

**A REGULAR MEETING**

Of The

**TRAVERSE CITY LIGHT AND POWER BOARD**

Will Be Held On

**TUESDAY, September 10, 2013**

At

**5:15 p.m.**

In The

**COMMISSION CHAMBERS**

(2<sup>nd</sup> floor, Governmental Center)  
400 Boardman Avenue

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

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

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

Posting Date: 09-05-13  
4:00 p.m.

## AGENDA

### **Pledge of Allegiance**

#### **1. Roll Call**

#### **2. Consent Calendar**

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

- a. Consideration of approving minutes of the Regular Meeting of August 27, 2013. (Approval recommended) (p. 4)
- b. Consideration of appointing Karla Myers-Beman as Official Delegate to cast official votes on behalf of TCL&P at the Annual Meeting of the Municipal Employees Retirement Systems. (Approval recommended) (Schroeder) (p. 7)

#### **Items Removed from the Consent Calendar**

- a.

#### **3. Unfinished Business**

None.

#### **4. New Business**

- a. Consideration of authorizing a Resolution to Amend City Ordinance – Lien & Tampering as civil infraction. (Arends/Myers-Beman) (p. 10)
- b. Consideration of removing the PCR cap. (Arends/Myers-Beman) (p. 16)

#### **5. Appointments**

None.

#### **6. Reports and Communications**

- a. From Legal Counsel.
- b. From Staff.
  1. Discussion of TCL&P providing Wi-Fi in DDA District. (Verbal - Arends/Rob Bacigalupi)
  2. Strategic Planning Focus Groups and Survey. (Arends/Hometown Connections) (p. 25)

3. Report regarding the Historic Barns Park Geothermal Heating & Cooling System.  
(Wheaton) (p. 28)

c. From Board.

**7. Public Comment**

/st

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Regular Meeting  
Held at 5:15 p.m., Commission Chambers, Governmental Center  
Tuesday, August 27, 2013

**Board Members -**

Present: Barbara Budros, Jim Carruthers, Jan Geht, Bob Spence,  
John Taylor, Patrick McGuire

Absent: Jeff Palisin

**Ex Officio Member -**

Present: Jered Ottenwess, City Manager

**Others:** Tim Arends, W. Peter Doren, 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**

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

- a. Minutes of the Strategic Planning Session and Regular Board Meeting of August 13, 2013.
- b. METC-TCL&P-Wolverine – Amended Grand Traverse Substation Interconnection Facilities Agreement.

CARRIED unanimously. (Palisin absent)

**Items removed from the Consent Calendar**

None.

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

None.

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

- 4(a).** Consideration of authorizing the TCL&P/Consumers Amendment No. 2 to the Joint Pole Attachment Agreement.

The following individuals addressed the Board:

Tim Arends, Executive Director  
Michael McGeehan, GRP Engineering, Inc.

Moved by Budros, seconded by Taylor that the Board authorizes the Chairman and Secretary to enter in to an Amendment No. 2 to the License Agreement for the Joint Use of Poles between Consumers Energy Company and City of Traverse City; subject to approval as to substance by

the Executive Director and approval as to form by General Counsel; and further authorizes payments to Consumers Energy Company as required in the Amendment.

CARRIED unanimously. (Palisin absent)

- 4(b).** Consideration of authorizing and Agreement with GRP Engineering, Inc. for transmission line design and inspection services.

The following individuals addressed the Board:

Tim Arends, Executive Director  
Michael McGeehan, GRP Engineering, Inc.

Moved by Budros, seconded by Geht that the Board authorizes the Executive Director to enter into an Agreement with GRP Engineering for engineering design and construction inspection services for the Parsons Road 69kV Transmission Line Rebuild Project as outlined in its proposal dated May 29, 2013; and further authorizes the Executive Director to administer work orders and amendments as required in the best interests of the utility.

CARRIED unanimously. (Palisin absent)

- 4(c).** Consideration of authorizing a Service Order for the continuation of the TC Saves Program.

In the interest of full disclosure, John Taylor announced his volunteer role on the SEEDS Board and the fiduciary responsibility he possesses as a board member. John will recuse himself from any board discussion and/or vote on this agenda item.

The following individuals addressed the Board:

Jessica Wheaton, Marketing & Community Relations Coordinator  
Brian Beauchamp, MLUI  
Tim Arends, Executive Director  
Sarna Salzman, SEEDS

Moved by Carruthers, seconded by Spence, that the TCL&P Board supports the continuation of the TC Saves Program for a third sweep and authorizes the Executive Director to enter into a standard Professional Services Agreement in the amount of \$60,000 with SEEDS and the Michigan Land Use Institute.

CARRIED unanimously. (Palisin absent)

**Item 5 on the Agenda being Appointments**

None.

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

- A. From Legal Counsel.

None.

- B. From Staff.

1. Tim Arends gave an update regarding the strategic planning process.

C. From Board.

None.

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

No one from the public commented.

There being no objection, Chairman McGuire declared the meeting adjourned at 6:31 p.m.

/st

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Tim Arends, Secretary  
LIGHT AND POWER BOARD

DRAFT



**T R A V E R S E C I T Y  
L I G H T & P O W E R**

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director  
**Date:** September 5, 2013  
**Subject:** 2013 MERS Annual Meeting – Delegate and Alternate

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Handwritten initials "TA" inside a circle, likely representing Tim Arends.

Attached is a memo from Kelli Schroeder, Human Resource Generalist, explaining the appointments of the Employer Officer Delegate and Officer Alternate for the Municipal Employees Retirement System of Michigan (MERS) Annual Meeting.

This item is appearing on the consent calendar as staff deems it to be a non-controversial item. Approval of this item on the consent calendar means you agree with staff's recommendation to appoint a MERS delegate and alternate.

