

MEETING NOTICE

STUDY SESSION

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, February 18, 2014

At

4:30 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 2014-15 Operating Budgets.
2. Public Comment.

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

Posting Date: 2-14-14
4:00 p.m



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: February 14, 2014
Subject: Proposed 2014-15 Operating Budgets

Enclosed are the Electric Utility Fund cash flow, the proposed operating budgets for the Electric Utility Fund and Fiber Optics Fund, and the six year capital plan that will be discussed at the Light & Power Board Study Session on Tuesday February 18, 2014.

CASH FLOW

The cash flow has significantly changed from the one you received on February 11, 2014. It incorporates a 2% rate increase for each year and a discrepancy was found on the PCR revenue calculation based on a philosophical difference with Utility Financial Solutions. The revenue numbers previously provided to you included MISO Income being reduced from generation costs to calculate the PCR, however, TCL&P historically has not included that amount as a credit in the PCR calculation, because that is revenue solely based on transmission costs and not generation costs. This caused the PCR revenue to significantly increase. With these two changes, the available unreserved cash and investment balance is more than sufficient to meet the utility operating and capital needs.

CAPITAL IMPROVEMENT PLAN

It is included in the packet with no changes for the Board's further consideration.

BUDGET

This year the proposed budgets have changed compared to prior years by removing the spread of salaries and wages (elimination of FERC accounting) within the functions (overhead lines, underground lines, etc.) to allocating those costs into their own line items. However, there are a few exceptions where these costs will still have to be spread, such as the Kalkaska Combustion Turbine, Transmission Department, Energy Optimization - Public Act 295 compliance and any that meet the capitalization criteria. Please keep in mind if employees work across departments, for example a distribution department employee works on the fiber network, the corresponding salary and fringe benefit costs will be charged to the Fiber Department. At any time, the utility can provide salary and fringe benefit cost of these various labor functions through the reporting features of the work order system. Staff hopes this change will provide more transparency to the Board and to the public regarding the actual costs of employee wages & benefits

FOR THE LIGHT & POWER STUDY SESSION MEETING OF FEBRUARY 18, 2014

In addition, staff added computer software and hardware line items in each department to account for all software maintenance costs and new hardware that does not meet TCL&P's capitalization policy.

ELECTRIC UTILITY FUND:

The electric utility budget is presented with the following changes:

- Utility billing revenues in projection of 2013-2014 show uncapping of PCR for 75% of the year and assuming a 1% load increase based on the significant cold weather this winter. For budget 2014/2015 staff assumed a 1% load growth, 1% energy efficiency, and 2.0% base rate increase along with a \$ 2.8M increase in the PCR rate related to the increase in generation costs mentioned below and being uncapped for a full year.
- Generation costs were primarily calculated with the forecasts supplied by Michigan Public Power Agency; the net kWh's required to meet sales, less transmission line losses, were made up through Lansing's power purchase contract. In 2014-2015 MPPA has budgeted for Belle River to have significant renovations to meet future EPA standards; this will reduce the kWh's produced by the facility (approximately 12M kWh). Additionally, purchased power will increase from landfill gas contract (approximately 2M kWh), which is approximately \$.09 per kWh.
- Overall, Distribution operations and maintenance have increased as follows: software compliance costs, GIS consulting services, contractual wage increases, one-time tool purchases to allow the utility to more efficiently rebuild circuits, and an increase in wages and fringe benefits being capitalized to account for work on the BW-31 circuit rebuild.
- Conservation and public services decrease from budget relating to unspent funds relating to additional energy optimization efforts. In the upcoming budget, consulting fees were increased to assist staff in developing a plan to reduce peak load.
- Administrative and General 2013-2014 projection is lower than budgeted due to the elimination of positions. This proposed budget includes a proposal for an increase of .75 FTE (full-time equivalent) to allow for the combination of existing positions into two new positions, Manager of Energy Services and Key Accounts and Manager of Human Resources and Communications. One of these positions is accounted for in Admin and General while the other is accounted for in Conservation and Public Service. Additionally, the Chief Engineer position, which has not been filled this past year, is eliminated.
- Reimbursement revenue will increase due to the Cowell Family Center secondary feed and reimbursement through special assessments for a streetscape project.
- Gain/loss on sale of fixed assets represents the cost to write-off the wind turbine located at M-72.

FIBER UTILITY FUND:

Revenues in the Fiber Fund increased due to fiber revenue from having a full year of GTACs contract along with adding the East Hammond and South Substation to the fiber system.

No other significant changes are proposed in the Fiber Fund.



**TRAVERSE CITY
LIGHT & POWER**

To: Light & Power Board
From: Tim Arends, Executive Director
Date: February 5, 2014
Subject: Proposed Personnel Changes

As you are well aware, over the past year TCL&P underwent an Efficiency Study as well as the development of a Strategic Plan that identified goals of the utility going forward. The recommendations stemming from the Efficiency Study, and goals adopted by the Board through the Strategic Planning process, have highlighted the important areas of key accounts, human resources, communications, energy optimization and safety. At the current staffing level of 1.5 Full Time Equivalents (FTE's), the utility does not possess the resources necessary to achieve the stated recommendations and goals identified.

