

**A REGULAR MEETING**  
Of The  
**TRAVERSE CITY LIGHT AND POWER BOARD**

Will Be Held On

**TUESDAY, March 10, 2015**

At

**5:15 p.m.**

In The

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

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

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

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

Posting Date: 03-6-15  
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.*

- a. Consideration of approving minutes of the Regular Meeting of February 24, 2015. (Approval recommended) (p. 4)
- b. Consideration of authorizing a purchase order for poles to be used for the West Side Transmission Line Upgrade Project. (Approval recommended) (Myers-Beman) (p. 7)
- c. Consideration of authorizing a purchase order for conductor to be used for the West Side Transmission Line Upgrade Project. (Approval recommended) (Myers-Beman) (p. 9)

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

- a.
- b.

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

None.

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

- a. Consideration of forwarding Operating Budget for Electric and Fiber Funds to the City Commission for approval. (Arends/Myers-Beman) (p. 11)

#### **5. Appointments**

- a. Consideration of temporary appointment of a board member to the Human Resources Ad Hoc Committee. (Schroeder) (p. 18)

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

- a. From Legal Counsel.
- b. From Staff.

1. Presentation of December 31, 2014 (second quarter) Financial Position. (Myers-Beman) (p. 19)
  2. Review of Hometown Connections Efficiency Study recommendations.  
(Arends/staff) (p. 27)
- c. From Board.

**7. Public Comment**

/st

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Regular Meeting  
Held at 5:15 p.m., Commission Chambers, Governmental Center  
Tuesday, February 24, 2015

**Board Members -**

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

Absent: Bob Spence, Jan Geht, John Taylor

**Ex Officio Member -**

Absent: Jered Ottenwess, City Manager

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

The meeting was called to order at 5:15 p.m. by Secretary Tim Arends.

In the absence of Chairman Taylor and Vice Chairman Geht, Secretary Arends opened the floor to nominations for a Temporary Chairman.

Carruthers nominated McGuire, Budros seconded.

Secretary Arends closed the floor to nominations.

CARRIED unanimously. (Spence, Geht and Taylor absent)

Secretary Arends turned the meeting over to Temporary Chairman McGuire.

**Item 2 on the Agenda being Consent Calendar**

None.

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

- a. Public Hearing regarding:
- Telecommunications Rate Increase
  - Proposed Metal Melting & Heat Treating Primary Service Rate

The following individuals addressed the Board:

Tim Arends, Executive Director  
Karla Myers-Beman, Controller  
Jessica Wheaton, Manager of Energy Services & Key Accounts

Temporary Chairman McGuire opened the Public Hearing.

No one from the public commented.

Temporary Chairman McGuire closed the Public Hearing.

Moved by Budros, seconded by Palisin, that the Board authorizes the approval of the Telecommunications Rate effective March 1, 2015.

CARRIED unanimously. (Spence, Geht and Taylor absent)

Moved by Budros, seconded by Palisin, that the Board authorizes the approval of the Metal Melting and Heat Treating Primary Service Rate effective retroactively as of July 1, 2014.

Carruthers proposed a friendly amendment to the motion with the consent of Budros and Palisin, that the rate be effective retroactively as of January 1, 2015.

The motion is as follows:

That the Board authorizes the approval of the Metal Melting and Heat Treating Primary Service Rate effective retroactively as of January 1, 2015.

CARRIED unanimously. (Spence, Geht and Taylor absent)

b. Consideration of Strategic Plan – 2015 adoption.

The following individuals addressed the Board:

Tim Arends, Executive Director

Moved by Budros, seconded by Palisin, that the Traverse City Light & Power Strategic Plan – 2015 be adopted as presented with an amendment to section 3.1(3).

CARRIED unanimously. (Spence, Geht and Taylor absent)

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

a. Consideration of approving minutes of the Regular Meeting of February 10, 2015.

Moved by Carruthers, seconded by Budros, that the minutes of the Regular Meeting of February 10, 2015 be approved.

CARRIED unanimously. (Spence, Geht and Taylor absent)

**Item 5 on the Agenda being Appointments**

None.

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

a. From Legal Counsel.

None.

b. From Staff.

