

MEETING NOTICE

STUDY SESSION

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, April 2, 2013

At

5:30 p.m.

In The

LIGHT AND POWER SERVICE CENTER

1131 Hastings Street

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

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

AGENDA

Roll Call


1. Discussion of the Proposed 2013-14 Six Year Capital Improvements Plan and Operating Budgets.
2. Public Comment.

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

Posting Date: 3-28-13
2:30 p.m



**TRAVERSE CITY
LIGHT & POWER**

To: Light and Power Board
From: Tim Arends, Controller/*Interim* Executive Director 
Subject: Proposed Six Year Capital Plan-2013 & 2013-14 Operating Budgets
Date: March 28, 2013

Enclosed are the proposed Six Year Capital Plan-2013 and the 2013-14 operating budgets for the Fiber Optics Fund and the Electric Utility Fund that will be discussed at the Light & Power Board Study Session on Tuesday, April 2, 2013. I have reviewed the individual budgets by line item for each business with staff and will be prepared to answer questions you may have.

SIX YEAR CAPITAL PLAN-2013:

Staff has updated the format of the capital plan to better coincide with the capital plans of the City and the DDA. A new section outlines those joint projects that will invariably involve TCL&P in some manner. While these new projects are not entirely defined, estimates have been provided and incorporated into the fiscal years that the other entities anticipate construction activities.

In addition, several new projects are included:

- a) Overhead to underground conversion projects is added back as a new project (annual program) which had appeared in prior year's capital plans for miscellaneous underground residential projects that are deemed in the best interests of the system, or at the request of individual customers.
- b) Transformer upgrades to Parsons and Cass Road Substations are scheduled in later years, as recommended by the GRP Load Study. TCL&P will employ less costly options to extend the life of the existing transforms, but should be prepared to upgrade those transformers to meet system load growth requirements in the future.
- c) Substation security cameras have been added for the next fiscal year to allow for 24/7 monitoring of those facilities, as recommended by Hometown Connections in increasing system security for reliability/safety reasons.

FIBER OPTICS FUND:

Revenues in the Fiber Fund are anticipated to be higher because TCL&P was the successful bidder in providing dark fiber services to Grand Traverse Area Catholic Schools. GTACS will have 4 sites which will provide an additional \$26K in revenue to the fund. Expenses are lower than last year's budget due to the DDA opting to use another entity for its Wi-Fi deployment.

The Fiber Fund continues to be self-sustaining, has built a modest cash reserve, and will be in a position to begin repayment to the Electric Utility Fund for the initial capital required to build the dark fiber backbone around and through the city.

ELECTRIC UTILITY FUND:

The electric utility budget is presented as a status quo budget that incorporates a 2% inflationary increase for most line items. The budget presented for your consideration has zero net income which was attained by keeping expense and revenue assumptions consistent with the prior year. There are a few exceptions as follows:

- Revenues are budgeted to increase just .08% over prior year projections. This is intentionally conservative budgeting because last summer was unseasonably warm which is attributed to the increase in revenues that year.
- No rate increase is incorporated into the next fiscal year budget.
- The budget reflects a continuation of the power cost recovery rate cap. With this cap in place the utility avoided collecting \$2.3 million from its customers in calendar year 2012.
- Generation expenses are budgeted to increase by .5%, in-line with the increase in revenues. Purchased power expenses account for 75% of sales, which is consistent with the past two years, but a significant increase from 2009-10 due to new power purchase agreements.
- Transmission expenses have increased significantly due to additional employee wages and benefits being allocated in this area to allow for MISO reimbursement of those expenses. A more thorough explanation of this will be provided at the study session.
- Salaries and wages will increase by 2% in accordance with the labor contract.
- Conservation & Public Services department reflects the Public Act 295 energy optimization compliance amount. The increased energy optimization efforts of \$400K are incorporated into the budget to remain consistent with last year's board approved budget goals.

The most significant change from the prior year has been administrative staffing. Two full-time positions and one part-time position have been eliminated resulting in a savings of \$400K. The responsibilities of these positions are being absorbed by existing employees of TCL&P or the city. At the study session, the Board will be presented with an updated organizational chart and an intergovernmental agreement for services with the city for its consideration through this budget process.



Traverse City Light and Power (TCL&P) came into existence in 1912 with the purchase of Queen City Light and Power Company who, at the time, obtained all of its power from one hydroelectric dam on the Boardman River.

From its meager beginnings TCL&P has grown to more than 11,500 customers and now receives electric power from several sources. TCL&P has local generation available from its 75% share of a gas turbine combustion plant near Kalkaska, a wind power generation unit just west of the City limits, along with another 5 wind turbines in McBain. TCL&P also participates in three separate sources of reliable fossil fuel generation from downstate Michigan. This combination of diversified power supply sources has provided low cost electricity. The utility's electric service rates remain the lowest in the state.

TCL&P provides a customer oriented team of employees that has a reputation for listening to customer requests and implementing those requests as soon as possible. System reliability is critical to the customer and TCL&P continues to invest in its system to meet that customer demand. TCL&P customer representatives are available in the field, or in person at the Governmental Center and at the Hastings Street Service Center. The utility provides twenty-four hour, seven day a week power outage emergency service to the city's electric customers and after hours assistance for water & sewer emergencies. Other various customer services are available such as commercial/industrial/residential energy audits, and power quality analysis. In addition, TCL&P also performs several community services such as electrical safety education, tree seedling giveaway, as well as contributions to many other electrical related community projects.