If any member of the Board of the public wishes to discuss this matter, other than clarifying questions, it should be placed on the agenda as an item under Items Removed from the Consent Calendar. If after Board discussion you agree with staff's recommendation the following motion would be appropriate:

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_,  
THAT CONTROLLER, KARLA MYERS-BEMAN AND HUMAN RESOURCE  
GENERALIST, KELLI SCHROEDER, BE APPOINTED OFFICER DELEGATE AND  
OFFICER ALTERNATE DELEGATE RESPECTIVELY, FOR THE 2013 ANNUAL  
MEETING OF THE MUNICIPAL EMPLOYEES RETIREMENT SYSTEM; AND FURTHER  
THAT THE EXECUTIVE DIRECTOR BE AUTHORIZED TO EXECUTE THE  
CERTIFICATION OF DELEGATES.**



**TRAVERSE CITY  
LIGHT & POWER**

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**To: Timothy Arends, Executive Director**  
**From: Kelli Schroeder, Human Resource Generalist**  
**Date: September 4, 2013**  
**Subject: MERS Annual Meeting - Delegates**

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The Municipal Employees Retirement System holds their Annual Meeting each year in the fall. Their 2013 meeting is set for October 1 – October 3, 2013 at the Grand Traverse Resort in Acme.

The MERS Plan Document provides that our Employees' Delegate and Alternate Delegate shall be selected by secret ballot of the employees who are members of the Retirement System. This year Doug IZARD was elected as Employee Delegate.

The Employer appoints an Officer Delegate and Officer Alternate Delegate to attend this meeting. Please appoint Karla Myers-Beman, Controller as Officer Delegate and Kelli Schroeder, Human Resource Generalist as Alternate Delegate.

Attached please find the MERS 2013 Annual Meeting Delegate and Alternate Certification form appointing the Officer Delegate and Alternate. This form also indicates the Employees' selection for Delegate.

Please present this to the TCL&P Board at the September 10, 2013 Regular meeting for their review and approval.





**Municipal Employees' Retirement System of Michigan**  
 1134 Municipal Way • Lansing, MI 48917  
 800.767.2308 • Fax: 517.703.9706  
 www.mersofmich.com

## 2013 Officer and Employee Delegate Certification Form

MERS 67<sup>th</sup> Annual Meeting | October 1 – 3, 2013 | Grand Traverse Resort | Acme, Michigan

Please print clearly • Retain a copy for your records

**IMPORTANT:** If you are registering for MERS Annual Meeting as a voting delegate, your registration is not confirmed until this form has been received by MERS.

In order to be a delegate representative to MERS Annual Meeting, you must be a member of MERS defined as an individual on payroll who is enrolled in MERS Defined Benefit Plan, Hybrid Plan, or Defined Contribution Plan.

### 1. Officer (and alternate) delegate information

The officer delegate (or alternate) shall be a MERS member who holds a department head position or above, exercises management responsibilities, and is directly responsible to the legislative, executive, or judicial branch of government.

Officer Delegate name

**Karla Myers-Beman, Controller**

Officer Alternate name

**Kelli Schroeder, Human Resource Generalist**

Officer delegate and alternate listed above were appointed to serve at the 2013 MERS Annual Meeting by official action of the governing body (or chief judge for a participating court) on \_\_\_\_\_, 2013.

### 2. Employee (and alternate) delegate information

The employee delegate (or alternate) shall be an employee member who is not responsible for management decisions, receives direction from management and, in general, is not directly responsible to the legislative, executive, or judicial branch of government.

Employee Delegate name

**Douglas Izard**

Employee Alternate name

Employee delegate and alternate listed above were elected to serve at the 2013 MERS Annual Meeting by secret ballot election conducted by an authorized officer on September 4, 2013.

### 3. Certification

*NOTE:* Certification should be signed by a member of the governing body or chief administrative officer, or the chief judge for a participating court, and municipality number provided in space at the bottom of certification box.

I certify that the officer delegate and alternate selections are true and correct, and the secret ballot election results for employee delegate and alternate are true and correct.

Employer/municipality name*		Municipality number*	Email address	
Traverse City Light & Power		2811		
Employer address	Employer city	Employer state	Employer zip code	
1131 Hastings Street	Traverse City	MI	49686	
Signature of authorized authority*		Printed name		
		Timothy Arends		
		Date		
Title of authorized authority*				
Executive Director				


\* Required field

FOR THE LIGHT & POWER BOARD MEETING OF SEPTEMBER 10, 2013



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light and Power Board  
**From:** Tim Arends, Executive Director  
Karla Myers-Beman, Controller   
**Date:** August 22, 2013  
**Subject:** Utility Lien Ordinance

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Staff is recommending the support of the Board for three modifications to be recommended for adoption by the City Commission for Section 1046 Code of Ordinances, Electricity.

The first is to add a section on Meter Tampering. In the past year, the Department had incidences where a customer tampered with an electrical meter more than once and the Treasurer's office had to call upon the Police Department to handle the situation. With the adoption of this section, the City Code Enforcement Officer would be able to handle these types of situations and issue citations, if needed, and allow City Police efforts to be focused elsewhere.

The second is to modify section 1046.01 Delinquent Bills. As recommended by the Hometown Connections Efficiency Study, staff evaluated options for recovering additional bad debt. One option staff is recommending is to reduce the lien threshold from \$1,000 to \$200. Based on the current bad debt held by the Utility this would leave an average of \$16,000 of uncollectable receivables per year and reduce the monthly write-off from \$3,070 to approximately \$1,333 which is \$.00057 per revenue dollar, well below APPA's average of \$.0023. Another benefit of this change is it will be an attribute in keeping low rates, because the delinquent receivables will no longer have to be subsidized by all utility customers.

By reducing the lien threshold to \$200 and not to \$0, the utility would increase its cash flow of bad debts, while eliminating the burden of placing every bad debt on the tax roll. A majority of these balances are insignificant and the entity loses the cost/benefit of collection.