1. Karla Myers-Beman presented the Utility Rate Analysis report.

The following individuals addressed the Board:

Tim Arends, Executive Director

2. Tim Arends and Karla Myers-Beman reviewed the proposed 2015-16 Electric Utility Fund Budget.
- c. From Board.
1. Barbra Budros stated her appreciation for the revised budget format.
  2. Jeff Palisin congratulated TCL&P on its recent RP3 designation.

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

No one from the public commented.

There being no objection, Temporary Chairman McGuire declared the meeting adjourned at 6:21 p.m.

/st

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Tim Arends, Secretary  
LIGHT AND POWER BOARD

DRAFT



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Karla Myers-Beman, Controller *KMB*  
**Date:** March 4, 2015  
**Subject:** Wood Poles purchase for the West Side Transmission Line Upgrade Project

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On March 4, 2015, four bids were submitted, opened and reviewed for the wood poles to be used in the West Side Transmission Line Upgrade Project approved by the board on October 28, 2014.

GRP Engineering Inc. has evaluated the bids for wood poles for the West Side Transmission Line Upgrade Project and recommends Power Line Supply, low bidder at \$217,760, 19% below the estimated cost of \$270,250.

<b>Vendor</b>	<b>Amount</b>
1. Champion Charter	\$227,281
2. WESCO	\$225,780
3. RESCO	\$222,609
4. Power Line Supply	\$217,760

Staff concurs with GRP's recommendation to accept the bid from Power Line Supply, in the amount of \$217,760 and recommends the Board authorize the issuance of a purchase order for the materials.

For your review, attached is GRP's letter recommending Power Line Supply.

This item is appearing on the Consent Calendar as it is deemed by staff to be a non-controversial item. Approval of this item on the Consent Calendar means you agree with staff's recommendation.

If any member of the Board or the public wishes to discuss this matter, other than clarifying questions, it should be placed on the "Items Removed from the Consent Calendar" portion for the agenda for full discussion.

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

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_, THAT THE  
BOARD AUTHORIZES THE EXECUTIVE DIRECTOR TO ISSUE A PURCHASE ORDER TO  
POWER LINE SUPPLY IN THE AMOUNT OF \$217,760 FOR WOOD POLES MATERIAL  
COSTS TO BE USED IN THE WEST SIDE TRANSMISSION LINE UPGRADE PROJECT.**

March 4, 2015  
14-0696.01

Mr. Tom Olney  
Traverse City Light & Power  
1131 Hastings Street  
Traverse City, MI 49686

**RE: Gray Road to Hall Street Transmission Line  
Wood Pole Quote Evaluation & Recommendation**

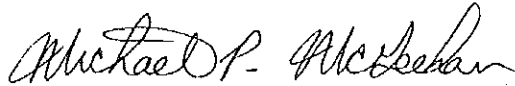
Dear Tom:

GRP Engineering, Inc. has completed our evaluation of the wood pole quotes for the Grey Road to Hall Street Transmission Line project. Of the four vendors invited to submit quotes, all responded with complete quotations. PLS submitted the lowest price quotation and stated a delivery time of 10-12 weeks after receiving order. List of quotes from all vendors is shown below.

<u>Vendor</u>	<u>Wood Poles</u>
Champion-Charter	\$227,281.00
Power Line Supply	\$217,760.00
RESCO	\$222,609.00
WESCO	\$225,780.00

The quoted price from PLS is 19% below the estimated cost of \$270,250 for pole purchase. GRP Engineering, Inc. recommends that TCL&P accept the quotation from PLS. Please contact me should you have any additional questions regarding this evaluation and recommendation.

Sincerely,  
**GRP Engineering, Inc.**



Michael P. McGeehan, P.E.  
Project Manager

cc: Traverse City Light & Power  
Mr. Tim Arends





**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Karla Myers-Beman, Controller *KWB*  
**Date:** March 4, 2015  
**Subject:** Conductor purchase for the West Side Transmission Line Upgrade Project

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On March 4, 2015, four bids were submitted, opened and reviewed for the conductor to be used in the West Side Transmission Line Upgrade Project approved by the board on October 28, 2014.

