

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, March 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: 03-22-13
12:00 p.m.

AGENDA

Pledge of Allegiance

1. Roll Call

2. Consent Calendar

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

- a. Consideration of approving minutes of the Regular Meeting of February 26, 2013.
(Approval recommended)
- b. Consideration of authorizing a Boring Contract with Doug's Underground for the Highland Park Overhead to Underground Conversion Project. (Approval Recommended)
(Olney)

Items removed from the Consent Calendar

- a.
- b.

3. Old Business

- a. Consideration of authorizing an Amended and Restated Joint Operation/Maintenance Agreement for the Gray Substation. (Arends/Doren)

4. New Business

- a. Consideration of revising the Executive Director's Job Description. (Doren)
- b. Consideration of authorizing TCL&P's participation in the Community Solar Garden.
(Arends)
- c. Consideration of adopting a Safety Manual Policy. (Arends/Olney)

5. Appointments

None.

6. Reports and Communications

- a. From Legal Counsel.

- b. From Staff.
 - 1. Update on the Clean Up Green Up event. (Verbal - Wheaton)
- c. From Board.
 - 1. Recognition of Board Member Mike Coco. (McGuire)

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, February 26, 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.

There being no objection from the Board, Chairman McGuire amended the order of the agenda to consider Old Business Item 3(b) prior to Old Business Item 3(a).

Item 2 on the Agenda being Consent Calendar

None.

Items removed from the Consent Calendar

None.

Item 3 on the Agenda being Old Business

5:17 p.m. John Snodgrass joined the meeting.

3(b). Consideration of an option to fill the Executive Director position.

The following individuals addressed the Board:

R. Ben Bifoss, City Manager

The following individuals from the Public addressed the Board:

Kate Madigan, Michigan Environmental Council, 400 Boughey Street, Ratepayer

Kathleen Brewer, 926 Huron Hills Drive, Ratepayer

Mary VanValin, Ratepayer

Maureen Voss, 727 Washington Street, Ratepayer

Doug Luciani, President & CEO Traverse City Area Chamber of Commerce, Ratepayer

Maura Brennan, 130 East 9th Street, Ratepayer

Elizabeth Dell, 117 East 10th Street, Ratepayer

Mario Decarolis, 728 Incochee Woods Drive, Ratepayer

Hans Voss, 727 Washington Street, Executive Director, MLUI, Ratepayer

Rick Buckhalter, 932 Kelley Street, Ratepayer

Moved by Coco, seconded by Carruthers, 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, both for internal and external candidates, and that such search shall commence as soon as practicable after review of the Hometown Connections report.

Taylor proposed a friendly amendment that Tim Arends' salary be increased by \$375 per pay period retroactive to the start date of his term as Interim Executive Director.

W. Peter Doren clarified pay cannot be given retroactively.

Taylor revised his friendly amendment with the support of Coco and Carruthers, that Tim Arends' salary be increased by \$375 per pay period effective immediately during his term as Interim Executive Director.

Therefore, the motion before the Board is as follows: 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, both for internal and external candidates, and that such search shall commence as soon as practicable after review of the Hometown Connections report; and further, that Tim Arends' salary be increased by \$375 per pay period effective immediately during his term as Interim Executive Director.

Roll Call:

Yes – Carruthers, Coco, Snodgrass, Taylor

No – Budros, Spence, McGuire

CARRIED.

6:14 p.m. Bob Spence departed the meeting.

3(a). Consideration of the South Side Substation site recommendation.

The following individuals addressed the Board:

Tim Arends, *Interim* Executive Director/Controller

Michael McGeehan, President, GRP Engineering, Inc.

W. Peter Doren, General Counsel

Moved by Carruthers, seconded by Budros, 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.

The following individuals from the Public addressed the Board:

Ed Rice, 1664 Strasbourg, Non-Ratepayer

Karrie Zeits, 101 N. Park, Ratepayer

Rick Buckhalter, 932 Kelley Street, Ratepayer

CARRIED unanimously. (Spence absent)

6:47 p.m. R. Ben Bifoss departed the meeting.

Item 4 on the Agenda being New Business

- 4(a). Consideration of approving minutes of the Regular Meeting of February 12, and Study Session of February 19, 2013.

Moved by Carruthers, seconded by Budros, that the minutes of the Regular Meeting of February 12, and Study Session of February 19, 2013, be approved.

CARRIED unanimously. (Spence absent)

- 4(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.

Moved by Carruthers, seconded by Taylor, that 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, be received and filed.

CARRIED unanimously. (Spence absent)

Item 5 on the Agenda being Appointments

None.

Item 6 on the Agenda being Reports and Communications

- a. From Legal Counsel.
1. W. Peter Doren noted the passing of Nancy Haywood...
- b. From Staff.
1. Tim Arends and Jessica Wheaton spoke re: the Low Income Energy Efficiency Pilot Program.
 2. Tim Arends requested input from the Board regarding the 2013-14 Budget & Capital Plan.
- c. From Board.

None.

Item 7 on the Agenda being Public Comment

The following individuals from the Public addressed the Board:

Rick Buckhalter, 932 Kelley Street, Ratepayer

There being no objection, Chairman McGuire declared the meeting adjourned at 7:07 p.m.

/st

Tim Arends, Secretary
LIGHT AND POWER BOARD



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tom Olney, Operations Manager *TO*
Date: March 6, 2013
Subject: Bids for 2013 Highland Park Overhead to Underground Distribution Conversion Project

As the Board may recall, at its November 13, 2012 meeting a Project Authorization Request for the Highland Park Overhead to Underground Distribution Conversion Project was brought back for re-authorization. Included in the re-authorization was a new timeline for a spring construction start date along with a revised cost estimate (see attached).

Bids were previously sought for directional boring; however, at that same meeting the Board rescinded its action to award the bid for boring services. Staff explained new boring bids would be sought in the spring, just ahead of project construction. The anticipated start date for this project is April 15, 2013 with an estimated completion date of June 28, 2013. Communications will be mailed to all affected customers prior to the start of construction.

Bids were submitted to TCL&P for directional boring of conduits for underground cable for the Highland Park Overhead to Underground Distribution Project as follows:

<u>Bidder</u>	<u>Total</u>
Doug's Underground	\$53,212
Elmer's	\$66,300
Roemer Utility Services, LLC	\$78,743

Staff recommends that the Board select Doug's Underground as they are the low bidder for the defined work scope.

This item is being placed on the consent calendar because staff deems it to be a non-controversial item. Approval of this item on the consent calendar will mean that you agree with staff's recommendation.

If removed from the consent calendar it should be placed as an item removed from the consent calendar and the following motion is appropriate if you agree with staff's recommendation:

MOVED BY _____, SECONDED BY _____, THAT THE LIGHT AND POWER BOARD AUTHORIZE THE CHAIRMAN AND SECRETARY TO ENTER INTO A CONTRACT WITH DOUG'S UNDERGROUND, IN THE AMOUNT OF \$53,212 FOR THE HIGHLAND PARK OVERHEAD TO UNDERGROUND CONVERSION PROJECT; SUBJECT TO APPROVAL AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR AND APPROVAL AS TO FORM BY COUNSEL; AND FURTHER AUTHORIZES THE EXECUTIVE DIRECTOR TO ADMINISTER AMENDMENTS AND CHANGE ORDERS THAT ARE IN THE BEST INTERESTS OF THE LIGHT AND POWER DEPARTMENT.

**Highland Park Overhead to Underground
Distribution Conversion
PROJECT RE-AUTHORIZATION REQUEST
PAR #2012-5**



Date of Board Presentation/Consideration: November 13, 2012

Budgeted in Capital Plan: Yes **Project Estimate:** \$316,496

Project Description:

Replace 11 spans of high voltage overhead power lines and associated devices that are not accessible by vehicle with 3,500 feet of high voltage underground cable and associated devices. This is part of the main circuit that serves power to the Peninsula.

Project Location:

The overhead power line located between Highland Park Drive and Bloomfield Avenue, and runs through Highland Park.

Reference: Attachment A.1-A.2 – Project Maps

Project Purpose and Necessity:

The present overhead pole line is located in a rear lot line easement which is inaccessible to TCL&P vehicles requiring all repair work to be completed manually. Conversion of this line to underground would greatly improve the reliability of service to the customers in this area and also to all customers north of this line.

Project Benefits:

- Improve reliability by reducing the frequency of outages.
- Greatly reduce the need for tree trimming and possible tree removal in the project area.
- Reduction in annual maintenance costs associated with tree trimming, line maintenance and emergency repairs.
- Improve aesthetics in the neighborhood and City park.

Selection Method:

Originally this section of overhead line was slated to be converted to underground in conjunction with the rehabilitation project. Interruptions to this line not only affects the 35 customers in the area but also results in outages to 233 customers to the north that are also served by this line. TCL&P KPI (key performance indices) show the average customer experiences one interruption to service per year. Customers in this service area have been exposed to an average of three interruptions per year over the last three years. The staff collectively agreed that this project has been given top priority to successfully achieve the greatest reliability to TCL&P customers.