Staff is proposing to add .65 FTE to the current staffing level by combining the areas identified above into two new positions. In the past these job functions were covered by three separate positions, equivalent to 2.9 FTE's. This will be a reduction from previous levels by .75 FTE.

The two new proposed positions are the following:

Manager of Energy Services and Key Accounts whose primary responsibilities will be developing and administering the Key Accounts program along with managing the Energy Optimization programs as mandated by the State and Board.

Manager of Human Resources and Communications whose primary responsibilities will be to bring the function of Human Resources back in house in order to focus on the goals established in the Strategic Plan that cannot be accomplished adequately with a Human Resource staff person one day per week. In addition this person will also be responsible for the utility's external communications with customers, media and the public.

The benefits of this change will allow the utility to successfully meet and achieve the recommendations made by Hometown, and the Strategic Plan goals adopted by the Board. Fully utilizing internal staff will result in a decreased need to outsource services including communication services, energy optimization and key accounts.

These proposed changes along with the elimination of the Chief Engineer have been incorporated into the budget.

Traverse City Light & Power

Cash Flow Forecast - 2% Rate Increase

	Fiscal Year:	Actual 2012/13	Projected 2013/14	Budget 2014/15	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19
Receipts								
	Charges for Services - Base Rate	25,637,501	26,003,260	26,788,559	27,597,573	28,431,020	29,289,637	30,174,184
	Charges for Services - PCR	3,616,913	5,482,299	8,295,513	8,620,776	8,956,633	9,300,843	9,653,587
	Other Operating Revenues	2,555,070	2,613,700	2,655,700	3,108,814	3,170,990	3,234,410	3,299,098
	Non Operating Revenues	(60,670)	700,400	834,600	444,600	453,492	462,562	471,813
	Total Receipts	31,748,814	34,799,659	38,574,372	39,771,763	41,012,135	42,287,452	43,598,682
Payments								
	Generation Expense	23,783,427	23,836,300	25,018,140	25,518,503	26,028,873	26,549,450	27,080,439
	Distribution Expense	3,493,024	3,460,200	3,860,650	3,957,166	4,056,095	4,157,498	4,261,435
	Transmission Expense	366,978	373,800	339,800	348,295	357,002	365,927	375,076
	Metering & Customer Accounting	516,919	593,450	548,650	562,366	576,425	590,836	605,607
	Conservation & Public Service	1,689,992	613,500	787,800	807,495	827,682	848,374	869,584
	Administrative & General	959,602	756,150	856,709	878,127	900,080	922,582	945,646
	Insurance	55,453	66,350	68,000	69,700	71,443	73,229	75,059
	City Fee	1,599,866	1,707,700	1,889,500	1,966,358	2,027,932	2,091,245	2,156,343
	Capital Investments	6,249,017	4,110,000	9,072,000	5,755,000	5,560,000	5,300,000	5,650,000
	Total Payments	38,714,278	35,517,450	42,441,249	39,863,010	40,405,533	40,899,141	42,019,190
Line 1	Cashflow Surplus/Deficit (-)	(6,965,464)	(717,791)	(3,866,877)	(91,247)	606,602	1,388,311	1,579,492
Line 2	Opening Cash & Investments Balance	28,718,899	21,753,435	21,035,644	17,168,767	17,077,520	17,684,122	19,072,433
Line 3	Closing Cash & Investments Balance	21,753,435	21,035,644	17,168,767	17,077,520	17,684,122	19,072,433	20,651,925
Line 4	Reserved Cash & Investment Balance	9,525,000	9,525,000	9,525,000	9,525,000	9,600,000	9,715,000	9,800,000
Line 5	Unreserved & Undesignated Cash & Investment Balance	12,228,435	11,510,644	7,643,767	7,552,520	8,084,122	9,357,433	10,851,925



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2014

GENERATION:

Community Solar Garden Phase II

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): 2016-17

Decommission M-72 Wind Turbine (CHANGE)

Location: Wind turbine on M-72 outside of city limits

Character: Site returned to condition before the turbine was installed.

Extent: Removal of turbine and all ancillary equipment and infrastructure.

Estimated Cost: \$200,000 – net of salvage value

Fiscal Year(s): 2014-15

DISTRIBUTION and SUBSTATION:

Line Improvements, Extensions, and 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: \$5.95 Million

Fiscal Year(s): 2014-15 through 2019-20 (Annual Program)

Distribution Circuit Rebuild

Location: Throughout the entire service area. In 2014-15, the commercial corridor of BW-31 will be rebuilt. Following the spring annual pole study, future projects will be evaluated based on specific criteria developed by Engineering.