TCL&P is locally-controlled and governed through its City Commission appointed Board of Directors which meets at the Governmental Center on the second and fourth Tuesdays of every month. The public is welcome at all Board Meetings and a portion of the Board agenda is scheduled for Public Comment.

Traverse City Light & Power will continue to be a progressive electric utility, always keeping its customers and the citizens of Traverse City first in our efforts.



Timothy J. Arends, Controller
Interim Executive Director
231-932-4558
tarends@tclp.org

**Traverse City Light & Power
Fiber Optics Fund
2013-14 Budgeted Revenues and Expenses**

| | FY 10/11 Actual | FY 11/12 Actual | FY 12/13 Budgeted | FY 12/13 Projected | FY 13/14 Recommended |
|---------------------------------------|--------------------|--------------------|----------------------|-----------------------|-------------------------|
| <u>Operating revenues:</u> | | | | | |
| Charges for services | \$ 183,605 | \$ 193,810 | \$ 186,500 | \$ 200,150 | \$ 229,000 |
| Wi-fi Service Fee - DDA | - | - | 65,000 | - | - |
| Total operating revenues | \$ 183,605 | \$ 193,810 | \$ 251,500 | \$ 200,150 | \$ 229,000 |
| <u>Operating expenses:</u> | | | | | |
| Office & operation supplies | \$ 799 | \$ 2,061 | \$ 3,250 | \$ 2,000 | \$ 2,000 |
| Supervision & maintenance | 28,572 | 28,631 | 66,150 | 30,000 | 41,000 |
| Overhead & Underground lines | 4,376 | 19,245 | 6,000 | 13,000 | 16,000 |
| Customer installations | 1,700 | 8,333 | 5,600 | 3,000 | 6,500 |
| Wi-fi operations & maintenance | - | - | 45,000 | - | - |
| Termination boxes | 32,839 | 13,211 | 35,400 | 15,750 | 16,500 |
| Tools | 646 | 17 | - | 150 | 150 |
| Professional services | - | - | - | - | - |
| Legal services | 253 | - | - | - | - |
| City fee | 9,180 | 9,691 | 12,600 | 10,000 | 10,100 |
| Professional development | 7,757 | 246 | 500 | 2,250 | 2,150 |
| Insurance | 1,263 | 995 | 1,450 | 950 | 1,000 |
| Repair and maintenance | 1,154 | - | 500 | 150 | 500 |
| Vehicle rental | - | (93) | - | - | - |
| Miscellaneous | - | - | 150 | - | - |
| Depreciation expense | 85,409 | 86,511 | 99,800 | 87,350 | 87,600 |
| Total operating expenses | \$ 173,948 | \$ 168,848 | \$ 276,400 | \$ 164,600 | \$ 183,500 |
| Operating income/(loss) | \$ 9,657 | \$ 24,962 | \$ (24,900) | \$ 35,550 | \$ 45,500 |
| <u>Non-operating revenues:</u> | | | | | |
| Reimbursements | 34,392 | 39,069 | 75,900 | 7,150 | 18,000 |
| Net income | \$ 44,049 | \$ 64,031 | \$ 51,000 | \$ 42,700 | \$ 63,500 |

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER DEPARTMENT
2013-14 Budgeted Revenues and Expenses Summary

| | FY 10/11 Actual | FY 11/12 Actual | FY 12/13 Budgeted | FY 12/13 Projected | FY 13/14 Recommended |
|---|---------------------|--------------------|----------------------|-----------------------|-------------------------|
| Operating Income: | \$ 29,981,458 | \$ 31,834,482 | \$ 31,510,500 | \$ 32,650,000 | \$ 32,675,000 |
| Operating Expenses: | | | | | |
| Generation Expenses: | | | | | |
| Purchased Power - Lansing BWL | \$ 6,974,397 | \$ 6,705,404 | \$ 6,160,000 | \$ 7,051,000 | \$ 6,440,000 |
| Stoney Corners - Wind Energy | 1,892,441 | 2,380,113 | 2,900,000 | 2,810,000 | 2,970,000 |
| Combustion Turbine Power Cost | 4,216,734 | 4,692,108 | 4,500,000 | 3,633,000 | 3,978,000 |
| Cambell #3 Power Cost | 3,322,056 | 4,459,611 | 4,000,000 | 4,806,000 | 4,880,000 |
| Belle River #1 Power Cost | 3,087,679 | 3,817,115 | 3,700,000 | 3,877,000 | 3,960,000 |
| Landfill Gas - Granger Project | 113,117 | 110,647 | 160,000 | 325,000 | 460,000 |
| Other Generation Expenses | 467,924 | 85,684 | 84,750 | 144,400 | 78,000 |
| Total Generation Expenses | 20,074,348 | 22,250,681 | 21,504,750 | 22,646,400 | 22,766,000 |
| Distribution Expenses: | | | | | |
| Operations & Maintenance | 3,276,966 | 3,596,637 | 3,505,100 | 3,401,750 | 3,470,000 |
| Transmission Expenses: | | | | | |
| Operations & Maintenance | 196,728 | 179,975 | 198,350 | 415,550 | 420,900 |
| Other Operating Expenses: | | | | | |
| Metering & Customer Accounting | 545,269 | 500,426 | 550,000 | 547,250 | 573,400 |
| Conservation & Public Services | 707,311 | 676,733 | 2,049,350 | 1,832,050 | 1,027,750 |
| Administrative & General | 1,320,067 | 1,112,653 | 1,145,250 | 1,020,250 | 1,163,950 |
| Insurance | 71,315 | 52,215 | 66,500 | 55,500 | 66,350 |
| Depreciation Expense | 1,732,080 | 1,808,182 | 1,875,000 | 1,892,000 | 1,982,000 |
| City Fee | 1,511,219 | 1,598,157 | 1,578,200 | 1,643,500 | 1,634,700 |
| Total Other Operating Expenses | 5,887,261 | 5,748,366 | 7,264,300 | 6,990,550 | 6,448,150 |
| Total Operating Expenses | 29,435,303 | 31,775,659 | 32,472,500 | 33,454,250 | 33,105,050 |
| Operating Income/Loss | \$ 546,155 | \$ 58,823 | \$ (962,000) | \$ (804,250) | \$ (430,050) |
| Non Operating Revenues/(Expenses): | | | | | |
| Non Operating Revenues | 990,117 | 828,563 | 357,500 | 472,250 | 430,050 |
| Non Operating Expenses | (22,324) | (172,034) | 0 | 0 | 0 |
| Total Non Operating Revenue/(Exp) | 967,793 | 656,529 | 357,500 | 472,250 | 430,050 |
| Net Income | \$ 1,513,948 | \$ 715,352 | \$ (604,500) | \$ (332,000) | \$ (0) |

