A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

TUESDAY, February 24, 2015

At

5:15 p.m.

In The

COMMISSION CHAMBERS
(2nd floor, Governmental Center)
400 Boardman Avenue

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

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

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

Posting Date: 02-20-15
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.

None.

3. Unfinished Business

a. Public Hearing regarding (p. 4):

- Telecommunications Rate Increase
- Proposed Metal Melting Primary Service Rate

The purpose of this public hearing is to allow the public an opportunity to express, and the opportunity for the Board to consider, the public's support, opposition or general comments regarding this matter. To preserve the written record, members of the public are asked to state whether they are in support or opposition of this matter or whether they are expressing general comments. After such statement, the public is welcome to continue to elaborate on the matter.

b. Consideration of Strategic Plan – 2015 adoption. (p. 10) (Arends)

4. New Business

a. Consideration of approving minutes of the Regular Meeting of February 10, 2015. (p. 38)

5. Appointments

None.

6. Reports and Communications

a. From Legal Counsel.

b. From Staff.

1. Utility Rate Analysis Report. (Myers-Beman) (p. 40)

2. Review of 2015-16 proposed Electric Utility Fund Budget. (Arends/Myers-Beman) (p. 45)

c. From Board.

7. Public Comment

/st

FOR THE LIGHT & POWER BOARD MEETING OF FEBRUARY 24, 2015

TRAVERSE CITY
LIGHT & POWER

To: **Light & Power Board**
From: Karla Myers-Beman, Controller KMB
Date: February 17, 2015
Subject: Approval of Rate Increases

Attached you will find the proposed tariff sheets for the Telecommunications Rate and the new proposed Metal and Heat Treating Primary Service Rate ("MHTPSR").

The Telecommunications Rate is proposing increasing the rate $2.40 from $10.00 to $12.40 per pole. The new rate was calculated utilizing APPA's pole attachment tariff revenue calculation, which is used among many municipalities across the nation. The effective date of this rate will be March 1, 2015.

The MHTPSR rate is proposed to meet the Board's overall strategic objective of providing competitive rates to its customers. This rate was created to provide a competitive edge for our qualifying customer with similar entities within the State of Michigan on the Consumer's Energy Metal Melting Pilot Rate. Staff is suggesting an effective date of July 1, 2014 to coincide with the last rate increase.

Before the rates are approved, the City Charter requires a public hearing and public notice. Public notice was provided through an advertisement in the Traverse City Record Eagle and it was posted on the TCL&P website. After the public hearing is held, if the Board concurs with implementing the rates, the following motions would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZES THE APPROVAL OF THE TELECOMMUNICATIONS RATE EFFECTIVE MARCH 1, 2015.

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZES THE APPROVAL OF THE METAL AND HEAT TREATING PRIMARY SERVICE RATE EFFECTIVE RETROACTIVELY AS OF JULY 1, 2014.

City of Traverse City
Light and Power Department
Effective:

TELECOMMUNICATIONS RATE

(Rate "TC")

Availability:

Available to customers, on an individually-negotiated basis, other than public utilities located within the Department's existing Service Area. This rate is offered at the discretion of the Light and Power Board and may not be available if the Board determines, in any particular case, that it is not in the public interest to do so. A signed Agreement is required, which describes terms and conditions of service to which this rate applies.

Nature of Service:

Attachments to the Department's poles must conform to applicable federal, state, and local electrical code requirements as well as Department's standards – particularly with conformance to separation of services. The Department reserves the right to remove attachments at any time, without notice, if removal is required for safety or emergency reasons. The Department will not be liable for damage to telecommunications facilities. If any such damage should occur, customer must pay for replacement, relocation, or repair.

Rates and Charges:

One time license agreement fee:	$360.00
Permit application fee	$50.00
Annual Pole Attachment Fee:	$12.40/pole

The Annual Pole Attachment Fee shall be adjusted annually by any change in the Index known as "United States Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, base period 1982-84 – 100, (CPI-U)," herein referred to as the "Index."

Any unauthorized attachment penalty fee will be five times the annual attachment fee, per occurrence.

Failure to timely transfer, abandon or remove facilities or improperly assign penalty will be $1/5^{th}$ the annual attachment fee per day, per pole, first thirty (30) days; after the initial thirty (30) days the penalty shall be equal to the annual attachment fee per day, per pole.

Whenever this Agreement requires Licensee to pay for work done or contracted by Utility, the charge for such work shall include reasonable material, labor, engineering, administrative and applicable overhead costs. If Licensee was required to perform work and fails to perform such work, necessitating completion of the work by Utility, Utility may charge an additional ten percent (10%) of its costs or assess the penalty specified above.

Due Date:

Payment of the Applicable Annual Rates shall be due no later than July 31 of each year for the previous rental period. The initial annual rental period shall commence upon the execution of this Agreement and conclude on June 30 of the next year and each subsequent annual rental period commence on the following July 1 and conclude on June 30 of the subsequent year.

The due date for billings will be thirty (30) days after the billing is mailed. A late charge of 1% per month compounded for any delinquent payments.

City of Traverse City
Light and Power Department
Effective:

METAL AND HEAT TREATING PRIMARY SERVICE

(Rate "MM")

Availability:

Open to any customer who provides metal melting and heat treating services and is desiring primary voltage service for general use where the billing demand is 500 kW or more. This rate is not available for street lighting service or for resale purposes.

Nature of Service:

Alternating current, 60 hertz, single phase or three phase, the particular nature of the voltage in each case to be determined by the Department.

Where service is supplies at a nominal voltage of 15,000 volts or less, the customer shall furnish, install and maintain all necessary transforming, controlling and protective equipment.

Beginning July 1, 2014 any new customers must purchase and retain ownership of all necessary transforming, controlling and protective equipment, and, install and maintain this equipment at their expense. The customer is responsible for all costs and liability associated with the transforming, controlling and protective equipment.

Where the Department elects to measure the service at a nominal voltage of less than 2,400 volts, 3% will be added for billing purposes to the demand and energy measurements thus made.

Monthly Rate:

Customer Charge:	$40.00 per meter per month, plus
Capacity Charge:	$8.48 per kW of the highest on-peak billing demand for the past twelve months
Energy Charge:	6.4¢ per kWh for all kWh consumed during the on-peak period, November through May. 6.7¢ per kW for all kWh consumed during the on-peak period, June through October 5.0¢ per kWh for all kWh consumed during the off-peak period.

Power Service Cost Recovery:

This rate is subject to the Department's Power Service Cost Recovery.

Metal Melting Primary Service (Rate"MM"), cont.

High Load Factor Credit:

Monthly credits will be given to high load factor customers as follows:

Load Factor	% Credit on Total Billed Amount
90% - 100%	5%
80% - 89%	4%
70% - 79%	3%

Minimum Charge:

The capacity charge included in the rate.

Due Date:

The due date of the customer's bill will be shown on the bill and will be at least twenty-one (21) days. Payments received after the due date are considered late, and a penalty charge of 2% shall be imposed as a one-time charge.

On-Peak Billing Demand:

The on-peak billing demand shall be the kilowatts (kW) supplied during the 30-minute period of maximum use during on-peak hours during the month, per schedule below.

Schedule of On-Peak, Off-Peak and Intermediate-Peak Hours

The following schedule shall apply Monday through Friday (except holidays designated by the Department). Weekends and holidays are off-peak.

On-Peak Hours:	10:00 a.m.	to	5:00 p.m.
Off-Peak Hours:	5:00 p.m.	to	10:00 a.m.

Holidays designated by the Department

The following are designated as holidays by the Department:

New Year's Day	Independence Day	Thanksgiving Day
Memorial Day	Labor Day	Christmas Day

Adjustment for Power Factor:

This rate requires a determination of the average power factor maintained by the customer during the billing period. Such average power factor will be determined through metering of lagging kilovar hours and kilowatt hours during the billing period. The calculated ratio of lagging kilovar hours to kilowatt hours will then be converted to the average power factor for the billing

period by using the appropriate conversion factor. Whenever the average power factor during the billing period is above 0.899 or below 0.800, the capacity charge will be adjusted as follows:

a. If the average power factor during the billing period is 0.900 or higher, the capacity charge will be reduced by 2%. This credit shall not in any case be used to reduce the prescribed minimum charge.

b. If the average power factor during the billing period is less than 0.800, the capacity charge will be increased by the ratio that 0.800 bears to the customer's average power factor during the billing period.

FOR THE LIGHT & POWER BOARD MEETING OF FEBRUARY 24, 2015

TRAVERSE CITY
LIGHT & POWER

To: **Light & Power Board**
From: Tim Arends, Executive Director
Date: February 18, 2015
Subject: Consideration of Adopting Strategic Plan

Included in your packet is the proposed TCL&P Strategic Plan - 2015 ("Plan") for your consideration of adoption. Over the past few meetings staff has reported on last year's Plan objectives and progress, created new objectives for the 2015 Plan and sought and received Board input.

Recognizing that times change rapidly in the electric utility industry due to legislative issues, technology, and customer needs and expectations, the proposed Plan allows for modifications at any given time to address those changes and keep the utility moving in a forward direction.

TCL&P is an important part of the community that helps make Traverse City such a great place to live, work, and play. As exemplified in the Plan, the Board, staff and employees of the utility are focused on maintaining and improving the public power utility's significance to the community by adding value to the city, its residents, and all customers.

Staff recommends that the Board adopt the Plan as presented. If after Board discussion you agree with staff's recommendation the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE TRAVERSE CITY LIGHT & POWER STRATEGIC PLAN - 2015 BE ADOPTED AS PRESENTED.

TRAVERSE CITY
LIGHT & POWER
Investing Our Energy In You

Traverse City Light & Power Strategic Plan

Adopted: January 28, 2014

Revised: February 24, 2015

TRAVERSE CITY
LIGHT & POWER
Investing Our Energy In You

Introduction from the Executive Director

After successfully serving the City and surrounding areas for 103 years, the Board of Traverse City Light & Power ("TCL&P") embarked on developing a new Strategic Plan ("Plan") that could challenge the public power utility to exceed customer expectations while meeting the ever changing challenges of the electric utility industry. Safety, high reliability, low rates, transparency, and exceptional customer service and communications are among the core values of the utility. This Plan was created with these basic core values always in mind.

The purpose of the Plan is to serve as a guiding document of the Board and utility staff and to support the vision and mission of the utility by achieving goals and objectives that enhance the value of the utility to its owners and the community it serves.

This Plan for TCL&P is the result of a very intense planning process facilitated by professional industry experts and the dedicated efforts of the Board, staff, and employees.

Going forward, the Plan provides a blueprint for strategic planning and goal setting into the future. Quarterly, the utility staff will report to the Board on its progress toward specific goals identified in the Plan. On an annual basis, staff and the Board will update the Plan to meet changes in the industry, economy, and to meet changes in customer needs and expectations. This annual review, as is required in the Strategic Plan Board policy, will enable the Plan to remain a relevant guiding document for TCL&P in this ever-changing utility industry.

Timothy J. Arends
Executive Director

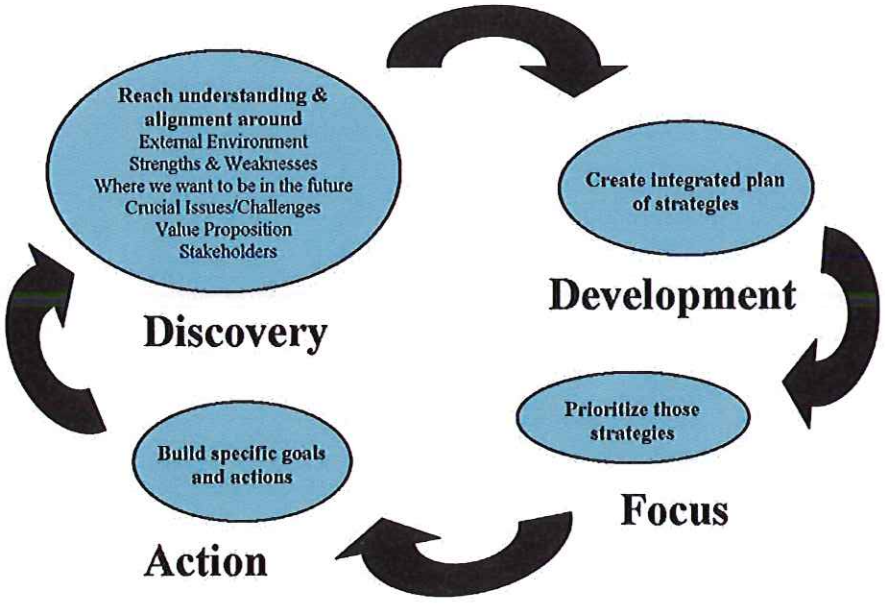


Table of Contents

1. Understanding Traverse City Light & Power

1.1 History ..... Page 4
1.2 Current TCL&P Power Supply Makeup ..... Page 8
1.3 Governance ..... Page 10
1.4 Customer Base ..... Page 10
1.5 Rates ..... Page 11
1.6 Financial Health ..... Page 13

2. Vision and Mission Statements

2.1 Vision Statement ..... Page 14
2.2 Mission Statement ..... Page 14

3. Strategic Issues

3.1 Financial Stability ..... Page 15
3.2 Power Supply Strategy ..... Page 17
3.3 System Reliability & Power Quality ..... Page 19
3.4 Technology ..... Page 21
3.5 High Quality Workforce ..... Page 23
3.6 Customer Satisfaction ..... Page 25

4. Conclusion ..... Page 27

1. Understanding Traverse City Light & Power

1.1 History

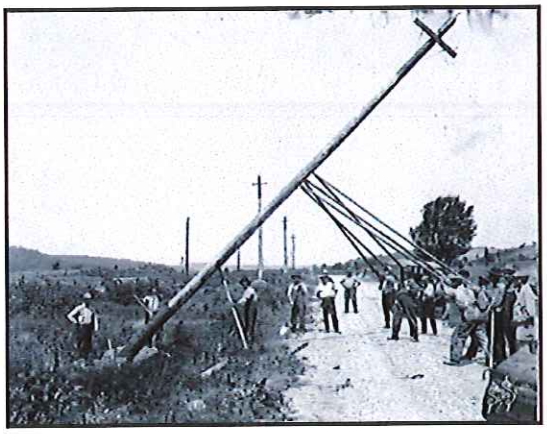
In the early 1900's, as demand for electric power grew in Traverse City, competition to meet this demand grew as well. The Queen City Light & Power Company was in operation only a few short years as a direct competitor to Boardman River Electric Light and Power Company. In September 1912, the City of Traverse City purchased Queen City Light & Power for $150,000. The purchase included sixty acres at Keystone and the property and flowage rights seven miles upstream including the Brown Bridge Dam area and pond. The new power company was known as the Traverse City Municipal Light and Power Department, known today as Traverse City Light & Power ("TCL&P") Department.

In the early days of TCL&P working conditions were challenging. Linemen camped in tents and worked with teams of horses to haul poles into place. Holes were dug by hand using picks and shovels. Linemen had to manually combat the elements, especially in winter.

Attracting new commerce to the Grand Traverse area required reliable and plentiful electric power. In 1920, the Traverse City Chamber of Commerce had to pause its efforts in pursuing new businesses because of the lack of such power. Fortunately, in 1921, the construction of Brown Bridge Dam began. Once completed in 1922, the dam produced reliable energy for TCL&P for the next 80 years.

In 1928, the first steam turbine was added to the Traverse City Waterworks building, which became the site of TCL&P's coal-fired Bayside Power Plant.

In 1937, TCL&P celebrated 25 years of supplying electricity to Traverse City. During this time, growth had continued to drive electric demand. A second steam turbine was installed in the Bayside Power Plant with an additional capacity of 1,000 kilowatts; the largest at that time and necessary to keep Traverse City growing and thriving.



In 1948, an $850,000, five-year expansion program for the Bayside Power Plant was approved. This new capital would allow TCL&P to purchase new equipment to increase generation capacity. Throughout the late 40's and 50's, Traverse City Light & Power added new and more powerful generators, opening the way for more growth and prosperity for the Traverse City area.