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: \$6.15 Million

Fiscal Year(s): 2014-15 through 2019-20 (Annual Program)



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2014

DISTRIBUTION and SUBSTATION (continued):

69kV/13.8kV Distribution South Substation

Location: *South central portion of service area outside city limits*

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

Extent: *Facility costs*

Estimated Cost: *\$3.4 Million (estimated balance to complete)*

Fiscal Year(s): *2014-15*

Overhead to Underground Conversion Projects

Location: *Throughout the entire service area*

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

Extent: *Annual Program for approved projects. In the upcoming year, the focus area will be Spruce St. and design of the Orchard Heights area.*

Estimated Cost: *\$2 Million*

Fiscal Year(s): *2014-15 through 2019-20 (Annual Program)*

Pine Street Overhead to Underground Conversion (CHANGE)

Location: *Starting from behind Hall Street Substation crossing the Boardman River South along Pine Street to Hannah Park and ending in Lay Park.*

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

Extent: *In concert with TIF 97 Pedestrian Way project and the proposed Uptown Development.*

Estimated Cost: *\$1,665,000*

Fiscal Year(s): *2014-15*

Street Lighting System - Expanded (CHANGE)

Location: *Street lighting expanded in Central Neighborhood*

Character: *LED street lighting*

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

Estimated Cost: *\$200,000*

Fiscal Year(s): *2015-16*



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2014

DISTRIBUTION and SUBSTATION (continued):

Cowell Family Cancer Center Alternate Feed (NEW)

Location: *Munson Campus*

Character: *Underground alternate feed from CD-31.*

Extent: *Bore underground from Elmwood Ave to Sixth St.*

Estimated Cost: *\$190,000*

Fiscal Year(s): *2014-15*

Parsons Switching Station (NEW)

Location: *Parsons Substation*

Character: *Addition of switching equipment to create a fully looped transmission system for increased reliability.*

Extent: *Installation of substation infrastructure and equipment.*

Estimated Cost: *\$700,000*

Fiscal Year(s): *2015-16 through 2016-17*

Recloser Upgrades (NEW)

Location: *Cass and Barlow Substations*

Character: *Upgrading recloser equipment already located at the substation to allow for reconfiguration of distribution systems and maintaining reliable service in the event of a fault.*

Extent: *This is a one-time occurrence of equipment upgrade.*

Estimated Cost: *\$200,000*

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

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: *\$420,000*

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

TRANSMISSION and SUBSTATION:

Substation Transformer Upgrades

Location: *Parsons Substation and Cass Road Substation*

Character: *Installation of higher rated transformers as recommended by Engineers.*

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

Estimated Cost: *\$3 Million*

Fiscal Year(s): *2018-19 through 2019-20*



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2014

TRANSMISSION and SUBSTATION (continued):

Transmission Line Reconductor (CHANGE)

Location: Existing transmission corridor along Wayne Hill, Hammond, Barlow, LaFranier, Cass, and Wadsworth.

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

Extent: Reconductor/rebuilding of existing 69kV transmission lines with new lines and higher poles to bring circuits to current day standards.

Estimated Cost: \$4.275 Million

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

FACILITIES AND OTHER:

Stringing Trailer (NEW)

Location: Will be utilized throughout the entire service area.

Character: Trailer that will feed the wire for internal distribution circuit rebuilt projects.

Extent: One-time purchase with minimal maintenance.

Estimated Cost: \$60,000

Fiscal Year(s): 2014-15

Telephone System Upgrade (NEW)

Location: 1131 Hastings Street

Character: Upgrade telephone system.

Extent: Upgrade of telephones for both Building A and B at Hastings St Facility

Estimated Cost: \$65,000

Fiscal Year(s): 2014-15

Meter Test Board (NEW)

Location: 1131 Hastings Street

Character: New meter test board to energize meters and test for consumption accuracy.

Extent: Installation of meter test board located in the metering department.

Estimated Cost: \$40,000

Fiscal Year(s): 2014-15

System Modeling Software (NEW)

Location: 1131 Hastings Street

Character: New software system for the GIS System.

Extent: Installation of software that provides accuracy control over updates to the GIS System.

Estimated Cost: \$80,000

Fiscal Year(s): 2014-15



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2014

FACILITIES AND OTHER (continued):

Hastings Service Center Facility Improvements (CHANGE)

Location: 1131 Hastings Street

Character: Site improvements to existing facility.

Extent: Remodel of Building B, construction of new Building C, and an outdoor covered area for inventory & equipment.

Estimated Cost: \$1.3 Million

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

SCADA, COMMUNICATIONS, and OTHER ITEMS:

Smart Metering Technologies (AMI) PILOT (CHANGE)

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 and provide reads to utility billing.

Estimated Cost: \$2,250,000

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

SCADA System Replacement (NEW)

Location: 1131 Hastings Street and Substations

Character: Installation of new SCADA equipment.

Extent: Upgrade the system to allow it to interconnect with other related systems such as AMI, billing, GIS, OMS and other technologies.

Estimated Cost: \$350,000

Fiscal Year(s): 2015-16

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

Disaster Recovery Center (NEW)

Location: DPS Building (former bowling alley) located on Woodmere Ave.

Character: Renovation of the DPS building to be used as a disaster recovery center.

Extent: Renovation of building and installation of equipment for backup operations center for TCL&P along with other city departments.

Estimated Cost: \$350,000

Fiscal Year(s): 2015-16 through 2016-17



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2014

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

Work Order and Asset Management System (NEW)

Location: 1131 Hastings Street

Character: Replace City-wide work order and asset management software program.

Extent: Installation of software programs will be in-house and in the line trucks.

Estimated Cost: \$92,000

Fiscal Year(s): 2014-15

Corridor Upgrade Improvements – OH to UG Improvements around major intersections (NEW)

Location: Various Locations

Character: Conversion of overhead facilities to underground or rerouting facilities, if possible.

Extent: This will entail various major intersections throughout the City.