The third is to modify section 1046.01 Delinquent Bills, which will allow the utility to utilize a third party collection agency to collect on its behalf. Based on the City Attorney's opinion we are not able to utilize these efforts with the current language in the ordinance, because once it becomes a lien the Utility has to collect the balance in full. Most of the accounts that will be transferred to a lien are tenant/landlord relationships, and landlords have an expectation that the department will use aggressive collection efforts to avoid bad debts from appearing on their tax bills.

Attached for your review are the changes to City Code of Ordinance Section 1046.

If after Board discussion you agree with staff's recommendation the following board motion would be appropriate.

FOR THE LIGHT & POWER BOARD MEETING OF SEPTEMBER 10, 2013

MOVED BY \_\_\_\_\_, AND SECONDED BY \_\_\_\_\_

THAT THE LIGHT AND POWER BOARD ADOPTS THE RESOLUTION TO REQUEST THE CITY COMMISSION AMEND SECTION 1046 OF THE TRAVERSE CITY CODE OF ORDINANCES.



**TRAVERSE CITY LIGHT AND POWER DEPARTMENT  
RESOLUTION  
REQUESTING AMENDMENT OF ORDINANCE REGARDING DELINQUENT  
ELECTRIC UTILITY BILLS AND METER TAMPERING**

WHEREAS, The City Commission of the City of Traverse City on May 18, 1987, enacted Traverse City Code of Ordinance Section 1046.01 providing that delinquent Light and Power Department bills become a lien on the premises served, and if over \$1,000 and delinquent for six months, may become a charge that is collected and enforced in the same manner as the collection of taxes; and

WHEREAS, Traverse City Light and Power Department is a municipal utility created for the benefit of local control and governance; and

WHEREAS, such ordinances are authorized by Section 21 of the Revenue Bond Act of 1933, MCL 141.121; and

WHEREAS, it is the Traverse City Light and Power Department responsibility to utilize all collection efforts including third party collection efforts in collecting delinquent receivables in the effort to keep rates low; and

WHEREAS, the \$1,000 limit was requested by the Light and Power Board in the enactment of the ordinance; and

WHEREAS, the Light and Power Board now wishes to reduce the \$1,000 limit to \$200 and allow all charges by Traverse City Light and Power Department that exceed that amount and is delinquent for six months to be collected and enforced in the same manner as property taxes; and

WHEREAS, the Light and Power Board would like to add additional language to City Code of Ordinance Section 1046 in regards to meter tampering to allow the City Code Enforcement Officer to provide enforcement; and

WHEREAS, this would alleviate the Police Department from having to enforce these offenses under Public Act 328 of 1931, The Michigan Penal Code, and allow their efforts to be focused elsewhere;

NOW, THEREFORE, BE IT RESOLVED that the Traverse City Light and Power Board requests the City Commission to amend Section 1046.01 (b) of the Traverse City Code of Ordinances to reduce the \$1,000 limit to \$200 limit and to add Section 1046.01 (d) to include the ability to utilize third party collection efforts, and to add Section 1046.03 to include additional language for meter tampering to allow for enforcement by the City Code Enforcement Officer.

I hereby certify that the above Resolution was adopted on September 10, 2013, at the regular TCL&P board meeting held in the Commission Chamber, Governmental Center, 400 Boardman Avenue, Traverse City, Michigan.

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Timothy J. Arends, Secretary  
Traverse City Light & Power Board

# CHAPTER 1046

## Electricity

- 1046.01 Delinquent bills.  
~~1046.99 Penalty.~~
- 1046.032 Telecommunication services.  
1046.03 Meter Tampering  
1046.99 Penalty.

### CROSS REFERENCES

- Electricity generally - see Mich. Const. Art. 7, Secs. 24, 25  
Electrical Code in home rule cities - see M.C.L.A. Secs. 117.3, 117.4b et seq., 117.4f  
Aerial wires - see S.U. & P.S. 1020.06; F.P. 1610.13  
Electrical Inspector - see B. & H. 1444.03  
Electrical equipment in floodways - see B. & H. 1458.08  
Electric signs - see B. & H. 1476.19(d)  
Electricity for mobile homes - see B. & H. 1480.01  
Electricity in rental dwellings - see B. & H. 1482.13

### 1046.01 DELINQUENT BILLS.

- (a) Lien. Charges for services provided by the Light and Power Department pursuant to Section 21 of Act 94 of the Public Acts of 1933, as amended (M.C.L.A. 141.121) are a lien on all premises served thereby, unless written notice is given by the owner that a tenant is responsible pursuant to this chapter.
- (b) Placement on Tax Roll. Whenever any such charge against any piece of property exceeds one thousand dollars (~~\$1,000~~200) and is delinquent for six months, the City Treasurer or other official in charge of the collection thereof may certify, on or before ~~February~~May 1 of each year to the City Assessor, and on or before September 1 of each year to the proper tax assessing officer outside of the City, the fact of such delinquency. Upon such certification, such delinquent charge shall be entered upon the next tax roll as a charge against such premises, and a lien thereof shall be enforced in the same manner as general taxes against such premises are collected.
- (c) Tenancy. Where written notice is given by the owner that a tenant is responsible for such charges as provided by Section 21 of Act 94 of the Public Acts of 1933, as amended, no further service shall be rendered to such premises until a cash deposit of an amount, not exceeding two months service, has been made as security for payment of such charges. (Ord. 225. Passed 5-18-87.)
- (d) Collection. The Utility may utilize third party collection efforts in collecting any outstanding receivable before it is certified to the City Assessor.

(e)

### 1046.022 TELECOMMUNICATION SERVICES.

The Light and Power Department of the City is hereby authorized to engage in telecommunications services. All powers and duties possessed by the Light and Power Department and the Light and Power Board pursuant to Chapter XVIII of the City Charter are hereby made applicable to

telecommunication services. As used in this section, "telecommunication services" means approved cable television systems, approved cable communication systems or telephone systems, including plants, works, instrumentalities and properties used or useful in connection with such systems and further means wired and wireless broadband services, and services whether wired or wireless for the transmission of 2-way interactive communication and associated usage.