GRP Engineering Inc. has evaluated the bids for the conductor for the West Side Transmission Line Upgrade Project and recommends Power Line Supply, low bidder at \$92,061.60, 13% above the estimated cost of \$81,512. The reel return price is not included, but the shipping charges to return the reel is in the conductor price. TCL&P will receive the reel return funds back once the vendor receives the empty reel without any damage.

Vendor	Conductor	Reel Return	Metals Price Adjustment
1. Champion Charter	\$104,076.60	None	Yes
2. Power Line Supply	\$92,061.60	\$12,600	No
3. RESCO	\$93,984.00	\$13,200	Yes
4. WESCO	\$95,906.40	None	No

Staff concurs with GRP's recommendation to accept the bid from Power Line Supply, in the amount of \$92,061.60 and recommends the Board authorize the issuance of a purchase order for the materials.

For your review, attached is GRP's letter recommending Power Line Supply.

This item is appearing on the Consent Calendar as it is deemed by staff to be a non-controversial item. Approval of this item on the Consent Calendar means you agree with staff's recommendation.

If any member of the Board or the public wishes to discuss this matter, other than clarifying questions, it should be placed on the "Items Removed from the Consent Calendar" portion for the agenda for full discussion.

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

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_, THAT THE  
BOARD AUTHORIZES THE EXECUTIVE DIRECTOR TO ISSUE A PURCHASE ORDER TO  
POWER LINE SUPPLY IN THE AMOUNT OF \$92,061.60 FOR CONDUCTOR MATERIAL  
COSTS TO BE USED IN THE WEST SIDE TRANSMISSION LINE UPGRADE PROJECT.**

March 4, 2015  
14-0696.01

Mr. Tom Olney  
Traverse City Light & Power  
1131 Hastings Street  
Traverse City, MI 49686

**RE: Gray Road to Hall Street Transmission Line  
Conductor Quote Evaluation & Recommendation**

Dear Tom:

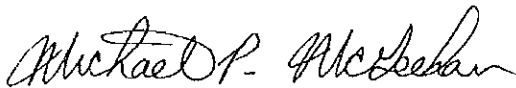
GRP Engineering, Inc. has completed our evaluation of the conductor quotes received for the Grey Road to Hall Street Transmission Line project. Of the four vendors invited to submit quotes for purchase of the #795 ACSS conductor, all responded with complete quotations. Power Line Supply (PLS) submitted the lowest price quotation with a stated delivery time meeting the June 30<sup>th</sup> requested date. List of quotes from all vendors is shown below.

<u>Vendor</u>	<u>Conductor</u>	<u>Reel Return Charge</u>	<u>Metals Price Adjustment</u>
Champion-Charter	\$104,076.60	None Stated	Yes
Power Line Supply	\$ 92,061.60	\$12,600	No
RESCO	\$ 93,984.00	\$13,200	Yes
WESCO	\$ 95,906.40	None Stated	No

Note that the reel return charge listed will be credited back to TCL&P upon return of undamaged steel reels to the conductor manufacturer. The reel return charge is NOT included in the conductor prices stated, but the charge for return shipping is included.

The quoted price from PLS is 13% above the estimated cost of \$81,512 for conductor purchase. GRP Engineering, Inc. recommends that TCL&P accept the quotation from PLS. Please contact me should you have any additional questions regarding this evaluation and recommendation.

Sincerely,  
**GRP Engineering, Inc.**



Michael P. McGeehan, P.E.  
Project Manager

cc: Traverse City Light & Power  
Mr. Tim Arends

FOR THE LIGHT & POWER BOARD MEETING OF MARCH 10, 2015



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Karla Myers-Beman, Controller *KMB*  
**Date:** March 2, 2015  
**Subject:** Electric Fund Budget

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In accordance with City Charter Chapter XVIII, section 179 (o), the 2015-16 Electric and Fiber Fund Operating Budgets must be submitted to the City Commission by its last meeting in April.

The Fiber Fund was reviewed by the Board at the January 13, 2015 board meeting and the Electric Fund was reviewed by the Board at the last meeting, February 24, 2015 and no changes have been made on either budget since the initial presentations. The budgets are attached for your reference.