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
 2013-14 Budgeted Revenues and Expenses

| | FY 10/11 Actual | FY 11/12 Actual | FY 12/13 Budgeted | FY 12/13 Projected | FY 13/14 Recommended |
|--|----------------------|----------------------|----------------------|-----------------------|-------------------------|
| OPERATING REVENUES: | | | | | |
| Residential Sales | \$ 5,421,674 | \$ 5,407,313 | \$ 5,380,000 | \$ 5,626,000 | \$ 5,675,000 |
| Commercial Sales | 13,587,206 | 14,236,306 | 14,130,000 | 14,342,000 | 14,425,000 |
| Industrial Sales | 8,321,852 | 9,219,732 | 9,205,000 | 9,214,000 | 9,325,000 |
| Public Authority Sales | 232,115 | 278,640 | 220,100 | 279,500 | 280,000 |
| Street Lighting Sales | 199,785 | 189,823 | 195,000 | 189,900 | 190,000 |
| Yard Light Sales | 82,004 | 78,753 | 78,400 | 76,100 | 76,000 |
| Forfeited Discounts | 55,757 | 43,823 | 51,500 | 58,000 | 58,000 |
| Merchandise and Jobbing | 145,548 | 56,637 | 75,000 | 51,000 | 65,000 |
| Recovery of Bad Debts | 80 | 80 | - | - | - |
| Sale of Scrap | 18,682 | 28,240 | 18,000 | 60,000 | 35,000 |
| Miscellaneous Income | 25,492 | 16,462 | 13,000 | 51,300 | 43,500 |
| Refunds and Rebates | - | 12,589 | 2,500 | 2,200 | 2,500 |
| MISO Revenue | 1,891,263 | 2,266,084 | 2,142,000 | 2,700,000 | 2,500,000 |
| TOTAL OPERATING REVENUES | \$ 29,981,458 | \$ 31,834,482 | \$ 31,510,500 | \$ 32,650,000 | \$ 32,675,000 |
| OPERATING EXPENSES: | | | | | |
| GENERATION-OPERATING & MAINTENANCE: | | | | | |
| Wind Generation - Traverse | 13,633 | \$ 18,157 | \$ 15,000 | \$ 93,000 | \$ 25,000 |
| Brown Bridge | 932 | 1,553 | - | - | - |
| Wind Generation Farm | 11,897 | 1,841 | - | - | - |
| Trap and Transfer | - | - | 1,000 | 200 | 250 |
| Union Street Fish Ladder | - | - | 250 | 250 | 250 |
| Kalkaska Combustion Turbine | 378,527 | - | - | - | - |
| Sabin Dam | 885 | - | - | - | - |
| Boardman Dam | 1,179 | - | - | - | - |
| Operation Supplies | 837 | 788 | 1,100 | 750 | 1,000 |
| Purchased Power - Lansing BWL | 6,974,397 | 6,705,404 | 6,160,000 | 7,051,000 | 6,440,000 |
| Stoney Corners - Wind Energy | 1,892,441 | 2,380,113 | 2,900,000 | 2,810,000 | 2,970,000 |
| Combustion Turbine Power Cost | 4,216,734 | 4,692,108 | 4,500,000 | 3,633,000 | 3,978,000 |
| Campbell #3 Power Cost | 3,322,056 | 4,459,611 | 4,000,000 | 4,806,000 | 4,880,000 |
| Belle River #1 Power Cost | 3,087,679 | 3,817,115 | 3,700,000 | 3,877,000 | 3,960,000 |
| Landfill Gas - Granger Project | 113,117 | 110,647 | 160,000 | 325,000 | 460,000 |
| <i>Total Purchased Power</i> | <i>19,606,424</i> | <i>22,164,997</i> | <i>21,420,000</i> | <i>22,502,000</i> | <i>22,688,000</i> |
| <i>Purchased Power Cost as % of Sales</i> | <i>70.4%</i> | <i>75.4%</i> | <i>73.3%</i> | <i>75.7%</i> | <i>75.7%</i> |
| Coal Dock | 4,221 | 8,740 | 5,000 | 11,500 | 11,800 |
| Communications | 351 | 288 | 400 | 450 | 500 |
| Safety | 4,000 | 8,000 | 8,000 | 13,300 | 13,600 |
| Tools | 282 | 607 | 1,000 | 250 | 300 |
| Professional and Contractual | 45,741 | 43,696 | 50,000 | 22,500 | 23,000 |
| Professional Development | 4,998 | 2,013 | 2,500 | 2,200 | 2,300 |
| TCLP Equipment Maintenance | 388 | - | 500 | - | - |
| Miscellaneous | 53 | - | - | - | - |
| Total Generation O & M | 20,074,348 | 22,250,681 | 21,504,750 | 22,646,400 | 22,766,000 |
| DISTRIBUTION OPERATION & MAINTENANCE: | | | | | |
| Office Supplies | 4,305 | 6,496 | 4,500 | 4,600 | 4,700 |
| Operation Supplies | 34,034 | 35,627 | 36,000 | 57,200 | 58,300 |
| Utilities | 48,588 | 47,067 | 54,000 | 88,500 | 90,300 |
| Communications | 17,214 | 17,574 | 18,500 | 52,000 | 53,000 |
| Supervision and Maintenance | 700,400 | 656,920 | 600,000 | 850,000 | 867,000 |
| Substation | 149,903 | 141,977 | 207,000 | 180,500 | 184,000 |