(Ord. 261. Passed 10-3-88. Ord. 865. Passed 04-19-10.)

### 1046.03 METER TAMPERING

- (a) TCL&P Meters. All electric meters receiving service from the Traverse City Light and Power Department are the property of that electric utility.
- (b) Tampering. Unless authorized by the electric utility owning the meter, a person shall not work on, interfere with, damage or remove an electric meter or allow or assist another person to do so.
- (c) Bypassing Meter. A person shall not place in use any device which allows electricity to be used and not measured by an electric utility's meter.
- (d) Responsibility. An adult person occupying or having control over the property at which the meter is located or receiving a benefit from the electricity consumed is presumed responsible for any discovered tampering or bypassing of that meter.
- (e) Sanctions. A person who violates this section is responsible for a municipal civil infraction, the sanctions for such violation, and the retail price of electricity that has not been metered. The electric utility's estimate of the unmetered electricity consumed shall be presumed correct unless proven otherwise.



### **1046.99 PENALTY.**

(EDITOR'S NOTE: See Section 202.99 for general Code penalty if no specific penalty is provided.)



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light and Power Board  
**From:** Tim Arends, Executive Director   
Karla Myers-Beman, Controller   
**Date:** September 1, 2013  
**Subject:** Power Cost Recovery

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In June 2011, the Board approved stabilizing rates by capping all residential customers power cost recovery rate at \$.00681 and later approved a cap on all commercial customers at \$.012. At that time, the Board believed the cash surpluses of the utility were significant enough to lower customer bills during the recessionary period. This tariff rate has been increasing faster than anticipated because of the change in the utility's purchase power supply (moving from MPPA power pool to the Lansing Bridge Agreement, the Stoney Corners Wind Contract, and unscheduled periodic plant shutdowns at Belle and Campbell for maintenance). Since the capping was implemented the utility has absorbed additional variable costs of purchased power in the amount of \$5.0M.

The purpose of the fuel cost adjustment or power cost recovery tariff rate is to pass on to the customers variable costs through a difference of a base rate and 12 month rolling average rate relating to fuel (coal, oil and natural gas) used in the generation of electricity. These costs do not remain flat or fixed because of global market demand and supply conditions. Included in this packet are some documents, which help explain the calculation of the power cost recovery rate.

The utility has current capital projects underway, East Hammond 69KV line/substation and the construction of the new South Substation, solely these two system reliability projects alone approximate a future cash outflow of \$6.8M and the expected total cash outflow for all capital projects in the fiscal year 2013-14 is \$10.9M. As of June 30, 2013, Light and Power's unreserved and undesignated cash balance is approximately \$12.9M compared to \$ 19.1M as of June 30, 2012, respectively, and the June 30, 2014 projected unreserved and undesignated cash balance is \$2.5M. Spreadsheets have been provided showing the projected future cash flow along with the preliminary financial statements balances as of June 30, 2013.

Based on the current and projected cash balance and the projected future capital outflow it is staff's recommendation for the Board to remove the power cost recovery cap for both residential and commercial customers as of October 1, 2013. The average, maximum and minimum impacts to residential and commercial customers are as follows:



FOR THE LIGHT & POWER BOARD MEETING OF SEPTEMBER 10, 2013

	<b>Commercial/Industrial</b>		<b>Residential</b>
Average	\$ 45.74	\$	6.16
Maximum	\$ 111.67	\$	12.15
Minimum	\$ 14.84	\$	2.88

If after Board discussion you agree with staff's recommendation the following board motion would be appropriate.

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

THAT THE LIGHT AND POWER BOARD APPROVES LIFTING THE PCR CAP FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS EFFECTIVE OCTOBER 1, 2013.

**FUEL-POWER COST ADJUSTMENT**

The Fuel-Power Cost Adjustment shall be derived as follows: The coal, gas, and net purchased power costs, **including MISO and SECA expenses**, (all referenced to Plant bus voltage) during the month shall be totaled and then divided by the net Traverse City energy provided to yield a cost per kWh experienced during that month. This experienced cost is then compared to the base cost of **48.57** mils/kWh with the resulting difference in mils/kWh to be multiplied by 105%; the resulting difference so multiplied shall be known as the Fuel-Power Cost Adjustment and shall be applied as follows beginning on the first day of the second month following data acquisition. If the experienced cost is higher than the base cost, the Fuel-Power Cost Adjustment shall be added onto the cost of all kWh billed. If the experienced cost is lower than the base cost, the Fuel-Power Cost Adjustment will be subtracted from the cost of all kWh billed.

The Department shall establish a (0-15 mil) DELAYED FPCA BILLING BANK to be administered by the Executive Director, or designate, for the purpose of stabilizing the FPCA as rendered.



**Traverse City Light & Power  
Monthly PCR Adjustment**

Power Cost Recovery (PCR) for all kWh in the Month:	<b>September-13</b>
Based on Cost of 2 Months Prior - Per Rate Schedules:	<u><u>\$ 0.010160</u></u>

**Purchased Power Costs:**

Lansing Bridge Agreement	\$ 507,482.01	
MISO Purchased Power	\$ (281,475.15)	
Wolverine Trans. Loss Charges	\$ 2,799.34	
MPPA Transmission Committee	\$ 27,698.35	
Campbell #3	\$ 453,425.23	
Belle River	\$ 379,470.89	
Combustion Turbine	\$ 272,165.05	
Landfill Gas	\$ 37,986.86	
Stoney Corners	\$ 150,307.90	
Total Purchased Power Costs		<u><u>\$ 1,549,860.48</u></u>