Other milestones and events occurred that would further impact the delivery of electricity to Traverse City residents and businesses. In 1950, Consumers Power Company purchased all assets of the Michigan Public

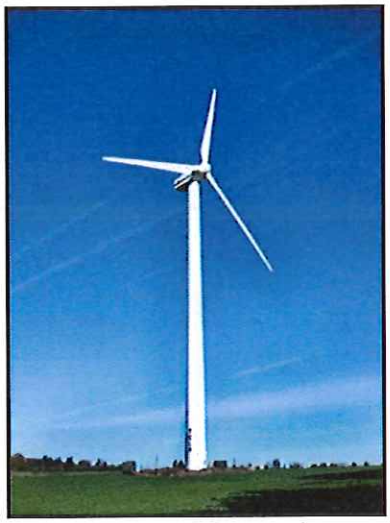
Service Company. In 1961, the Keystone Dam washed out due to heavy rains and extensive flooding of the Boardman River. That dam was never rebuilt.

In 1964, the city explored the possibility of expanding the Bayside Power Plant at a cost of $3.5 million. In 1965, voters approved the expansion by an over 2-to-1 margin and construction began. In 1967, the Bayside Power Plant expansion was completed. The peak of the new addition was almost 99 feet; roughly the height of the top of the historic Park Place Hotel. The height was necessary to house the overhead coal conveyor and handling system.

During the blizzard of 1977, work crews had to brave snow depths of 18 inches and more to restore power. Fortunately, because TCL&P had locally generated power, TCL&P customers had plenty of power for their consumption needs during that tough winter, while other major Midwest utilities had to ask customers to cut down on their consumption. The utility hit a lifetime peak production of 22,200 kilowatts on January 19, 1977.

In 1976, as the electric utility industry and how it operated had become more complex, the City Commission established an ad hoc committee to study the advisability of establishing a separate TCL&P Board. In January 1977 the ad hoc committee submitted its recommendation to create a two-year TCL&P Advisory Board which was approved by the voters in April 1977. In 1979 the TCL&P Advisory Board submitted a draft charter amendment to the City Commission, a public hearing was held, and the City Commission approved putting the draft charter amendment on the next ballot. After much analysis and public input, the voters approved the creation of the TCL&P Board on April 2, 1979.

In 1981, the Department of Natural Resources ("DNR") and TCL&P began discussing the development of a Fish Management Plan for the migratory fish, primarily salmon, that ran up the Boardman River each fall. After numerous meetings and approvals of the City Commission, the Michigan DNR, the Natural Resources Committee and the TCL&P Board, the Boardman River Trap and Transfer Harvest Facility was approved. The facility, located east of Hall Street, was completed in 1987.

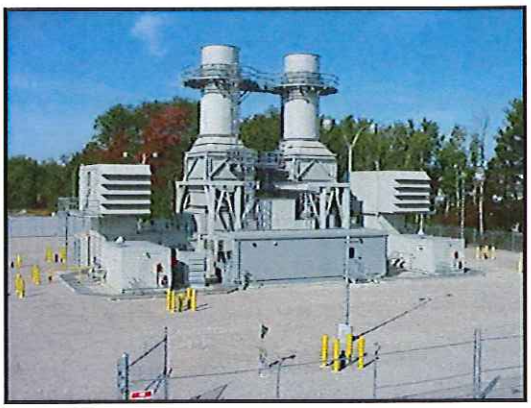


In 1988, TCL&P held its first annual tree seedling giveaway at the Bayside Power Plant in celebration of Earth Day. Seedlings were given away to customers and local community groups.

1996 was a major milestone year for TCL&P. The utility, long committed to exploring renewable energy sources, pioneered the first utility grade wind turbine in Michigan. The turbine was installed on M-72 and was, at the time of installation, the largest utility grade wind turbine in the United States.

Prior to the installation of the M-72 wind turbine, TCL&P developed the Green Rate. This rate allowed customers to voluntarily pay more on their monthly utility bill. The money collected went towards paying for the wind turbine, thereby supporting renewable energy. The

Green Rate was the first of its kind in the country and is now used as a model nationwide.



As the new millennium approached, TCL&P was on the cusp of significant changes and innovations. In 2002, Traverse City Light & Power, along with four other municipal electric utilities, participated in the Michigan Public Power Agency's natural gas-fired combustion turbine project in Kalkaska, MI. The project continues to provide reliable energy to the electric grid during peak demand times in the summer and winter months.

In 2005, the Bayside Power Plant (located in Traverse City's "Open Space" on West Grand Traverse Bay), which had been relegated to a lesser role of peak power support, was removed. Parts of the plant were sold to a Honduran company that planned to reassemble the power-generating portion of the plant in Guatemala.

In the fall of 2006, the license to generate electricity at the Boardman, Sabin and Brown Bridge dams was surrendered to FERC. The Brown Bridge Dam was removed in 2013 with plans to also remove Sabin and Boardman dams in the near future.

In response to Michigan Public Act 295 legislation, in 2009 TCL&P contracted to purchase all generation output from five, two-megawatt wind turbines located in McBain, MI. In the fall of 2010, when all five turbines were operational, TCL&P had the highest percentage of renewable generation to total generation of any utility in Michigan.

Also in 2010, stemming from TCL&P's announcement to construct a biomass generation facility, a ballot proposal was approved by voters to amend the City Charter to provide that any decision to build or acquire a power generation facility shall be subject to a referendum of city resident voters.

In 2012, Traverse City Light & Power celebrated its 100th Anniversary. TCL&P's focus remains much the same as it has over its many years of service, providing customers with safe, reliable and affordable electricity.

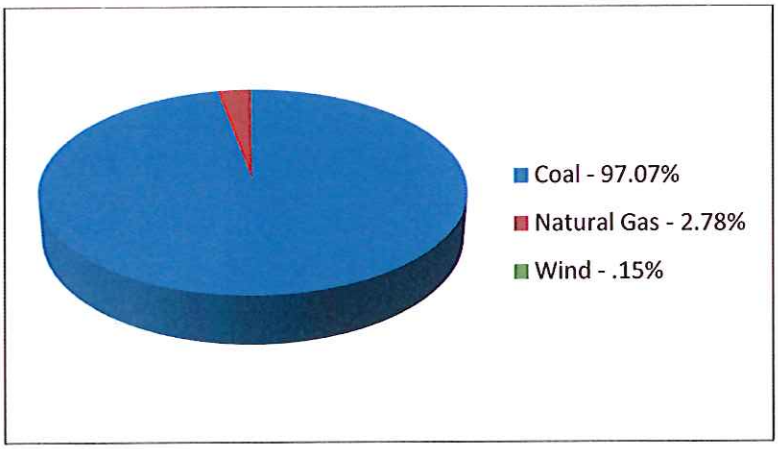
In March of 2012, TCL&P experienced one of the worst winter storms in the utility's history. At the peak of the storm, approximately 8,000 of TCL&P's 11,500 customers experienced outages. Due to the extent of the storm, TCL&P enacted a mutual aid agreement to request assistance from other electric utilities to help in the restoration effort. This was the first time in utility history that TCL&P requested mutual aid. Crews from Lansing Board of Water and Light, Grand Haven Board of Light & Power, Zeeland Board of Public Works, Lowell Light & Power, Trees Inc. and NG Gilbert responded and provided assistance. All TCL&P customers were restored within three days of the initial storm while some customers in the surrounding areas experienced outages for more than one week.

In the spring of 2013, TCL&P partnered with Cherryland Electric Cooperative to offer the first Community Solar Project in Michigan. The project allowed TCL&P customers to purchase a SUN Share (one solar panel) in the project and receive a monthly bill credit equal to the amount of energy produced by their share. In addition to the project being the first in the State of Michigan, it was also the first such partnership in the United States between a municipal and cooperative utility.

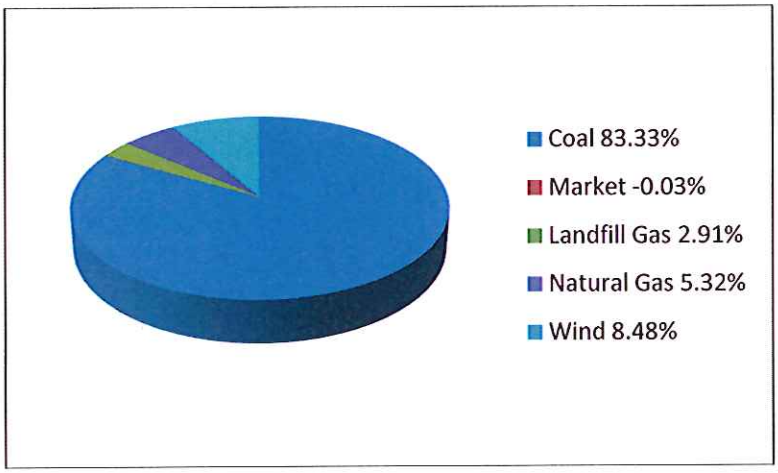
Also in 2013, after 18 years in operation, the TCL&P Board approved the decommissioning of the TCL&P wind turbine located on M-72 after a series of mechanical failures and unsuccessful attempts to repair the unit.

In December of 2014, TCL&P signed over ownership of the M-72 wind turbine to Heritage Sustainable Energy, LLC, owners of Stoney Corners Wind Farm in McBain, Michigan and entered into a Power Purchase Agreement to buy the output of the turbine.

1.2 Current TCL&P Power Supply Makeup



2009 Calendar Year



2014 Calendar Year

Generation purchased off the Market may be coal or natural gas.

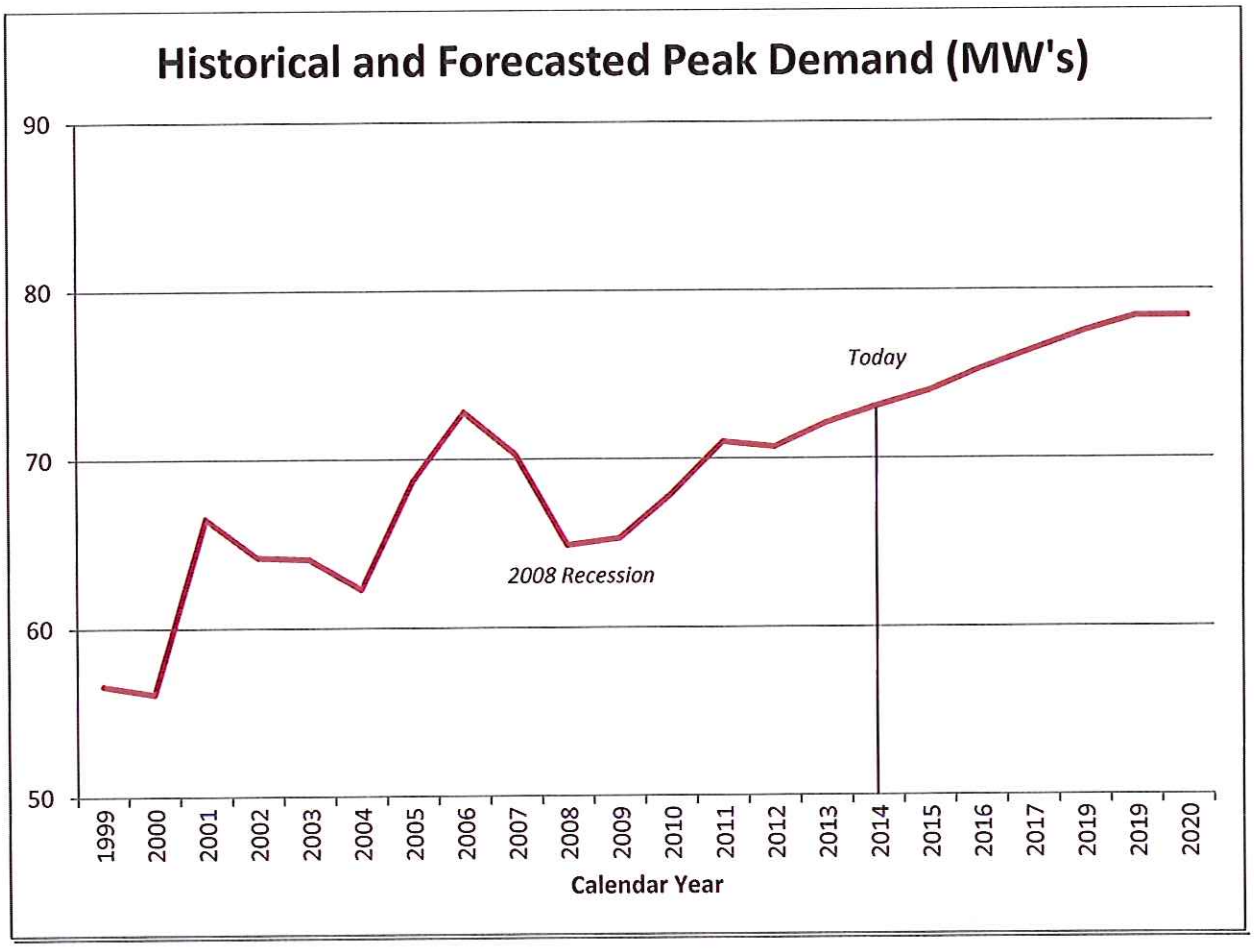
As displayed in the charts above, TCL&P's power supply has significantly changed from 2009 to 2014, primarily motivated by Public Act 295 signed into law on October 6, 2008. The Act, known as the Clean, Renewable and Efficiency Energy Act, established a Renewable Energy Standard for all utilities in the State of Michigan. This Renewable Energy Standard requires Michigan electric providers to achieve a retail supply portfolio that includes at least 10% renewable energy by 2015.

As a mechanism to meet this renewable standard, TCL&P entered into a purchase power contract with Heritage Stoney Corners Wind Farm, LLC to provide renewable capacity of up to 10 mega-watts ("MW") and all associated renewable energy credits. Additionally, TCL&P entered into a purchase power agreement with Heritage Sustainable Energy, LLC to purchase the output of the M-72 wind turbine previously owned by the utility.

Another factor affecting the utility's generation portfolio was the elimination of the Michigan Power Agency Pool in December 2010, which was replaced with a purchase power contract with Lansing Board of Water and Light ("LBWL") composed of electricity from LBWL's Eckert Coal Generating Plant. This agreement allows the minimum purchase of 10 MW of electric energy up to a maximum of 45 MW to replace TCL&P's deficient energy needs. This is a five year contract set to expire on December 31, 2015, with an automatic extension of one year.

Another separate contract was entered into with LBWL to serve as TCL&P's energy services agent for purchasing and selling deficient/excess energy in the MISO market.

TCL&P, along with other Michigan municipal utilities, is a member of the Michigan Public Power Agency ("MPPA"). The agency was formed to acquire interests in certain electric generation plants and related transmission lines to service its members. In 1983, through MPPA, TCL&P entered into a purchase power agreement for 26.35% of the energy generated by MPPA's 4.8% interest in the Campbell 3 plant; and in another agreement, 4.53 % of the energy generated by MPPA's 18.6% interest in the Belle River Plant. In 2002, TCL&P entered into a 25-year power supply contract for 75.9% of MPPA's Kalkaska Combustion Turbine project. In 2009 TCL&P contracted for 8.13% of energy generated in MPPA's landfill gas renewable energy contract with Grainger Electric of Michigan, LLC. Most recently, in 2014 TCL&P entered into an Energy Services Agreement with MPPA, whereby, MPPA on behalf of the utility will secure power and energy for the utility's present and future needs through contractual agreements.



This chart represents TCL&P's historical and forecasted peak demand from 1999 through 2020. Forecasted amounts in years 2014 and beyond were based on an Integrated Resource Plan prepared for TCL&P by R.W. Beck, Inc. in 2010.

1.3 Governance

The TCL&P Board was created in 1979 as a discrete component unit of the City of Traverse City and is referred to in the City Charter as a Department. A separate board was created to manage all aspects of the utility, with the City Commission approving its budget.

The TCL&P Board is a seven member board appointed by the City Commission, plus one non-voting ex-officio member, the City Manager. At least five of the seven members are non-commissioner members with five year alternating terms. One of the five may be a non-city resident, but must be a TCL&P customer. As part of the seven member Board, at least one member, but no more than two, must be a City Commissioner that serves a two year term.