Estimated Cost: Unknown

Fiscal Year(s): Various

Front St Lighting Circuits and Receptacles (NEW)

Location: Downtown North and South along Front Street.

Character: Upgrade circuit to accommodate increased load

Extent: New conduit, wire, and addition of event outlets

Estimated Cost: \$800,000

Fiscal Year(s): 2016-17 through 2017-18

W. Front (TCSB Building) to Oak Street Streetscapes (NEW)

Location: W. Front Street (former Traverse City State Bank building) to Oak Street

Character: New street lighting installations in conjunction with planned streetscape.

Extent: To be determined in coordination with City.

Estimated Cost: \$150,000

Fiscal Year(s): 2014-15

Riverwalk Lighting (N Side of Boardman River) (NEW)

Location: North Side of Boardman River from Front St to Dam

Character: New Boardman Riverwalk lighting

Extent: To be determined in coordination with City & Uptown Development.

Estimated Cost: \$200,000

Fiscal Year(s): 2014-15



SIX YEAR CAPITAL IMPROVEMENTS PLAN – 2014

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

(continued):

Cass & Lake Street Streetscapes

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

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): 2015-16

East Front Street Streetscapes

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

Garland Street Streetscapes

Location: Garland Street in the Warehouse District

Character: New street lighting installation in conjunction with planned streetscape.

Extent: To be determined in coordination with DDA.

Estimated Cost: \$300,000

Fiscal Year(s): 2014-15 through 2015-16

Park Street Streetscapes

Location: From State Street to Grandview Parkway

Character: New street lighting installation and underground existing overhead services.

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

Estimated Cost: \$100,000

Fiscal Year(s): 2014-15

FIBER FUND PROJECTS

Wi-Fi Project – DDA (CHANGE)

Location: Downtown Development Authority District

Character: Provide Wi-Fi nodes on top of various utility poles for the Wi-Fi network.

Extent: To accommodate WI-FI service to the downtown district.

Estimated Cost: \$700,000

Fiscal Year(s): 2014-15

**TRAVERSE CITY LIGHT & POWER
SIX YEAR CAPITAL IMPROVEMENTS PLAN 2014**

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

		Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Project Totals	Project Notes	2013 Funding Level	Change
Generation:											
NO CHANGE	Community Solar Garden Phase 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	\$ 250,000	\$ -
CHANGE	Decommission M-72 Wind Turbine (previously classified as refurbished)	200,000	---	---	---	---	---	200,000		\$ 350,000	\$ (150,000)
Total Generation		200,000	0	250,000	0	0	0	450,000		600,000	(150,000)
Distribution and Substation:											
NO CHANGE	Line Improvements, Extensions, and New Services	850,000	900,000	950,000	1,000,000	1,100,000	1,150,000	5,950,000	Annual Program	\$ 5,625,000	\$ 325,000
NO CHANGE	Distribution Circuit Rebuild	900,000	950,000	1,000,000	1,050,000	1,100,000	1,150,000	6,150,000	Annual Program	\$ 5,850,000	\$ 300,000
NO CHANGE	69kV/13.8kV Distribution South Substation (updated estimated cost to complete)	3,400,000	---	---	---	---	---	3,400,000		\$ 4,600,000	\$ (1,200,000)
NO CHANGE	OH to URG Conversion Projects (residential projects to enhance system reliability)	250,000	350,000	350,000	350,000	350,000	350,000	2,000,000	Annual Program	\$ 2,025,000	\$ (25,000)
CHANGE	Pine Street Overhead to Underground Conversion (increased extent to include uptown development undergrounding and south river crossing bore)	1,665,000	---	---	---	---	---	1,665,000		\$ 1,000,000	\$ 665,000
CHANGE	Street Lighting System - Expanded (Central Neighborhood)	---	200,000	---	---	---	---	200,000	Special Assessment Fund	\$ 325,000	\$ (125,000)
NEW	Cowell Family Cancer Center Alternate Feed (redundant feed for the Cancer Center)	190,000	---	---	---	---	---	190,000	Funding to come from Cowell Family Cancer Center	\$ -	\$ 190,000
NEW	Parsons Switching Station	---	100,000	600,000	---	---	---	700,000		\$ -	\$ 700,000
NEW	Recloser Upgrades	100,000	---	100,000	---	---	---	200,000		\$ -	\$ 200,000
NO CHANGE	Street Lighting (LED) System Replacements (accelerated funding to complete 400 changeovers a year)	180,000	180,000	60,000	---	---	---	420,000		\$ 595,000	\$ (175,000)
Total Distribution and Substation		7,535,000	2,680,000	3,060,000	2,400,000	2,550,000	2,650,000	20,875,000		20,020,000	855,000
Transmission and Substation:											
DELETED	69kV Load Break Switches	---	---	---	---	---	---	0		\$ 600,000	\$ (600,000)
DELETED	69kV Transmission Line & Substation - EAST (project completed)	---	---	---	---	---	---	0		\$ 4,200,000	\$ (4,200,000)
NO CHANGE	Substation Transformer Upgrades	---	---	---	---	1,500,000	1,500,000	3,000,000		\$ 3,000,000	\$ -
CHANGE	Transmission Line Reconductor (removed Boardman Lake and added Wayne Hill)	---	1,575,000	600,000	1,500,000	600,000	---	4,275,000		\$ 4,275,000	\$ -