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
 2013-14 Budgeted Revenues and Expenses

| | FY 10/11 Actual | FY 11/12 Actual | FY 12/13 Budgeted | FY 12/13 Projected | FY 13/14 Recommended |
|--|--------------------|--------------------|----------------------|-----------------------|-------------------------|
| Overhead Lines | 515,483 | 317,526 | 550,000 | 450,000 | 459,000 |
| Storm Damage Contingency | 575,341 | 529,680 | 575,000 | 33,500 | 34,200 |
| Load and Dispatching | - | 383,740 | - | 400,000 | 408,000 |
| Underground Lines | 175,280 | 186,258 | 300,000 | 180,300 | 184,000 |
| Customer Installations | 32,985 | 30,152 | 35,000 | 15,300 | 15,700 |
| Electric Meters | 58,881 | 53,190 | 61,500 | 44,500 | 45,400 |
| Street Lighting | 277,541 | 296,548 | 290,000 | 218,500 | 222,900 |
| Traffic Signal Oper. & Maint. | 144,094 | 157,134 | 163,000 | 194,000 | 197,900 |
| Radio Equipment | 2,274 | 1,468 | 2,100 | 1,450 | 1,500 |
| Plant & Structures | 172,101 | 314,830 | 205,000 | 252,000 | 257,000 |
| Shop Labor | 139,682 | 162,606 | 191,000 | 145,000 | 147,900 |
| Safety | 35,395 | 62,821 | 65,000 | 88,300 | 90,000 |
| Tools | 17,124 | 28,520 | 19,500 | 18,500 | 18,900 |
| Professional and Contractual | 37,055 | 54,348 | 38,500 | 36,600 | 37,400 |
| Rent Expense | 2,341 | 4,485 | 2,500 | 3,700 | 3,800 |
| Professional Development | 135,075 | 104,910 | 85,000 | 85,000 | 86,700 |
| Printing and Publishing | 1,832 | 1,376 | 1,700 | 1,850 | 1,900 |
| Miscellaneous | 399 | 1,384 | 300 | 450 | 500 |
| Inventory Adjustments | (361) | - | - | - | - |
| Total Distribution O & M | 3,276,966 | 3,596,637 | 3,505,100 | 3,401,750 | 3,470,000 |
| <u>TRANSMISSION OPERATIONS & MAINTENANCE:</u> | | | | | |
| Supervision & Maintenance | 21,035 | 28,949 | 28,350 | 192,000 | 193,000 |
| Substation | 40,357 | 27,183 | 37,500 | 41,150 | 42,000 |
| Overhead Lines | 13,589 | 3,713 | 10,000 | 5,200 | 5,200 |
| Load and Dispatching | 57,860 | 50,817 | 59,500 | 96,500 | 97,000 |
| Underground Lines | 94 | - | - | - | - |
| MISO Transmission | 20,598 | 21,190 | 23,000 | 22,200 | 24,000 |
| Professional and Contractual | - | - | - | - | - |
| Miscellaneous-MPPA Transmission Project | 43,195 | 48,123 | 40,000 | 58,500 | 59,700 |
| Total Transmission O & M | 196,728 | 179,975 | 198,350 | 415,550 | 420,900 |
| <u>METERING & CUSTOMER ACCOUNTING:</u> | | | | | |
| Salaries and Wages | 279,686 | 267,988 | 275,000 | 275,300 | 300,000 |
| Fringe Benefits | 143,843 | 118,975 | 129,200 | 126,800 | 130,200 |
| Office Supplies | 5,888 | 3,879 | 5,200 | 1,400 | 4,000 |
| Operation Supplies | - | - | - | - | - |
| Communications | 590 | 355 | 300 | 350 | 400 |
| Meal Payments | 188 | 68 | 150 | 550 | 600 |
| Safety | - | 9 | - | 50 | 100 |
| Uniforms | 2,138 | 3,453 | 3,350 | 3,600 | 3,700 |
| Professional and Contractual | 7,993 | 7,919 | 23,400 | 35,700 | 36,500 |
| Postage | 36,113 | 35,052 | 38,000 | 36,500 | 30,000 |
| Uncollectable Accounts | 19,454 | 16,796 | 25,000 | 17,000 | 17,350 |
| Collection Costs | 415 | 535 | 500 | 1,600 | 1,500 |
| Data Processing | 19,572 | 20,087 | 22,500 | 25,700 | 26,500 |
| Transportation | 5,370 | 5,281 | 6,200 | 4,900 | 5,000 |
| Professional Development | 4,690 | 3,792 | 2,500 | 2,100 | 2,500 |
| Printing and Publishing | 4,405 | 5,547 | 7,000 | 5,500 | 4,600 |
| Vehicle Rentals | 13,843 | 9,527 | 10,500 | 9,000 | 9,200 |
| Miscellaneous | 1,081 | 1,163 | 1,200 | 1,200 | 1,250 |
| Total Customer Accounting | 545,269 | 500,426 | 550,000 | 547,250 | 573,400 |