The City Commission also approves the utility's budget, six-year capital improvements plan, and authorizes bond issues. In addition, the City Commission approves ordinance change requests, approves agreements that directly impact the City, and provides for the utility's vehicle fleet needs through the Garage Internal Service Fund.

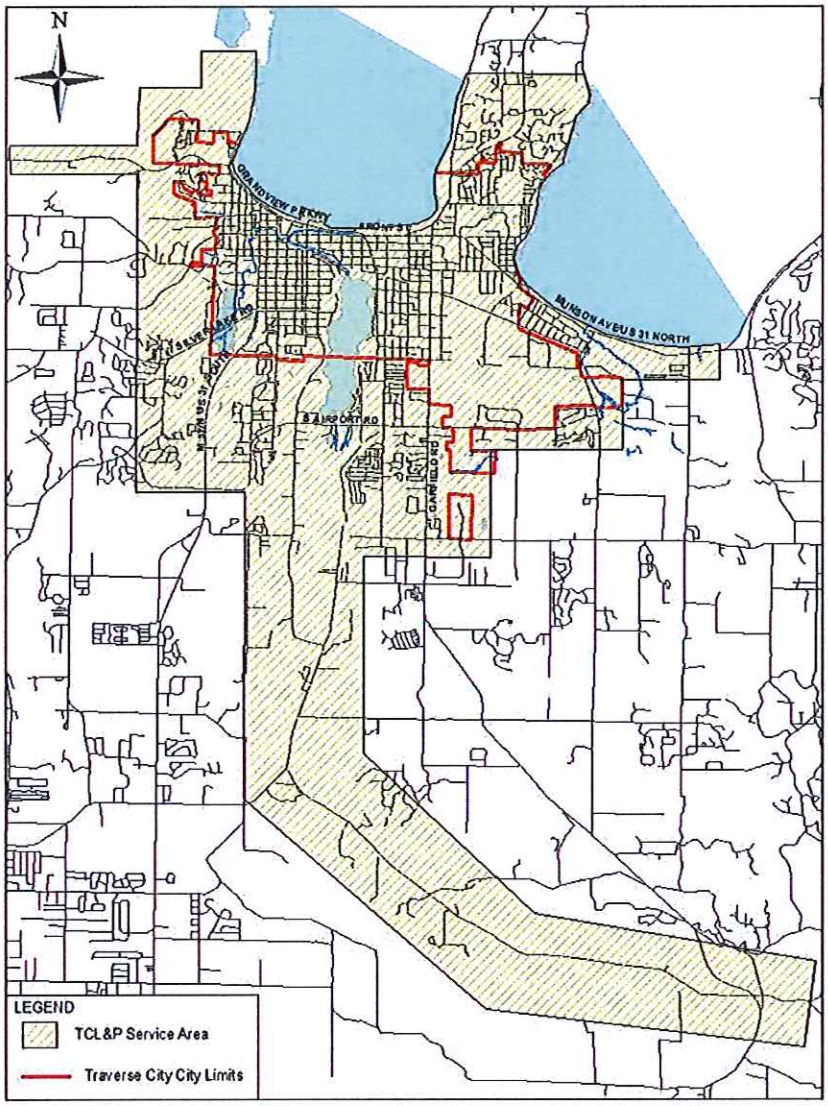
Customarily, one annual joint study session of the City Commission and the TCL&P Board takes place to discuss various current topics and the future direction of the utility.

1.4 Customer Base

TCL&P provides services to Traverse City and part of the outlying areas in Blair, East Bay, Elmwood, Garfield, Paradise and Peninsula Townships. Customers inside the city limits represent 77% of the utility's customer base and 72% of its revenues; customers outside the city limits represent 23% of the utility's customer base and 28% of its revenues.

As of fiscal year-end, June 30, 2014 the utility served an average of 12,417 customers and sold 327,292 mega-watt hours ("MWH") of electricity. 75% of the utility's customers are residential that provide 20% of the utility's revenues; conversely, 25% are commercial customers that provide 80% of the utility's revenues. An average residential customer uses 562 kWh per month, which equates to a monthly bill of $62.55.

TCL&P Service Area Map



1.5 Rates

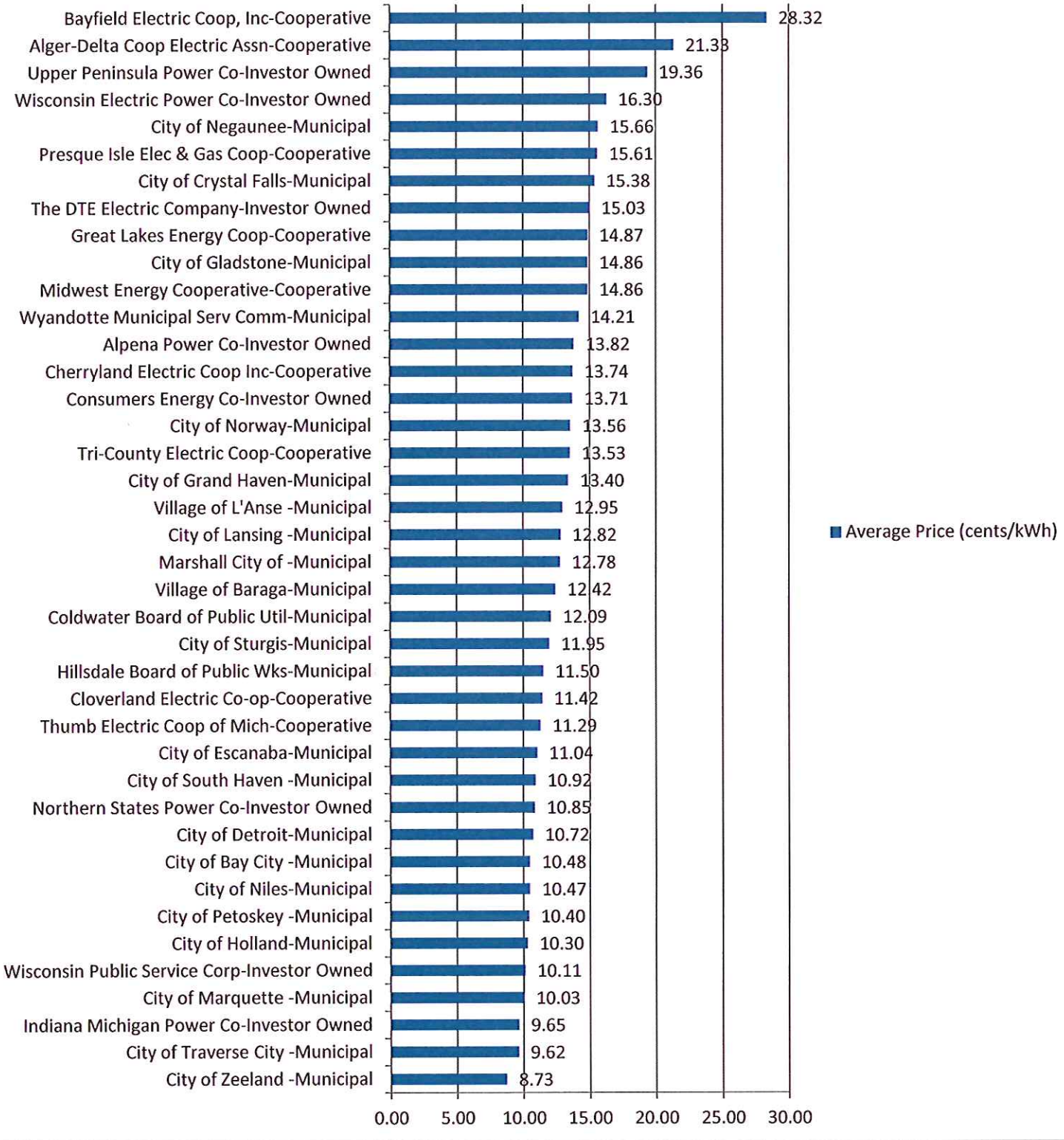
Of the forty utilities surveyed in 2014, TCL&P rates are the seventh lowest rates for residential. Small commercial rates are ranked twenty-third, while TCL&P's large commercial is eleventh lowest in the state. TCL&P's last rate increase was in 2014, which was the first rate increase in eight years; however, purchased power costs have increased over the years which has directly impacted customer billings through a Power Cost Recovery rate.

The following graph represents State of Michigan Average Residential Price and was obtained from the U.S. Energy Information Administration and reflects the latest public provided data, 2012.

Rates are established to cover cost of services. TCL&P currently maintains an electrical infrastructure that amounts to approximately $48M in capital investment. Investments include 350 miles of overhead and underground distribution circuits, 35 miles of transmission circuits, three transmission substations and four distribution substations with an additional distribution substation under construction.

State of Michigan Average Residential Price (cents/kWh)

As reported by the U.S. Energy Information Administration



1.6 Financial Health

TCL&P has sustained financial stability over the past several years by maintaining above adequate cash reserves to cover both operating and capital expenses. The 2013-14 fiscal year the utility ended with net income of $4M. This was partially attributed to excess power supply sold on the market during part of the year and the Board lifting the power service cost recovery cap in October 2013.

Below is a summary of various financial and operating ratios covering revenue per kWh to financial ratios such as operating and current ratio, along with expenses per kWh, and retail customer statistical comparisons. As a municipal utility, TCL&P is best compared to the APPA's – North Central/Plains region statistics. The only exceptions are (1) TCL&P currently has no outstanding debt and (2) the current ratio is higher for TCL&P because it includes investments as current assets in TCL&P's financial statements while other utilities do not.

Traverse City Light & Power

Report on Financial and Operating Ratios
(Fiscal Years Ending June 30, 2013, 2011 and 2009)

Ratio Description	2013	2011	2009	APPA - North Central/Plains 2012 Median Values
Revenue per KWH*				
* All Retail Customers	$ 0.090	$ 0.086	$ 0.083	$ 0.086
* Residential Customers	$ 0.096	$ 0.097	$ 0.094	$ 0.103
* Commercial Customers	$ 0.099	$ 0.094	$ 0.092	$ 0.096
* Industrial Customers	$ 0.076	$ 0.070	$ 0.068	$ 0.076
Debt to Total Assets	N/A	N/A	N/A	0.231
Operating Ratio	1.140	1.058	0.946	0.901
Current Ratio	9.58	14.37	13.28	2.80
Net income per revenue dollar	N/A	$ 0.050	$ 0.156	$ 0.040
Uncollectible accounts per revenue dollar	$ 0.0009	$ 0.0007	$ 0.0017	$ 0.0011
Retail customers per employee	305	271	286	374
Total OM expense per KWH sold	$ 0.097	$ 0.083	$ 0.070	$ 0.075
Total OM expense per retail customer	$ 664	$ 682	$ 608	$ 463
Total power supply expense per kWH sold	$ 0.073	$ 0.059	$ 0.049	$ 0.062
Purchased power cost per KWH	$ 0.074	$ 0.059	$ 0.049	$ 0.059
Retail customers per meter reader	4,740	5,951	4,732	6,368
Distribution OM expense per retail customer	$ 295	$ 275	$ 226	$ 135
Distribution expense per circuit mile	$ 9,980	$ 9,363	$ 7,633	$ 7,093
Customer accounting, service and sales expense per retail customer	$ 44	$ 46	$ 47	$ 54
Administrative and general expense per retail customer	$ 81	$ 111	$ 94	$ 155
Energy loss percentage	N/A	3.70%	N/A	3.49%

2. Vision and Mission Statements

As part of the overall strategic planning process, a committee consisting of Board and staff members was convened to review the current vision and mission statements and brainstorm new options that may better reflect the utility today based on the ideals of the current Board and expectations of the utility's customers and residents. After much review and discussion, the following statements were adopted by the Board:

2.1 Vision Statement

"To build the long-term value of Traverse City Light & Power for the benefit of the City and its residents and all Traverse City Light & Power customers."

2.2 Mission Statement

"The Mission of Traverse City Light & Power is to provide the Public Power benefits of safety, lower rates, high reliability, local control and exceptional customer service to the City and its residents and all Traverse City Light & Power customers."

3. Strategic Issues

At the beginning of the strategic planning process, the Board and staff participated in focused planning sessions to identify the top priorities of the utility now and into the future. Below is a summary of the six Strategic Issues that were identified through this process. In the following pages, each will be discussed further to show how the Strategic Issues impact the utility.

- Financial Stability
- Power Supply Strategy
- System Reliability & Power Quality
- Technology
- High Quality Workforce
- Customer Satisfaction

3.1 Financial Stability

Financial stability is an important strategic issue because it is the function that allows the possibility for the goals to be achieved in every other strategic issue. It is not the sole function, but one that is necessary. Additionally, with management being financially responsible and transparent of its operations, it ensures the public's trust to continue with the strategic plan goals set forth by management and approved by the Board. The areas focused on for this strategic issue include:

- Provide transparent communications on the financial health of the organization.
- Maintain the public's trust by being accountable at all levels of management.

The Operating Strategy for Financial Stability is to:

"Maintain positive operating cash flows and adequate capital reserves to sustain the financial health of the utility."

Five main Business Goals were identified to sustain and improve TCL&P's Financial Stability:

1. **Provide transparent communications on the financial health of the organization to customers through an annual report by March 31, 2015.**
   Metrics will be developed to measure how the utility is operating compared to prior years. These metrics will be composed of ratios that are suggested by the utility's collaborating agencies such as American Public Power Association and Michigan Municipal Electric Association along with others utilized by municipal public power agencies. Current and historical data will be provided in an annually published report for the Board and public. Additionally, a dashboard will be developed for TCL&P's website that is similar to Governor Snyder's dashboard requirement set forth for local municipalities. Creating both of these methods of communication will provide the Board and customers information to evaluate the operations of their public power utility.

2. **Enhance public engagement through quarterly performance reporting to the Board and public (on-going).**
   Providing the Board with easy to understand quarterly financial statements and Capital Plan and Strategic Plan progress reports will allow for educated and well informed decision making that will positively impact the future of the Utility.

3. **Develop a policy for the utility to provide guidance to the Board as to the acceptable annual contribution to the City for capital projects.**
   This policy will provide the Board and the City Commission an acceptable amount that ratepayers are willing to have embedded within the utility rate structure for both operational costs and capital projects. This amount can then be included within the City's and Light and Power Department's budget cycle for appropriate financial planning. Ratepayer guidance will be obtained through a survey or focus groups with meaningful questions developed by staff and reviewed by the Board with different weights placed by customer rate class.

4. **Review current workplace flows for efficiency enhancement through new developed process and procedures that will provide a proper planning environment and execution process for utility projects.**
   Workplace flows at times may become complacent and it is beneficial for staff to hold brainstorming sessions to develop new processes and procedures that will lead to efficiencies within the organization. Included within the brainstorming sessions, staff will develop and implement a plan to incorporate the newly developed processes and procedures and continually monitor on an annual basis for improvement.

5. **Develop and implement rate structures to promote financial stability along with energy conservation.**
   The purpose is to provide a simplified rate structure for ease of administration while incorporating new technologies such as AMI that allows for significant data collection for multiple benefits. Some possible benefits include energy efficiency, demand side management, distribution network management, improved data quality, and accurate billing.

3.2 Power Supply Strategy

Power Supply Strategy is an important strategic issue because it represents 75% of TCL&P's operating costs and impacts Traverse City's local economy through the utility's rate structure. With industry experts providing knowledge to the Board and staff through planned education sessions, the utility is able to make knowledgeable decisions regarding TCL&P's power supply future. Having a diverse portfolio and implementing state and Board requirements, including energy efficiency and renewable energy, allows the utility to be in regulatory compliance while not at major risk with only one fuel source. The areas focused on for this strategic issue include:

- Educate the Board and public in power supply.
- Come to a decision on power generation (ownership/local).
- Determine Board and customer risk tolerance regarding various energy options.
- Manage load growth through energy efficiency programs.

The Operating Strategy for Power Supply Strategy is to:

"Ensure sufficient power supply in a fiscally responsible manner."