**TRAVERSE CITY LIGHT & POWER
SIX YEAR CAPITAL IMPROVEMENTS PLAN 2014**

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

		Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Project Totals	Project Notes	2013 Funding Level	Change
Total Transmission and Substation		0	1,575,000	600,000	1,500,000	2,100,000	1,500,000	7,275,000		12,075,000	(4,800,000)
Facilities and Other:											
NEW	Stringing Trailer	60,000	---	---	---	---	---	60,000		\$ -	\$ 60,000
NEW	Telephone System Upgrade	65,000	---	---	---	---	---	65,000		\$ -	\$ 65,000
NEW	Meter Test Board	40,000	---	---	---	---	---	40,000		\$ -	\$ 40,000
NEW	System Modeling Software	80,000	---	---	---	---	---	80,000		\$ -	\$ 80,000
CHANGE	Hasting Service Center Facility Improvements (upgrade to Building B, new Building C, and covered area for inventory)	350,000	---	950,000	---	---	---	1,300,000		\$ 700,000	\$ 600,000
Total Facilities and Other		595,000	0	950,000	0	0	0	1,545,000		700,000	845,000
SCADA, Communications, and Other Items:											
CHANGE	Smart Metering Technologies (AMI) PILOT	---	50,000	200,000	1,000,000	1,000,000	---	2,250,000		\$ 200,000	\$ 2,050,000
NEW	SCADA System Replacement	---	350,000	---	---	---	---	350,000		\$ -	\$ 350,000
DELETED	Substation Security Cameras (project will be completed by 6/30/2014)	---	---	---	---	---	---	0		\$ 75,000	\$ (75,000)
Total SCADA, Communications, and Other Items		0	400,000	200,000	1,000,000	1,000,000	0	2,600,000		275,000	2,325,000
Joint TCL&P, City of Traverse City, and DDA Projects											
NEW	Disaster Recovery Center (renovation of DPS building to include installation of equipment for backup operational site)	---	250,000	100,000	---	---	---	350,000		\$ -	\$ 350,000
NEW	Work Order and Asset Management Software System	92,000	---	---	---	---	---	92,000		\$ -	\$ 92,000
NEW	Corridor Improvement Projects	---	---	---	---	---	---	0	Project costs unknown at this time.	\$ -	\$ -
NEW	Front St Lighting Circuit and Receptacles	---	---	400,000	400,000	---	---	800,000		\$ -	\$ 800,000
NEW	W. Front St (TCSB) to Oak Street Streetscapes	150,000	---	---	---	---	---	150,000	Special Assessment Fund	\$ -	\$ 150,000
NEW	Riverwalk Lighting (N Side of Boardman River)	200,000	---	---	---	---	---	200,000	Grant Funding Reimbursement	\$ -	\$ 200,000
DELETED	Bayfront Trail Lighting Phase I & II	---	---	---	---	---	---	0		\$ 150,000	\$ (150,000)

**TRAVERSE CITY LIGHT & POWER
SIX YEAR CAPITAL IMPROVEMENTS PLAN 2014**

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

		Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Project Totals	Project Notes	2013 Funding Level	Change
NO CHANGE	Cass & Lake Street Streetscapes	---	350,000	---	---	---	---	350,000	Special Assessment Fund	\$ 350,000	\$ -
NO CHANGE	East Front Street Streetscapes	---	400,000	---	---	---	---	400,000	Special Assessment Fund	\$ 400,000	\$ -
NO CHANGE	Garland Street Streetscapes	200,000	100,000	---	---	---	---	300,000	Special Assessment Fund	\$ 300,000	\$ -
NO CHANGE	Park Street Streetscapes	100,000	---	---	---	---	---	100,000	Special Assessment Fund	\$ 100,000	\$ -
DELETED	Pine Street Pedestrian Way <i>(In coordination with Pine Street Overhead to Underground - funding to be determined by the Board, if any)</i>	---	---	---	---	---	---	0		\$ 655,000	\$ (655,000)
Total Joint TCL&P, City of Traverse City and DDA Projects		742,000	1,100,000	500,000	400,000	0	0	2,742,000		1,955,000	787,000
TOTAL		\$ 9,072,000	\$ 5,755,000	\$ 5,560,000	\$ 5,300,000	\$ 5,650,000	\$ 4,150,000	\$ 35,487,000		\$ 35,625,000	\$ (138,000)
FIBER FUND PROJECTS:											
CHANGE	Wi-Fi Project - DDA <i>(funding reinstated with DDA)</i>	700,000	---	---	---	---	---	700,000	Funding to come from Downtown Development Authority	\$ -	\$ 700,000
Total Fiber Fund Projects		\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700,000		\$ -	\$ 700,000

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

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER DEPARTMENT
2014-15 Budgeted Revenues and Expenses Summary