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
 2013-14 Budgeted Revenues and Expenses

| | FY 10/11 Actual | FY 11/12 Actual | FY 12/13 Budgeted | FY 12/13 Projected | FY 13/14 Recommended |
|---|---------------------|--------------------|----------------------|-----------------------|-------------------------|
| <u>CONSERVATION & PUBLIC SERVICES:</u> | | | | | |
| Professional and Contractual | 35,834 | 44,944 | 60,000 | 31,000 | 50,000 |
| Contract Labor - Energy Optimization | - | - | 100,000 | 100,000 | 100,000 |
| Public Service & Communications | 74,854 | 43,422 | 30,000 | 15,000 | 30,000 |
| Marketing & Public Services | 99 | - | - | - | - |
| In-Kind Community Services | 76,160 | 62,205 | 75,000 | 45,000 | 46,000 |
| Community Investment Fund | 55,350 | - | 1,000,000 | 1,000,000 | - |
| CFL Grant Expense | 30,817 | - | - | - | - |
| LED Street Lighting Grant Expense | 123,722 | - | - | - | - |
| Energy Audits | - | - | - | - | - |
| Increased Energy Optimization Efforts | - | 162 | 300,000 | 156,700 | 300,000 |
| PA295 Energy Optimization Compliance | 310,475 | 526,000 | 484,350 | 484,350 | 501,750 |
| Total Conservation & Public Services | 707,311 | 676,733 | 2,049,350 | 1,832,050 | 1,027,750 |
| <u>ADMINISTRATIVE AND GENERAL:</u> | | | | | |
| Salaries and Wages | 760,912 | 716,345 | 665,000 | 500,000 | 625,000 |
| Fringe Benefits | 253,317 | 137,566 | 182,750 | 168,000 | 200,000 |
| Office Supplies | 7,871 | 9,708 | 9,050 | 8,550 | 8,750 |
| Communications | 7,833 | 8,089 | 8,000 | 6,700 | 6,850 |
| Fees and Per Diem | 58,009 | 51,508 | 57,000 | 55,350 | 56,500 |
| Board Related Expenses | 9,333 | 3,755 | 6,500 | 3,250 | 3,350 |
| Professional & Contractual | 74,071 | 88,284 | 130,000 | 175,000 | 150,000 |
| Legal Services | 78,262 | 58,151 | 50,000 | 70,000 | 74,300 |
| Employee Appreciation | 10,757 | 6,611 | 7,500 | 5,300 | 5,000 |
| Rent Expense | - | - | - | - | - |
| City Fee | 1,511,219 | 1,598,157 | 1,578,200 | 1,643,500 | 1,634,700 |
| Transportation | 7,683 | 2,151 | 3,500 | 2,600 | 2,700 |
| Professional Development | 37,033 | 16,074 | 22,450 | 15,000 | 20,000 |
| Printing & Publishing | 4,760 | 2,847 | 3,500 | 6,100 | 7,000 |
| Insurance and Bonds | 71,315 | 52,215 | 66,500 | 55,500 | 66,350 |
| Miscellaneous | 10,226 | 11,564 | - | 4,400 | 4,500 |
| Depreciation Expense | 1,732,080 | 1,808,182 | 1,875,000 | 1,892,000 | 1,982,000 |
| Total Administrative and General | 4,634,681 | 4,571,207 | 4,664,950 | 4,611,250 | 4,847,000 |
| Total Operating Expenses | 29,435,303 | 31,775,659 | 32,472,500 | 33,454,250 | 33,105,050 |
| Operating Income / (Loss) | \$ 546,155 | \$ 58,823 | \$ (962,000) | \$ (804,250) | \$ (430,050) |
| <u>NON OPERATING REVENUES/(EXPENSES):</u> | | | | | |
| Federal Grants | \$ 250,000 | \$ - | \$ - | \$ - | \$ - |
| State Grants | 27,623 | - | - | - | - |
| Rents and Royalties | 44,154 | 21,235 | 43,000 | 40,850 | 44,250 |
| Pole Rentals | 59,435 | 31,773 | 34,500 | 41,400 | 35,800 |
| Reimbursements | 271,227 | 354,909 | 100,000 | 160,000 | 150,000 |
| Interest & Dividend Earnings | 337,678 | 420,646 | 180,000 | 230,000 | 200,000 |
| Gain/(Loss) on Sale of Fixed Assets | (22,324) | (172,034) | - | - | - |
| Total Non Operating Revenue/(Expenses) | 967,793 | 656,529 | 357,500 | 472,250 | 430,050 |
| NET INCOME/(LOSS) | \$ 1,513,948 | \$ 715,352 | \$ (604,500) | \$ (332,000) | \$ (0) |



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2013

GENERATION:

Community Solar Garden II (CHANGE)

Location: Local solar generation either inside or outside city limits

Character: Free standing solar panels

Extent: Installation of solar panels to provide up to 84.6 KW of generation.