Four main Business Goals were identified to sustain and improve TCL&P's Power Supply Strategy:

1. **Create a long-term plan designed to implement programs and/or incentives that will manage load growth aimed at reducing on-peak demand by July 31, 2015. Energy efficiency programs will be implemented to achieve the maximum energy efficiency outcomes for the dollar amounts budgeted for the benefit of all ratepayers.**
   Knowing that *"the lowest cost energy is the energy that is saved,"* TCL&P will develop a plan, with assistance of an outside consultant, to optimize its energy efficiency program offerings to directly manage load growth, therefore reducing the amount of capacity needed. With on-peak energy being some of the most expensive, TCL&P will focus efforts on offering customer programs that reduce or shift on-peak demand to off-peak.

2. **Implement recommendations from the IRP report.**
   The IRP will be updated with the latest actual information and review and update recommendations for power supply purchases going forward. The utility will continue to work through the Michigan Public Power Agency to strategically structure purchases to allow for flexibility while insulating customers from the volatile power market.

3. **Investigate generation opportunities that complement the power supply mix.**
   In combination with the state's new energy plan and expected increase in renewable energy standards, the utility will work with the Michigan Public Power Agency in evaluating future power supply agreements that provide stability in rates, while diversifying the power supply portfolio of the utility.

4. **Develop a plan for meeting State guidelines on the new Energy Plan – 2015.**
   By the end of the calendar year it should become clear what the state's energy plan is for the future. It is anticipated that the renewable energy standard will be increased. The utility will

position itself to meet the requirements within the mandated timeframe(s). Staff will prepare a compliance plan as a guide to future energy purchases.

3.3 System Reliability & Power Quality

System reliability is the utility's plan to maintain and improve its electrical infrastructure system which consists of:

- Three transmission substations.
- Approximately thirty-five miles of transmission lines.
- Four, soon to be five, distribution substations.
- Two hundred miles of overhead distribution lines.
- One hundred and fifty miles of underground distribution lines.
- Seven thousand poles.
- Two thousand transformers.

This plan will help the utility analyze and select system improvement projects based on a rating system of several criteria to increase the utility's reliability. TCL&P will be working closely with other city departments, utilities, and customers in order to maximize the effect of the project with joint construction efforts. The areas focused on for this strategic issue include:

- Enhance and develop new system maintenance programs.
- Define and implement system improvement strategies.
- Formalize the storm restoration plan.
- Improve communication processes with customers, other utilities and city departments.

The Operating Strategy for System Reliability is to:

"Take a proactive approach to maintain a high level of system reliability in a cost effective manner."

Four main Business Goals were identified to enhance TCL&P's System Reliability & Power Quality throughout the electrical system:

1. **Annually review, enhance and develop system maintenance programs ensuring Average Service Availability Index ("ASAI") remains above 99.970%.**
   ASAI is the ratio of the total number of customer hours that service was available during a given time period to the total customer hours demanded (in 2013 it was 99.991%). In 2013, TCL&P completed a circuit rehabilitation program on circuit BW-22 where crews performed maintenance including partial rebuilds by replacing equipment, replacing wire, and adding fusing across the entire circuit. TCL&P plans to continue with this circuit rehabilitation in 2015 with circuit BW-31. TCL&P will also implement inspection programs throughout the system from poles to pad mount cabinets. This data will be used as criteria within the rating system to determine which areas are in most need of maintenance.

2. **Develop a rating system to prioritize capital system improvements, to be updated annually.**
   This system will be utilized annually in the utility's capital improvements project planning process. The system will help prioritize projects over the next six years to increase system reliability and power quality to TCL&P customers.

3. **Coordinate construction projects between TCL&P, other city departments, and other utilities.**
   TCL&P will work with City departments through the City's annual capital improvements process in coordinating City and TCL&P capital projects. This coordination will create efficiencies and less inconvenience to ratepayers through the construction process. TCL&P will also work with other area utilities such as cable and telephone to coordinate projects. This is especially important when it comes to undergrounding as available right-of-way is limited in some areas. It is a priority of TCL&P to maintain communications with affected customer through neighborhood meetings, direct mailers or door hangers regarding upcoming projects.

4. **Formalize written switching and tagging procedures as recommended by Hometown Connections.**
   Switching and tagging procedures are a written set of instructions used to de-energize, energize or transfer load between equipment and or substations. Following these written instructions minimizes the risk of unnecessary outages, damage to equipment and helps ensure the safety of employees involved. Formalizing these procedures will ensure completeness and uniformity in the preparation of switching orders as well as the actual switching and tagging conducted in the field.

3.4 Technology

Technology plays a valuable role within all strategic areas and is at the forefront of the electric utility. In recent years, technical innovation has become a leading factor in modernizing the face of the electric utility by creating efficiencies within all aspects of the business. Therefore, it is necessary to embrace technology as a strategic issue. The areas focused on for this strategic issue include:

- Ensuring security for the integrity of the utility.
- Implementing energy efficiency technologies.
- Maximizing operational efficiencies.
- Enhancing communications.
- Keeping abreast of future technology opportunities.

The Operating Strategy for Technology is to:

"Embrace technologies for the benefit of the customers and community."

Nine main Business Goals were identified to sustain and improve TCL&P's Technical efficiencies:

1. **Enhance video security monitoring at TCL&P's facilities.**
   TCL&P will install video monitoring systems at several of its substations and other facilities and has identified several benefits. Remotely monitoring substation access provides increased safety benefits for the crews that need to work in these potentially hazardous locations. It also will provide enhanced security to TCL&P's primary assets by being able to monitor the locations 24/7.

2. **Implement a new work order management system.**
   TCL&P will implement a new web-based work order management system to update or replace its current work order management system. Implementing a system that crews can utilize in the field will increase efficiencies by allowing for instantaneous data access and updates. This will provide better metrics for improved efficiencies in project planning, reporting, billing and crew management.

3. **Install and implement an Integrated Voice Response (IVR) system for outage management.**
   High telephone call volumes are not uncommon during power outages. Implementing an IVR system is a great way to prevent customers from receiving a busy signal during these periods. By bridging the IVR system with the Outage Management System (OMS) TCL&P will be able to provide efficient and accurate information to its customers through various channels regarding the status of the outage. An example would be texting customer information on an outage, or receiving an outage from a customer via text.

4. **Fully implement MilSoft Outage Management and Engineering Analysis Program.**
   The MilSoft Solutions system is currently not being used to its full potential. The completion of the electric system model and system mapping information will help to provide TCL&P maximized benefits and efficiencies to the electric utility.

5. **Update the utility's Supervisory Control and Data Acquisition (SCADA) System to current technology.**
   The new SCADA systems are designed from SQL database and web-based deployment and are much more convertible than the existing system TCL&P has today. Integrating the current SCADA technology ensures that as system updates and advances in functionality are needed TCL&P will be able to accept those updates seamlessly.

6. **Complete a study analyzing implementation reasons for the Advanced Metering Infrastructure (AMI) Pilot.**
   In future years, TCL&P is looking to deploy an AMI network. The first phase is a pilot rollout to a small select area to gain metrics in order to make adjustments for a larger rollout. There are many different reasons and benefits that a utility would look to gain in doing an AMI project. Therefore, prior to the pilot, staff felt it necessary to complete a study to analyze the reasons in particular that TCL&P would be looking to benefit from this project.

7. **Safeguard the utility from cyber threats to stay current with industry standards (on-going).**
   The cyber security threat environment is one that is constantly changing and evolving rapidly. The Federal Energy Regulatory Commission (FERC) and National Electric Reliability Commission (NERC) have guidelines and standards to follow for cyber threats. By following these guidelines TCL&P will maintain an electric system that is highly reliable against cyber intrusions that could affect TCL&P customers. On the business side, examples of cyber threats include data theft, denial of service attacks, website defacement and customer information disclosure or privacy breaches. On the operations side, cyber threats could target the generation and delivery of power. The greatest threat to electricity delivery is a sophisticated and coordinated cyber-physical attack on the operations side aimed at causing regional power outages. TCL&P will continue to adapt and follow guidelines provided by NERC and FERC to ensure system reliability.

8. **Create emergency technology back-up procedures.**
   Electric utilities operate now much as they did a century ago, but the environment in which they operate is changing radically, resulting in a shift of emerging technologies. With the deployment of these key technologies, technical staff needs to have adequate coverage to sustain the utility's operations around the clock. Staff has recognized that we fall short in this area and will create a procedure to utilize in the event of a coverage limitation.

9. **Research and implement technology that will effectively communicate pertinent utility information with customers.**
   The utility will focus on additional ways that utilizing technology will provide a more effective means of getting information out to customers. This will range from placing the Outage Management System map on the TCL&P website to mass texting capabilities that notify customers regarding outages, weather and utility payment scams.

3.5 High Quality Workforce

TCL&P recognizes the value and importance of employees who are an essential component to the successful operations of the utility. Promoting and encouraging a high quality workforce needs to continue and strengthen in order to ensure that TCL&P provides excellent service to its customers and community. The areas focused on for this strategic issue include:

- Maintain a safe work environment through collaborative efforts between management and the union.
- Foster a work environment that encourages professional development for the betterment of the organization.
- Ensure the organization's efforts attract and retain qualified candidates.
- Communication throughout the organization that will allow for transparency, accountability, trust and respect amongst management and union employees.

The Operating Strategy for High Quality Workforce is to:

"Create and maintain an organizational culture that empowers and educates employees with the end result being a safe, motivated, and highly skilled workforce."

Five main Business Goals were identified to sustain and improve the quality of TCL&P's workforce:

1. **Continue engaging in efforts towards employee professional development and performance management in order to ensure that the workforce has the knowledge, skills and abilities to evolve in their positions and are accountable in the work being performed (on-going).**
   The utility will continue to foster a work environment that encourages professional development, but at the same time stresses accountability in work performance. This will involve formalizing a process to transfer knowledge from the seasoned employees while working with the union on a succession plan that allows for successful internal growth. Included within this framework will be the development of an employee evaluation method that monitors internal growth and measures performance in order to ensure that the utility is utilizing our human capital efficiently.

2. **Align work tasks, processes, and knowledge and skill requirements with both current and future needs of the organization.**
   The operations of the utility have and will continue to evolve in the future. It is imperative that the duties, knowledge and skill level requirements of each position match the needs of the utility. Therefore, a complete review of all positions will be performed.

3. **Enhance employee engagement on issues facing the utility through communication efforts that are transparent and effective.**
   TCL&P will continue to focus on effective communication that is successful in distributing information internally throughout the organization. Employee participation and engagement in this process is imperative in order to minimize the spread of misinformation and increase overall

employee morale. Additional avenues of communication such as increasing the use of technology will be utilized.

4. **Modernize recruitment strategies, selection techniques and retention efforts to ensure that the utility is successful in attracting and retaining qualified candidates.**
   As an employer of choice in the region, TCL&P will look at ways to increase our effectiveness in recruiting, selecting and retaining candidates that have the necessary skills and competencies needed to perform work within the electric utility industry.

5. **Promote employer and worker awareness of, commitment to, and involvement with safety to effect positive change in the workplace culture through cooperative efforts and strong leadership.**
   The Safety Development Plan drafted and finalized in 2014 was the first step in providing the framework for areas that the utility wants to focus its efforts on developing and implementing going forward. Staff will continue to use the actions and objectives identified in this Plan as a guideline to continue to foster a culture of safety.

3.6 Customer Satisfaction

Although Customer Satisfaction is affected by all of the previous Strategic Issues identified in this Plan, there are many ways for the utility to encourage, track, and modify the way services are provided to customers that will assist in striving for a high level of customer satisfaction. The areas focused on for this strategic issue include:

- Maintaining a high level of customer service.
- Improving current and developing new communication avenues with customers.
- Providing a variety of value-added programs to customers.
- Strengthening partnerships for the betterment of the community.
- Ensuring lowest rates possible while meeting customer expectations.

The Operating Strategy for Customer Satisfaction is to:

"Sustain and improve the utility's goodwill to all customers by going the extra mile."

Five main Business Goals were identified to sustain and improve TCL&P Customer Satisfaction levels:

1. **Maintain a customer satisfaction rating above 95%.**
   The utility will continue to enhance efforts to ensure customers are satisfied with the services provided by the utility. Measurement of our efforts will be done using a variety of methods that may include extensive community wide surveys done every three to five years, automated phone surveys following customer service representative interaction and quick outage surveys done on a quarterly basis. Additionally, TCL&P will provide training opportunities for employees on effective customer service practices.

2. **Maintain customer rates lower than other utilities in the area.**
   It has been communicated to staff by the board that it is important to keep rates low when compared to other utilities within the local area as this is an important benefit of being a public power utility. TCL&P will measure the utility's success in this area by completing an annual rate survey of utilities throughout the state, and by completing a cost of service study no less than every five years to be used for a rate analysis. If this goal is not achievable or financially feasible, an explanation will be provided to the board and the operations or the goal will be revised.

3. **Enhance the utilities communications efforts and community involvement by implementing the Communications Strategy.**
   Successfully communicating with all customers is crucial in achieving customer satisfaction.
   To accomplish this, TCL&P will implement the communication channels outlined in the Communications Strategy. This will not only include the traditional methods but also will incorporate community outreach efforts like school demonstrations and utility open houses.

4. **Continually analyze new and current value-added programs to meet or exceed the customer expectations of its utility.**
   Providing electrical related program opportunities to customers is another way the utility can build upon overall customer satisfaction. With the electrical industry evolving, the number of new program opportunities could be endless, but evaluating which programs will be viewed as beneficial will be essential to the overall program's success. TCL&P staff will continually work to add new and evaluate current programs to make sure they are meeting the needs of the TCL&P customers by using industry specific resources such as the American Public Power Association, Michigan Public Power Agency and attending relevant conferences.

5. **Evaluate and implement services focused on assisting the unique needs of the utility's key account customers by December 31, 2015.**
   Key account customers represent some of the utility's largest consumers. Although all customers are of value to TCL&P, the distinct needs of this customer group require additional attention from staff due to the level of electrical consumption and the economic impact of their business on the greater community. Specific programs will be analyzed and implemented to assist these customers to successfully do business in the Traverse City region.

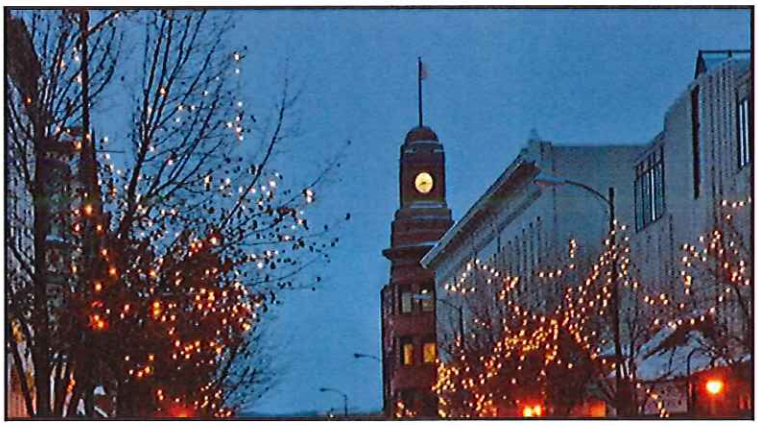
4. Conclusion

The fundamental purpose of TCL&P's strategic planning process was to identify, consider and act on the internal and external issues that are expected to have the greatest influence on TCL&P's ability to successfully achieve its vision and mission in the future. Upon board approval of the Strategic Plan, the real work will begin. Implementation!

Staff will provide quarterly updates to the Board on its progress towards implementing and/or achieving the identified goals. As the utility moves forward, this Plan will be used as a guide for future strategic planning.

Annually, the Board and staff, through the budgeting process, will review and update the Plan as necessary to reflect changing Board and customer expectations of its public power utility. The utility must stay in-tune with the evolving electric industry, economic conditions, and customer expectations. The strategic issues of today including financial stability, power supply strategy, system reliability and power quality, technology, high quality workforce, and customer satisfaction may not be the strategic issues of the utility in the future. It is the intent of TCL&P staff and its Board that this Plan be modified from time-to-time to remain relevant and useful in managing the utility.