**Highland Park Overhead to Underground
Distribution Conversion
PROJECT RE-AUTHORIZATION REQUEST
PAR #2012-5**



Project Timeline:

April 15, 2013 – Target Start Date
June 28, 2013 – Target Completion Date

Project Phases:

<u>Timeline</u>	<u>Phase</u>
Current - 4/15/2013	Preliminary Engineering and Design
4/15/2013 - 5/1/2013	Directional Bore of Conduit
5/1/2013 - 5/31/2013	Installation of Basements, Transformers and T-Taps
5/1/2013 - 5/31/2013	Trenching to Existing Underground Services
5/1/2013 - 5/31/2013	Pulling of Conductor through Conduit
5/1/2013 - 5/31/2013	Installation of Terminations
6/3/2013 - 6/4/2013	Energizing New Underground System
6/5/2013 - 6/28/2013	Removal of Overhead
4/15/2013 - 6/28/2013*	On-going Site Restoration

*Until complete

Reference: Attachment B – Gantt Chart

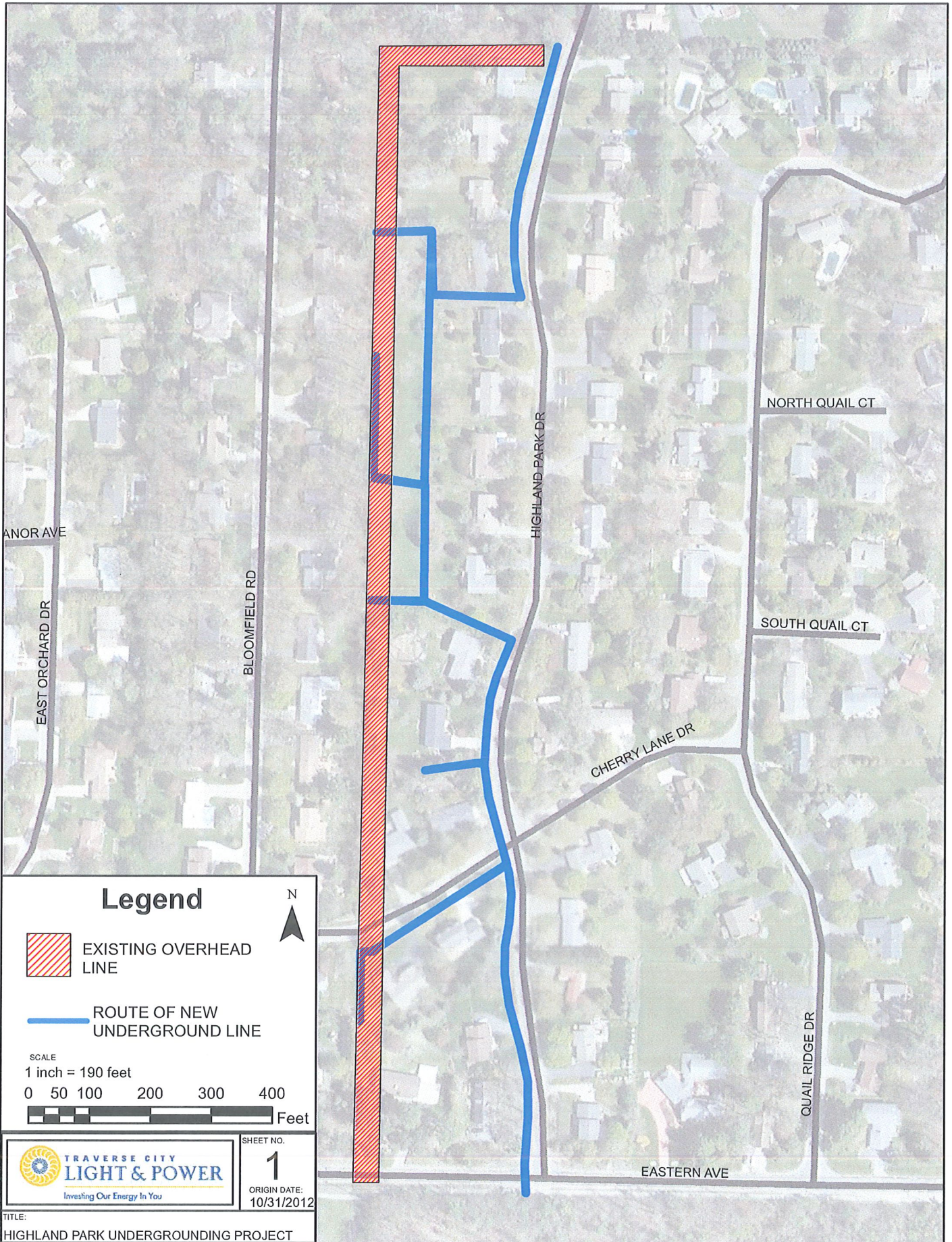
Project Budget:

Labor/Benefit Costs	\$72,658
Labor Contingency	18,164
Equipment Cost	51,562
Materials Cost	38,813
Contract Services (Boring)	<u>72,000</u>
Subtotal	<u>\$253,197</u>
Administration Overhead	\$37,980
Total Project Contingency	<u>\$25,320</u>
Grand Total	\$316,496

Reference: Attachment C.1-C.2 - Cost Estimates and Labor Breakdown

Financing Method:

The use of TCL&P funds as planned for in the Capital Improvements Plan (line improvements and extensions). Bonding will not be required.



Legend



EXISTING OVERHEAD LINE



ROUTE OF NEW UNDERGROUND LINE

SCALE

1 inch = 190 feet

0 50 100 200 300 400

Feet



TRAVERSE CITY
LIGHT & POWER
Investing Our Energy In You

SHEET NO.

1

ORIGIN DATE:
10/31/2012

TITLE:

HIGHLAND PARK UNDERGROUNDING PROJECT



TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Timothy Arends, Interim Executive Director
and W. Peter Doren, General Counsel
Date: March 20, 2013
Subject: Gray (Road) Substation



Attached for your consideration is an Amended and Restated Joint Operation/Maintenance Agreement for the Gray Substation. (The substation name has been changed slightly at Wolverine's request.) This Agreement is being updated from the existing O&M agreement dated December 19, 2007, to better reflect how the operation and maintenance of the substation has evolved.

Changes are made in connection with operation, insurance and the methodology for determining how the costs for transformer losses are apportioned between TCL&P and Wolverine. Operation of the substation will now be handled under a Joint Operating Interconnection Procedure agreed upon by TCL&P's Executive Director and an officer of Wolverine. This will allow for more flexibility as operational issues arise without the need to seek Board approval for operational matters. The insurance requirements are being revised so that instead of Wolverine trying to obtain insurance on property that is partially owned by TCL&P with TCL&P reimbursing, each party will purchase separate insurance for their 50% interest in the substation.

Also in connection with the Gray Substation, we have finalized the Substation Easement granted by Wolverine to TCL&P and the Assignment of Right-of-Way Easements partially assigned by Wolverine to TCL&P. We have also finalized a Driveway Access Easement from Bugai Road to the wind turbine site. These do not need Board approval, but they are attached here just for your information.

We recommend your approval of the following motion:

**MOVED BY _____, SECONDED BY _____,
TO APPROVE THE AMENDED AND RESTATED JOINT
OPERATION/MAINTENANCE AGREEMENT, GRAY 138-69kV
SUBSTATION, AND TO AUTHORIZE THE CHAIRMAN AND
SECRETARY TO EXECUTE THAT AGREEMENT SUBJECT TO
APPROVAL AS TO FORM BY GENERAL COUNSEL.**

Enclosures

**AMENDED AND RESTATED JOINT OPERATION/MAINTENANCE AGREEMENT
GRAY 138-69kV SUBSTATION**

THIS AMENDED AND RESTATED JOINT OPERATION/MAINTENANCE AGREEMENT – GRAY 138-69kV SUBSTATION (“**Agreement**”) is made and entered into on the ____ day of March, 2013, by and between the TRAVERSE CITY LIGHT & POWER DEPARTMENT, a Michigan municipal electric utility (**TCL&P**), whose address is 1131 Hastings Street, Traverse City, Michigan 49686, and WOLVERINE POWER SUPPLY COOPERATIVE, INC., a Michigan non-profit corporation (“**Wolverine**”), whose address is 10125 West Watergate Road, Cadillac, Michigan 49601. TCL&P and Wolverine are sometimes referred to individually as “**Party**” and collectively as “**Parties**”, where appropriate.

WHEREAS, the Parties have entered into a Joint Operation/Maintenance Agreement – Gray 138-69kV Substation, dated December 19, 2007, and a Joint Construction/Ownership Agreement – Gray 138-69kV Substation, dated December 19, 2007 (referred to collectively herein as the “**Agreements**”); and

WHEREAS, capitalized terms used but not defined herein have the same meanings given such terms in the Joint Construction/Ownership Agreement; and

WHEREAS, the Parties here agreed to jointly build and own the Gray Substation and certain other facilities; and

WHEREAS, after final construction, the Parties intend to operate and maintain the Gray Substation, new double circuit 69kV transmission line and 138kV interconnection for their mutual benefit; and

WHEREAS, Wolverine wishes to undertake this maintenance and operations obligation on behalf of itself and TCL&P.

NOW THEREFORE, the Parties agree as follows:

Section 1. Substation and Facilities. The Gray Substation, the new double circuit 69kV transmission line connecting the Gray Substation to the Parties existing 69kV transmission line near the intersection of Gray and Barney Roads, and the interconnection with ITC/METC are collectively referred to as the “**Substation and Facilities**”. Wolverine shall be the sole owner of the Substation Site as set forth in Section 3 of the Joint Construction/Ownership Agreement.

Section 2. Maintenance by Wolverine. Wolverine shall maintain the Substation and Facilities for the mutual benefit of itself and TCL&P. The Parties shall meet at least once each calendar year to establish the annual maintenance requirement and budget for maintenance and operation. Scheduled maintenance shall be performed on the Substation and Facilities in accordance with the Schedule of Maintenance, which is marked **Attachment A** and is attached

hereto and incorporated herein by reference. Inspection and maintenance reports shall be prepared by Wolverine and copies provided to TCL&P on a monthly basis.