Estimated Cost: \$250,000 – Amount to be recovered through 25 year Sun Shares to customers

Fiscal Year(s): 2014-15

DISTRIBUTION and SUBSTATION:

Line Improvements, Extensions, New Services

Location: Throughout the entire service area

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

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

Estimated Cost: \$5.625 Million

Fiscal Year(s): 2013-14 through 2018-19 (Annual Program)

Distribution Circuit Rebuild

Location: Throughout the entire service area. In 2013-14 the circuit BW-31 will be rebuilt which includes the service area at the base of the peninsula.

Character: Replace deteriorated overhead/underground facilities with new wire, conduit, poles, etc. to include conversion of overhead facilities to underground as appropriate.

Extent: New circuits and upgrade of existing circuits to improve reliability and serve anticipated growth to include undergrounding facilities as appropriate.

Estimated Cost: \$5.85 Million

Fiscal Year(s): 2013-14 through 2018-19 (Annual Program)

69kV/13.8kV Distribution Substation-SOUTH

Location: South central portion of service area outside city limits

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

Extent: To include land purchase and facilities

Estimated Cost: \$4.6 Million

Fiscal Year(s): 2013-14 through 2014-15



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2013

DISTRIBUTION and SUBSTATION (continued):

Overhead to Underground Conversion Projects (NEW)

Location: *Throughout the entire service area*

Character: *Conversion of overhead distribution facilities to underground.*

Extent: *Annual Program for Approved Projects.*

Estimated Cost: *\$2.025 Million*

Fiscal Year(s): *2013-14 through 2018-19 (Annual Program)*

Pine Street Overhead to Underground Conversion

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

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

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

Estimated Cost: *\$1 Million*

Fiscal Year(s): *2013-14*

Street Lighting System Addition (CHANGE)

Location: *New street lighting along Silver Drive in the Grand Traverse Commons Area and Old Towne Neighborhood*

Character: *LED street lighting on Silver Drive and acorn lights in neighborhood.*

Extent: *Installation of new LED street lights; and low level pedestrian lights.*

Estimated Cost: *\$325,000*

Fiscal Year(s): *2013-14 through 2014-15*

Street Lighting (LED) System Replacements

Location: *Throughout the entire utility service area*

Character: *LED street lighting replacements.*

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

Estimated Cost: *\$595,000*

Fiscal Year(s): *2013-14 through 2018-19 (Annual Program)*

TRANSMISSION and SUBSTATION:

69kV Load Break Switches

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

Character: *New steel poles & transmission switches*

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

Estimated Cost: *\$600,000*

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



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2013

TRANSMISSION and SUBSTATION (continued):

69kV Transmission Line and Substation – EAST

Location: *East Side of Service Area (substation and majority of the transmission line will be outside the city limits)*

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

Extent: *From a new transmission substation to an existing distribution substation*

Estimated Cost: *\$4.2 Million*

Fiscal Year(s): *2013-14*

Substation Transformer (NEW)

Location: *Parsons Substation & Cass Road Substations*

Character: *Installation of higher rated Transformers.*

Extent: *Upgrade existing substation transformers for system reliability due to load growth.*

Estimated Cost: *\$3 Million*

Fiscal Year(s): *2017-18 through 2018-19*

Transmission Line Reconductor

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

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

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

Estimated Cost: *\$4.275 Million*

Fiscal Year(s): *2014-15 through 2018-19*

FACILITIES:

M-72 Wind Turbine Removal (CHANGE)

Location: *Bugai Road @ M-72*

Character: *Removal of existing turbine at end of land lease*

Extent: *Complete removal to include site remediation.*

Estimated Cost: *\$350,000*

Fiscal Year(s): *2018-19*

Hastings Service Center Facility Improvements (CHANGE)

Location: *1131 Hastings Street*

Character: *Site improvements to existing facility*

Extent: *Entrance security & construction of outdoor covered area for inventory & equipment*

Estimated Cost: *\$700,000*

Fiscal Year(s): *2013-14 through 2014-15*



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2013

SCADA, COMMUNICATIONS, and OTHER ITEMS:

Smart Metering Technologies (AMI)

Location: Entire Service Area

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

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

Estimated Cost: \$200,000

Fiscal Year(s): 2015-16 through 2018-19

Substation Security Cameras (NEW)

Location: Cass, Parsons, Hall Street, & Barlow substations

Character: Installation of security cameras

Extent: New cameras to allow for 24/7 monitoring by system operators.

Estimated Cost: \$75,000

Fiscal Year(s): 2013-14

JOINT TCL&P, CITY OF TRAVERSE CITY, and DDA PROJECTS:

Bayfront Trail Lighting Phase I & II (NEW)

Location: Bayfront Redevelopment Project

Character: LED lights and decorative poles as determined by the City.