TCL&P has a very long and proud history of serving the electrical needs of the Traverse City community. The utility looks forward to implementation of this Plan for the betterment of the City of Traverse City, its residents and all TCL&P customers.



TRAVERSE CITY
LIGHT AND POWER BOARD

Minutes of Regular Meeting
Held at 5:15 p.m., Commission Chambers, Governmental Center
Tuesday, February 10, 2015

Board Members -

Present: Barbara Budros, Jim Carruthers, Pat McGuire, Jeff Palisin, John Taylor

Absent: Bob Spence, Jan Geht

Ex Officio Member -

Present: Jered Ottenwess, City Manager

Others: Tim Arends, Scott Menhart, Karla Myers-Beman, Tom Olney, Kelli Schroeder, Rod Solak, Stephanie Tvardek, Jessica Wheaton, Blake Wilson

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

Item 2 on the Agenda being Consent Calendar

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

a. Minutes of the Regular Meeting of January 27, 2015.

b. Confirming Purchase Order for transformers to serve the Park Place Hotel.

c. AT&T Contract.

d. Telecommunications Rate Increase and setting of a Public Hearing.

CARRIED unanimously. (Spence, Geht absent)

Items Removed from the Consent Calendar

None.

Item 3 on the Agenda being Unfinished Business

None.

Item 4 on the Agenda being New Business

a. Consideration of Metal Melting & Heat Treating Primary Service Rate and setting of a Public Hearing.

The following individuals addressed the Board:

Tim Arends, Executive Director
Karla Myers-Beman, Controller

Moved by McGuire, seconded by Budros, that the Light and Power Board authorizes the Secretary to set a Public Hearing for the creation of a Metal Melting & Heat Treating Primary Service Rate to be held at the February 24, 2015 regular meeting; and furthermore that a notice of the Public Hearing be posted on the utility's website and placed in the Traverse City Record Eagle.

CARRIED unanimously. (Spence, Geht absent)

b. Introduction of Strategic Plan updated Business Goals.

The following individuals addressed the Board:

Tim Arends, Executive Director
Karla Myers-Beman, Controller
Jessica Wheaton, Manager of Energy Services & Key Accounts
Rod Solak, Line Superintendent
Blake Wilson, System Engineer
Tom Olney, Operations Manager
Scott Menhart, Manager of Telecom & Technology
Kelli Schroeder, Manager of Human Resources & Communications

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.

None.

c. From Board.

1. Jim Carruthers requested the board binders be reviewed and updated where necessary.

Item 7 on the Agenda being Public Comment

No one from the public commented.

There being no objection, Chairman Taylor declared the meeting adjourned at 6:05 p.m.

Tim Arends, Secretary
LIGHT AND POWER BOARD

/st

FOR THE LIGHT & POWER BOARD MEETING OF FEBRUARY 24, 2015

TRAVERSE CITY
LIGHT & POWER

To: **Light & Power Board**
From: Karla Myers-Beman, Controller KMB
Date: February 17, 2015
Subject: Rate Comparison

Attached you will find the rate comparison of Residential Rate with consumption level at 500 kWh, Residential Rate with consumption level at 1,000 kWh, Small Commercial Rate with consumption level at 1,500 kWh and Large Commercial Rate with demand level at 35 kW and consumption level 11,500 kWh. The consumption amounts for the Small and Large Commercial Rates were obtained by averaging TCL&P's actual billing data from the last three years.

The data for this rate comparison was obtained from utility websites, telephone calls/emails to respective entities and is for the time period for rates effective as of December 2014.

The overall results for residential was TCL&P ranked 7th for the consumption level at 500 kWh and 11th for the consumption level at 1000 kWh. Small commercial was in the mid-range with being ranked at 23rd, less expensive than Consumers Energy, but more expensive by $26.36 than Cherryland Electric Cooperative. Large commercial is better than small commercial ranked at 11th, less expensive than both Consumers Energy and Cherryland Electric Cooperative.

Traverse City Light & Power

Michigan Electric Rate Survey - December 2014

500 KWH

	RESIDENTIAL	Energy	PA 295	PSCR	Availability	Tax	Total	Rank	Energy Rate	PA 295 Rate	PSCR Rate	Availability
m	Harbor Springs	$ 37.10	$ 0.62	$ 0.62	$ 4.00	$ 1.69	$ 44.03	1	$ 0.07420	$ 0.001240	$ 0.00123	$ 4.00
m	Chelsea Light & Power	$ 37.00	$ -	$ 2.20	$ 6.01	$ 1.81	$ 47.02	2	$ 0.07400	$ -	$ 0.00440	$ 6.01
m	Zeeland BPW	$ 34.05	$ 1.00	$ 7.86	$ 6.50	$ 1.98	$ 51.39	3	$ 0.06810	$ 1.000000	$ 0.01572	$ 6.50
i	Wisconsin Public Service (Menominee)	$ 42.44	$ 1.15	$ -	$ 9.00	$ 2.10	$ 54.69	4	$ 0.08487	$ 0.002300	$ -	$ 9.00
i	American Electric Power/Indiana Michigan	$ 44.36	$ 1.54	$ 3.00	$ 7.25	$ 2.25	$ 58.39	5	$ 0.08873	$ 0.002210	$ 0.00599	$ 7.25
m	Charlevoix	$ 39.30	$ 0.89	$ 10.99	$ 5.25	$ 2.26	$ 58.69	6	$ 0.07860	$ 0.001780	$ 0.02198	$ 5.25
m	**Traverse City Light & Power**	**$ 47.00**	**$ -**	**$ 4.30**	**$ 6.00**	**$ 2.29**	**$ 59.59**	**7**	**$ 0.09400**	**$ -**	**$ 0.00860**	**$ 6.00**
m	Bay City Electric L&P	$ 48.90	$ 0.48	$ (0.66)	$ 8.90	$ 2.30	$ 59.92	8	$ 0.09780	$ 0.000951	$ (0.00132)	$ 8.90
m	Marquette Light & Power	$ 51.80	$ 0.89	$ (3.49)	$ 8.50	$ 2.31	$ 60.00	9	$ 0.10360	$ 0.001770	$ (0.00698)	$ 8.50
m	Holland Board of Public Works	$ 47.15	$ 0.86	$ -	$ 9.93	$ 2.32	$ 60.25	10	$ 0.09430	$ 0.001711	$ -	$ 9.93
m	St Louis	$ 53.90	$ 1.13	$ -	$ 6.32	$ 2.45	$ 63.79	11	$ 0.10779	$ 0.002250	$ -	$ 6.32
m	Niles Utilities Department	$ 46.50	$ -	$ 2.11	$ 13.50	$ 2.48	$ 64.60	12	$ 0.09300	$ -	$ 0.00423	$ 13.50
m	Coldwater Board of Public Utilities	$ 49.75	$ 1.26	$ 3.68	$ 7.50	$ 2.49	$ 64.68	13	$ 0.09950	$ 0.002520	$ 0.00737	$ 7.50
i	Northern States Power Company / Xcel	$ 45.15	$ 1.25	$ 9.09	$ 8.25	$ 2.55	$ 66.29	14	$ 0.09030	$ 0.002500	$ 0.01818	$ 8.25
m	Dowagiac	$ 49.81	$ 1.00	$ 2.04	$ 11.45	$ 2.57	$ 66.86	15	$ 0.09961	$ 0.002000	$ 0.00408	$ 11.45
m	Lowell Light & Power	$ 39.30	$ 3.81	$ 11.95	$ 10.80	$ 2.63	$ 68.50	16	$ 0.07860	$ 0.001627	$ 0.02390	$ 10.80
m	Sturgis	$ 50.05	$ 1.11	$ 1.95	$ 13.30	$ 2.66	$ 69.06	17	$ 0.10010	$ 0.001910	$ 0.00390	$ 13.30
c	Cloverland Electric Coopertive	$ 57.70	$ 0.99	$ -	$ 9.00	$ 2.71	$ 70.39	18	$ 0.11540	$ 0.001970	$ -	$ 9.00
i	Alpena Power Company	$ 59.11	$ 1.65	$ 3.00	$ 5.00	$ 2.75	$ 71.51	19	$ 0.11821	$ 0.002820	$ 0.00600	$ 5.00
m	Hillsdale Board of Public Works	$ 55.65	$ 0.82	$ 4.90	$ 7.50	$ 2.75	$ 71.62	20	$ 0.11130	$ 0.001640	$ 0.00979	$ 7.50
c	Thumb Electric	$ 60.68	$ 1.08	$ (4.60)	$ 12.00	$ 2.77	$ 71.93	21	$ 0.12136	$ 0.002160	$ (0.00919)	$ 12.00
m	Gladstone	$ 60.05	$ 0.80	$ 1.20	$ 8.00	$ 2.80	$ 72.85	22	$ 0.12010	$ 0.001600	$ 0.00240	$ 8.00
i	Detroit Edison Company	$ 62.95	$ 1.19	$ 0.50	$ 6.00	$ 2.83	$ 73.46	23	$ 0.12589	$ 1.190000	$ 0.00100	$ 6.00
m	Lansing Board of Water & Light	$ 61.10	$ 1.68	$ 0.10	$ 10.00	$ 2.91	$ 75.79	24	$ 0.12220	$ 0.001853	$ 0.00020	$ 10.00
c	Cherryland Electric Cooperative	$ 54.90	$ 0.30	$ 2.70	$ 15.00	$ 2.92	$ 75.81	25	$ 0.10980	$ 0.000600	$ 0.00539	$ 15.00
c	Presque Isle Electric & Gas	$ 56.77	$ 1.15	$ 0.53	$ 16.00	$ 2.98	$ 77.42	26	$ 0.11353	$ 0.002290	$ 0.00106	$ 16.00
m	Marshall	$ 57.05	$ -	$ 10.80	$ 7.25	$ 3.00	$ 78.10	27	$ 0.11410	$ -	$ 0.02160	$ 7.25
m	Grand Haven Board of Light & Power	$ 59.70	$ 1.75	$ 7.52	$ 6.75	$ 3.03	$ 78.75	28	$ 0.11940	$ 0.001800	$ 0.01504	$ 6.75
i	Consumers Energy	$ 65.07	$ 2.39	$ 1.45	$ 7.00	$ 3.04	$ 78.95	29	$ 0.13014	$ 0.002843	$ 0.00290	$ 7.00
m	Crystal Falls	$ 63.25	$ 1.35	$ -	$ 12.48	$ 3.08	$ 80.16	30	$ 0.12650	$ 0.002700	$ -	$ 12.48
c	Midwest Energy Cooperative	$ 55.22	$ 0.99	$ 2.98	$ 18.00	$ 3.09	$ 80.28	31	$ 0.11045	$ 0.001980	$ 0.00596	$ 18.00
m	Wyandotte	$ 69.88	$ 2.06	$ -	$ 5.50	$ 3.10	$ 80.53	32	$ 0.13975	$ 0.001481	$ -	$ 5.50
c	Homeworks Tri-County Electric	$ 61.43	$ 1.02	$ 1.57	$ 14.00	$ 3.12	$ 81.14	33	$ 0.12285	$ 0.002040	$ 0.00314	$ 14.00
m	L'Anse	$ 57.60	$ 1.50	$ 12.85	$ 7.00	$ 3.16	$ 82.11	34	$ 0.11520	$ 0.003000	$ 0.02570	$ 7.00
i	Wisconsin Electric (Western U.P.)	$ 68.86	$ 4.45	$ (0.29)	$ 9.47	$ 3.30	$ 85.79	35	$ 0.13771	$ 0.002980	$ (0.00058)	$ 9.47
m	Negaunee	$ 66.95	$ 1.50	$ 0.60	$ 13.91	$ 3.32	$ 86.28	36	$ 0.13390	$ 0.003000	$ 0.00120	$ 13.91
m	Norway	$ 64.80	$ 1.24	$ 5.00	$ 12.00	$ 3.32	$ 86.36	37	$ 0.12960	$ 0.002480	$ 0.01000	$ 12.00
c	Great Lakes Energy	$ 43.20	$ 0.99	$ 10.62	$ 32.21	$ 3.48	$ 90.50	38	$ 0.08640	$ 0.001980	$ 0.02123	$ 32.21
c	Alger Delta Electric	$ 74.50	$ 1.31	$ -	$ 25.00	$ 4.03	$ 104.84	39	$ 0.14900	$ 0.002620	$ -	$ 25.00
i	Upper Peninsula Power (Central U.P.)	$ 98.03	$ 2.15	$ 4.11	$ 12.00	$ 4.65	$ 120.94	40	$ 0.19606	$ 0.004300	$ 0.00821	$ 12.00
c	Ontonagon County REA	$ 93.50	$ 1.38	$ 6.05	$ 20.00	$ 4.84	$ 125.76	41	$ 0.18700	$ 0.002750	$ 0.01210	$ 20.00

Note: Prepared by TCL&P for internal use only. Rate information obtained from utility websites and telephone calls/e-mail's to respective billing departments. Some rate information may contain estimates. Based on December 2014 billing information. Analysis does not include low income surcharge because it is considered insignificant.

