue distribution options and a low income energy efficiency pilot program.

2. Public Comment

No one from the public commented.

There being no objection, Chairman McGuire declared the meeting adjourned at 1:15 p.m.



/st

Patrick McGuire, Chairman
LIGHT AND POWER BOARD



**TRAVERSE CITY
LIGHT & POWER**

To: TCL&P Board of Directors
From: Tim Arends, Interim Executive Director/Controller
Jessica Wheaton, Marketing & Community Relations Coordinator
Date: February 21, 2013
Subject: Low Income Energy Efficiency Pilot Program



At the January 22nd TCL&P board meeting, Mayor Michael Estes recommended that TCL&P focus additional efforts to increase energy efficiency in low income housing in hopes that it will decrease customer utility bills and result in reduced “red tags” and utility shut-offs due to non-payment. From Mayor Estes’ recommendation, the TCL&P board took action and formed an ad hoc committee to consider alternatives to donating the red tag revenues to charities that would achieve low income housing energy efficiencies.

On February 14th a meeting was held with Sarna Salzman, Executive Director of SEEDS, Brian Beauchamp, Policy Specialist at Michigan Land Use Institute, Ken Gregory, Assistant Director of Public Services of the City of Traverse City (Better Buildings Federal Grant administrator), and TCL&P staff to discuss the possibility of using the TC Saves program as an avenue to increase energy efficiency in low income housing. After much discussion it was determined that a modified TC Saves program is the best way to assist customers in the near-term that would maximize the federal funds from the grant that will expire in June of this year.

On February 21st the ad hoc committee, consisting of Chairman McGuire, Vice-Chairman Taylor and Commissioner Budros, City Manager Bifoss and TCL&P staff met to discuss the pilot program and what options should be explored moving forward.

The proposed Low Income Energy Efficiency Pilot Program is outlined below.

- Income qualified customers (200% of the Federal Poverty Level and below), will be eligible to participate in the TC Saves program at no cost. TCL&P will cover the \$100 sign-up fee. (see Attachment A for the 2013 income guidelines)
- Both homeowners and renters will be able to participate in the program, although renters must get approval from their landlord to participate.
- Customers will receive an energy assessment by a qualified contractor. The assessment will analyze how much energy the customer’s home consumes and will evaluate what measures can be taken to make the home more energy efficient. The assessment will show the customers where they are wasting energy, and when corrected, will save them a significant amount of money and energy over time.

FOR THE LIGHT & POWER BOARD MEETING OF FEBRUARY 26, 2013

- Customers will receive direct installs for both electric and natural gas energy savings (examples: CFLs, programmable thermostat, high-efficiency shower head, water heater insulation and pipe wrap).
- Included in the contractor's assessment will be a report evaluating the customer's major electric appliances and a prioritization on which appliances are in the most need for upgrading.
- TCL&P will assist customers who own their home in making the electric energy efficient upgrades recommended by the contractor by providing an allowance of \$1,000 to implement the most needed upgrades.
- For customers who rent, the landlord will be required to pay 50% of the suggested upgrades. TCL&P will cover the remaining 50% with a cap of \$500.
- It should not be assumed that if a customer signs up and goes through the program that they will be given access to the allowance. If the contractor determines that there are not any immediate upgrades that need to be made, then the allowance will not be offered.
- Customers who have electric heat and/or electric water heaters will be allowed to use the allowance to increase the amount of insulation in their home.
- If there are additional upgrades that need to be made that exceed the allowance, the customer, if interested, could apply for a low interest loan through TC Saves.

For customers to take advantage of the pilot program described above, they need to be income qualified and sign-up for TC Saves by March 31, 2013. TCL&P understands that a program like this should not end when the federal grant expires. Therefore, staff is developing a program similar to the TC Saves program that customers will still be able to take advantage of.

The budget for this pilot program is \$30,000, which is 100% of the red tag revenues from the previous year. Any money that is not spent this year will be rolled over into next year's budget to support a continued program. In place of donations being made to local service agencies using red tag revenue, TCL&P will include a coupon in a fall bill insert allowing customers to make a one-time contribution to the agency of their choice to assist with utility shut-off protection.

Staff will work with local service agencies to reach out to low income qualified customers, along with utilizing the list of customers who have already taken advantage of TCL&P's existing low income energy efficiency program over the past three years.

Attachment B describes the existing TCL&P low income program, as required by Public Act 295. Currently, TCL&P has four customers who are income qualified and eligible to take part in this pilot program.