	FY 11/12 Actual	FY 12/13 Actual	FY 13/14 Budget	FY 13/14 Projected	FY 14/15 Recommended
Operating Income:	\$ 31,834,482	\$ 31,809,664	\$ 32,675,000	\$ 34,100,600	\$ 37,741,500
Operating Expenses:					
Generation Expenses:					
Purchased Power - Lansing BWL	\$ 6,705,404	\$ 7,224,557	\$ 6,440,000	\$ 6,981,000	\$ 7,366,590
Stoney Corners - Wind Energy	2,380,113	2,782,535	2,970,000	2,765,600	2,894,000
Combustion Turbine Power Cost	4,692,108	3,401,472	3,978,000	3,907,000	4,536,000
Cambell #3 Power Cost	4,459,611	5,241,651	4,880,000	4,906,000	4,995,000
Belle River #1 Power Cost	3,817,115	4,627,616	3,960,000	4,495,000	4,030,000
Landfill Gas - Granger Project	110,647	326,712	460,000	613,000	925,000
Other Generation Expenses	85,684	178,884	78,000	168,700	271,550
Total Generation Expenses	22,250,681	23,783,427	22,766,000	23,836,300	25,018,140
Distribution Expenses:					
Operations & Maintenance	3,596,637	3,493,024	3,470,000	3,460,200	3,860,650
Transmission Expenses:					
Operations & Maintenance	179,975	366,978	420,900	373,800	339,800
Other Operating Expenses:					
Metering & Customer Accounting	500,426	516,919	573,400	593,450	548,650
Conservation & Public Services	676,733	1,689,992	1,027,750	613,500	787,800
Administrative & General	1,112,653	959,602	1,163,950	756,150	856,709
Insurance	52,215	55,453	66,350	66,350	68,000
Depreciation Expense	1,808,182	1,878,890	1,982,000	1,982,000	2,132,000
City Fee	1,598,157	1,599,866	1,634,700	1,707,700	1,889,500
Total Other Operating Expenses	5,748,366	6,700,722	6,448,150	5,719,150	6,282,659
Total Operating Expenses	31,775,659	34,344,151	33,105,050	33,389,450	35,501,249
Operating Income/Loss	\$ 58,823	\$ (2,534,487)	\$ (430,050)	\$ 711,150	\$ 2,240,251
Non Operating Revenues/(Expenses):					
Non Operating Revenues	828,563	(56,337)	430,050	700,400	834,600
Non Operating Expenses	(172,034)	(4,333)	0	0	(360,000)
Total Non Operating Revenue/(Exp)	656,529	(60,670)	430,050	700,400	474,600
Net Income	\$ 715,352	\$ (2,595,157)	\$ (0)	\$ 1,411,550	\$ 2,714,851

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
 2014-15 Budgeted Revenues and Expenses

	FY 11/12 Actual	FY 12/13 Actual	FY 13/14 Budget	FY 13/14 Projected	FY 14/15 Recommended
OPERATING REVENUES:					
Residential Sales	\$ 5,407,313	\$ 5,543,163	\$ 5,675,000	\$ 6,175,000	\$ 6,833,200
Commercial Sales	14,236,306	14,143,835	14,425,000	14,786,500	16,393,000
Industrial Sales	9,219,732	9,020,921	9,325,000	9,961,900	11,255,000
Public Authority Sales	278,640	274,590	280,000	288,500	321,600
Street Lighting Sales	189,823	194,708	190,000	197,000	202,600
Yard Light Sales	78,753	77,197	76,000	78,000	80,400
Forfeited Discounts	43,823	56,978	58,000	58,000	58,000
Merchandise and Jobbing	56,637	40,647	65,000	65,000	65,000
Recovery of Bad Debts	80	108	-	200	200
Sale of Scrap	28,240	50,958	35,000	35,000	35,000
Miscellaneous Income	16,462	51,047	43,500	35,000	34,000
Refunds and Rebates	12,589	2,223	2,500	2,500	2,500
MISO Revenue	2,266,084	2,353,289	2,500,000	2,418,000	2,461,000
TOTAL OPERATING REVENUES	\$ 31,834,482	\$ 31,809,664	\$ 32,675,000	\$ 34,100,600	\$ 37,741,500
OPERATING EXPENSES:					
GENERATION-OPERATING & MAINTENANCE:					
Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ 100,550
Fringe Benefits	-	-	-	-	54,800
Wind Generation - Traverse	18,157	100,009	25,000	10,500	-
Brown Bridge	1,553	-	-	-	-
Wind Generation Farm	1,841	-	-	-	-
Trap and Transfer	-	117	250	250	250
Union Street Fish Ladder	-	178	250	250	250
Operation Supplies	788	631	1,000	1,000	1,000
Purchased Power - Lansing BWL	6,705,404	7,224,557	6,440,000	6,981,000	7,366,590
Stoney Corners - Wind Energy	2,380,113	2,782,535	2,970,000	2,765,600	2,894,000
Combustion Turbine Power Cost	4,692,108	3,401,472	3,978,000	3,907,000	4,536,000
Campbell #3 Power Cost	4,459,611	5,241,651	4,880,000	4,906,000	4,995,000
Belle River #1 Power Cost	3,817,115	4,627,616	3,960,000	4,495,000	4,030,000
Landfill Gas - Granger Project	110,647	326,712	460,000	613,000	925,000
<i>Total Purchased Power</i>	<i>22,164,997</i>	<i>23,604,543</i>	<i>22,688,000</i>	<i>23,667,600</i>	<i>24,746,590</i>
<i>Purchased Power Cost as % of Sales</i>	<i>75.4%</i>	<i>80.7%</i>	<i>75.7%</i>	<i>75.2%</i>	<i>70.5%</i>
Coal Dock	8,740	13,895	11,800	8,900	2,500
Communications	288	307	500	500	500
Safety	8,000	13,350	13,600	7,700	5,000
Tools	607	-	300	300	500
Professional and Contractual	43,696	46,276	23,000	136,500	95,000
Professional Development	2,013	3,521	2,300	2,000	2,000
Uniforms	-	-	-	-	2,200
Vehicle Rentals	-	-	-	-	7,000
Miscellaneous	-	600	-	800	-
Total Generation O & M	22,250,681	23,783,427	22,766,000	23,836,300	25,018,140
DISTRIBUTION OPERATION & MAINTENANCE:					
Salaries and Wages	-	-	-	-	1,397,000
Fringe Benefits	-	-	-	-	989,900
Office Supplies	6,496	4,143	4,700	4,500	4,700
Operation Supplies	35,627	53,798	58,300	45,000	54,000
Utilities	47,067	49,703	60,300	50,000	51,250
Meals and Payments	-	-	-	-	4,800
Communications	17,574	52,920	53,000	47,000	16,700
Software and Hardware	-	-	-	-	122,500
Supervision and Maintenance	656,920	902,966	867,000	708,000	-
Substation	141,977	173,653	184,000	168,000	113,900