c	Cooperatives
m	Municipals
i	Investor Owned

Traverse City Light & Power

Michigan Electric Rate Survey - December 2014 — 1,000 KWH

	RESIDENTIAL	Energy	PA 295	PSCR	Availability	Tax	Total	Rank	Energy Rate	PA 295 Rate	PSCR Rate	Availability
m	Harbor Springs	$ 74.20	$ 1.24	$ 1.23	$ 4.00	$ 3.23	$ 83.90	1	$ 0.07420	$ 0.001240	$ 0.00123	$ 4.00
m	Chelsea Light & Power	$ 74.00	$ -	$ 4.40	$ 6.01	$ 3.38	$ 87.79	2	$ 0.07400	$ -	$ 0.00440	$ 6.01
m	Zeeland BPW	$ 68.10	$ 1.00	$ 15.72	$ 6.50	$ 3.65	$ 94.97	3	$ 0.06810	$ 1.000000	$ 0.01572	$ 6.50
i	Wisconsin Public Service (Menominee)	$ 84.87	$ 2.30	$ -	$ 9.00	$ 3.85	$ 100.02	4	$ 0.08487	$ 0.002300	$ -	$ 9.00
i	American Electric Power/Indiana Michigan	$ 88.73	$ 2.64	$ 5.99	$ 7.25	$ 4.18	$ 108.79	5	$ 0.08873	$ 0.002210	$ 0.00599	$ 7.25
m	Bay City Electric L&P	$ 97.80	$ 0.95	$ (1.32)	$ 8.90	$ 4.25	$ 110.58	6	$ 0.09780	$ 0.000951	$ (0.00132)	$ 8.90
m	Marquette Light & Power	$ 103.60	$ 1.77	$ (6.98)	$ 8.50	$ 4.28	$ 111.17	7	$ 0.10360	$ 0.001770	$ (0.00698)	$ 8.50
m	Charlevoix	$ 78.60	$ 1.78	$ 21.98	$ 5.25	$ 4.30	$ 111.91	8	$ 0.07860	$ 0.001780	$ 0.02198	$ 5.25
m	Holland Board of Public Works	$ 94.30	$ 4.71	$ -	$ 9.93	$ 4.36	$ 113.30	9	$ 0.09430	$ 0.001711	$ -	$ 9.93
m	Niles Utilities Department	$ 93.00	$ -	$ 4.23	$ 13.50	$ 4.43	$ 115.16	10	$ 0.09300	$ -	$ 0.00423	$ 13.50
m	**Traverse City Light & Power**	**$ 99.75**	**$ -**	**$ 8.60**	**$ 6.00**	**$ 4.57**	**$ 118.92**	**11**	**$ 0.09975**	**$ -**	**$ 0.00860**	**$ 6.00**
m	St Louis	$ 107.79	$ 2.25	$ -	$ 6.32	$ 4.65	$ 121.01	12	$ 0.10779	$ 0.002250	$ -	$ 6.32
m	Coldwater Board of Public Utilities	$ 99.50	$ 2.52	$ 7.37	$ 7.50	$ 4.68	$ 121.56	13	$ 0.09950	$ 0.002520	$ 0.00737	$ 7.50
m	Dowagiac	$ 99.61	$ 2.00	$ 4.08	$ 11.45	$ 4.69	$ 121.82	14	$ 0.09961	$ 0.002000	$ 0.00408	$ 11.45
m	Lowell Light & Power	$ 78.60	$ 4.63	$ 23.90	$ 10.80	$ 4.72	$ 122.64	15	$ 0.07860	$ 0.001627	$ 0.02390	$ 10.80
i	Northern States Power Company / Xcel	$ 90.30	$ 2.50	$ 18.18	$ 8.25	$ 4.77	$ 124.00	16	$ 0.09030	$ 0.002500	$ 0.01818	$ 8.25
m	Sturgis	$ 100.10	$ 2.06	$ 3.90	$ 13.30	$ 4.77	$ 124.13	17	$ 0.10010	$ 0.001910	$ 0.00390	$ 13.30
c	Thumb Electric	$ 121.36	$ 2.16	$ (9.19)	$ 12.00	$ 5.05	$ 131.38	18	$ 0.12136	$ 0.002160	$ (0.00919)	$ 12.00
c	Cloverland Electric Coopertive	$ 115.40	$ 1.97	$ -	$ 9.00	$ 5.05	$ 131.42	19	$ 0.11540	$ 0.001970	$ -	$ 9.00
m	Hillsdale Board of Public Works	$ 111.30	$ 1.64	$ 9.79	$ 7.50	$ 5.21	$ 135.44	20	$ 0.11130	$ 0.001640	$ 0.00979	$ 7.50
c	Cherryland Electric Cooperative	$ 109.80	$ 0.60	$ 5.39	$ 15.00	$ 5.23	$ 136.02	21	$ 0.10980	$ 0.000600	$ 0.00539	$ 15.00
m	Gladstone	$ 120.10	$ 1.60	$ 2.40	$ 8.00	$ 5.28	$ 137.38	22	$ 0.12010	$ 0.001600	$ 0.00240	$ 8.00
i	Alpena Power Company	$ 118.21	$ 3.06	$ 6.00	$ 5.00	$ 5.29	$ 137.56	23	$ 0.11821	$ 0.002820	$ 0.00600	$ 5.00
c	Presque Isle Electric & Gas	$ 113.53	$ 2.29	$ 1.06	$ 16.00	$ 5.32	$ 138.20	24	$ 0.11353	$ 0.002290	$ 0.00106	$ 16.00
i	Detroit Edison Company	$ 125.89	$ 1.19	$ 1.00	$ 6.00	$ 5.36	$ 139.45	25	$ 0.12589	$ 1.190000	$ 0.00100	$ 6.00
m	Lansing Board of Water & Light	$ 122.20	$ 2.60	$ 0.20	$ 10.00	$ 5.40	$ 140.40	26	$ 0.12220	$ 0.001853	$ 0.00020	$ 10.00
c	Midwest Energy Cooperative	$ 110.45	$ 1.98	$ 5.96	$ 18.00	$ 5.46	$ 141.85	27	$ 0.11045	$ 0.001980	$ 0.00596	$ 18.00
m	Crystal Falls	$ 126.50	$ 2.70	$ -	$ 12.48	$ 5.67	$ 147.35	28	$ 0.12650	$ 0.002700	$ -	$ 12.48
c	Great Lakes Energy	$ 86.40	$ 1.98	$ 21.23	$ 32.21	$ 5.67	$ 147.49	29	$ 0.08640	$ 0.001980	$ 0.02123	$ 32.21
c	Homeworks Tri-County Electric	$ 122.85	$ 2.04	$ 3.14	$ 14.00	$ 5.68	$ 147.71	30	$ 0.12285	$ 0.002040	$ 0.00314	$ 14.00
m	Marshall	$ 114.10	$ -	$ 21.60	$ 7.25	$ 5.72	$ 148.67	31	$ 0.11410	$ -	$ 0.02160	$ 7.25
m	Grand Haven Board of Light & Power	$ 119.40	$ 2.65	$ 15.04	$ 6.75	$ 5.75	$ 149.59	32	$ 0.11940	$ 0.001800	$ 0.01504	$ 6.75
i	Consumers Energy	$ 130.14	$ 3.81	$ 2.90	$ 7.00	$ 5.75	$ 149.61	33	$ 0.13014	$ 0.002843	$ 0.00290	$ 7.00
m	Wyandotte	$ 139.75	$ 2.80	$ -	$ 5.50	$ 5.92	$ 153.97	34	$ 0.13975	$ 0.001481	$ -	$ 5.50
m	Negaunee	$ 133.90	$ 3.00	$ 1.20	$ 13.91	$ 6.08	$ 158.09	35	$ 0.13390	$ 0.003000	$ 0.00120	$ 13.91
i	Wisconsin Electric (Western U.P.)	$ 137.71	$ 5.94	$ (0.58)	$ 9.47	$ 6.10	$ 158.65	36	$ 0.13771	$ 0.002980	$ (0.00058)	$ 9.47
m	L'Anse	$ 115.20	$ 5.50	$ 25.70	$ 7.00	$ 6.14	$ 159.54	37	$ 0.11520	$ 0.003000	$ 0.02570	$ 7.00
m	Norway	$ 129.60	$ 2.48	$ 10.00	$ 12.00	$ 6.16	$ 160.24	38	$ 0.12960	$ 0.002480	$ 0.01000	$ 12.00
c	Alger Delta Electric	$ 149.00	$ 2.62	$ -	$ 25.00	$ 7.06	$ 183.68	39	$ 0.14900	$ 0.002620	$ -	$ 25.00
i	Upper Peninsula Power (Central U.P.)	$ 196.06	$ 4.30	$ 8.21	$ 12.00	$ 8.82	$ 229.39	40	$ 0.19606	$ 0.004300	$ 0.00821	$ 12.00
c	Ontonagon County REA	$ 187.00	$ 2.75	$ 12.10	$ 20.00	$ 8.87	$ 230.72	41	$ 0.18700	$ 0.002750	$ 0.01210	$ 20.00

Note: Prepared by TCL&P for internal use only. Rate information obtained from utility websites and telephone calls/e-mail's to respective billing departments. Some rate information may contain estimates. Based on December 2014 billing information. Analysis does not include low income surcharge because it is considered insignificant.

c	Cooperatives
m	Municipals
i	Investor Owned

Traverse City Light & Power

Michigan Electric Rate Survey - December 2014 — 1,500 KWH

	SMALL COMMERCIAL	Energy	PA 295	PSCR	Availability	Tax	Total	Rank	Energy Rate	PA 295 Rate	PSCR	Availability
m	Harbor Springs	$ 143.25	$ 2.86	$ 1.85	$ 8.36	$ 9.38	$ 165.69	1	$ 0.09550	$ 2.86	$ 0.00123	$ 8.36
m	Chelsea Light & Power	$ 136.80	$ -	$ 6.60	$ 16.90	$ 9.62	$ 169.92	2	$ 0.09120	$ -	$ 0.00440	$ 16.90
i	American Electric Power/Indiana Michigan	$ 138.71	$ 9.47	$ 8.99	$ 6.25	$ 9.80	$ 173.21	3	$ 0.09247	$ 9.47	$ 0.00599	$ 6.25
m	Zeeland BPW	$ 122.10	$ 7.00	$ 23.58	$ 14.50	$ 10.03	$ 177.21	4	$ 0.08140	$ 7.00	$ 0.01572	$ 14.50
i	Detroit Edison Company	$ 161.22	$ 4.34	$ 1.50	$ 8.78	$ 10.55	$ 186.39	5	$ 0.10748	$ 4.34	$ 0.00100	$ 8.78
i	Northern States Power Company / Xcel	$ 135.45	$ 2.95	$ 27.27	$ 10.50	$ 10.57	$ 186.74	6	$ 0.09030	$ 2.95	$ 0.01818	$ 10.50
c	Presque Isle Electric & Gas	$ 158.34	$ 3.10	$ 1.59	$ 16.00	$ 10.74	$ 189.77	7	$ 0.10556	$ 3.10	$ 0.00106	$ 16.00
i	Wisconsin Public Service (Menominee)	$ 133.88	$ 23.51	$ -	$ 22.00	$ 10.76	$ 190.15	8	$ 0.08925	$ 23.51	$ -	$ 22.00
m	Charlevoix	$ 133.50	$ 3.68	$ 32.97	$ 12.00	$ 10.93	$ 193.08	9	$ 0.08900	$ 3.68	$ 0.02198	$ 12.00
c	Cherryland Electric Cooperative	$ 156.05	$ 1.05	$ 8.09	$ 17.50	$ 10.96	$ 193.64	10	$ 0.10403	$ 1.05	$ 0.00539	$ 17.50
c	Thumb Electric	$ 180.26	$ 3.57	$ (13.79)	$ 13.75	$ 11.03	$ 194.82	11	$ 0.12017	$ 3.57	$ (0.00919)	$ 13.75
m	Holland Board of Public Works	$ 163.35	$ 1.47	$ -	$ 24.43	$ 11.36	$ 200.61	12	$ 0.10890	$ 1.47	$ -	$ 24.43
c	Cloverland Electric Coopertive	$ 177.89	$ 3.37	$ -	$ 10.00	$ 11.48	$ 202.73	13	$ 0.11859	$ 3.37	$ -	$ 10.00
m	Marquette Light & Power	$ 181.35	$ 2.43	$ (10.47)	$ 18.25	$ 11.49	$ 203.05	14	$ 0.12090	$ 0.0016	$ (0.00698)	$ 18.25
m	Hillsdale Board of Public Works	$ 161.25	$ 5.00	$ 14.69	$ 11.00	$ 11.52	$ 203.45	15	$ 0.10750	$ 5.00	$ 0.00979	$ 11.00
c	Great Lakes Energy	$ 129.60	$ 4.76	$ 28.82	$ 32.21	$ 11.72	$ 207.11	16	$ 0.08640	$ 4.76	$ 0.01921	$ 32.21
m	Bay City Electric L&P	$ 174.75	$ 2.80	$ (1.98)	$ 20.60	$ 11.77	$ 207.94	17	$ 0.11650	$ 0.000126	$ (0.00132)	$ 20.60
m	Gladstone	$ 182.55	$ 5.54	$ 3.60	$ 8.00	$ 11.98	$ 211.67	18	$ 0.12170	$ 5.54	$ 0.00240	$ 8.00
i	Alpena Power Company	$ 178.98	$ 5.23	$ 9.00	$ 7.00	$ 12.01	$ 212.22	19	$ 0.11932	$ 5.23	$ 0.00600	$ 7.00
m	Coldwater Board of Public Utilities	$ 177.45	$ 3.76	$ 11.05	$ 11.00	$ 12.20	$ 215.46	20	$ 0.11830	$ 3.76	$ 0.00737	$ 11.00
c	Midwest Energy Cooperative	$ 170.58	$ 1.76	$ 8.94	$ 22.00	$ 12.20	$ 215.48	21	$ 0.11372	$ 1.76	$ 0.00596	$ 22.00
m	Niles Utilities Department	$ 180.00	$ -	$ 6.34	$ 19.00	$ 12.32	$ 217.66	22	$ 0.12000	$ -	$ 0.00423	$ 19.00
m	**Traverse City Light & Power**	**$ 181.65**	**$ -**	**$ 12.90**	**$ 13.00**	**$ 12.45**	**$ 220.00**	**23**	**$ 0.12110**	**$ -**	**$ 0.00860**	**$ 13.00**
c	Homeworks Tri-County Electric	$ 181.73	$ 1.55	$ 4.71	$ 22.00	$ 12.60	$ 222.58	24	$ 0.12115	$ 1.55	$ 0.00314	$ 22.00
m	Marshall	$ 168.60	$ -	$ 32.40	$ 15.50	$ 12.99	$ 229.49	25	$ 0.11240	$ -	$ 0.02160	$ 15.50
m	Crystal Falls	$ 196.20	$ 4.05	$ 4.05	$ 12.48	$ 13.01	$ 229.79	26	$ 0.13080	$ 0.00	$ -	$ 12.48
i	Consumers Energy	$ 195.64	$ 2.61	$ 4.35	$ 20.00	$ 13.36	$ 235.95	27	$ 0.13042	$ 2.61	$ 0.00290	$ 20.00
m	Lowell Light & Power	$ 153.00	$ 15.80	$ 35.85	$ 21.75	$ 13.58	$ 239.98	28	$ 0.10200	$ 15.80	$ 0.02390	$ 21.75
m	Negaunee	$ 200.85	$ 11.13	$ 1.80	$ 13.91	$ 13.66	$ 241.35	29	$ 0.13390	$ 11.13	$ 0.00120	$ 13.91
m	Dowagiac	$ 188.96	$ 15.66	$ 6.11	$ 17.76	$ 13.71	$ 242.20	30	$ 0.12597	$ 15.66	$ 0.00408	$ 17.76
m	St Louis	$ 209.66	$ 4.09	$ -	$ 15.44	$ 13.75	$ 242.94	31	$ 0.13977	$ 4.09	$ -	$ 15.44
m	Lansing Board of Water & Light	$ 202.80	$ 6.58	$ 0.29	$ 24.00	$ 14.02	$ 247.69	32	$ 0.13520	$ 6.58	$ 0.00020	$ 24.00
m	Wyandotte	$ 213.69	$ 7.95	$ -	$ 17.67	$ 14.36	$ 253.66	33	$ 0.14246	$ 0.000437	$ -	$ 17.67
m	Sturgis	$ 202.35	$ 2.87	$ 5.85	$ 31.00	$ 14.52	$ 256.59	34	$ 0.13490	$ 0.0019100	$ 0.00390	$ 31.00
m	L'Anse	$ 186.90	$ 12.09	$ 38.55	$ 7.00	$ 14.67	$ 259.21	35	$ 0.12460	$ 12.09	$ 0.02570	$ 7.00
c	Alger Delta Electric	$ 220.50	$ 2.48	$ -	$ 25.00	$ 14.88	$ 262.86	36	$ 0.14700	$ 2.48	$ -	$ 25.00
i	Wisconsin Electric (Western U.P.)	$ 214.62	$ 23.49	$ (0.87)	$ 14.79	$ 15.12	$ 267.16	37	$ 0.14308	$ 23.49	$ (0.00058)	$ 14.79
m	Norway	$ 194.40	$ 10.66	$ 15.00	$ 35.00	$ 15.30	$ 270.36	38	$ 0.12960	$ 10.66	$ 0.01000	$ 35.00
m	Grand Haven Board of Light & Power	$ 213.00	$ 6.62	$ 22.56	$ 17.00	$ 15.55	$ 274.73	39	$ 0.14200	$ 6.62	$ 0.01504	$ 17.00
i	Upper Peninsula Power (Central U.P.)	$ 269.51	$ 4.40	$ 12.32	$ 16.00	$ 18.13	$ 320.35	40	$ 0.17967	$ 4.40	$ 0.00821	$ 16.00
c	Ontonagon County REA	$ 256.50	$ 1.85	$ 18.15	$ 28.00	$ 18.27	$ 322.77	41	$ 0.17100	$ 1.85	$ 0.01210	$ 28.00

Note: Prepared by TCL&P for internal use only. Rate information obtained from utility websites and telephone calls/e-mail's to respective billing departments. Some rate information may contain estimates. Based on December 2014 billing information. Analysis does not include low income surcharge because it is considered insignificant.