Attachment A

2013 Federal Poverty Level Guidelines

Household Size	100%	133%	150%	200%	300%	400%
1	\$11,490	\$15,282	\$17,235	\$22,980	\$34,470	\$45,960
2	15,510	20,628	23,265	31,020	46,530	62,040
3	19,530	25,975	29,295	39,060	58,590	78,120
4	23,550	31,322	35,325	47,100	70,650	94,200
5	27,570	36,668	41,355	55,140	82,710	110,280
6	31,590	42,015	47,385	63,180	94,770	126,360
7	35,610	47,361	53,415	71,220	106,830	142,440
8	39,630	52,708	59,445	79,260	118,890	158,520
For each additional person, add	\$4,020	\$5,347	\$6,030	\$8,040	\$12,060	\$16,080

Source: <http://www.familiesusa.org/resources/tools-for-advocates/guides/federal-poverty-guidelines.html>
Attachment B

Since 2010, TCL&P has utilized multiple local service agencies to achieve the PA 295 low income program goals. Below is a summary of methods used by TCL&P to achieve each year's goal and a table detailing the kWh savings and cost for the 2011 through 2013 low income programs. Please note that the agencies listed below income qualify all customers prior to implementing the energy efficiency measures.

- Work with Michigan Community Action Agency Association to provide home weatherization. The electric energy saving direct installs included in the weatherization visit includes CFLs, possible refrigerator replacement and possible upgrade of the motor in the customer's furnace to an electronically commutated motor.
- Work with Traverse City Housing Commission to increase energy efficiency at the Riverview Terrace and Orchardview housing complexes. Improvements include updating lighting fixtures to more efficient models, installation of CFLs, refrigerator replacement and installation of occupancy sensors.
- Work with the Department of Human Services to provide Energy Kits to customers. The kits include six CFLs, an LED nightlight and a booklet published by the U.S. Department of Energy that provides a whole house overview on energy efficiency and ways to become more energy efficient.
- Work with Michigan Energy Options to provide home energy assessments for customers. The assessment includes energy savings education and direct installs such as CFLs, an LED nightlight, pipe wrap on electric water heater supply lines, low flow aerators (with electric water heater), low flow shower heads (with electric water heater), installation of one smart power strip, and the possibility of a refrigerator replacement.

Traverse City Light and Power Energy Optimization Program Goals Summary - 2011 through 2013

Program Portfolio	2011 Goals			2011 Actual			2012 Plan Filing			2012 Actual			2013 Plan Filing		
	Gross First Year kWh Savings	Program Budget		Gross First Year kWh Savings	Program Budget		Gross First Year kWh Savings	Program Budget		Gross First Year kWh Savings	Program Budget		Gross First Year kWh Savings	Program Budget	
Low Income Services	17,399	\$15,640		18,895	\$2,298		21,947	\$4,469		26,056	\$6,236		22,258	\$4,533	
Applicane Recycling	156,599	\$31,931		195,217	\$31,931										
Residential Services	150,678	\$29,083		319,556	\$20,934		399,125	\$70,465					404,786	\$76,086	
Educational Services	36,392	\$5,865		154,981	\$24,997		47,849	\$7,265					48,528	\$7,526	
Pilot Programs	48,523	\$7,820		53,544	\$71,346		79,748	\$12,108					80,880	\$12,544	
Subtotal - Residential Solutions	409,591	\$90,339		742,193	\$151,506		548,669	\$94,307					556,452	\$100,689	
Business Services	1,209,146	\$251,880		1,642,390	\$202,119		2,513,671	\$341,578					2,549,325	\$350,881	
Educational Services	36,392	\$5,865		154,981	\$24,997		47,849	\$7,265					48,528	\$7,526	
Pilot/Emerging Tech Programs	48,523	\$7,820		110,514	\$89,396		79,748	\$12,108					80,880	\$12,544	
Subtotal - Business Solutions	1,294,061	\$265,565		1,907,885	\$316,512		2,641,268	\$360,951					2,678,733	\$370,951	
Total Program Portfolio	1,703,652	\$355,904		2,650,078	\$468,018		3,189,937	\$455,259					3,235,185	\$471,640	
Program Administration 5%		\$26,325			\$68,417			\$19,373						\$20,070	
Evaluation (EM&V) 4%		\$21,060			\$9,576			\$9,686						\$10,035	
Subtotal - Admin/Evaluation		\$47,385			\$77,993			\$29,059						\$30,105	
Projected Annual Totals	1,703,652	\$403,289		2,650,078	\$546,011	156%	3,189,937	\$484,318					3,235,185	\$501,745	