**System Energy:**

Net kWh Purchased @ 69 Kv	27,290,977	
97.5% = 13.8 Kv kWh		<u>26,608,703</u>
Total System kWh		<u><u>26,608,703</u></u>
Actual Calculated Cost / kWh		<u><u>\$ 0.05825</u></u>
Base Cost per Rate Schedules	<u>\$ 0.04857</u>	
Actual PC/kWh, Less Base		<u>0.00968</u>
Calculated PCR @ 105%		<u><u>\$ 0.010160194</u></u>

**Traverse City Light & Power  
System Energy Report  
July 2013**

	Net kWh		System Peak Information
		Day	7/31/2013
		Time	3:00 PM
<b><u>Generation:</u></b>		kW Peak	72,081
Wind Turbine	34,284		
Britten Banner	-		
<b><u>Purchases:</u></b>			
Lansing Bridge Agreement	10,016,000		
Combustion Turbine	5,155,356		
MISO Purchased Power (net)	(2,732,500)		
Belle River	5,574,294		
Campbell #3	7,185,177		
Landfill Gas	716,710		
Stoney Corners Wind Farm	<u>1,375,940</u>		
Total Purchases	<u>27,290,977</u>		
Total System Energy	<u><u>27,325,261</u></u>		
Total Renewable Energy	<u><u>7.8%</u></u>		

**Traverse City Light & Power**  
**Input Data for Monthly kWh Reports**  
**July 2013**

	Net kWh	Cost	Cost/ kWh
Wind Turbine (Net)	34,284		
Britten Banner	-		
Cambell #3	7,185,177	\$ 422,977.10	\$ 0.06311
Cambell #3 - Energy Svcs	n/a	\$ 30,448.13	
Belle River	5,574,294	\$ 328,097.16	\$ 0.06808
Belle River - Energy Svcs	n/a	\$ 51,373.73	
Combustion Turbine	5,155,356	\$ 526,578.36	\$ 0.05279
Combustion Turbine - Energy Svcs	n/a	\$ (254,413.31)	
Landfill Gas (Net of MISO)	716,710	\$ 61,246.00	\$ 0.05300
Landfill Gas - Energy Svcs	n/a	\$ (23,259.14)	
MISO Billings thru LBWL 7/26	487,900	\$ 32,150.01	\$ 0.06589
MISO Billings thru LBWL 7/19	(2,096,900)	\$ (134,878.75)	\$ (0.06432)
MISO Billings thru LBWL 7/12	(949,400)	\$ (144,140.40)	\$ (0.15182)
MISO Billings thru LBWL 7/5	(174,100)	\$ (34,606.01)	\$ (0.19877)
Total MISO Energy	(2,732,500)	\$ (281,475.15)	\$ (0.10301)
Wolverine Power Loss Charges	n/a	\$ 2,799.34	n/a
MPPA Transmission Committee	n/a	\$ 27,698.35	n/a
Stoney Corners Wind Farm	1,375,940	\$ 150,307.90	\$ 0.10924
Lansing Bridge Agreement	10,016,000	\$ 507,482.01	\$ 0.05067
Total Purchases (Net of Offsets)	27,290,977	\$ 1,549,860.48	\$ 0.05679

## TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

### PRELIMINARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS LIGHT AND POWER FUND FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Positive (Negative)
<b>Operating revenues</b>			
Charges for services	\$ 29,208,500	\$ 29,608,965	\$ 400,465
MISO income	2,142,000	2,353,289	211,289
Other	160,000	201,912	41,912
<b>Total operating revenues</b>	<b>31,510,500</b>	<b>32,164,166</b>	<b>653,666</b>
<b>Operating expenses</b>			
Generation	21,504,750	23,577,995	(2,073,245)
Distribution	3,505,100	3,457,442	47,658
Transmission	198,350	350,943	(152,593)
Customer accounting	550,000	513,689	36,311
Public service	2,049,350	1,689,192	360,158
General administration	1,145,250	1,000,135	145,115
Other	66,500	55,453	11,047
City fee	1,578,200	1,608,208	(30,008)
Depreciation	1,875,000	1,808,182	66,818
<b>Total operating expenses</b>	<b>32,472,500</b>	<b>34,061,239</b>	<b>(1,588,739)</b>
<b>Operating loss</b>	<b>(962,000)</b>	<b>(1,897,073)</b>	<b>(935,073)</b>
<b>Nonoperating revenues</b>			
Rental income	77,500	65,228	(12,272)
Reimbursements	100,000	161,138	61,138
Interest income	180,000	173,305	(6,695)
Change in fair value of investments	-	22,891	22,891
Loss on sale of fixed assets	-	-	-
<b>Total nonoperating revenues</b>	<b>357,500</b>	<b>422,562</b>	<b>65,062</b>
Change in net assets	(604,500)	(1,474,511)	(870,011)
Net assets, beginning of year	71,880,850	71,880,850	-
<b>Net assets, end of year</b>	<b>\$ 71,276,350</b>	<b>\$ 70,406,339</b>	<b>\$ (870,011)</b>

The accompanying notes are an integral part of these financial statements.