c	**Cooperatives**
m	**Municipals**
i	**Investor Owned**

	Traverse City Light & Power			35 KW											
	Michigan Electric Rate Survey - December 2014			11,500 KWH											
	LARGE COMMERCIAL	Energy	Demand	PA 295	PSCR	Availability	Tax	**Total**	**Rank**	Energy Rate	Demand	PA 295 Rate	PCR Rate	Availability
m	Harbor Springs	$ 580.75	$ 420.00	$ 2.86	$ 14.15	$ 13.11	$ 61.85	$ 1,092.72	1	$ 0.0505	$ 12.00	$ 2.86	$ 0.00123	$ 13.11
i	American Electric Power/Indiana Michigan	$ 785.97	$ 199.15	$ 9.47	$ 68.89	$ 17.45	$ 64.86	$ 1,145.78	2	$ 0.0683	$ 5.69	$ 9.47	$ 0.00599	$ 17.45
i	Wisconsin Public Service (Menominee)	$ 1,027.18	$ -	$ 33.66	$ -	$ 31.00	$ 65.51	$ 1,157.35	3	$ 0.0893	$ -	$ 33.66	$ -	$ 31.00
m	Holland Board of Public Works	$ 668.15	$ 368.20	$ 30.76	$ -	$ 38.11	$ 66.31	$ 1,171.53	4	$ 0.0581	$ 10.52	$ 30.76	$ -	$ 38.11
m	Niles Utilities Department	$ 575.00	$ 486.50	$ -	$ 48.62	$ -	$ 66.61	$ 1,176.73	5	$ 0.0500	$ 13.90	$ -	$ 0.00423	$ -
m	Zeeland BPW	$ 495.65	$ 385.00	$ 65.00	$ 180.80	$ -	$ 67.59	$ 1,194.04	6	$ 0.0431	$ 11.00	$ 65.00	$ 0.01572	$ -
m	Chelsea Light & Power	$ 1,048.80	$ -	$ -	$ 50.60	$ 30.99	$ 67.82	$ 1,198.21	7	$ 0.0912	$ -	$ -	$ 0.00440	$ 30.99
m	Gladstone	$ 1,150.00	$ -	$ 5.54	$ 27.60	$ 13.00	$ 71.77	$ 1,267.91	8	$ 0.1000	$ -	$ 5.54	$ 0.00240	$ 13.00
m	Coldwater Board of Public Utilities	$ 618.70	$ 455.00	$ 27.44	$ 84.72	$ 18.00	$ 72.23	$ 1,276.09	9	$ 0.0538	$ 13.00	$ 27.44	$ 0.00737	$ 18.00
m	Bay City Electric L&P	$ 701.50	$ 483.00	$ 4.06	$ (15.18)	$ 42.50	$ 72.95	$ 1,288.83	10	$ 0.0610	$ 13.80	$ 0.000126	$ (0.00132)	$ 42.50
m	**Traverse City Light & Power**	**$ 678.50**	**$ 453.25**	**$ -**	**$ 98.90**	**$ 15.00**	**$ 74.74**	**$ 1,320.39**	**11**	**$ 0.0590**	**$ 12.95**	**$ -**	**$ 0.00860**	**$ 15.00**
m	Charlevoix	$ 580.75	$ 381.50	$ 3.68	$ 252.77	$ 42.00	$ 75.64	$ 1,336.34	12	$ 0.0505	$ 10.90	$ 3.68	$ 0.02198	$ 42.00
i	Northern States Power Company / Xcel	$ 661.25	$ 313.25	$ 29.75	$ 209.07	$ 50.00	$ 75.80	$ 1,339.12	13	$ 0.0575	$ 8.95	$ 29.75	$ 0.01818	$ 50.00
m	St Louis	$ 752.22	$ 416.15	$ 70.20	$ -	$ 30.96	$ 76.17	$ 1,345.70	14	$ 0.0654	$ 11.89	$ 70.20	$ -	$ 30.96
c	Cherryland Electric Cooperative	$ 766.13	$ 358.75	$ 16.87	$ 61.99	$ 69.00	$ 76.36	$ 1,349.10	15	$ 0.0666	$ 10.25	$ 16.87	$ 0.00539	$ 69.00
m	Hillsdale Board of Public Works	$ 784.42	$ 367.50	$ 5.00	$ 112.59	$ 10.50	$ 76.80	$ 1,356.80	16	$ 0.0682	$ 10.50	$ 5.00	$ 0.00979	$ 10.50
c	Great Lakes Energy	$ 749.69	$ 245.00	$ 4.76	$ 220.92	$ 80.00	$ 78.02	$ 1,378.38	17	$ 0.0652	$ 7.00	$ 4.76	$ 0.01921	$ 80.00
m	Marquette Light & Power	$ 911.95	$ 455.00	$ 18.63	$ (80.27)	$ -	$ 78.32	$ 1,383.63	18	$ 0.0793	$ 13.00	$ 0.0016	$ (0.00698)	$ -
i	Detroit Edison Company	$ 473.59	$ 784.00	$ 24.04	$ 11.50	$ 13.67	$ 78.41	$ 1,385.21	19	$ 0.0412	$ 22.40	$ 24.04	$ 0.00100	$ 13.67
c	Midwest Energy Cooperative	$ 844.53	$ 268.45	$ 54.76	$ 68.54	$ 90.00	$ 79.58	$ 1,405.85	20	$ 0.0734	$ 7.67	$ 54.76	$ 0.00596	$ 90.00
i	Alpena Power Company	$ 848.70	$ 360.50	$ 47.35	$ 69.00	$ 30.00	$ 81.33	$ 1,436.88	21	$ 0.0738	$ 10.30	$ 47.35	$ 0.00600	$ 30.00
c	Homeworks Tri-County Electric	$ 819.95	$ 374.50	$ 47.14	$ 36.11	$ 78.50	$ 81.37	$ 1,437.57	22	$ 0.0713	$ 10.70	$ 47.14	$ 0.00314	$ 78.50
c	Presque Isle Electric & Gas	$ 914.37	$ 315.00	$ 74.14	$ 12.19	$ 50.00	$ 81.94	$ 1,447.64	23	$ 0.0795	$ 9.00	$ 74.14	$ 0.00106	$ 50.00
m	Dowagiac	$ 697.36	$ 500.50	$ 15.66	$ 46.87	$ 119.80	$ 82.81	$ 1,463.01	24	$ 0.0606	$ 14.30	$ 15.66	$ 0.00408	$ 119.80
m	Lowell Light & Power	$ 523.25	$ 490.00	$ 22.80	$ 274.85	$ 75.00	$ 83.15	$ 1,469.05	25	$ 0.0455	$ 14.00	$ 22.80	$ 0.02390	$ 75.00
m	Marshall	$ 811.90	$ 380.45	$ -	$ 248.40	$ 15.50	$ 87.38	$ 1,543.63	26	$ 0.0706	$ 10.87	$ -	$ 0.02160	$ 15.50
m	Sturgis	$ 791.55	$ 551.25	$ 21.97	$ 44.85	$ 70.00	$ 88.78	$ 1,568.39	27	$ 0.0688	$ 15.75	$ 0.0019100	$ 0.00390	$ 70.00
c	Cloverland Electric Coopertive	$ 905.05	$ 281.05	$ 183.99	$ -	$ 110.00	$ 88.81	$ 1,568.90	28	$ 0.07870	$ 8.03	$ 183.99	$ -	$ 110.00
i	Consumers Energy	$ 1,082.40	$ 315.00	$ 55.02	$ 33.35	$ 30.00	$ 90.95	$ 1,606.72	29	$ 0.0941	$ 9.00	$ 55.02	$ 0.00290	$ 30.00
m	Grand Haven Board of Light & Power	$ 824.55	$ 476.00	$ 28.03	$ 172.96	$ 30.00	$ 91.89	$ 1,623.43	30	$ 0.0717	$ 13.60	$ 28.03	$ 0.01504	$ 30.00
m	Lansing Board of Water & Light	$ 1,013.15	$ 411.60	$ 65.78	$ 2.24	$ 50.00	$ 92.57	$ 1,635.34	31	$ 0.0881	$ 11.76	$ 65.78	$ 0.00020	$ 50.00
c	Thumb Electric	$ 1,055.93	$ 350.00	$ 246.53	$ (105.69)	$ -	$ 92.81	$ 1,639.58	32	$ 0.0918	$ 10.00	$ 246.53	$ (0.00919)	$ -
m	Wyandotte	$ 1,210.72	$ 309.40	$ 12.31	$ -	$ 17.67	$ 93.01	$ 1,643.11	33	$ 0.1053	$ 8.84	$ 0.000437	$ -	$ 17.67
m	Negaunee	$ 1,539.85	$ -	$ 11.13	$ 13.80	$ 13.91	$ 94.72	$ 1,673.41	34	$ 0.1339	$ -	$ 11.13	$ 0.00120	$ 13.91
m	Crystal Falls	$ 769.35	$ 631.75	$ 31.05	$ -	$ 163.00	$ 95.71	$ 1,690.86	35	$ 0.0669	$ 18.05	$ 0.00	$ -	$ 163.00
i	Wisconsin Electric (Western U.P.)	$ 1,559.86	$ -	$ 28.41	$ (6.67)	$ 14.79	$ 95.78	$ 1,692.18	36	$ 0.1356	$ -	$ 28.41	$ (0.00058)	$ 14.79
m	Norway	$ 1,061.45	$ 393.75	$ 10.66	$ 115.00	$ 80.85	$ 99.70	$ 1,761.41	37	$ 0.0923	$ 11.25	$ 10.66	$ 0.01000	$ 80.85
m	L'Anse	$ 1,432.90	$ -	$ 12.09	$ 295.55	$ 13.00	$ 105.21	$ 1,858.75	38	$ 0.1246	$ -	$ 12.09	$ 0.02570	$ 13.00
c	Alger Delta Electric	$ 1,345.50	$ 385.00	$ 48.26	$ -	$ -	$ 106.73	$ 1,885.49	39	$ 0.1170	$ 11.00	$ 48.26	$ -	$ -
i	Upper Peninsula Power (Central U.P.)	$ 1,219.35	$ 461.65	$ 47.03	$ 94.42	$ 30.00	$ 111.15	$ 1,963.59	40	$ 0.1060	$ 13.19	$ 47.03	$ 0.00821	$ 30.00
c	Ontonagon County REA	$ 1,253.50	$ 574.00	$ 19.25	$ 139.15	$ -	$ 119.15	$ 2,105.05	41	$ 0.1090	$ 16.40	$ 19.25	$ 0.01210	$ -

Note: Prepared by TCL&P for internal use only. Rate information obtained from utility websites and telephone calls/e-mail's to respective billing departments. Some rate information may contain estimates. Based on December 2014 billing information. Analysis does not include low income surcharge because it is considered insignificant.

c	Cooperatives
m	Municipals
i	Investor Owned

TRAVERSE CITY
LIGHT & POWER

To:	**Light & Power Board**
From:	Karla Myers-Beman, Controller KMB
Date:	February 17, 2015
Subject:	Electric Fund Budget

Enclosed for your review is the proposed 2015-16 Electric Fund budget and six year forecasted cash flow that will be discussed at the Regular Meeting scheduled for February 24, 2015.

ELECTRIC FUND BUDGET
Overall the fund remained relatively status quo with a few exceptions described below.

REVENUES
There is no proposed base rate increase in revenues; however, during the analysis of revenues it was found the methodology used to calculate the power service cost recovery funds ("PSCR") was overcapturing on the fluctuation in wholesale purchase power costs. Therefore, staff is implementing a new averaging formula beginning March 1, 2015 whereby twelve months of actual power supply costs and kilowatt hours will be averaged instead of the PSCR unit price, providing a more accurate pass through revenue amount. Staff will be proposing most likely a credit for the PSCR as of March 1, 2015 to retro apply it to December 1, 2014 to provide a neutral effect of the capture since the uncapping of the PSCR rate.

The amount of kWh's used for projected 2014-15 retail sales was calculated by taking actual sales through January 31, 2015 and averaging the past year's billing consumption from February 1 through June 30. When compared to the forecasted wholesale purchases, it provided a little over 2% percent line loss, well within expectations based on past history. The retail sales for the 2015-16 fiscal year was forecasted at a flat half percent increase over the 2014-15 fiscal year, based on modeling performed by MPPA, which takes into consideration weather patterns (heating and cooling days), economy, population characteristics, and past history consumption.

Staff recommends continuing with utilizing the MPPA Competitive Trust Fund. There are sufficient funds until the end of the fiscal year June 30, 2016, at which that time the Fund will be depleted.

The Merchandising and Jobbing increase reflects the costs contracted to be paid for by Munson Hospital for the service installation of Cowell Family Cancer Center. The MISO revenue increase reflects the addition of the funds being reimbursed for the East Hammond Substation and East Transmission Line. Additionally, there is a FERC order, which a decision has not yet been made to reduce the return on investment from 12.38% to 10.0%, and this reduction has been included.

In conjunction with Utility Financial Solutions, staff will be working on implementing the strategic goal of simplifying rates, looking at time of use rates, seasonal customers, and different rates for customers inside/outside of the city limit during the summer/fall season with an anticipated implementation date of January 1, 2016. The effects of these rate changes are not presented in this budget, but will be provided to the Board at the time of presentation.

EXPENSES

To continue the goal of being more transparent with financial information, the wage, salaries and related fringe benefits have been accounted for under these accounts instead of allocated to different functions, such as overhead lines, load and dispatching. However, there are few cases where allocations will still occur, such as reallocation to Kalkaska Combustion Turbine, transmission department, energy optimization, and any wages and salaries that meet capitalization criteria.

Generation expense decreased approximately $239K over prior year. In the purchased power section, staff has added two new lines, Capacity Purchases and Bilateral Contracts. In the current fiscal year, the utility was paying $.35 kW/month for approximately 20 MW deficient capacity, approximately $80,000 and it was recorded under purchased power. In the upcoming fiscal year, approximately 14 MW has been contracted for a purchase amount at $2.00 per kW/month, while another 6 MW is expected to be purchased in the near future at a not to exceed purchase amount of $4.00 kW/month. There may be an additional 1 MW that will have to be purchased off the market with an expected price not to exceed $4.00 kW/month. The price for capacity has significantly increased because the amount of coal plants planned to retire with no replacements planned at this time.

Additionally, the Lansing Board of Water and Light contract is expiring as of December 31, 2015, this is being replaced with the line item Bilateral Contracts or firm energy purchases through the MPPA Energy Services. The new contract price is at a lower rate than was paid to Lansing.

Distribution expense overall increased $115K. Approximately $264k relates to increase in salaries and wages which relates to an overall 1.5% wage increase and the capitalization percentage decreasing from an overall 31% to 28%. Traffic signals decreased as it is expected the materials for any new signals will be purchased by the City with labor for installation to be reimbursed and recorded in reimbursements. The tools line item decreased as the tools necessary for the BW-31 project were purchased in the current year and no further significant investments in tools similar to this is expected. Vehicle Rentals in the prior year were incorrectly allocated based on total cost rather than hourly rate causing the fluctuation from prior year to current year.

Transmission expense, customer accounting, and administration expense remained status quo over last year.

Conservation and Public service, which accounts primarily for the Utility's energy optimization efforts and key accounts programs overall decreased as it is not expected the need for future funds being allocated to the Chamber for the energy efficiency revolving loan fund. The Navigant contract is expected to be fulfilled by the end of the fiscal year. Additionally, staff has reduced the per kWh hour cost of energy optimization efforts from $.15 per kWh to $.14 per kWh.

Reimbursements declined based on not budgeting for special assessments relating to street light projects. Gain/loss on sale of fixed assets changed based on realizing the loss of the windmill and no other significant assets with loss expected to be sold in the upcoming budget year.

CASH FLOW

Overall cash flow shows the Utility being in compliance with the Utility's cash reserve policy. Once actual capital improvements are incurred during the current year and partially through the budget 2015-16 year, the Utility will need to evaluate if a minor base rate increase, planned in the budget fiscal year 2016-17 will be necessary.