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
 2014-15 Budgeted Revenues and Expenses

	FY 11/12 Actual	FY 12/13 Actual	FY 13/14 Budget	FY 13/14 Projected	FY 14/15 Recommended
Overhead Lines	317,526	423,695	459,000	403,000	160,000
Load and Dispatching	529,680	433,298	408,000	474,000	-
Storm Damage Contingency	383,740	33,552	34,200	100,100	50,000
Underground Lines	186,258	217,598	184,000	210,000	50,000
Customer Installations	30,152	15,822	15,700	22,500	-
Electric Meters	53,190	47,476	45,400	64,000	12,000
Street Lighting	296,548	288,451	252,900	329,000	220,000
Traffic Signal Oper. & Maint.	157,134	186,697	197,900	169,000	70,000
Radio Equipment	1,468	1,146	1,500	1,500	2,500
Plant & Structures	314,830	219,019	257,000	265,000	90,000
Shop Labor	162,606	142,129	147,900	151,500	-
Safety	62,821	78,917	90,000	63,100	47,000
Tools	28,520	20,480	18,900	19,500	70,000
Uniforms	-	-	-	-	12,500
Professional and Contractual	54,348	47,514	37,400	57,100	95,800
Rent Expense	4,485	2,588	3,800	2,000	2,000
Professional Development	104,910	95,301	86,700	104,400	50,400
Printing and Publishing	1,376	1,861	1,900	1,500	4,000
Transportation	-	-	-	-	37,400
Vehicle Rentals	-	-	-	-	131,800
Miscellaneous	1,384	350	500	500	500
Inventory Adjustments	-	(53)	-	-	-
Total Distribution O & M	3,596,637	3,493,024	3,470,000	3,460,200	3,860,650
<u>TRANSMISSION OPERATIONS & MAINTENANCE:</u>					
Salaries and Wages	-	-	-	-	211,200
Fringe Benefits	-	-	-	-	5,000
Supervision & Maintenance	28,949	165,659	193,000	169,000	-
Substation	27,183	27,693	42,000	27,000	23,600
Overhead Lines	3,713	1,726	5,200	2,400	5,000
Load and Dispatching	50,817	91,350	97,000	91,400	-
MISO Transmission	21,190	25,154	24,000	25,000	28,000
Tools	-	-	-	-	3,000
Professional and Contractual	-	-	-	-	5,000
Miscellaneous-MPPA Transmission Project	48,123	55,396	59,700	59,000	59,000
Total Transmission O & M	179,975	366,978	420,900	373,800	339,800
<u>METERING & CUSTOMER ACCOUNTING:</u>					
Salaries and Wages	267,988	255,586	300,000	278,900	275,200
Fringe Benefits	118,975	119,846	130,200	144,800	130,900
Office Supplies	3,879	2,483	4,000	4,000	4,500
Communications	355	365	400	400	400
Meal Payments	68	330	600	500	500
Safety	9	24	100	1,400	3,200
Uniforms	3,453	2,629	3,700	2,500	3,600
Professional and Contractual	7,919	39,467	36,500	53,000	29,000
Postage	35,052	29,542	30,000	32,500	34,000
Uncollectable Accounts	16,796	27,856	17,350	30,000	30,000
Collection Costs	535	1,573	1,500	2,000	2,000
Data Processing	20,087	18,769	26,500	20,000	20,500
Transportation	5,281	4,557	5,000	5,000	5,500
Professional Development	3,792	1,374	2,500	2,500	7,000
Printing and Publishing	5,547	3,524	4,600	5,500	5,500
Vehicle Rentals	9,527	8,001	9,200	9,200	(4,400)
Miscellaneous	1,163	993	1,250	1,250	1,250
Total Customer Accounting	500,426	516,919	573,400	593,450	548,650

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
2014-15 Budgeted Revenues and Expenses