Section 3. Maintenance by TCL&P. If Wolverine fails to maintain the Substation and Facilities as required by this Agreement or in emergency situations if Wolverine cannot meet the needs of TCL&P for maintenance of the Substation and Facilities, TCL&P may perform the maintenance after notifying Wolverine of its intent to do so and Wolverine shall reimburse TCL&P according to the same procedures and provisions as provided in Section 6, except that the Parties are reversed.

Section 4. Operation. Wolverine and TCL&P shall follow the latest approved version of the Joint Operating Interconnection Procedure ("**Joint Procedure**") executed by TCL&P's Executive Director and the applicable Wolverine officer. In the case the Joint Procedure does not exist, each Party shall coordinate with the other Party during activities on jointly owned facilities.

Section 5. Prudent Utility Practice. All maintenance and operation of the Substation and Facilities shall be conducted according to Prudent Utility Practice.

"**Prudent Utility Practice**" shall mean, at a particular time, any of the practices, methods and acts which in the exercise of reasonable judgment in the light of the facts known at the time the decision was made (including, but not limited to, the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto), could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expediency. In applying the standard of Prudent Utility Practice to any matter under this Agreement, equitable consideration shall be given to the circumstances, requirements and obligations of each of the Parties and there shall be taken into account the fact that TCL&P is part of a municipal corporation of the State of Michigan with prescribed City Charter and statutory powers, duties and responsibilities and subject to certain state and federal regulatory authorities, and that Wolverine is a nonprofit corporation and is a public utility subject to both state and federal regulatory authorities. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at a reasonable cost consistent with reliability, safety and expediency. Prudent Utility Practice includes due regard for manufacturers' warranties, environmental consideration, and the requirements of governmental agencies which have jurisdiction.

Section 6. Costs of Operating and Maintenance. TCL&P shall reimburse Wolverine for all direct and indirect costs and expenses, including overheads incurred by Wolverine in operating and maintaining the Substation and Facilities as described in this Agreement. Overhead charges will be limited to not more than **fifteen percent (15%)** of the direct costs, except for fringe benefits which will be allowed at Wolverine's calculated fringe benefits percentage, which will be calculated to be equal to the ratio of Wolverine's previous calendar year fringe benefits expenses divided by Wolverine's previous calendar year total

wages. Such costs and expenses shall be determined by Wolverine in accordance with the standard practices and policies followed by Wolverine for the performance of work, for others at the time such maintenance is performed. As used in this Agreement, the term “**Maintenance**” includes inspection, repair and replacement. Regular maintenance shall consist of those items and activities as described on **Attachment B**, attached hereto and incorporated herein by reference. Such operating and maintenance costs and expenses chargeable to TCL&P shall be equal to **one half (1/2)** of the total costs and expenses incurred by Wolverine during such months of the operation of the Substation and Interconnection Facility, plus **one half (1/2)** of the total costs and expenses incurred by Wolverine in the maintenance and operation of jointly owned 69kV transmission line facilities operated by Wolverine in connection with the Gray Substation. Charges to TCL&P for such operating and maintenance costs and expenses during each month shall be waived unless they are greater than **One Hundred and 00/100 (US \$100.00)**.

Section 7. Telephone and Other Communication Circuits and Equipment.

TCL&P shall reimburse Wolverine for **one half (1/2)** of the costs associated with all jointly required telephone circuits and related equipment provided to access Intelligent Electronic Devices, remote terminal units, other equipment, and billing meters in connection with the Substation and Facilities. Remote access shall be made available to both Parties or their designee. Each Party shall incur **one hundred percent (100%)** of the cost for communication circuits and equipment required for their sole use.

Section 8. Metering and Losses. Each 69kV circuit exiting the substation (currently three separate circuits) shall be separately metered and separately telemetered (or equivalent mutually agreed to method). Each 138kV circuit shall be separately metered and separately telemetered (or equivalent mutually agreed to method). Losses between the 138kV cumulative metered flow and the 69kV cumulative metered flow shall be prorated between Wolverine and TCL&P (and third parties when reverse power flow conditions occur). Losses shall be prorated based on the loss methodology established by the Parties in a separate document to be signed contemporaneously with this Agreement (“**Loss Methodology**”). The Parties agree to periodically review the Loss Methodology, and any amendments to said Loss Methodology after the date of this Agreement shall be executed by TCL&P’s Executive Director and the applicable Wolverine officer. All metering and related metering equipment shall be periodically tested according to **Attachment A** – Schedule of Maintenance. Written results of such tests including a summary of findings, discrepancies, and any recommendations, shall be provided to TCL&P. Upon request of TCL&P, a special test shall be made by Wolverine at the TCL&P’s sole expense and shall include written results as described above. TCL&P shall be afforded the opportunity to be present at all routine or special tests.

Section 9. Planning. Wolverine and TCL&P shall jointly plan for future Substation and Facility improvements and modifications. The Parties shall meet annually to review load flows, normal operations, operating contingencies, and overall functionality of the Substation and Facilities. When required, the Parties shall provide load forecasts for incorporation into planning studies. Each Party shall be responsible for their own costs for such studies unless otherwise agreed to.

Section 10. Access. TCL&P, its authorized employees, agents and contractors, shall have full rights and authority at all reasonable times to access the Substation and Facilities and to access, examine, and copy all records, including, but not limited to, financial records of operation and maintenance of the Substation and Facilities.

Section 11. Payment. As soon as practical at the end of each month in which operation and maintenance costs and expenses were incurred by Wolverine pursuant to this Agreement, Wolverine shall furnish TCL&P a statement showing the amount of the payment to be made therefore by TCL&P. The statement shall show the total cost and the method by which TCL&P's portion was ascertained. TCL&P shall make payment to Wolverine within **thirty days (30) days** following receipt of the statement. Payment shall be made to Wolverine at the above address or such other address as is given to TCL&P in writing. Any payment not made on or before the due date shall bear interest from the due date until the date of which payment is made at an annual percentage rate of **twelve percent (12%)**.

Section 12. Obligations of TCL&P. TCL&P shall have no obligation to inspect the Substation and Facility nor any responsibility with respect to the installation, repair, maintenance, replacement, relocation or removal of the Substation and Facilities. This obligation is being assumed solely by Wolverine.

Section 13. Insurance. As a part of the operation, Wolverine and TCL&P shall each obtain and maintain at all times separate insurance policies with the following insurance coverage and terms regarding the 90MVA 138kV/69kV transformer.

- (a) All Risk Fire and Casualty Insurance to the full extent of replacement costs for the Parties' respective fifty percent (50%) ownership of the transformer, Substation and Facility.
- (b) General Liability Insurance with limits of not less than Five Million Dollars (\$5,000,000) per person and per occurrence exclusive of defense costs.
- (c) All insurance policies must be written by carriers who are authorized to write insurance in Michigan and have an A.M. Best Company rating of not less than A- or AAA- from Standard & Poor's.
- (d) The Parties will require their property insurance policies to include a clause or an endorsement allowing each Party to release each other from any liability to each other or anyone claiming through or under them by way of subrogation or otherwise, for any loss resulting from risks insured against.
- (e) Insurance may be provided in the form of blanket insurance policies covering properties in addition to the Premises. All blanket policies must provide that the overall aggregate limit of liability that applies to the Substation and Facility is

independent from any overall or annual aggregate that applies to other entities or properties.

- (f) Wolverine and TCL&P shall deliver either certificates of insurance or the original insurance policies to the other Party and deliver certificates of renewal for the insurance policies not less than thirty (30) days before their expiration dates.
- (g) The Parties shall each be responsible for all fees and expenses, including any deductibles, to obtain and maintain the respective insurance policies, and insurance coverage on the remaining materials and equipment at the Substation and Facility besides the transformer are at the option of the Parties.
- (h) Each Party shall be liable for fifty percent (50%) of any damages to the transformer, Substation or Facility whether or not said Party decides to submit a claim for the damages to its insurance carrier.
- (i) If a Party fails to promptly pay its 50% of the damages to the transformer, Substation or Facility, the other Party shall be entitled to contribution if it solely pays for the repairs and any costs incurred in filing a legal action against the nonpaying Party, including legal fees and expenses.

Section 14. Taxes. The Parties will cooperate to divide the assessment of property taxes to reflect that TCL&P is exempt from property taxes and Wolverine is not. Taxes assessed on the land (as opposed to the improvements) and on Wolverine's share of the improvements, shall be the responsibility of Wolverine. TCL&P's share of the improvements is believed to be exempt from such taxes (MCL 211.7m), but if it is determined otherwise by a taxing authority, TCL&P shall have responsibility for such taxes on its share. However, if it is determined that TCL&P has no property tax exemption for its share because it does not own the land, Wolverine agrees to sell TCL&P an undivided one-half interest in the Substation Site land for an amount equal to 50 percent of the purchase price paid (including zoning and permitting costs) by Wolverine in 2007, adjusted according to changes in the Consumer Price Index for All Urban Consumers as published by the Bureau of Labor Statistics, U.S. Department of Labor, or another mutually agreed upon cost of living index.

Section 15. Entire Agreement. This Agreement together with the Joint Construction/Ownership Agreement between the Parties and all attachments to both Agreements constitutes the Entire Agreement of the Parties. This Entire Agreement supersedes the Letter Agreement dated May 11, 2007, as amended, which is hereby merged in this Entire Agreement.

Section 16 Third Party Beneficiaries. This Agreement confers no rights or remedies on any third party, other than the Parties to this Agreement and their respective successors and permitted assigns.

Section 17. Cooperation. Throughout the term of this Agreement the Parties agree to cooperate and share information as requested or needed, and to execute all other documents that may be necessary or desirable to accomplish the promises contained in this Agreement.