Staff recommends that the Board approve submittal of the 2015-16 Electric and Fiber Funds Budgets to the City Commission for its consideration. If the Board agrees with this recommendation the following motion would be appropriate to do so:

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

**THAT THE LIGHT & POWER BOARD APPROVES SUBMITTAL OF THE 2015-16 ELECTRIC AND FIBER FUND OPERATING BUDGETS AS PRESENTED TO THE CITY COMMISSION FOR ITS CONSIDERATION.**

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
<b>Operating Income:</b>	\$ 31,809,664	\$ 35,292,126	\$ 36,426,200	\$ 37,524,700	\$ 35,928,700
<b>Operating Expenses:</b>					
<b>Generation Expenses:</b>					
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
<b>Total Generation Expenses</b>	<b>23,783,427</b>	<b>23,219,126</b>	<b>25,018,200</b>	<b>23,622,300</b>	<b>24,778,900</b>
<b>Distribution Expenses:</b>					
Operations & Maintenance	3,493,024	3,355,752	3,860,700	3,734,000	3,976,150
<b>Transmission Expenses:</b>					
Operations & Maintenance	366,978	299,449	339,800	341,400	359,300
<b>Other Operating Expenses:</b>					
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
<b>Total Other Operating Expenses</b>	<b>6,700,722</b>	<b>5,535,796</b>	<b>6,302,050</b>	<b>6,049,080</b>	<b>6,116,700</b>
<b>Total Operating Expenses</b>	<b>34,344,151</b>	<b>32,410,123</b>	<b>35,520,750</b>	<b>33,746,780</b>	<b>35,231,050</b>
<b>Operating Income/Loss</b>	<b>\$ (2,534,487)</b>	<b>\$ 2,882,003</b>	<b>\$ 905,450</b>	<b>\$ 3,777,920</b>	<b>\$ 697,650</b>
<b>Non Operating Revenues/(Expenses):</b>					
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
<b>Total Non Operating Revenue/(Exp)</b>	<b>(60,670)</b>	<b>1,149,156</b>	<b>274,600</b>	<b>83,050</b>	<b>456,750</b>
<b>Net Income</b>	<b>\$ (2,595,157)</b>	<b>\$ 4,031,159</b>	<b>\$ 1,180,050</b>	<b>\$ 3,860,970</b>	<b>\$ 1,154,400</b>

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
<b><u>OPERATING REVENUES:</u></b>					
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
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 31,809,664</b>	<b>\$ 35,292,126</b>	<b>\$ 36,426,200</b>	<b>\$ 37,524,700</b>	<b>\$ 35,928,700</b>
<b><u>OPERATING EXPENSES:</u></b>					
<b><u>GENERATION-OPERATING &amp; MAINTENANCE:</u></b>					
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
<i>Total Purchased Power</i>	<i>23,604,543</i>	<i>23,015,422</i>	<i>24,746,600</i>	<i>23,254,900</i>	<i>24,461,800</i>
<i>Purchased Power Cost as % of Sales</i>	<i>80.7%</i>	<i>70.78%</i>	<i>73.28%</i>	<i>66.82%</i>	<i>74.79%</i>
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	-	-	-	-
<b>Total Generation O &amp; M</b>	<b>23,783,427</b>	<b>23,219,126</b>	<b>25,018,200</b>	<b>23,622,300</b>	<b>24,778,900</b>

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
<b><u>DISTRIBUTION OPERATION &amp; MAINTENANCE:</u></b>					
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
<b>Total Distribution O &amp; M</b>	<b>3,493,024</b>	<b>3,355,752</b>	<b>3,860,700</b>	<b>3,734,000</b>	<b>3,976,150</b>
<b><u>TRANSMISSION OPERATIONS &amp; MAINTENANCE:</u></b>					
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
<b>Total Transmission O &amp; M</b>	<b>366,978</b>	<b>299,449</b>	<b>339,800</b>	<b>341,400</b>	<b>359,300</b>

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
<b><u>METERING &amp; CUSTOMER ACCOUNTING:</u></b>					
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
<b>Total Customer Accounting</b>	<b>516,919</b>	<b>479,851</b>	<b>553,050</b>	<b>519,900</b>	<b>521,500</b>
<b><u>CONSERVATION &amp; PUBLIC SERVICES:</u></b>					
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
<b>Total Conservation &amp; Public Services</b>	<b>1,689,992</b>	<b>440,260</b>	<b>802,800</b>	<b>672,280</b>	<b>679,400</b>
<b><u>ADMINISTRATIVE AND GENERAL:</u></b>					
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
<b>Total Administrative and General</b>	<b>4,493,811</b>	<b>4,615,685</b>	<b>4,946,200</b>	<b>4,856,900</b>	<b>4,915,800</b>