Extent: At locations along the trail to include installation costs

Estimated Cost: \$150,000

Fiscal Year(s): 2013-14 through 2014-15

Cass & Lake Street Streetscapes (NEW)

Location: Cass Street from Eighth St to Cass Street bridge and along Lake Street from Cass St to Eighth Street.

Character: New street lighting installations in conjunction with planned streetscape

Extent: To be determined in coordination with DDA.

Estimated Cost: \$350,000

Fiscal Year(s): 2014-15

East Front Street Streetscapes (NEW)

Location: Along East Front Street from Boardman Ave. to Grandview Parkway

Character: New street lighting installations in conjunction with planned streetscape

Extent: To be determined in coordination with DDA.

Estimated Cost: \$400,000

Fiscal Year(s): 2015-16



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2013

JOINT TCL&P, CITY OF TRAVERSE CITY, and DDA PROJECTS (continued):

Garland Street Streetscapes (NEW)

Location: *Garland Street in the Warehouse District*

Character: *New street lighting installation*

Extent: *To be determined in coordination with DDA.*

Estimated Cost: *\$300,000*

Fiscal Year(s): *2013-14 through 2014-15*

Hope Street to Grandview Parkway Undergrounding (NEW)

Location: *Hope St from State St to North of Front St and West to Grandview Parkway*

Character: *Underground existing overhead distribution services*

Extent: *Removal of existing poles/wires converted to underground.*

Estimated Cost: *\$550,000*

Fiscal Year(s): *2013-14 through 2014-15*

Park Street Streetscapes (NEW)

Location: *From State Street to Grandview Parkway*

Character: *New street lighting installation & underground existing overhead services*

Extent: *Removal of existing fixtures/poles/wires in coordination with DDA project.*

Estimated Cost: *\$100,000*

Fiscal Year(s): *2013-14*

Pine Street Pedestrian Way (companion project to Pine Street O/H to U/G) (NEW)

Location: *Bridge over Boardman River North of Front Street at Pine Street*

Character: *New pedestrian bridge as determined by the DDA/City*

Extent: *To accommodate new electric circuit from Hall Street substation to alley between State Street & Front Street along Pine Street.*

Estimated Cost: *\$680,000*

Fiscal Year(s): *2013-14*

TRAVERSE CITY LIGHT & POWER
SIX YEAR CAPITAL IMPROVEMENTS PLAN 2013

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

| | | Fiscal Year 2013-14 | Fiscal Year 2014-15 | Fiscal Year 2015-16 | Fiscal Year 2016-17 | Fiscal Year 2017-18 | Fiscal Year 2018-19 | Project Totals | Project Notes | 2012 Funding Level | Change |
|--|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|-------------------------------------|-----------------------|----------------|
| Generation: | | | | | | | | | | | |
| CHANGE | Community Solar Garden II (project to be similar as the 2013 joint TCL&P/Cherryland project - No cost of land included - location to be determined) | \$ - | \$ 250,000 | --- | --- | --- | --- | \$ 250,000 | Funding to come from Leaseholders | \$ 400,000 | \$ (150,000) |
| Total Generation | | 0 | 250,000 | 0 | 0 | 0 | 0 | 250,000 | | 400,000 | (150,000) |
| Distribution and Substation: | | | | | | | | | | | |
| no change | Line Improvements, Extensions, New Services | 825,000 | 850,000 | 900,000 | 950,000 | 1,000,000 | 1,100,000 | 5,625,000 | Annual Program | \$ 6,350,000 | \$ (725,000) |
| DELETED | Distribution Circuit Additions/Upgrades (project better defined elsewhere in Plan - funding removed) | --- | --- | --- | --- | --- | --- | 0 | | \$ 5,400,000 | \$ (5,400,000) |
| no change | Distribution Circuit Rebuild (amounts reduced to better reflect anticipated actual cost) | 850,000 | 900,000 | 950,000 | 1,000,000 | 1,050,000 | 1,100,000 | 5,850,000 | Annual Program | \$ 11,400,000 | \$ (5,550,000) |
| no change | 69kV/13.8kV Distribution Substation-SOUTH (funding increased due to better estimates on actual cost) | 3,750,000 | 850,000 | --- | --- | --- | --- | 4,600,000 | | \$ 3,800,000 | \$ 800,000 |
| NEW | OH to URG Conversion Projects (residential projects to enhance system reliability) | 75,000 | 550,000 | 350,000 | 350,000 | 350,000 | 350,000 | 2,025,000 | Annual Program | \$ - | \$ 2,025,000 |
| no change | Pine Street Overhead to Underground Conversion | 1,000,000 | --- | --- | --- | --- | --- | 1,000,000 | | \$ 1,000,000 | \$ - |
| CHANGE | Street Lighting System Addition (2013 - Silver Drive : 2014 - Old Towne Neighborhood) | 100,000 | 225,000 | --- | --- | --- | --- | 325,000 | SID funds for neighborhood lighting | \$ 100,000 | \$ 225,000 |
| no change | Street Lighting (LED) System Replacements (reduced funding to better reflect anticipated actual cost) | 95,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 595,000 | Annual Program | \$ 960,000 | \$ (365,000) |
| Total Distribution and Substation | | 6,695,000 | 3,475,000 | 2,300,000 | 2,400,000 | 2,500,000 | 2,650,000 | 20,020,000 | | 29,010,000 | (8,990,000) |
| Transmission and Substation: | | | | | | | | | | | |
| no change | 69kV Load Break Switches | --- | 200,000 | 200,000 | 200,000 | --- | --- | 600,000 | | \$ 600,000 | \$ - |
| no change | 69kV Transmission Line & Substation - EAST (Updated anticipated cost to complete) | 4,200,000 | --- | --- | --- | --- | --- | 4,200,000 | | \$ 4,500,000 | \$ (300,000) |
| NEW | Substation Transformer Upgrades | --- | --- | --- | --- | 1,500,000 | 1,500,000 | 3,000,000 | GRP Study Recommendation | \$ - | \$ 3,000,000 |
| no change | Transmission Line Reconductor | --- | 575,000 | 1,000,000 | 1,500,000 | 600,000 | 600,000 | 4,275,000 | | \$ 3,675,000 | \$ 600,000 |
| Total Transmission and Substation | | 4,200,000 | 775,000 | 1,200,000 | 1,700,000 | 2,100,000 | 2,100,000 | 12,075,000 | | 8,775,000 | 3,300,000 |
| Facilities: | | | | | | | | | | | |
| CHANGE | M-72 Wind Turbine Removal | --- | --- | --- | --- | --- | 350,000 | 350,000 | When Lease Expires | \$ 150,000 | \$ 200,000 |
| CHANGE | Hasting Service Center Facility Improvements (funding reduced due to changed project scope to include inventory covered area & office security) | 125,000 | 575,000 | --- | --- | --- | --- | 700,000 | | \$ 1,280,000 | \$ (580,000) |
| Total Facilities | | 125,000 | 575,000 | 0 | 0 | 0 | 350,000 | 1,050,000 | | 1,430,000 | (380,000) |