Section 18. Prohibition Against Assignment. This Agreement is intended to be between the original Parties and no Parties rights or obligations shall be assigned or transferred without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed. However, either Party may assign its rights and obligations under this Agreement to a successor utility in connection with the sale or assignment of substantially all of its assets. Furthermore, this prohibition on assignment shall not prohibit dedication of this facility to the Midwest ISO or its successors and assigns.

Section 19. Notice. Whenever this Agreement requires that notice be given to the other Party, the same shall be given to the other Party, the same shall be given or directed to the respective Party at its address as specified in this Agreement, or at such other address as either Party may, from time to time, designate by written notice to the other.

Section 20. Amendments. This Agreement may be modified from time to time, but modification shall be inviting and signed by both Parties in order for it to be enforceable and binding.

Section 21 Interpretation. This Agreement shall be governed by the laws of the State of Michigan, both as to interpretation and performance. This Agreement was drafted at the joint direction of the Parties. The pronouns and relative words used herein are written in the neuter and singular.

Section 22. 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 Leelanau County.

Section 23. Authority to Execute. The Parties agree that the signatories appearing below have the authority and are duly authorized to execute this Agreement on behalf of the Party to the Agreement.

Section 24. Term. The term of this Agreement shall commence upon Construction Close Out pursuant to the Joint Construction/Ownership Agreement between the Parties and

shall terminate upon abandonment or retirement by both Parties, unless earlier terminated by mutual written agreement of the Parties.

Section 25. Retirement. The Substation and Facilities shall be retired in whole or in part upon written agreement of the Parties. All costs and expenses of work performed to retire all or part of the Substation and Facilities including but not limited to, dismantling, demolishing, removal of equipment, facilities and structures, maintenance, and disposal of debris, shall be borne by the Parties equally.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date and year first above written.

TRAVERSE CITY LIGHT AND POWER

WOLVERINE POWER SUPPLY
COOPERATIVE, INC.

By _____
Patrick McGuire, Chairman

By _____
Eric D. Baker, President & CEO

By _____
Timothy J. Arends, Secretary

Approved as to form:

Approved as to form:

W. Peter Doren, Esq.
General Counsel, TCL&P

Brian E. Valice, Esq.
Staff Counsel, Wolverine

Attachments to Operation/Maintenance Agreement

- A. Schedule of Maintenance
- B. Regular Maintenance

ATTACHMENT A – SCHEDULE OF MAINTENANCE

Attachments to Operation / Maintenance Agreement

ATTACHMENT A. Schedule of Maintenance

Transmission Substation Maintenance Schedule

General

Monthly

- | | |
|---|-------------------------|
| -Site inspection | -Transformer inspection |
| -Circuit interrupting equipment
(Circuit breakers, circuit switchers, etc) | -High side equipment |
| -Low side equipment | -Meter house batteries |
| -Bus and conductors | -Insulators |
| -Arrestors | -Fire extinguishers |
| -Debris | |

Quarterly

- Clean meter house

Annually

- | | |
|---------------------------|-------------------------------------|
| -Verify herbicide applied | -Check line and neutral connections |
|---------------------------|-------------------------------------|

Transformer

Monthly

- | | |
|--|--|
| -Inspect for oil leaks | -Check for oil, N2 pressure; vacuum
or other issues |
| -Inspect temperatures | |
| -Inspect bushings; oil level
or physical issues | -Inspect fan operation |

Quarterly

- | | |
|------------------|----------------------|
| -Clean radiators | -Clean and test fans |
|------------------|----------------------|

Annually

- | | |
|-------------------------|-----------|
| -Field verify load data | -Test oil |
|-------------------------|-----------|

Two Year

- Doble/TTR/Test transformer NLTC and LTC where applicable

Structure and Bus

Monthly

- Inspect steel structure
- Inspect foundation
- Inspect bus

Annually

- Perform infrared inspection on bus and connections
- Remove debris (bird nests) from structures

Circuit Breakers, Interrupters, Disconnects and Bypass Switches

Monthly

- Inspect circuit breakers or interrupters
- Inspect disconnect switches
- Inspect bypass

Annually

- Operate circuit breakers
- Operate bypass switches, repair or adjust as needed
- Operate disconnect switches
- Perform infrared inspection on breakers and switches

CCVT's and Capacitor Banks

Monthly

- Inspect steel structure
- Inspect CCVT's and capacitors

Annually

- Perform infrared inspection on equipment

Metering Equipment and Instrument Transformers

Monthly

- Inspect CT's and PT's
- Read billing meter
- Inspect billing meter

Annually

- Perform infrared inspection on transformers and connections
- Test billing meter

Two Year

- Test CT's and PT's

SCADA, satellite, and other communication devices

Monthly

-Verify communication systems are on-line and no communication errors are present

Annually

-Verify proper remote communication with ECC

Protective Relaying

Monthly

-Visual inspection of relays and HMI's for front panel alarms, alarm flags or anomalies.

Two Year

-Test relays for proper operation

-Check relay coordination settings

Station Functional Test

Five Year

-Perform complete function test of substation and station components. This shall include all aspects of the monthly, quarterly, and two year inspections.

-Check station wiring and wiring connections.

-Check accuracy of substation drawings, update as required.

ATTACHMENT B – REGULAR MAINTENANCE

ATTACHMENT B. Regular Maintenance

Transmission Substation Regular Maintenance

General –

Regular monthly inspections shall be performed on the Transmission substation site and on the equipment listed below. Quarterly, annual, two-year and five year inspection and maintenance shall also be performed in accordance with the schedule in Attachment A.

Equipment Listing -

Transmission substation site, Steel structures and foundations, Transformer, LTC, NLTC, CCVT and capacitor banks, Circuit interrupting equipment (circuit breakers, circuit switchers, etc), High side equipment, Low side equipment, Meter house and backup batteries, Bus and conductors, insulators, Arrestors, Neutral connections, Metering equipment and instrument transformers, SCADA, Satellite, and other communication devices.

Protective relaying and meter house equipment shall be checked monthly for indications of operational issues, flags, alarms or any other issues which may jeopardize proper system protection operation.

SUBSTATION EASEMENT

On this the _____ day of _____, 2012, WOLVERINE POWER SUPPLY COOPERATIVE, INC., a Michigan non-profit corporation (“**Grantor**”), whose address is 10125 West Watergate Road, Cadillac, Michigan 49601, hereby conveys and grants a perpetual easement to the TRAVERSE CITY LIGHT & POWER DEPARTMENT, a Michigan municipal electric utility (“**Grantee**”), whose address is 1131 Hastings Street, Traverse City, Michigan 49686, for an electric 138-69 kV substation and all related facilities, for ingress and egress thereto and for access and connection to electric transmission lines and facilities under the following terms:

1. The land which is burdened by this Easement is described as the **Wolverine Property** and legally described as a parcel of land situated in the SW¼ of Section 31, T28N-R11W, Elmwood Township, Leelanau County, Michigan, being more particularly described as follows:

Commencing at the Southwest Corner of said Section 31; then North 00°52'05" East along the West Section Line, 1328.42 feet to the South one-eighth line; then South 88°40'05" East along said line, 284.24 feet to the Point of Beginning; then continuing South 88°40'05" East along said line, 950.00 feet to the West one-eighth line; then South 00°49'14" West along said line, 400.00 feet; then North 88°40'05" West parallel with said South one-eighth line, 950.00 feet; then North 00°49'14" East parallel with said West one-eighth line, 400.00 feet to the Point of Beginning.

2. The land to be used for this Easement is described as the **Substation Property** and legally described as a parcel of land situated in the SW¼ of Section 31, T28N-R11W, Elmwood Township, Leelanau County, Michigan, being more particularly described as:

Commencing at the Southwest corner of said Section 31; then North 00°52'05" East along the West Section Line, 1328.42 feet to the South One-Eighth Line; then South 88°40'05" East along said line, 831.18 feet; then South 01°19'55" West, 70.00 feet to the Point of Beginning; then North 88°40'05" West, 447.50 feet; then South 01°19'55" West 257.00 feet; then South 88°40'05" East, 447.50 feet; then North 01°19'55" East 257.00 feet to the Point of Beginning.

3. The Wolverine Property includes ingress/egress right-of-way on the gravel driveways along the north and west sides of the Substation Property. The Wolverine Property also includes a electric **Transmission Right-of-Way** for ingress/egress extending 50 feet on either side of a centerline described as:

Commencing at the Southwest Corner of said Section 31; then North 00°52'05" East along the West Section Line, 1328.42 feet to the South one-eighth line; then South 88°40'05" East along said line, 284.24 feet to the Point of Beginning; then S00°49'14"W 400.00 feet to the Southwest Corner of the Wolverine Property; then South 88°40'05" East 210

feet to Point of Beginning; then 75 feet northerly to a point that is 236 feet East and 73 feet North of said Southwest Corner and the Point of Ending.