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
<b>NON OPERATING REVENUES/(EXPENSES):</b>					
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  
Fiber Optics Fund  
2015-16 Budgeted Revenues and Expenses

	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Budgeted	FY 14/15 Projected	FY 15/16 Requested
<b><u>Operating revenues:</u></b>					
Charges for services	\$ 208,030	\$ 229,120	\$ 243,200	\$ 256,900	\$ 288,200
<b><u>Operating expenses:</u></b>					
Salaries and wages	-	-	30,960	31,000	31,000
Fringe benefits	-	-	20,930	20,930	21,000
Office & operation supplies	-	-	1,000	1,000	12,000
Supervision & maintenance	13,858	66,987	-	-	-
Overhead & Underground lines	8,926	19,522	4,000	4,000	-
Customer installations	1,762	2,187	500	500	-
Termination boxes	5,096	23,834	2,000	2,000	-
Tools	-	-	1,000	1,000	-
WIFI operations and maintenance	-	-	-	30,725	37,400
Professional services	-	-	4,000	4,000	4,200
Legal services	-	-	2,000	2,000	2,200
City fee	10,402	11,464	12,160	12,849	14,435
Professional development	2,238	-	2,000	2,000	2,100
Insurance	925	791	1,100	1,100	1,200
Repair and maintenance	35	-	-	-	-
Vehicle rental	-	-	4,400	4,400	4,500
Miscellaneous	-	4,750	-	-	-
Depreciation expense	87,222	90,109	90,000	113,200	138,400
<b>Total operating expenses</b>	<b>130,464</b>	<b>219,644</b>	<b>176,050</b>	<b>230,704</b>	<b>268,435</b>
<b>Operating income</b>	<b>77,566</b>	<b>9,476</b>	<b>67,150</b>	<b>26,196</b>	<b>19,765</b>
<b><u>Non-operating revenues:</u></b>					
Reimbursements	6,431	21,628	5,000	290,200	30,400
Interest revenue	-	167	-	-	500
<b>Total non operating revenues</b>	<b>6,431</b>	<b>21,795</b>	<b>5,000</b>	<b>290,200</b>	<b>30,900</b>
<b>Net income</b>	<b>\$ 83,997</b>	<b>\$ 31,271</b>	<b>\$ 72,150</b>	<b>\$ 316,396</b>	<b>\$ 50,665</b>



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Kelli Schroeder, Manager of HR & Communications   
**Date:** March 5, 2015  
**Subject:** Human Resources Ad Hoc Committee - Appointment of Alternate Member

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As you are aware, there is an upcoming issue that will require the involvement of the Human Resources Ad Hoc Committee. Currently, one member may be unable to participate and staff is asking that an alternate committee member be appointed to fill the temporary vacancy should it occur.

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

**MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_,**  
**TO APPOINT \_\_\_\_\_ AS ALTERNATE MEMBER OF THE**  
**HUMAN RESOURCES AD HOC COMMITTEE.**



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light and Power Board  
**From:** Karla Myers-Beman, Controller *KMB*  
**Date:** March 3, 2015  
**Subject:** Quarterly Financial Report

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Enclosed in your packet are the second quarter financial statements for the Electric and Fiber Funds.

**Electric Utility Fund:**

As of December 31, 2014 (50% through the fiscal year) operating revenues are 54% of budgeted operating revenues. Overall revenues have increased over prior year as expected with the PCR uncapping as of October 1, 2013.

Total operating expenses are at 45.07% of budget year-to-date, or very nearly on-budget with purchase power costs at 46.19%, distribution costs at 40.66% lower than expected due to higher capitalization of wages than what was budgeted and expenses budgeted for but not yet incurred. Public service expense at 36.3% with the energy optimization funds not fully expended. General administration expenses at 38.11%, similar to the distribution expenses with expenses expected to be incurred later in the fiscal year.

Net income through the first quarter is \$3.6 million, which is approximately \$1.4 million increase over the prior year.