	FY 11/12 Actual	FY 12/13 Actual	FY 13/14 Budget	FY 13/14 Projected	FY 14/15 Recommended
CONSERVATION & PUBLIC SERVICES:					
Salaries and Wages	-	-	-	-	59,900
Fringe Benefits	-	-	-	-	24,400
Professional and Contractual	44,944	20,788	50,000	5,000	25,000
Contract Labor - Energy Optimization	-	100,000	100,000	100,000	160,000
Public Service & Communications	43,422	8,486	30,000	10,000	21,500
In-Kind Community Services	62,205	38,861	46,000	58,500	-
Community Investment Fund	-	1,000,000	-	-	-
Professional Development	-	-	-	-	5,000
Increased Energy Optimization Efforts	162	-	300,000	-	-
PA295 Energy Optimization Compliance	526,000	521,857	501,750	440,000	492,000
Total Conservation & Public Services	676,733	1,689,992	1,027,750	613,500	787,800
ADMINISTRATIVE AND GENERAL:					
Salaries and Wages	716,345	461,899	625,000	327,300	356,112
Fringe Benefits	137,566	163,923	200,000	142,300	162,897
Office Supplies	9,708	11,427	8,750	8,750	9,000
Communications	8,089	7,144	6,850	4,600	4,500
Software and Hardware	-	-	-	-	60,000
Fees and Per Diem	51,508	55,627	56,500	62,100	65,000
Board Related Expenses	3,755	4,228	3,350	10,600	15,000
Professional & Contractual	88,284	167,648	150,000	101,500	80,000
Legal Services	58,151	66,563	74,300	63,000	60,000
Employee Appreciation	6,611	4,925	5,000	8,000	9,200
City Fee	1,598,157	1,599,866	1,634,700	1,707,700	1,889,500
Transportation	2,151	1,517	2,700	2,500	2,500
Professional Development	16,074	6,081	20,000	15,500	20,000
Printing & Publishing	2,847	6,034	7,000	6,000	6,000
Insurance and Bonds	52,215	55,453	66,350	66,350	68,000
Miscellaneous	11,564	2,586	4,500	4,000	6,500
Depreciation Expense	1,808,182	1,878,890	1,982,000	1,982,000	2,132,000
Total Administrative and General	4,571,207	4,493,811	4,847,000	4,512,200	4,946,209
Total Operating Expenses	31,775,659	34,344,151	33,105,050	33,389,450	35,501,249
Operating Income / (Loss)	\$ 58,823	\$ (2,534,487)	\$ (430,050)	\$ 711,150	\$ 2,240,251
NON OPERATING REVENUES/(EXPENSES):					
Rents and Royalties	\$ 21,235	\$ 23,635	\$ 44,250	\$ 45,000	\$ 45,000
Pole Rentals	31,773	41,593	35,800	36,000	36,000
Reimbursements	354,909	163,980	150,000	371,400	553,600
Interest & Dividend Earnings	420,646	(285,545)	200,000	200,000	200,000
Gain/(Loss) on Sale of Fixed Assets	(172,034)	(4,333)	-	48,000	(360,000)
Total Non Operating Revenue/(Expenses)	656,529	(60,670)	430,050	700,400	474,600
NET INCOME/(LOSS)	\$ 715,352	\$ (2,595,157)	\$ (0)	\$ 1,411,550	\$ 2,714,851

**Traverse City Light & Power
Fiber Optics Fund
2014-15 Budgeted Revenues and Expenses**

	FY 11/12 Actual	FY 12/13 Actual	FY 13/14 Budgeted	FY 13/14 Projected	FY 14/15 Recommended
<u>Operating revenues:</u>					
Charges for services	\$ 216,850	\$ 208,030	\$ 229,000	\$ 216,000	\$ 243,200
Wi-fi Service Fee - DDA	-	-	-	-	-
Total operating revenues	\$ 216,850	\$ 208,030	\$ 229,000	\$ 216,000	\$ 243,200
<u>Operating expenses:</u>					
Salaries and wages	\$ -	\$ -	\$ -	\$ -	\$ 30,960
Fringe benefits	-	-	-	-	20,930
Office & operation supplies	2,200	-	2,000	2,000	1,000
Supervision & maintenance	15,000	13,858	41,000	14,500	-
Overhead & Underground lines	7,000	8,926	16,000	10,600	4,000
Customer installations	2,750	1,762	6,500	5,500	500
Wi-fi operations & maintenance	30,000	-	-	-	-
Termination boxes	46,200	5,096	16,500	9,900	2,000
Tools	900	-	150	500	1,000
Professional services	20,000	-	-	6,000	4,000
Legal services	500	-	-	-	2,000
City fee	10,800	10,402	10,100	10,800	12,160
Professional development	500	2,238	2,150	2,000	2,000
Insurance	1,300	925	1,000	900	1,100
Repair and maintenance	450	35	500	-	-
Vehicle rental	-	-	-	-	4,400
Miscellaneous	150	-	-	100	-
Depreciation expense	86,500	87,222	87,600	87,500	90,000
Total operating expenses	\$224,250	\$130,464	\$183,500	\$150,300	\$176,050
Operating income/(loss)	\$ (7,400)	\$ 77,566	\$ 45,500	\$ 65,700	\$ 67,150
<u>Non-operating revenues:</u>					
Reimbursements	37,400	6,431	18,000	20,000	5,000
Net income	\$ 30,000	\$ 83,997	\$ 63,500	\$ 85,700	\$ 72,150