4. **Exhibit A – Map** is attached hereto and incorporated herein by reference show the Wolverine Property, Substation Property, and Transmission Right-of-Way.
5. The grant of this Easement is exclusive except for Grantor’s right to use the Substation Property for an electric substation and facilities.
6. This Easement is in gross.
7. This Easement is assignable in connection with a transfer of all or substantially all the transmission facilities of Grantee. It is otherwise assignable as provided herein.
8. The Grantee and the Grantor each shall have the first right to purchase the substation facility, transmission lines, real property or any interest therein of the other. If the other party wishes to sell or otherwise dispose of such items or interests before entering into any agreement of other commitment to sell, dispose of such facilities or interests, the party wishing to do so shall negotiate with the other party for a sale or transfer to that other party. If a party receives a written offer to purchase any of such facilities or interest, it shall promptly send a copy of that offer or proposal to the other party and that other party shall have ninety (90) days from the receipt of such notice and proposal to match that proposal or to negotiate a different proposal with the other party. Any transfers without giving such notice and opportunity as here described shall not be effective and the offended party shall have the right to seek specific performance of this provision in a court of competent jurisdiction.
9. This Easement is personal property under the General Property Tax Act of the State of Michigan. MCL 211.8 (g).
10. The Wolverine Property shall not be used in any manner which would hinder or make use of this Easement more expensive or less safe.
11. Consideration for this Easement is contained in the Joint Construction / Ownership Agreement Gray Road 138-69 kV Station, dated December 19, 2007, between Grantor and Grantee. This Easement is granted to satisfy Section 3 of that Agreement.

IN WITNESS WHEREOF, the parties have executed this Easement on the date here above first written.

TRAVERSE CITY LIGHT & POWER
DEPARTMENT

WOLVERINE POWER SUPPLY
COOPERATIVE, INC.

Mike Coco
Chairperson

Eric D. Baker
President & CEO

Edward E. Rice
Secretary

ACKNOWLEDGEMENTS

STATE OF MICHIGAN)
) SS
COUNTY OF _____)

On _____, 2012, before me a Notary Public in and for said county, Mike Coco, Chairperson, Traverse City Light and Water Department, a Michigan municipal electric utility, individually appeared to me, known to be the person described in and who executed the within instrument and who duly acknowledged the same to be his free act and deed.

_____, Notary Public
_____, County, Michigan
Acting in _____ County
My commission expires: _____

STATE OF MICHIGAN)
) SS
COUNTY OF MISSAUKEE)

On _____, 2012, before me a Notary Public in and for said county, Eric D. Baker, President & CEO, Wolverine Power Supply Cooperative, Inc., a Michigan non-profit corporation, individually appeared to me, known to be the person described in and who executed the within instrument and who duly acknowledged the same to be his free act and deed.

_____, Notary Public
_____, County, Michigan
Acting in _____ County
My commission expires: _____

This instrument drafted jointly by:

W. Peter Doren, Esq. (P23637)
Sondee, Racine & Doren, PLC
310 W. Front Street, Suite 300
Traverse City, MI 49684

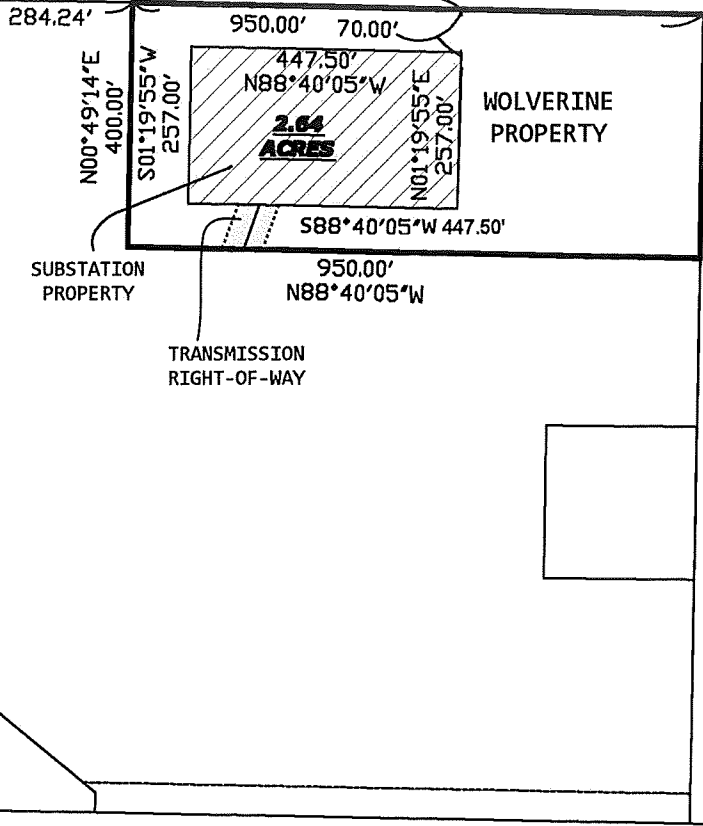
and (also return document to)
Brian E. Valice, Esq. (P43735)
Staff Attorney
Wolverine Power Supply Cooperative, Inc.
10125 W. Watergate Road, P.O. Box 229
Cadillac, MI 49601
(231) 775-5700



**WEST 1/4 COR.
SECTION 31
T26N - R11W
FD. LEE LANAU CO. MON.
P.POLE S20E 97.70'
P.POLE S21W 134.35'
P.POLE N17W 90.10'
14" CHESTNUT N42E 53.88'**

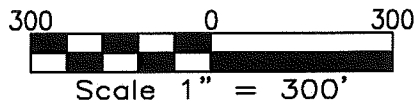
**WEST SECTION LINE &
BUGAI RD. (PUBLIC)
N00°52'05"E 2656.84'**

**SOUTH 1/2TH LINE
S88°40'05"E 831.18'**



**SOUTHWEST COR.
SECTION 31
T26N - R11W
FD. G.T. CO. MON.
P.POLE N25E 124.22'
P.POLE N69E 130.61'
P.POLE S24E 98.74'
P.POLE S38W 76.11'**

**S88°43'59"E
SOUTH SECTION LINE
(HWY. M-72)**



LEGEND

- Set Conc. Mon.
- Set Stake on Line
- Set Iron
- Fd. 1/2" Pipe
- ⊕ Sec. 1/4 Cor.
- ⊙ Sec. Cor.

**BEARINGS AND DISTANCES ARE
REPORTED IN MICHIGAN CENTRAL
GRID (2112)-(NAD-83)**

DATE: 3/21/12

FB/PG:

ASSIGNMENT OF RIGHT-OF-WAY EASEMENTS

Wolverine Power Supply Cooperative, Inc., a Michigan non-profit corporation, whose address is 10125 West Watergate Road, Cadillac, Michigan 49601 ("Assignor"), as successor by way of merger to Northern Michigan Electric Cooperative, Inc., hereby assigns to Traverse City Light & Power Department, a Michigan municipal electric utility, whose address is 1131 Hastings Street, Traverse City, Michigan, 49686 ("Assignee"), its rights and interests in the Right-of-Way Easements listed in **Exhibit A**, attached hereto and incorporated herein by reference. The consideration for this Assignment is One Dollar (\$1.00) receipt of which is hereby acknowledged by Assignor.

This conveyance is subject to the reservation in favor of Assignor of the joint use rights in the Right-of-Way Easements listed in **Exhibit A** for any and all purposes as set forth in the terms and conditions of the Right-of-Way Easements originally conveyed to Assignor.

This Easement is exempt from real estate transfer tax pursuant to MCL 207.505(a) and MCL 207.526(a).

WHEREFORE, Assignor has executed this Right-of-Way Easement Assignment on _____, 2012.

WOLVERINE POWER SUPPLY COOPERATIVE, INC.

Eric D. Baker
President & CEO

ACKNOWLEDGEMENT

STATE OF MICHIGAN)
) SS
COUNTY OF MISSAUKEE)

On _____, 2012, before me a Notary Public in and for said county, Eric D. Baker, President & CEO of Wolverine Power Supply Cooperative, Inc., a Michigan non-profit corporation, individually appeared to me, known to be the person described in and who executed the within instrument and who duly acknowledged the same to be his free act and deed.

_____, Notary Public
_____, County, Michigan
Acting in _____ County
My commission expires: _____

Prepared by and Return to:
Brian E. Valice, Esq. (P43735)
Staff Attorney
Wolverine Power Supply Cooperative, Inc.
10125 W. Watergate Road, P.O. Box 229
Cadillac, MI 49601-0229

EXHIBIT A

List of R/W Easements Assigned with Reservation to Traverse City Light and Power Department

Line Segment: Garfield Junction to Gray Transmission Station

Grantor	Grantee	Easement Signature Date	Recording Liber- Page	County Register of Deeds Location	Wolverine Easement No.
David W. Howard and Sandra P. Howard	Wolverine Power Supply Cooperative, Inc.	5/5/2009	2009R 21999	Grand Traverse	1928.02
Fred J. Brown, Jr.	Wolverine Power Supply Cooperative, Inc.	4/30/2009	2009R 22000	Grand Traverse	1929.01
Frederick J. Brown III and Patricia A. Brown	Wolverine Power Supply Cooperative, Inc.	4/27/2009	2009R 22001	Grand Traverse	1929.02
James R. Black and Diane Black	Wolverine Power Supply Cooperative, Inc.	5/7/2009	2009R 22002	Grand Traverse	1929.03
Eric D. Chryst and Bonnie L. Chryst	Wolverine Power Supply Cooperative, Inc.	6/12/2009	2009R 22003	Grand Traverse	1929.04
Louise S. Foster	Northern Michigan Electric Cooperative, Inc.	9/28/1958	Liber 193, Page 556	Grand Traverse	1929
Bernard & Ann Marie Bridson	Wolverine Power Supply Cooperative, Inc.	4/29/2009	2009R 22005	Grand Traverse	1930.01
Ed Rokos and Bertha Rokos	Northern Michigan Electric Cooperative, Inc.	9/28/1958	Liber 193, Page 558	Grand Traverse	1930
Peter Novak and Mary Helen Novak	Wolverine Power Supply Cooperative, Inc.	5/2/2009	2009R 22006	Grand Traverse	1930.02
Terry K. Lautner and Cathryn L. Lautner	Wolverine Power Supply Cooperative, Inc.	4/7/2009	Liber 1014, Pages 934	Leelanau	1931.01