Cash flows shows approximately \$4.5 million expended in capital assets, mostly for the South Substation capital project.

**Fiber Fund:**

Revenues in the Fiber Fund are on-budget while expenses are 64.6% of budget year-to-date. Salaries and related fringe benefits attribute to the higher percentage than 50%, time through the fiscal year, because of more time being allocated to fiber maintenance during the fiscal year than expected. The Fund has a net income or change in net position of \$11,335 or 15.7% of budgeted net income.

# TRAVERSE CITY LIGHT AND POWER

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

## ELECTRIC FUND

### STATEMENT OF NET POSITION

DECEMBER 31, 2014

ASSETS		LIABILITIES AND NET POSITION
<b>Current assets</b>		
Cash and cash equivalents	\$ 11,098,722	\$ 1,677,007
Investments	10,732,959	726,354
Receivables		90,723
Customer, less allowances of \$279,103 for uncollectible accounts (Light and Power Fund)	3,569,026	20,570
Accrued interest	56,287	5,996
Taxes	-	215,851
Other	789,598	
Inventories	1,723,862	
Prepaid expenses	50,762	
<b>Total current assets</b>	<u>28,021,216</u>	<b>2,736,501</b>
<b>Non-current assets</b>		
Other postemployment benefit asset	928,445	
Long-term advances - due from primary government	5,836	
Land and land improvements	1,397,879	
Construction in progress	6,199,803	
Capital assets being depreciated, net	43,295,920	
<b>Total non-current assets</b>	<u>51,827,883</u>	50,893,602
<b>Total assets</b>	<u>79,849,099</u>	<u>26,056,363</u>
		<b>\$ 76,949,965</b>
<b>Total cash and investments</b>	<u>\$ 21,831,681</u>	

TRAVERSE CITY LIGHT AND POWER

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

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (UNAUDITED)  
FOR THE PERIOD ENDED DECEMBER 31, 2014