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER DEPARTMENT
2015-16 Budgeted Revenues and Expenses Summary

	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Budget	FY 14/15 Projected	FY 15/16 Requested
Operating Income:	$ 31,809,664	$ 35,292,126	$ 36,426,200	$ 37,524,700	$ 35,928,700
Operating Expenses:					
Generation Expenses:					
Capacity	$ -	$ -	$ -	$ -	$ 672,000
Purchased Power - Lansing BWL	7,224,557	6,079,198	7,366,600	5,546,000	3,348,800
Stoney Corners - Wind Energy	2,782,535	2,890,566	2,894,000	2,834,400	3,257,000
Combustion Turbine Power Cost	3,401,472	3,081,983	4,536,000	3,997,000	4,714,000
Campbell #3 Power Cost	5,241,651	5,372,167	4,995,000	4,820,000	4,580,000
Belle River #1 Power Cost	4,627,616	5,191,796	4,030,000	4,672,000	4,364,000
Landfill Gas - Granger Project	326,712	396,367	925,000	727,000	1,127,000
Other Generation Expenses	178,884	207,049	271,600	1,025,900	2,716,100
Total Generation Expenses	23,783,427	23,219,126	25,018,200	23,622,300	24,778,900
Distribution Expenses:					
Operations & Maintenance	3,493,024	3,355,752	3,860,700	3,734,000	3,976,150
Transmission Expenses:					
Operations & Maintenance	366,978	299,449	339,800	341,400	359,300
Other Operating Expenses:					
Metering & Customer Accounting	516,919	479,851	553,050	519,900	521,500
Conservation & Public Services	1,689,992	440,260	802,800	672,280	679,400
Administrative & General	959,602	753,148	856,700	815,900	901,800
Insurance	55,453	59,502	68,000	60,000	63,000
Depreciation Expense	1,878,890	2,027,184	2,132,000	2,100,000	2,150,000
City Fee	1,599,866	1,775,851	1,889,500	1,881,000	1,801,000
Total Other Operating Expenses	6,700,722	5,535,796	6,302,050	6,049,080	6,116,700
Total Operating Expenses	34,344,151	32,410,123	35,520,750	33,746,780	35,231,050
Operating Income/Loss	$ (2,534,487)	$ 2,882,003	$ 905,450	$ 3,777,920	$ 697,650
Non Operating Revenues/(Expenses):					
Non Operating Revenues	(56,337)	1,149,156	634,600	441,950	456,750
Non Operating Expenses	(4,333)	0	(360,000)	(358,900)	0
Total Non Operating Revenue/(Exp)	(60,670)	1,149,156	274,600	83,050	456,750
Net Income	$ (2,595,157)	$ 4,031,159	$ 1,180,050	$ 3,860,970	$ 1,154,400

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
2015-16 Budgeted Revenues and Expenses

	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Budget	FY 14/15 Projected	FY 15/16 Requested
OPERATING REVENUES:					
Residential Sales	$ 5,543,163	$ 6,382,044	$ 6,600,000	$ 6,618,000	$ 6,338,000
Commercial Sales	14,143,835	15,612,427	15,810,000	16,700,800	15,766,500
Industrial Sales	9,020,921	9,950,825	10,770,000	10,907,900	10,040,000
Public Authority Sales	274,590	296,800	309,000	304,000	286,000
Street Lighting Sales	194,708	195,178	201,600	194,100	195,000
Yard Light Sales	77,197	79,551	79,900	80,000	82,000
Forfeited Discounts	56,978	57,695	58,000	60,000	60,000
Merchandise and Jobbing	40,647	43,443	65,000	114,000	187,000
Recovery of Bad Debts	108	188	200	200	200
Sale of Scrap	50,958	34,332	35,000	35,000	35,000
Miscellaneous Income	51,047	37,383	34,000	49,200	38,500
Refunds and Rebates	2,223	1,413	2,500	500	500
MISO Revenue	2,353,289	2,600,847	2,461,000	2,461,000	2,900,000
TOTAL OPERATING REVENUES	$ 31,809,664	$ 35,292,126	$ 36,426,200	$ 37,524,700	$ 35,928,700
OPERATING EXPENSES:					
GENERATION-OPERATING & MAINTENANCE:					
Salaries and Wages	$ -	$ -	$ 63,500	$ 131,600	$ 125,400
Fringe Benefits	-	-	91,900	95,600	85,600
Wind Generation - Traverse	100,009	16,148	-	-	-
Brown Bridge	-	-	-	-	-
Wind Generation Farm	-	-	-	-	-
Trap and Transfer	117	74	250	250	250
Union Street Fish Ladder	178	-	250	250	250
Operation Supplies	631	653	1,000	1,000	1,000
Capacity Purchases	-	-	-	-	672,000
Purchased Power - Lansing BWL	7,224,557	6,079,198	7,366,600	5,546,000	3,348,800
Stoney Corners - Wind Energy	2,782,535	2,890,566	2,894,000	2,834,400	3,257,000
Combustion Turbine Power Cost	3,401,472	3,081,983	4,536,000	3,997,000	4,714,000
Campbell #3 Power Cost	5,241,651	5,372,167	4,995,000	4,820,000	4,580,000
Belle River #1 Power Cost	4,627,616	5,191,796	4,030,000	4,672,000	4,364,000
Landfill Gas - Granger Project	326,712	396,367	925,000	727,000	1,127,000
M72 Wind Turbine	-	-	-	17,500	42,000
Bilateral Contracts	-	3,345	-	641,000	2,357,000
Total Purchased Power	*23,604,543*	*23,015,422*	*24,746,600*	*23,254,900*	*24,461,800*
Puchased Power Cost as % of Sales	*80.7%*	*70.78%*	*73.28%*	*66.82%*	*74.79%*
Coal Dock	13,895	8,075	2,500	2,500	2,500
Communications	307	421	500	1,500	1,500
Meal Payments	-	-	-	200	200
Safety	13,350	2,765	5,000	3,500	3,500
Tools	-	38	500	500	500
Professional and Contractual	46,276	174,219	95,000	104,000	68,000
Transportation	-	-	-	11,000	11,500
Professional Development	3,521	1,311	2,000	2,000	2,000
Uniforms	-	-	2,200	2,500	2,500
Vehicle Rentals	-	-	7,000	11,000	12,400
Miscellaneous	600	-	-	-	-
Total Generation O & M	23,783,427	23,219,126	25,018,200	23,622,300	24,778,900

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
2015-16 Budgeted Revenues and Expenses

	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Budget	FY 14/15 Projected	FY 15/16 Requested
DISTRIBUTION OPERATION & MAINTENANCE:					
Salaries and Wages	-	-	1,300,400	1,508,800	1,550,600
Fringe Benefits	-	-	1,086,500	1,054,200	1,100,400
Office Supplies	4,143	4,404	4,700	4,700	4,700
Operation Supplies	53,798	36,281	54,000	36,000	40,000
Utilities	49,703	57,511	51,300	52,000	53,000
Meals and Payments	-	-	4,800	4,800	4,800
Communications	52,920	79,928	16,700	21,000	24,000
Software and Hardware	-	1,750	122,500	102,700	151,000
Supervision and Maintenance	902,966	618,832	-	-	-
Substation	173,653	109,084	113,900	71,400	123,900
Overhead Lines	423,695	418,792	160,000	173,000	175,800
Load and Dispatching	433,298	455,550	-	-	-
Storm Damage Contingency	33,552	118,025	50,000	-	50,000
Underground Lines	217,598	229,128	50,000	47,000	28,000
Customer Installations	15,822	21,334	-	-	-
Electric Meters	47,476	76,602	12,000	10,000	12,000
Street Lighting	288,451	317,487	220,000	227,000	244,000
Traffic Signal Oper. & Maint.	186,697	122,135	70,000	15,000	17,000
Radio Equipment	1,146	5,627	2,500	2,000	2,500
Plant & Structures	219,019	249,074	90,000	77,000	85,000
Shop Labor	142,129	152,496	-	-	-
Safety	78,917	79,753	47,000	40,000	45,000
Tools	20,480	14,242	70,000	60,000	20,000
Uniforms	-	-	12,500	16,000	16,150
Professional and Contractual	47,514	37,064	95,800	91,900	95,800
Rent Expense	2,588	1,536	2,000	2,000	2,000
Professional Development	95,301	138,936	50,400	43,000	66,000
Printing and Publishing	1,861	1,301	4,000	3,000	3,000
Transportation	-	-	37,400	36,000	35,000
Vehicle Rentals	-	-	131,800	25,000	21,000
Miscellaneous	350	332	500	500	500
Inventory Adjustments	(53)	8,548	-	10,000	5,000
Total Distribution O & M	3,493,024	3,355,752	3,860,700	3,734,000	3,976,150
TRANSMISSION OPERATIONS & MAINTENANCE:					
Salaries and Wages	-	-	211,200	212,200	219,500
Fringe Benefits	-	-	5,000	5,000	3,800
Supervision & Maintenance	165,659	109,335	-	-	-
Substation	27,693	8,646	23,600	15,000	25,000
Overhead Lines	1,726	(1,007)	5,000	11,000	10,000
Load and Dispatching	91,350	84,001	-	-	-
MISO Transmission	25,154	25,425	28,000	25,000	27,500
Tools	-	-	3,000	-	3,500
Professional and Contractual	-	-	5,000	5,000	5,000
Miscellaneous-MPPA Transmission Project	55,396	73,049	59,000	68,200	65,000
Total Transmission O & M	366,978	299,449	339,800	341,400	359,300

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
2015-16 Budgeted Revenues and Expenses

	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Budget	FY 14/15 Projected	FY 15/16 Requested
METERING & CUSTOMER ACCOUNTING:					
Salaries and Wages	255,586	237,269	275,200	277,800	281,500
Fringe Benefits	119,846	132,343	130,900	126,300	123,000
Office Supplies	2,483	2,563	4,500	4,000	4,000
Communications	365	232	400	400	400
Meal Payments	330	90	500	200	200
Safety	24	570	3,200	3,000	3,200
Uniforms	2,629	588	3,600	3,600	3,600
Professional and Contractual	39,467	10,805	29,000	11,900	12,000
Postage	29,542	28,332	34,000	32,900	35,000
Uncollectable Accounts	27,856	29,816	30,000	16,000	10,000
Collection Costs	1,573	595	2,000	2,000	2,000
Data Processing	18,769	20,718	20,500	21,100	22,000
Transportation	4,557	3,722	5,500	4,200	4,200
Professional Development	1,374	610	7,000	3,500	6,500
Printing and Publishing	3,524	2,040	5,500	4,000	4,000
Vehicle Rentals	8,001	6,904	-	6,500	7,400
Miscellaneous	993	2,654	1,250	2,500	2,500
Total Customer Accounting	516,919	479,851	553,050	519,900	521,500
CONSERVATION & PUBLIC SERVICES:					
Salaries and Wages	-	-	59,900	47,830	53,000
Fringe Benefits	-	-	24,400	26,450	29,900
Professional and Contractual	20,788	2,120	25,000	30,000	30,000
Contract Labor - Energy Optimization	100,000	-	160,000	70,000	-
Public Service & Communications	8,486	12,597	21,500	21,500	44,000
In-Kind Community Services	38,861	50,564	-	500	500
Community Investment Fund	1,000,000	-	-	-	-
Professional Development	-	-	5,000	1,000	5,000
Vehicle Rentals	-	-	15,000	5,000	7,500
Increased Energy Optimization Efforts	-	-	-	-	-
PA295 Energy Optimization Compliance	521,857	374,979	492,000	470,000	509,500
Total Conservation & Public Services	1,689,992	440,260	802,800	672,280	679,400
ADMINISTRATIVE AND GENERAL:					
Salaries and Wages	461,899	294,004	356,000	355,700	367,300
Fringe Benefits	163,923	133,115	163,000	163,200	201,300
Office Supplies	11,427	11,177	9,000	8,000	9,000
Communications	7,144	12,636	4,500	3,000	3,500
Software and Hardware	-	-	60,000	46,000	22,200
Fees and Per Diem	55,627	64,362	65,000	65,000	67,000
Board Related Expenses	4,228	11,678	15,000	5,000	15,000
Professional & Contractual	167,648	141,522	80,000	84,200	106,300
Legal Services	66,563	53,312	60,000	55,000	60,000
Employee Appreciation	4,925	9,129	9,200	9,500	9,700
City Fee	1,599,866	1,775,851	1,889,500	1,881,000	1,801,000
Transportation	1,517	1,846	2,500	2,500	2,500
Professional Development	6,081	15,232	20,000	11,300	27,000
Printing & Publishing	6,034	4,798	6,000	5,000	6,000
Insurance and Bonds	55,453	59,502	68,000	60,000	63,000
Miscellaneous	2,586	337	6,500	2,500	5,000
Depreciation Expense	1,878,890	2,027,184	2,132,000	2,100,000	2,150,000
Total Administrative and General	4,493,811	4,615,685	4,946,200	4,856,900	4,915,800

City of Traverse City, Michigan
TRAVERSE CITY LIGHT & POWER
2015-16 Budgeted Revenues and Expenses

	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Budget	FY 14/15 Projected	FY 15/16 Requested
Total Operating Expenses	34,344,151	32,410,123	35,520,750	33,746,780	35,231,050
Operating Income / (Loss)	$ (2,534,487)	$ 2,882,003	$ 905,450	$ 3,777,920	$ 697,650
NON OPERATING REVENUES/(EXPENSES):					
Rents and Royalties	$ 23,635	$ 47,282	$ 45,000	$ 49,350	$ 44,350
Pole Rentals	41,593	35,931	36,000	44,000	34,600
Reimbursements	163,980	616,140	353,600	98,600	102,800
Interest & Dividend Earnings	(285,545)	402,872	200,000	250,000	250,000
Gain/(Loss) on Sale of Fixed Assets	(4,333)	46,931	(360,000)	(358,900)	25,000
Total Non Operating Revenue/(Expenses)	(60,670)	1,149,156	274,600	83,050	456,750
NET INCOME/(LOSS)	$ (2,595,157)	$ 4,031,159	$ 1,180,050	$ 3,860,970	$ 1,154,400

Traverse City Light & Power

Cash Flow Forecast

	Fiscal Year:	Actual 2013/14	Projected 2014/15	Budget 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
	Receipts							
	Charges for Services	32,516,825	34,738,800	32,767,500	34,095,175	34,436,127	34,780,488	35,128,293
	Other Operating Revenues	2,775,301	2,785,900	3,161,200	3,224,424	3,288,912	3,354,691	3,421,785
	Non Operating Revenues	1,149,156	443,050	456,750	465,885	475,203	484,707	494,401
	Total Receipts	**36,441,282**	**37,967,750**	**36,385,450**	**37,785,484**	**38,200,242**	**38,619,886**	**39,044,478**
	Payments							
	Generation Expense	23,219,126	23,622,300	24,778,900	25,274,478	25,779,968	26,295,567	26,821,478
	Distribution Expense	3,355,752	3,734,000	3,976,150	4,055,673	4,136,786	4,219,522	4,303,913
	Transmission Expense	299,449	341,400	359,300	366,486	373,816	381,292	388,918
	Metering & Customer Accounting	479,851	519,900	521,500	531,930	542,569	553,420	564,488
	Conservation & Public Service	440,260	672,280	679,400	692,988	706,848	720,985	735,404
	Administrative & General	753,148	815,900	896,800	914,736	933,031	951,691	970,725
	Insurance	59,502	60,000	68,000	69,360	70,747	72,162	73,605
	City Fee	1,775,851	1,881,000	1,801,000	1,837,020	1,873,760	1,911,236	1,949,460
	Capital Investments	5,745,312	6,184,000	8,757,000	5,980,000	5,850,000	5,200,000	4,550,000
	Total Payments	**36,128,251**	**37,830,780**	**41,838,050**	**39,722,671**	**40,267,524**	**40,305,875**	**40,357,992**
Line 1	**Cashflow Surplus/Deficit (-)**	**313,031**	**136,970**	**(5,452,600)**	**(1,937,187)**	**(2,067,282)**	**(1,685,989)**	**(1,313,514)**
Line 2	**Opening Cash & Investments Balance**	**20,778,952**	**21,091,983**	**21,847,068**	**16,394,468**	**14,457,281**	**12,389,999**	**10,704,009**
Line 3	**Closing Cash & Investments Balance**	**21,091,983**	**21,847,068**	**16,394,468**	**14,457,281**	**12,389,999**	**10,704,009**	**9,390,495**
Line 4	**Reserved Cash & Investment Balance**	**9,450,000**	**9,580,000**	**9,720,000**	**9,800,000**	**9,850,000**	**9,912,000**	**9,980,000**
Line 5	**Unreserved & Undesginated Cash & Investment Balance**	**11,641,983**	**12,267,068**	**6,674,468**	**4,657,281**	**2,539,999**	**792,009**	**(589,505)**