# Traverse City Light & Power

## Cash Flow Forecast - PCR Cap In Place - No Rate Increase

Fiscal Year:	Actual		Budget						
	Projected 2012/13	Recommended 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2018/19	
<b>Receipts</b>									
Operating Revenues	32,164,166	32,675,000	33,328,500	33,995,070	34,674,971	35,368,471	36,075,840	36,075,840	
Non Operating Revenues	422,562	430,050	438,651	447,424	456,373	465,500	474,810	474,810	
<b>Total Receipts</b>	<b>32,586,728</b>	<b>33,105,050</b>	<b>33,767,151</b>	<b>34,442,494</b>	<b>35,131,344</b>	<b>35,833,971</b>	<b>36,550,650</b>	<b>36,550,650</b>	
<b>Payments</b>									
Generation Expense	23,826,654	24,300,000	24,786,000	25,781,720	26,297,354	26,823,301	27,359,768	27,359,768	
Distribution Expense	3,457,442	3,470,000	3,556,750	3,645,669	3,736,810	3,830,231	3,925,986	3,925,986	
Transmission Expense	350,943	420,900	431,423	442,208	453,263	464,595	476,210	476,210	
Metering & Customer Accounting	513,689	573,400	587,735	602,428	617,489	632,926	648,749	648,749	
Conservation & Public Service	1,689,192	1,027,750	1,053,444	1,079,780	1,106,774	1,134,444	1,162,805	1,162,805	
Administrative & General	1,000,135	1,163,950	1,193,049	1,222,875	1,253,447	1,284,783	1,316,903	1,316,903	
Insurance	55,453	66,350	68,009	69,709	71,452	73,238	75,069	75,069	
City Fee	1,608,208	1,634,700	1,666,425	1,699,754	1,733,749	1,768,424	1,803,792	1,803,792	
Capital Investments	6,316,588	10,908,356	5,625,000	3,950,000	4,150,000	4,650,000	5,150,000	5,150,000	
<b>Total Payments</b>	<b>38,818,304</b>	<b>43,565,406</b>	<b>38,967,834</b>	<b>38,494,142</b>	<b>39,420,339</b>	<b>40,661,942</b>	<b>41,919,282</b>	<b>41,919,282</b>	
<b>Cashflow Surplus/Deficit (-)</b>	<b>(6,231,576)</b>	<b>(10,460,356)</b>	<b>(5,200,683)</b>	<b>(4,051,648)</b>	<b>(4,288,995)</b>	<b>(4,827,971)</b>	<b>(5,368,631)</b>	<b>(5,368,631)</b>	
Opening Cash & Investments Balance	28,718,899	22,487,323	12,026,967	6,826,284	2,774,636	(1,514,359)	(6,342,330)	(6,342,330)	
Closing Cash & Investments Balance	22,487,323	12,026,967	6,826,284	2,774,636	(1,514,359)	(6,342,330)	(11,710,961)	(11,710,961)	
Reserved Cash & Investment Balance	9,525,000	9,525,000	9,525,000	9,525,000	9,525,000	9,525,000	9,525,000	9,525,000	
Unreserved & Undesignated Cash & Investment Balance	12,962,323	2,501,967	(2,698,716)	(6,750,364)	(11,039,359)	(15,867,330)	(21,235,961)	(21,235,961)	
Additional receipts if PCR Cap was lifted		1,280,000	1,989,000	2,028,780	2,069,356	2,110,743	2,152,958	2,152,958	
Opening Cash & Investments Balance	28,718,899	22,487,323	13,306,967	10,095,284	8,072,416	5,852,777	3,135,549	3,135,549	
Closing Cash & Investments Balance	22,487,323	13,306,967	10,095,284	8,072,416	5,852,777	3,135,549	(80,125)	(80,125)	
Reserved Cash & Investment Balance	9,525,000	9,525,000	9,525,000	9,525,000	9,525,000	9,525,000	9,525,000	9,525,000	
Unreserved & Undesignated Cash & Investment Balance	12,962,323	3,781,967	570,284	(1,452,584)	(3,672,223)	(6,389,451)	(9,605,125)	(9,605,125)	

Note 1: Budgeted purchase power amount was modified based on current year experience.





**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Jessica Wheaton, Marketing & Community Relations Coordinator  
**Date:** September 3, 2013  
**Subject:** Strategic Planning Focus Groups and Survey

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A handwritten signature in black ink, appearing to be "JW", located to the right of the header information.

After the August 27 Board meeting and the discussion regarding the strategic planning focus groups and customer survey, staff followed up with Hometown Connections to get their feedback on how to proceed. Hometown Connections' recommendations can be found below. Steve VanderMeer will also be attending the September 10 Board meeting via conference call and will be able to further elaborate on their recommendations.

**Purpose of Focus Groups**

In terms of an overall objective of the focus groups, we are looking mostly for *qualitative* feedback on whether the emerging strategic priorities resonate with TCL&P customers. This means using a facilitated discussion to test their awareness of the utility's role in the community and whether the emerging priorities are reflective of their own. While the development of a strategic plan should look to organizational, community and industry data, ultimately the plan must be a synthesis of that data, and the governing board must embrace its role as an interpreter of the voice of the utility's customer and the community in general. A focus group allows for a more deliberative discussion of issues than a survey, and from this, we hope to gauge customers' comfort with the priorities, understand how the utility can best frame this discussion with the community and potentially flag issues that generated strong dissent, confusion or concern.

**Selection of Focus Group Participants**

A focus group is not meant to provide statistically significant data, and organizations that attempt to definitive conclusions of public buy-in do so at their own peril. Because of this, there is also no requirement to choose focus group participants randomly. Indeed, in the for-profit world, focus group selection will often go through a lengthy pre-screening process. Hometown Connections is certainly happy to explore from where to draw participants. We think the neighborhood presidents population currently proposed ensures some demonstrated commitment to the community, a higher than average likelihood of familiarity with the utility, and their role as residential customers for the purpose of the focus group is reinforced. A random sample selection might achieve these same things, but it also runs the risk of inviting participants who are very recent customers, are not engaged in the community, have little familiarity with the utility, etc. There was also some discussion of inviting both residents and non-residents. This is possible, but runs the risk of focusing the discussion mostly on the differences of perception of the two customer groups. While a valuable topic, it is less relevant for the purpose of the strategic plan development and may be addressed more effectively through other avenues. This seems particularly appropriate given board discussion during the time Hometown Connections was onsite, when board members seemed to be in consensus that the purpose of the utility was the betterment of the city of Traverse City.

On the commercial side, drawing from among the key accounts would be Hometown's preference. As major consumers of TCL&P-provided energy, they should have a strong interest in the strategic decisions the utility is exploring. Moreover, the act of reaching out to key accounts is itself an important part of any key accounts program. Mixing large and small commercial customers is possible, but as the disparity in size grows, so too does the likelihood that their needs will increasingly differ. One suggestion to consider is whether any of the key accounts have no local autonomy. That is, if there is a national company that has centralized all billing, energy management, communications to an HQ located elsewhere, the input from the local representatives may be limited.