	Month to Month Comparison			Year to Year Comparison			Budget to Year to date Comparison			
	Month to date Actual	Month to date Prior Year	Month to date Difference	Year to date Actual	Year to date Prior Year	Year to date Difference	Amended Budget	Year to date Actual	Favorable (Unfavorable)	% of budget
<b>Operating revenues - sales</b>										
Residential	\$ 691,094	\$ 431,268	\$ 259,825	\$ 3,538,699	\$ 3,059,895	\$ 478,804	\$ 6,600,000	\$ 3,538,699	\$ (3,061,301)	53.62%
Commercial	1,466,831	1,116,874	349,957	8,596,982	7,886,915	710,067	15,810,000	8,596,982	(7,213,018)	54.38%
Industrial	853,461	745,597	107,864	5,848,958	4,896,567	952,391	10,770,000	5,848,958	(4,921,042)	54.31%
Public authority	20,952	15,820	5,132	188,501	175,242	13,259	309,000	188,501	(120,499)	61.00%
Street lighting	16,559	16,258	302	98,061	112,892	(14,832)	201,600	98,061	(103,539)	48.64%
Yard lights	6,798	5,930	869	38,791	40,799	(2,008)	79,900	38,791	(41,109)	48.55%
<b>Total operating revenues - sales</b>	<b>3,055,695</b>	<b>2,331,746</b>	<b>723,949</b>	<b>18,309,991</b>	<b>16,172,311</b>	<b>2,137,680</b>	<b>33,770,500</b>	<b>18,309,991</b>	<b>(15,460,509)</b>	<b>54.22%</b>
<b>Other operating revenues</b>										
Forfeited discounts	9,077	5,785	3,292	38,826	25,547	13,279	58,000	38,826	(19,174)	66.94%
Merchandise and jobbing	13,872	3,661	10,210	56,752	43,987	12,765	65,000	56,752	(8,248)	87.31%
Sale of scrap	10,628	1	10,627	24,978	29,723	(4,746)	35,000	24,978	(10,022)	71.37%
Recovery of bad debts	-	-	-	30	143	(112)	200	30	(170)	15.25%
MISO income	195,947	194,001	1,947	1,323,762	1,404,503	(80,741)	2,461,000	1,323,762	(1,137,238)	53.79%
Miscellaneous	1,315	1,010	305	23,855	16,673	7,182	36,500	23,855	(12,645)	65.36%
<b>Total other operating revenues</b>	<b>250,838</b>	<b>204,458</b>	<b>26,380</b>	<b>1,468,203</b>	<b>1,520,577</b>	<b>(52,374)</b>	<b>2,655,700</b>	<b>1,468,203</b>	<b>(1,187,497)</b>	<b>55.28%</b>
<b>Nonoperating revenues</b>										
Rental income	1,475	1,477	(2)	19,911	38,432	(18,521)	45,000	19,911	(25,089)	44.25%
Pole rental income	-	-	-	4,741	4,158	584	36,000	4,741	(31,259)	13.17%
Reimbursements	6,116	18,397	(12,281)	25,887	239,066	(213,179)	333,600	25,887	(327,713)	7.32%
Interest income	40,439	50,761	(10,322)	159,646	190,574	(30,928)	200,000	159,646	(40,354)	79.82%
Gain/loss on sale of assets	(347,814)	48,240	(396,054)	(347,814)	55,568	(403,381)	(360,000)	(347,814)	12,186	96.61%
<b>Total nonoperating revenues</b>	<b>(299,783)</b>	<b>118,875</b>	<b>(418,658)</b>	<b>(137,629)</b>	<b>527,798</b>	<b>(665,427)</b>	<b>274,600</b>	<b>(137,629)</b>	<b>(412,229)</b>	<b>-50.12%</b>
<b>Total revenues</b>	<b>2,986,751</b>	<b>2,655,079</b>	<b>331,671</b>	<b>19,640,566</b>	<b>18,220,686</b>	<b>1,419,880</b>	<b>36,700,800</b>	<b>19,640,566</b>	<b>(17,060,234)</b>	<b>53.52%</b>
<b>Generation expense</b>										
Non purchase power expenses	27,371	30,241	(2,870)	184,403	108,630	75,772	271,600	184,403	87,197	67.89%
MISO	(83,159)	(47,593)	(35,567)	(70,381)	372,431	(442,811)	1,250,350	(70,381)	1,320,731	-5.63%
Lansing Bridge	472,328	500,573	(28,245)	2,786,094	2,993,153	(207,059)	6,116,250	2,786,094	3,330,156	45.55%
Stoney Corners	245,991	219,222	26,769	1,313,600	1,287,292	26,308	2,894,000	1,313,600	1,580,400	45.39%
Combustion Turbine	203,233	243,093	(39,860)	1,774,353	1,681,834	92,518	4,536,000	1,774,353	2,761,647	39.12%
Campbell Coal Plant	499,189	402,682	96,508	2,523,105	2,680,351	(157,246)	4,995,000	2,523,105	2,471,895	50.51%
Belle River Coal Plant	482,092	559,332	(77,240)	2,709,051	2,441,929	267,121	4,030,000	2,709,051	1,320,949	67.22%
Landfill Gas	39,411	45,018	(5,607)	239,108	231,794	7,314	925,000	239,108	685,892	25.85%
Bilateral contracts	3,731	-	3,731	155,401	-	155,401	-	155,401	(155,401)	#DIV/0!
Purchase power expenses	1,862,815	1,722,326	140,488	11,430,331	11,688,785	(258,453)	24,746,600	11,430,331	13,316,269	46.19%

TRAVERSE CITY LIGHT AND POWER

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

ELECTRIC FUND  
 SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (UNAUDITED)  
 FOR THE PERIOD ENDED DECEMBER 31, 2014