**TRAVERSE CITY LIGHT & POWER
SIX YEAR CAPITAL IMPROVEMENTS PLAN 2013**

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

| | | Fiscal Year 2013-14 | Fiscal Year 2014-15 | Fiscal Year 2015-16 | Fiscal Year 2016-17 | Fiscal Year 2017-18 | Fiscal Year 2018-19 | Project Totals | Project Notes | 2012 Funding Level | Change |
|---|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|----------------------|------------------|-----------------------|-----------------------|
| SCADA, Communications, and Other Items: | | | | | | | | | | | |
| no change | Smart Metering Technologies (AMI) (amounts reduced to provide a more planned deployment) | --- | --- | 50,000 | 50,000 | 50,000 | 50,000 | 200,000 | | \$ 750,000 | \$ (550,000) |
| NEW | Substation Security Cameras | 75,000 | --- | --- | --- | --- | --- | 75,000 | | \$ - | \$ 75,000 |
| Total SCADA, Communications & Other Items | | 75,000 | 0 | 50,000 | 50,000 | 50,000 | 50,000 | 275,000 | | 750,000 | (475,000) |
| Joint TCL&P, City of Traverse City, and DDA Projects | | | | | | | | | | | |
| NEW | Bayfront Trail Lighting Phase I & II | 50,000 | 100,000 | --- | --- | --- | --- | 150,000 | | \$ - | \$ 150,000 |
| NEW | Cass & Lake Street Streetscapes | --- | 350,000 | --- | --- | --- | --- | 350,000 | | \$ - | \$ 350,000 |
| NEW | East Front Street Streetscapes | --- | --- | 400,000 | --- | --- | --- | 400,000 | | \$ - | \$ 400,000 |
| NEW | Garland Street Streetscapes | 200,000 | 100,000 | --- | --- | --- | --- | 300,000 | | \$ - | \$ 300,000 |
| NEW | Hope Street to Grandview Parkway Undergrounding | 50,000 | 500,000 | --- | --- | --- | --- | 550,000 | | \$ - | \$ 550,000 |
| NEW | Park Street Streetscapes | 100,000 | --- | --- | --- | --- | --- | 100,000 | | \$ - | \$ 100,000 |
| NEW | Pine Street Pedestrian Way (In coordination with Pine Street Overhead to Underground) | 655,000 | --- | --- | --- | --- | --- | 655,000 | | \$ - | \$ 655,000 |
| Total Joint City, DDA & TCL&P Projects | | 1,055,000 | 1,050,000 | 400,000 | 0 | 0 | 0 | 2,505,000 | | 0 | 2,505,000 |
| TOTAL | | \$ 12,150,000 | \$ 6,125,000 | \$ 3,950,000 | \$ 4,150,000 | \$ 4,650,000 | \$ 5,150,000 | \$ 36,175,000 | | \$ 40,365,000 | \$ (4,190,000) |

FIBER FUND PROJECTS:

| | | | | | | | | | | | |
|----------------------------------|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|-------------------|---------------------|
| DELETED | Fiber Extensions - Customer Installations (funding removed until such time that the Board decides to offer Lit Fiber services) | --- | --- | --- | --- | --- | --- | \$ - | | \$ 450,000 | \$ (450,000) |
| DELETED | Wi-Fi Project - DDA (funding removed as DDA is seeking alternate option for Wi-Fi services) | --- | --- | --- | --- | --- | --- | - | | \$ 160,000 | \$ (160,000) |
| Total Fiber Fund Projects | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ 610,000 | \$ (610,000) |

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