There was also some discussion at the last board meeting of drawing participants from a past "interested parties" meeting. This is certainly the utility's prerogative, but we would caution that such a group may promote a discussion that is more reflective of the interests of the respective groups (business community, environment community, etc.), rather than individual's personal perceptions and expectations as a commercial or residential customer of the utility.

The topics we anticipate discussing with these focus groups will be around the choices and trade-offs that the utility is facing as it navigates a landscape of changing technology, customer expectations, community needs, and outside challenges (power supply, environmental mandates, legislation, etc.). These will be developed in more detail through ongoing conversations with the utility.

#### **Customer Survey**

TCL&P staff received a quote from Cathlyn Sommerfield, Ph.D., former Director of Research Services at NMC (NMC no longer offers this service), to perform a statistically significant customer survey. Dr. Sommerfield has provided a quote of \$9,300 to perform this work – see attached quote.

TCL&P staff has also discussed the possibility of using the November 2013 bill insert as an opportunity for customers to provide input on the strategic planning process. The use of an online survey tool can also be utilized to collect customer input and feedback at minimal cost.

CS Research & Consulting, LLC – Project Estimate

<b>Traverse City Light &amp; Power – 2013 Strategic Planning Survey</b>	
	<b>Telephone Survey</b> <b>Date</b> 9/5/2013
<b>Client</b>	Traverse City Light & Power 1131 Hastings Street Traverse City, Michigan 49686 Contact: Jessica Wheaton, Marketing & Community Relations Coordinator (231) 932-4574; <a href="mailto:jwheaton@tclp.org">jwheaton@tclp.org</a>
<b>CS Research &amp; Consulting, LLC</b>	Cathlyn Sommerfield, Ph.D. <i>Principal</i> Traverse City, MI 49686 231.883.2577; <a href="mailto:cathlynsommerfield@gmail.com">cathlynsommerfield@gmail.com</a>
<b>Services</b>	<p>Research services to be provided include:</p> <ul style="list-style-type: none"> <li>• survey development consultation</li> <li>• select survey sample; customer files/contact info provided by TCL&amp;P</li> <li>• CATI implementation; telephone survey conducted with a random sample of TCL&amp;P residential and commercial customers. Samples will be drawn from each customer population independently; based upon an approximate residential population of 8,867 and a commercial population of 2,955, a total of 368 residential and 340 commercial surveys are necessary for a +/- 5% margin of error, 95% confidence level, by customer type.</li> <li>• data entry/analysis: frequencies – overall and by customer type, cross-tabulations by customer type/demographics, significance testing</li> <li>• final report: SPSS tables, significant cross-tabulations, additional comments</li> <li>• one working session to review results</li> <li>• presentation to TCL&amp;P Board</li> </ul>
<b>Work Plan</b>	TBD, anticipated to field Nov. 2013, with final report delivery December 6, 2013
<b>Cost Estimate</b>	\$9,300 <i>Based on 10-variable survey; one open-ended variable</i>
<b>Signature</b> CS Research & Consulting, LLC Representative	<b>Signature</b> Client Representative



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**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**Cc:** City Commission via email  
**From:** Jessica Wheaton, Marketing & Community Relations Coordinator  
**Date:** September 3, 2013  
**Subject:** Historic Barns Park Geothermal Heating & Cooling System

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A handwritten signature in black ink, appearing to be 'JW', is located to the right of the 'From:' line in the email header.

Traverse City Light & Power (TCL&P), along with Consumers Energy and Cherryland Electric Cooperative, financially contributed to the Historic Barns Geothermal Heating and Cooling project. This was a unique partnership for the three neighboring utilities as the Michigan Public Service Commission (MPSC) approved the use of PA295 Energy Optimization funds to support the project, although it was not located in two of the utility's service areas (the Historic Barns are served by Consumers Energy). TCL&P contributed \$2,000 to the project through its Pilot Program budget.

All are invited to attend the project recognition celebration on September 17 at 10 a.m. See the attached draft event program. Most likely, the celebration will be hosted inside the entrance to the Cathedral Barn, unless the weather is cooperative.

At the end of the program there will be time for Q&A, photos, and tours of the rest of the park.

## Historic Barns Park Geothermal Heating & Cooling System

Public Celebration

Tuesday, September 17 at 10 a.m.

### Program

#### Welcome

Matt Cowall, *Executive Director, City of Traverse City & Charter Township of Garfield Recreational Authority*

#### Speakers

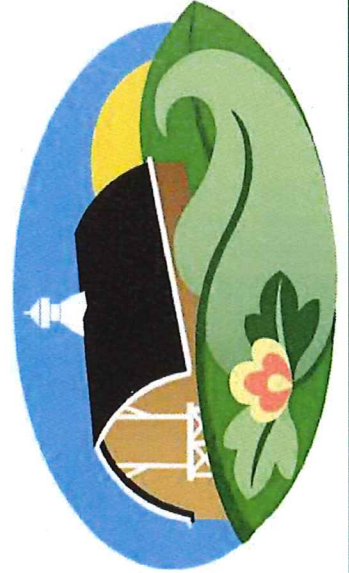
Ross Biederman, *Chair, Recreational Authority Board of Directors*