DRIVEWAY ACCESS EASEMENT
(wind turbine)

Tax Parcel # 45-004-031-034-10

Wolverine Power Supply Cooperative, Inc., a Michigan non-profit corporation, whose address is 10125 W. Watergate Road, P.O. Box 229, Cadillac, Michigan 49601, (“**Grantor**”), for good and valuable consideration paid to Grantor, receipt of which Grantor hereby acknowledge, do grant, warrant, and convey to Traverse City Light and Power Department, a Michigan municipal electric utility, whose address is 1131 Hastings Street, Traverse City, Michigan 49686, (“**Grantee**”), its successors and assigns, a non-exclusive Driveway Access Easement (“**Easement**”) for access across a parcel of land owned by Grantor to Grantee’s wind turbine generator, located on a parcel of land owned by others that is south of Grantor’s Land, by means of a 25-foot-wide gravel driveway on the north side of Grantor’s Land and an unimproved two-track lane on the east side of Grantor’s Land (“**Driveway**”), all of which is located on a portion of Grantors’ land in the Township of Elmwood, County of Leelanau, and State of Michigan, described as:

Grantor’s Land:

A parcel of land in the Southwest 1/4 of Section 31, T28N, R11W, described as commencing at the Southwest corner of said Section 31 and running thence N00°52’05”E 1328.42 feet, along the West line of said section, to the South 1/8 line; thence S88°40’05”E 284.24 feet, along said 1/8 line, to the point of beginning; thence continuing S88°40’05”E 950.00 feet, along said South 1/8 line, to the West 1/8 line of said section; thence S00°49’14”W 400.00 feet, along said West 1/8 line; thence N88°40’05”W 950.00 feet; thence N00°49’14”E 400.00 feet to the point of beginning.

Exhibit A – Site Map is a sketch of the Grantor’s Land and the Driveway Access Easement and is attached hereto and is incorporated herein.

Grantee’s use of the driveway shall be concurrent with Grantor’s use and neither Grantee nor Grantor’s use of the Driveway shall in any manner impair the use by the others. Grantee agrees that it shall use reasonable care to prevent damage to the Driveway and that Grantee shall be responsible for repair or reimbursement of expenses necessary to restore the Driveway to its previous condition, for any significant damages caused by Grantee’s use of the Driveway, but excluding damages from reasonable wear and tear caused by Grantee’s use. Grantee also agrees that it shall use reasonable care to prevent damage to planted landscape trees and shrubs, planting beds, underground irrigation system, fence materials, and turf grass along the Driveway. Grantee shall not trim, cut down, or otherwise control any landscape trees and shrubs without the express written authorization from Grantor.

Grantee shall indemnify, defend and hold the Grantor harmless from and against all claims, liabilities, damages and expenses (including reasonable attorneys' fees) relating to accidents, injuries, loss, or damage of or to any person or property arising from Grantee's sole negligence or intentional or willful acts or omissions of Grantee, its employees, contractors, agents, licensees, lessees, successors and assigns, and those acting on behalf of the Grantee.

This Easement runs with the land and binds and benefits Grantor's and Grantee's successors and assigns. Except that, should the Easement herein conveyed not be used by Grantee, its successors and assigns, for any purpose herein granted for a period of one (1) year from and after the date of abandonment and/or removal of its said wind turbine generator, then and in that event, this Easement shall terminate, and upon request of the Grantor, showing a prima facie title to Grantor’s Land, Grantee shall release and quit-claim all rights secured hereby on said land to the then owner.

This Easement is exempt from real estate transfer tax pursuant to MCLA 207.505(f) and from State real estate transfer tax pursuant to MCLA 207.526(f).

Grantor has caused this instrument to be executed by its duly authorized representative as of _____, 2012.

WOLVERINE POWER SUPPLY COOPERATIVE, INC.

Eric D. Baker
President & CEO

ACKNOWLEDGEMENT

STATE OF MICHIGAN)
) SS
COUNTY OF MISSAUKEE)

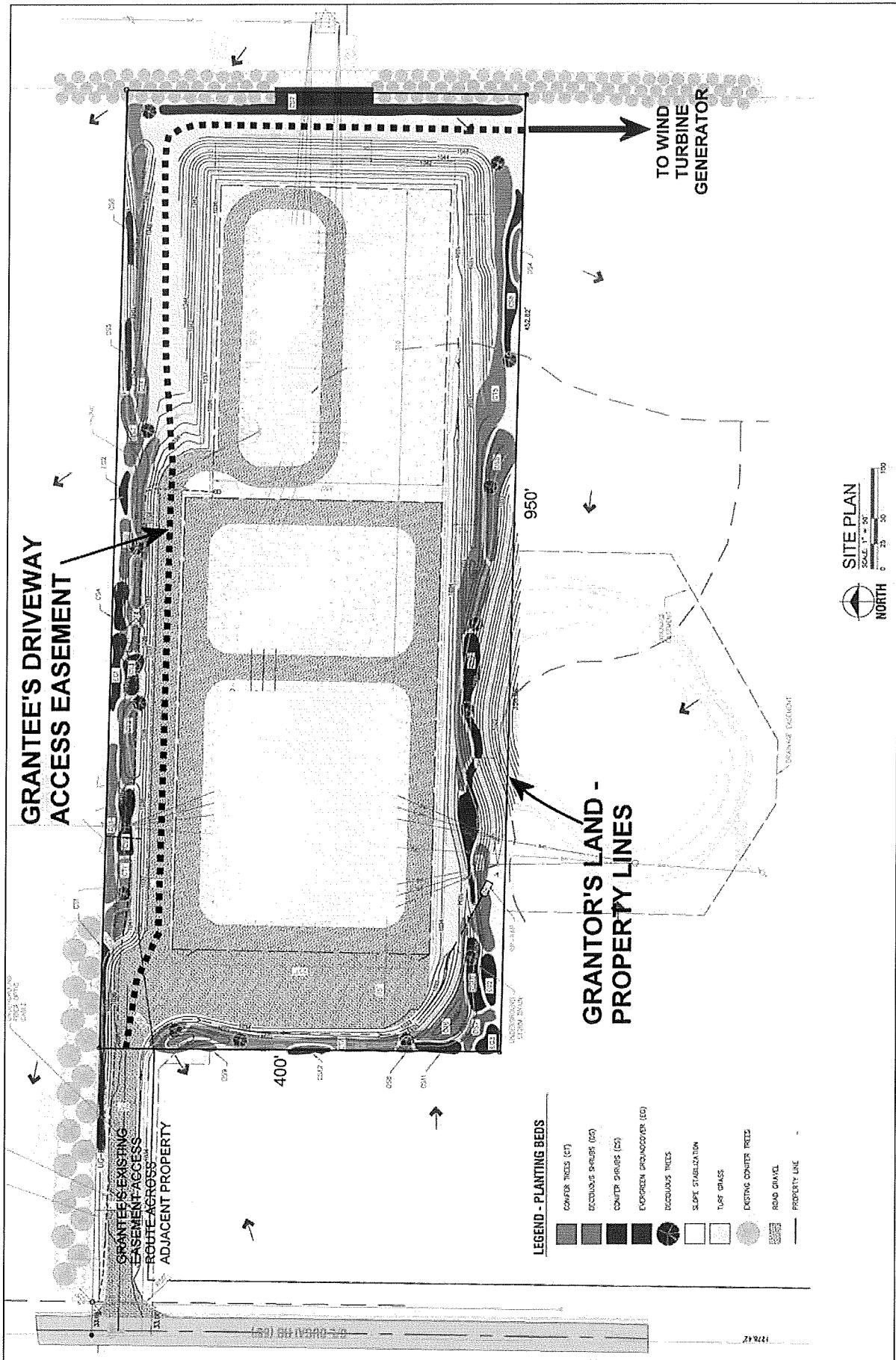
On _____, 2012, before me a Notary Public in and for said county, Eric D. Baker, President & CEO of Wolverine Power Supply Cooperative, Inc., a Michigan non-profit corporation, individually appeared to me, known to be the person described in and who executed the within instrument and who duly acknowledged the same to be his free act and deed.

_____, Notary Public

County, Michigan
Acting in _____ County
My commission expires: _____

Prepared by and Return to:
Brian E. Valice, Esq. (P43735)
Staff Attorney
Wolverine Power Supply Cooperative, Inc.
10125 W. Watergate Road, P.O. Box 229
Cadillac, MI 49601-0229

EXHIBIT A – SITE MAP





To: Light & Power Board
From: W. Peter Doren, General Counsel
Date: March 14, 2013
Subject: Executive Director's Revised Job Description

Attached for your consideration are some revisions to the Executive Director's Job Description.

The first change makes it clear that the Executive Director needs Board approval for the hiring or firing of the Controller. This will make the Controller position similar to the City Treasurer who cannot be hired or fired by the City Manager without City Commission approval. This provides a systemic safeguard for actions of Executive Directors.

The second change expressly requires cooperation with the City Manager. This language has been prepared as a result of meetings between the Mayor, City Manager, City Attorney, Interim Executive Director, and myself.

I would recommend these changes be made prior to your initiating any search for an Executive Director. If you agree, the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,
TO APPROVE THE EXECUTIVE DIRECTOR'S REVISED JOB
DESCRIPTION.

Enclosure
c w/encls:

Tim Arends (via email)
Lauren Tribble-Laucht, Esq.

~~ATTACHMENT TO EMPLOYEMENT AGREEMENT~~

**TRAVERSE CITY LIGHT AND POWER
JOB DESCRIPTION**

TITLE: EXECUTIVE DIRECTOR

The City Charter mandates basic duties of the Executive Director. Many of these are contained in Charter Sections 178 and 179.