TBD, *title, Consumers Energy*

TBD, *title, Cherryland Electric Cooperative*

TBD, *title, Traverse City Light & Power*

#### Ribbon Cutting



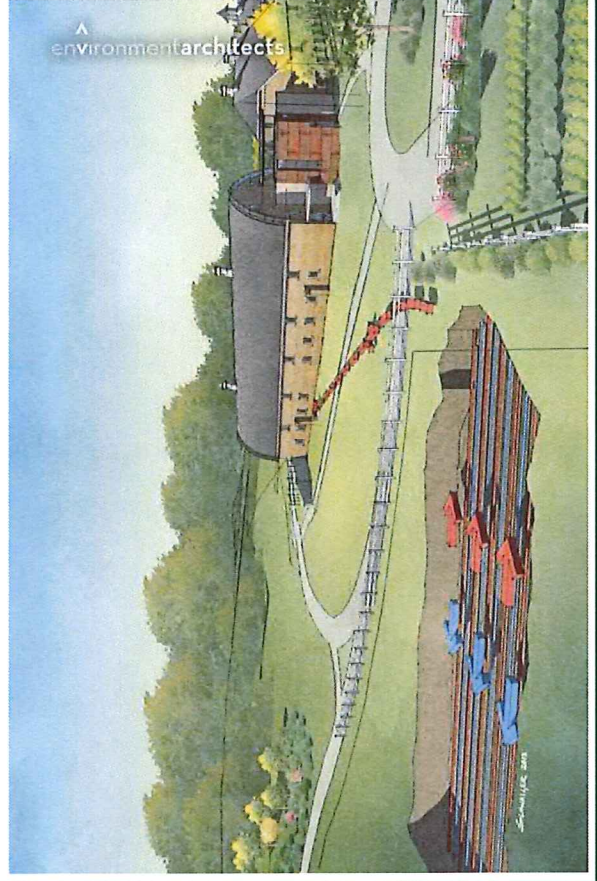
Thank you to the organizations and individuals  
whose support made the  
geothermal project possible

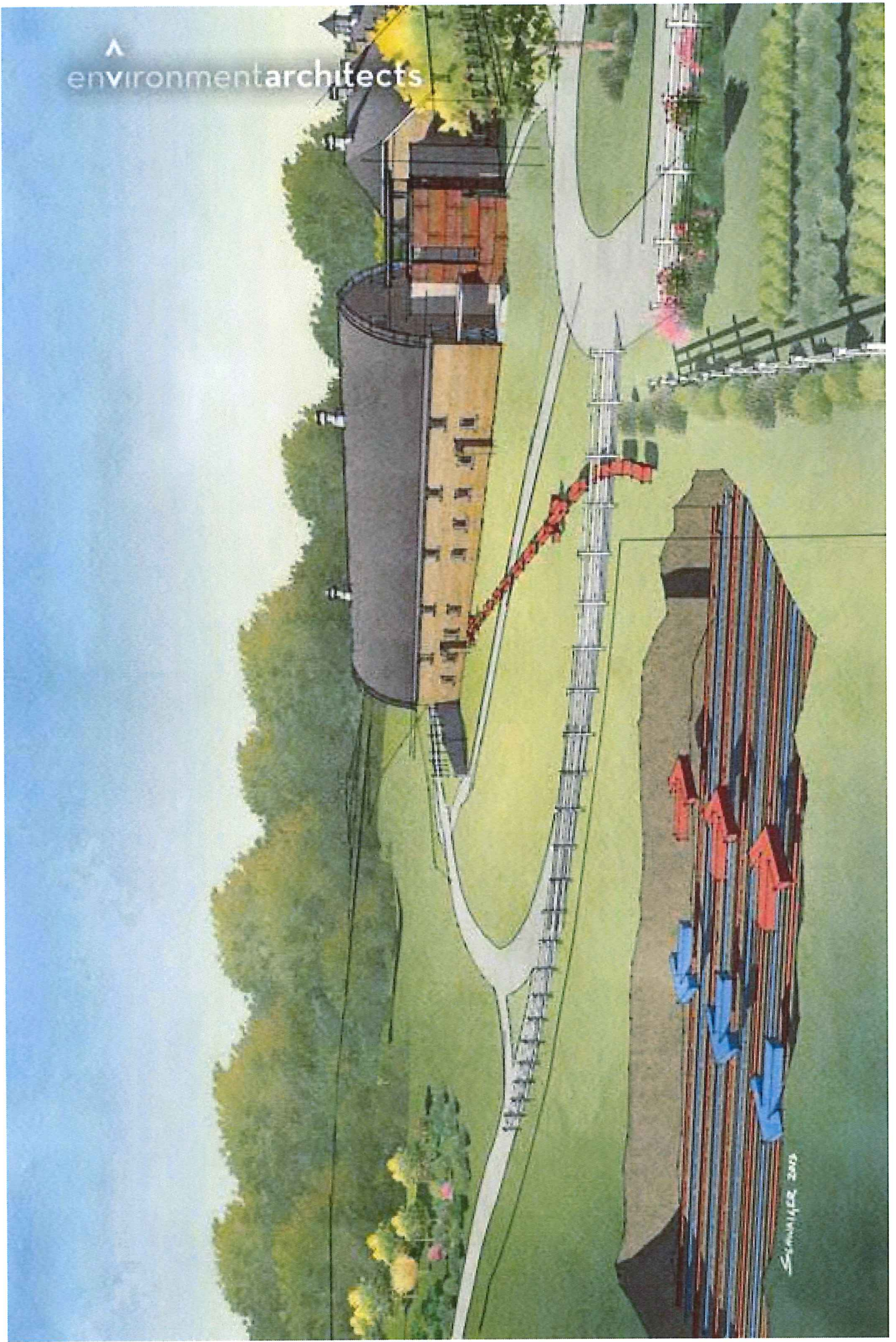
#### Major Supporters

Consumers Energy  
Cherryland Electric Cooperative  
Traverse City Light & Power  
Traverse City & Garfield Township Recreational Authority

#### Special Thanks

Debbie McKeon  
Environment Architects  
Bayshore Engineering, Inc  
Ed Birkmeier Well Drilling, Ltd  
Geothermal Loop Pros LLC  
Botanical Garden Society of Northwest Michigan  
SEEDS  
The Community Gardeners at Historic Barns Park





September 2009