General Summary:

Provide leadership for Light and Power Department that assures: the highest level of satisfaction and competitive rates for customers, a safe productive and motivated staff, the short-term and long-term strategic direction, a positive and cooperative relationship with all Light and Power stakeholders, and sound management of both human and fiscal resources.

Typical Duties:

1. Create an organizational climate that enables the Utility staff to be productive, motivated, and to work safely and cooperatively.
2. Assist the Board in carrying out its duties to establish policies that lead to excellence in: customer service, operational efficiency, and employee relations. After those policies are established, make sure they are implemented fairly and consistently in the Utility.
3. Prepare and present issues for Board consideration and action, including assistance with agenda preparation and keeping accurate record of Board proceedings.
4. Assure that the Utility's generation, transmission and distribution systems are operationally efficient, reliable and safe. Further, the Utility's purchased power must be reliable, competitively priced, and adequate to meet the future needs of all customers.
5. Demonstrate sound fiscal management including: budgeting, accounting, and investment of reserves.
6. Represent the Utility with all external agencies and regulatory bodies (i.e. Michigan Public Power Agency, Michigan Municipal Electric Association, American Public Power Association, Michigan Public Service Commission, OSHA, Environmental Protection Agency, Department of Natural Resources, etc.)
7. Complete, with assistance from the City Personnel Department, the hiring, training, promotion and termination of Utility staff. Be directly responsible for the performance management and professional development of all directly reporting staff. The Executive Director may appoint or remove a Controller only with a concurring vote of five members of the Board.

8. Contract with, supervise, and coordinate the activities of all external service providers to the Utility (i.e. legal, construction, professional services, etc.)
9. Work cooperatively within the city government framework, especially where other City Departments provide service to the Utility and where the Utility provides services to the City.
- ~~9.~~10. Regularly and frequently collaborate with and exchange information with the City Manager. This collaboration shall include, but not be limited to, the following:
 - a. The City Manager should be given an opportunity to participate in labor and administrative negotiations.
 - b. The City Manager should be allowed to attend all TCL&P staff meetings and the Director is encouraged to attend all City staff meetings.
 - c. The City Manager should be given an opportunity to participate in all sessions establishing the agenda of the Light and Power Board.
 - d. The City Manager should be considered the acting TCL&P Director in the event the Director is absent for extended periods.
- ~~10.~~11. Assure that the activities provided on a contractual basis to other agencies are carried out effectively and efficiently.
- ~~11.~~12. Act as the chief spokesperson for the Utility with media, customers, city government and other critical stakeholders.
- ~~12.~~13. Plan for an implement a personal plan for professional development, in conjunction with Board feedback, to assure preparedness for leading the Utility into the future with innovation and creativity.
- ~~13.~~14. Create and change, as needed, the organizational structure, reporting relationships, and job roles to achieve both staff job satisfaction and organizational effectiveness and efficiency.
- ~~14.~~15. Perform other duties as may be assigned by the Light and Power Board.



To: Light & Power Board
From: Tim Arends, *Interim* Executive Director/Controller
Date: March 21, 2013
Subject: Community Solar Garden

A handwritten signature or set of initials, possibly "TA", enclosed in a hand-drawn circle.

As reported in the *Traverse City Record Eagle* on March 7, 2013, I have been working with Cherryland Electric Cooperative's General Manager, Tony Anderson, on the development of a Community Solar Garden to be constructed on Cherryland's property in Grawn along US 31 South. This joint effort is a Michigan first that invites customers from different utilities to participate in a truly "community effort" to bring solar generation to its customers and service areas.

Tony and I began discussions of a joint project in early November, and it is nearing reality. For many TCL&P customers this solar project will provide an opportunity for them to participate in this form of renewable energy for the first time. With the City of Traverse City being a Tree City, it is not practical for most residents to install solar panels on their homes due to the shading of tree-lined streets/homes. However, many TCL&P customers have spoken in favor of the utility pursuing solar energy generation, or to at least make it part of TCL&P's generation portfolio.

For its part, TCL&P has discussed a community solar program for the past several years, and has funding in the current fiscal year of its Capital Improvements Plan in the amount of \$400,000. The Board's direction to staff was that it develop a solar project that would be fully supported by the customers who desire solar generation. Staff made a few Board presentations in the past year that proposed a 50KW solar array that would be funded by a "green" rate. The rate anticipated customers paying an additional \$16/month on their bill for several years; much like the green rate that supported the M-72 wind turbine in 1996. However, beyond polling the community in various ways, there was not a clear direction or any sense of urgency in a solar project becoming a reality for TCL&P anytime soon. Also, TCL&P did not receive too many responses of support in those various polls.

Regarding "green" rates, they are very popular and typically have a lot of support at their inception. However, over the long-term they lose popularity and become ineffective in accomplishing their original purpose – paying for the project they were created to fund. This was the case with the M-72 wind turbine green rate. Some of the customers who originally signed-up moved out of the service area, the rate became administratively burdensome in getting customers moved from the waiting list, some customers wanted to discontinue support after many years due to personal economic reasons, and some customers thought they were on the rate when they were not. The Board ultimately eliminated the rate due to lack of its support in charging a few of its customers for renewable energy efforts that they believed should be shared by the utility as a whole.

The partnership with Cherryland will bring a Community Solar Garden to Traverse City by allowing customers of either utility the opportunity to lease a panel for 25 years for a one-time fee of \$470 (\$395

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

after a \$75 Energy Optimization credit). The lease is transferrable if a customer moves out of the two utilities service areas. It is anticipated that each panel will produce about 25 kWh of electricity per month on average. Cherryland Electric will pay to leaseholder's an amount per kWh for the energy produced each month. While the generation will not be on TCL&P's system, the credits for the renewable energy will be reflected on TCL&P customer accounts. The payback for a customer's investment is anticipated to be less than 20 years after which time they will begin to realize an earning potential on their investment in the panel. In addition, each utility will be able to report the PA 295 Energy Optimization kWh reductions for its individual customer's interest in the project.

The project will start with 48 panels, but will expand to as many as 360 at the Grawn site. As this project proves popular with the community the next project can be installed on TCL&P's system. There have been indications that the first 48 panels already have verbal commitments. I have included an amount in the Six Year Capital Plan that would fund a similar project owned by TCL&P. Potentially, a TCL&P Community Solar project could be in service as early as the summer or fall of 2014.

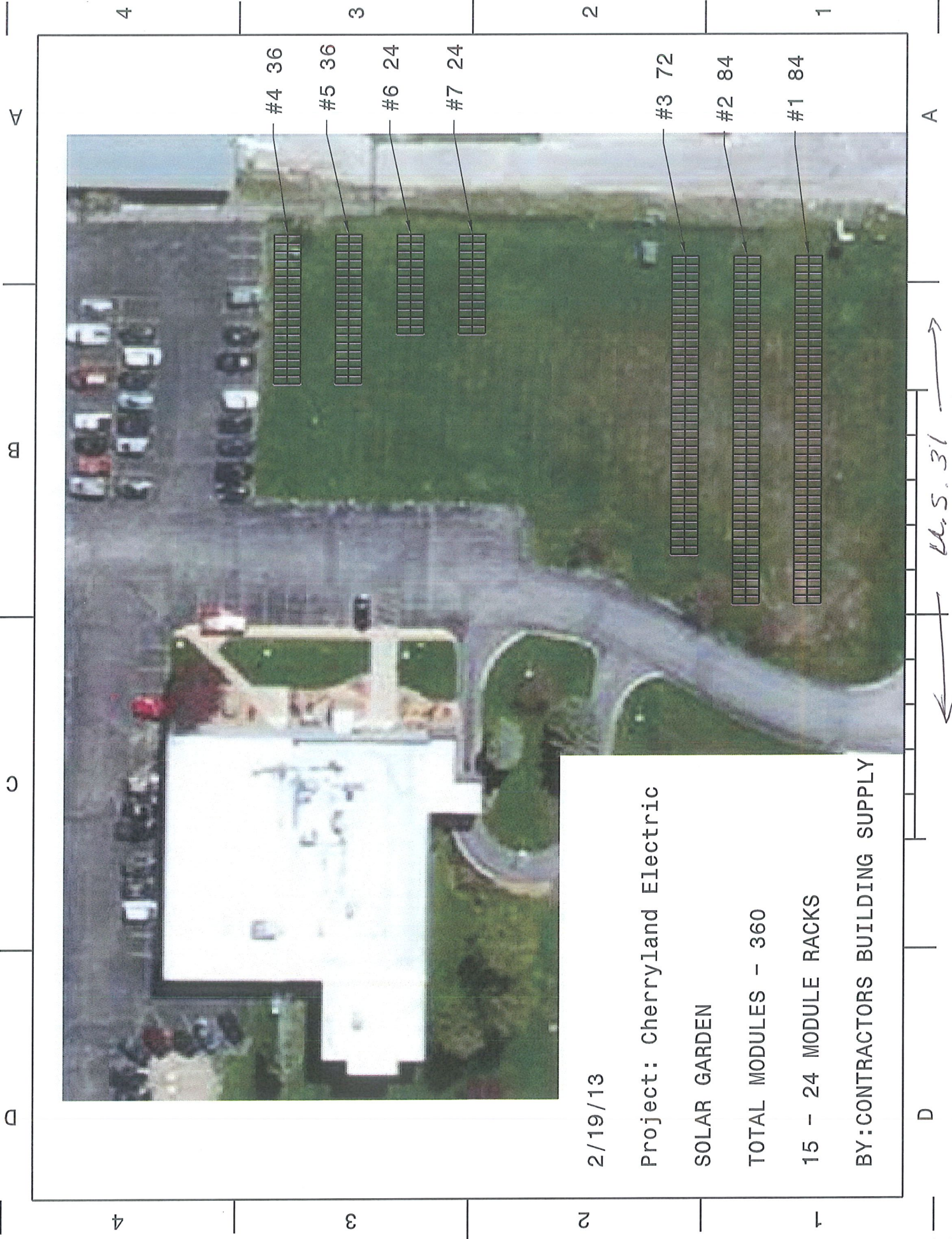
Why partner with Cherryland? There have been community groups, individual TCL&P customers, and past and present Board members that have discussed and supported TCL&P pursuing solar generation for many years. TCL&P has always supported economically responsible renewable energy options for its customers. While this solar option may be too expensive for some customers, the combination of Cherryland's 33,000 customers with TCL&P's 12,000 customers gives the effort of creating a community solar project the best chance for success. Cherryland and TCL&P both want success!

While details on the terms of the lease agreement are still being worked out by the utility's respective legal departments, it is anticipated that actual lease agreements will be available on April 20, 2013 as part of Traverse City's Earth Day Celebration. The Board will also need to create a rate to allow the credit to flow through to the customer on their utility bill. A public hearing with public notice is needed to do so. While there are details that will need to be clarified as we move forward, at this time staff is recommending that the Board authorize TCL&P customers the opportunity to participate in this community solar program.

If you agree with staff's recommendation the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE LIGHT & POWER BOARD AUTHORIZES TCL&P CUSTOMERS TO PARTICIPATE IN THE COMMUNITY SOLAR GARDEN JOINT PROJECT BETWEEN WOLVERINE POWER SUPPLY, CHERRYLAND ELECTRIC COOPERATIVE AND TRAVERSE CITY LIGHT & POWER; SUBJECT TO GENERAL COUNSEL REVIEW OF THE LEASE AGREEMENTS, AND THE ADOPTION OF A RATE ALLOWING THE CREDITS TO BE APPLIED TO CUSTOMER BILLS.



#4 36

#5 36

#6 24

#7 24

#3 72

#2 84

#1 84

2/19/13

Project: Cherryland Electric

SOLAR GARDEN

TOTAL MODULES - 360

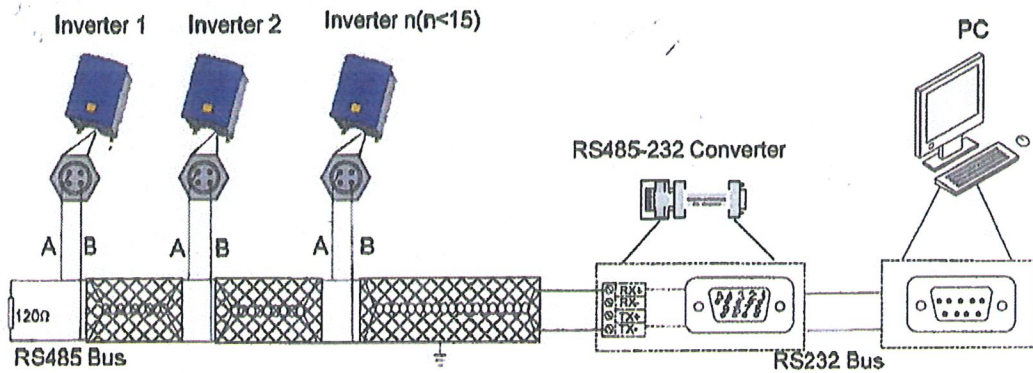
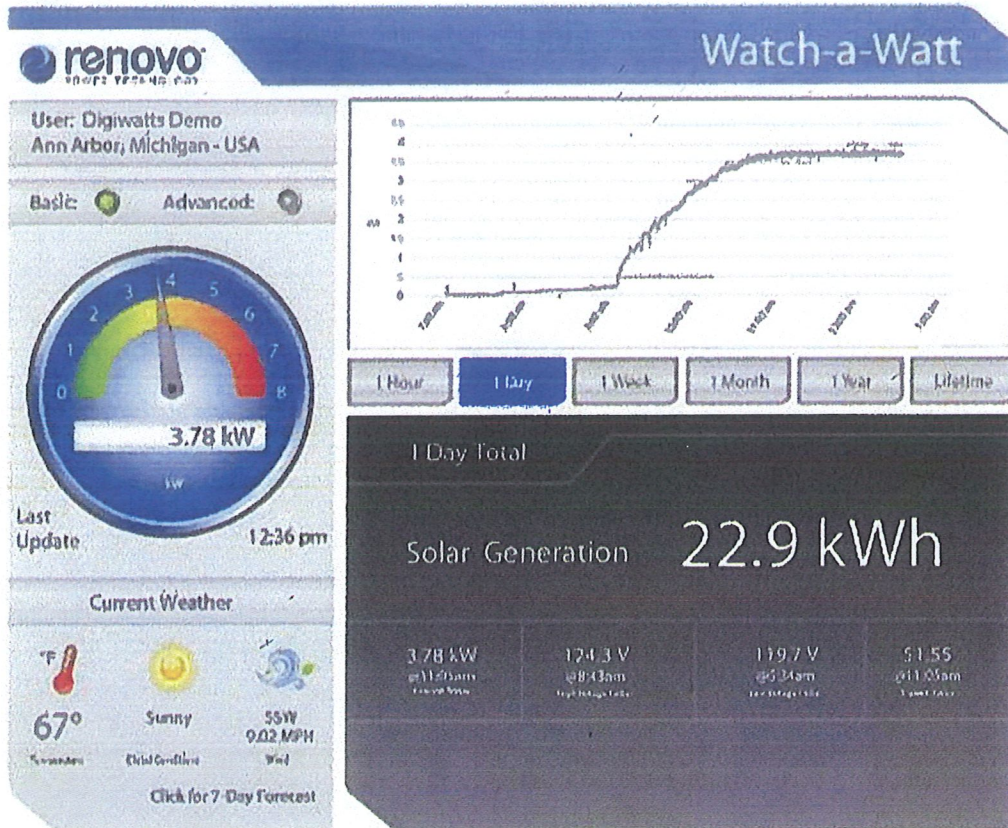
15 - 24 MODULE RACKS

BY: CONTRACTORS BUILDING SUPPLY

U.S. 31 → ←

Monitoring

The Renovo Inverters offer built in monitoring and can be branched together for web based display. This will allow customer to see real time operation and basic historical data.





TRAVERSE CITY
LIGHT & POWER

To: Light & Power Board
From: Tim Arends, *Interim* Executive Director/Controller
Tom Olney, Operations Manager *TO*
Date: March 21, 2013
Subject: Board Adoption of Safety Manual Policy



Traverse City Light and Power (TCL&P) has a long history of placing safety of its employees and customers first and foremost in system planning and design, construction, and execution of daily activities for the electric utility. Hometown Connections wrote in a recent assessment of TCL&P that "TCLP gets good marks for safety; it has well developed safety processes, and is taking significant steps to build the culture of safety and awareness within the utility. The utility's track record is good, as lost time injuries have been rare, and the utility has in place a number of strong practices that reinforce its commitment to safety."

Within the past two years, the utility has established a joint safety committee comprised of management and non-management employees that meet monthly to discuss safety practices, training, incidents, and to identify and/or correct potential safety concerns of the utility employees and its customers. Further, the utility has quarterly all-employee safety training meetings utilizing internal and external resources to educate and promote best practices in creating the safest work environment for its employees. A lighted safety board at the front gate brightly displays the number of days since the last lost time injury as well as informs employees on a daily basis if anyone has suffered an injury or near-miss.

Through its affiliation with the American Public Power Association (APPA), TCL&P has utilized the guidance of the "Safety Manual" published by APPA since 1977. APPA has an active Safety Manual Revision Task Force, and a Safety Committee that provide input and guidance in keeping the manual updated with the latest best practices in employee safety. While TCL&P continues to utilize the APPA Safety Manual, staff believes it would be appropriate for the Board to formally endorse its use to ensure that utility employees know that management continues to regard safety as a top priority. Hometown Connections also encourages this action by the Board.

If the Board agrees with staff's recommendation that it adopt the proposed Safety Manual Policy, the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD ADOPTS THE SAFETY MANUAL POLICY FOR USE BY TCL&P EMPLOYEES.

Light and Power Department
City of Traverse City, MI
Adopted:

SAFETY MANUAL POLICY

Traverse City Light and Power has a long history of placing the safety of its employees and customers first and foremost in system planning and design, construction, and executing daily activities of the electric utility. The utility has a safety committee comprised of management and non-management employees that meet monthly to discuss safety practices, training, incidents, and to identify and/or correct potential safety concerns of utility employees and its customers. Further, the utility has quarterly all-employee safety training meetings utilizing internal and external resources to educate and promote best practices in creating the safest work environment for its employees.

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While this comprehensive manual provides recommendations for best safety practices of its member public power utilities, APPA recognizes that local conditions, laws, and regulations may cause some minor conflicts to strict adherence to all of the areas covered, and acknowledges that the public-owned electric utility has the responsibility for interpreting the rules contained in the Safety Manual. Upon recommendations of the TCL&P Safety Committee, and with written authorization of the Executive Director, certain rules may be altered to provide the most restrictive regulations governing the situation in question.

It is important to the utility employees that management keep safety a top priority, and further it is important that the governing board endorse the guidance being used to provide those rules and regulations; therefore, it shall be the policy of the TCL&P Board that the utility follow the APPA Safety Manual for its guidance in the safety of all employees of the utility.

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