	Month to Month Comparison			Year to Year Comparison			Budget to Year to date Comparison			
	Month to date Actual	Month to date Prior Year	Month to date Difference	Year to date Actual	Year to date Prior Year	Year to date Difference	Amended Budget	Year to date Actual	Favorable (Unfavorable)	% of budget
Distribution	\$ 232,218	\$ 313,123	\$ (80,906)	\$ 1,569,627	\$ 1,543,269	\$ 26,358	\$ 3,860,700	\$ 1,569,627	\$ 2,291,073	40.66%
Transmission	31,492	25,007	6,484	174,240	149,741	24,499	339,800	174,240	165,560	51.28%
Customer accounting	41,049	29,181	11,868	239,184	197,233	41,951	553,050	239,184	313,866	43.25%
Public service	35,981	55,856	(19,874)	291,452	206,292	85,160	802,800	291,452	511,348	36.30%
General administration expense	67,478	92,672	(25,194)	326,486	386,467	(59,980)	856,700	326,486	530,214	38.11%
Other expenses										
Insurance	4,675	5,655	(980)	28,139	25,371	2,568	68,000	28,139	39,861	41.38%
City fee	125,000	120,000	5,000	750,000	720,000	30,000	1,889,500	750,000	1,139,500	39.69%
Depreciation	168,932	156,574	12,358	1,013,592	939,528	74,064	2,132,000	1,013,592	1,118,408	47.54%
Total expenses	<u>2,597,011</u>	<u>2,550,636</u>	<u>46,375</u>	<u>16,007,453</u>	<u>15,963,515</u>	<u>41,938</u>	<u>35,520,750</u>	<u>16,007,453</u>	<u>19,513,297</u>	<u>45.07%</u>
Change in net position	\$ 389,740	\$ 104,444	\$ 285,296	\$ 3,633,113	\$ 2,255,171	\$ 1,377,942	\$ 1,180,050	\$ 3,633,113	\$ 2,453,063	

# TRAVERSE CITY LIGHT AND POWER

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

## ELECTRIC FUND STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED DECEMBER 31, 2014

<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 19,780,781
Cash payments to employees	(1,090,569)
Cash payments to suppliers for goods and services	(13,197,416)
Cash payments of City fee	(750,000)
<b>Net cash provided by operating activities</b>	<b>4,742,797</b>
<b>Cash flows from noncapital financing activities</b>	
Customer deposits paid	(9,127)
Rental income received	24,652
Reimbursements received	25,887
<b>Net cash provided by noncapital financing activities</b>	<b>41,412</b>
<b>Cash flows from capital and related financing activities</b>	
Purchase of capital assets	(4,505,256)
Sale of investments	1,100
<b>Net cash used in capital and related financing activities</b>	<b>(4,504,156)</b>
<b>Cash flows from investing activities</b>	
Sale of investments	5,119,448
Repayment of long term advance	300,000
Interest and dividends	159,646
<b>Net cash provided by investing activities</b>	<b>5,579,094</b>
Net increase in cash and cash equivalents	5,859,146
Cash and cash equivalents, beginning of year	5,239,576
<b>Cash and cash equivalents, end of year</b>	<b>\$ 11,098,722</b>

**TRAVERSE CITY LIGHT AND POWER**  
**(A Component Unit of the City of Traverse City, Michigan)**  
**ELECTRIC FUND**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE PERIOD ENDED DECEMBER 31, 2014**

SALES	KWH month	KWH year to date	Monthly revenue	Year to date revenue	Current month	Prior year month	Revenue/Sales monthly variance	Year to date	Prior year to date	Revenue/Sales year to date variance
Residential Sales	5,115,407	27,819,150	\$ 631,504	\$ 3,374,962	\$ 0.1235	\$ 0.1103	\$ 0.0132	\$ 0.1213	\$ 0.1004	\$ 0.0209
Commercial Sales	11,246,093	70,379,134	1,382,078	8,610,426	0.1229	0.1092	0.0137	0.1223	0.1022	0.0201
Industrial Sales	8,917,580	61,225,570	869,323	6,074,228	0.0975	0.0846	0.0129	0.0992	0.0791	0.0201
Yard and Street Lights	124,488	746,944	23,217	138,600	0.1865	0.1822	0.0043	0.1856	0.1818	0.0038
<b>Total Sales</b>	<b>25,403,568</b>	<b>160,170,798</b>	<b>\$ 2,906,122</b>	<b>\$ 18,198,216</b>						

Note: Revenues do not agree to income statement because of monthly accruals.

PURCHASED POWER	KWH month	KWH year to date	Monthly cost	Year to date cost	Cost per kWh for the month	Cost per kWh for the year to date
Lansing Bridge	10,016,000	58,944,000	\$ 472,327.57	\$ 2,786,093.60	\$ 0.047	\$ 0.047
MISO/Transmission	(2,360,800)	(3,857,400)	(39,022.13)	96,684.18	(0.017)	(0.025)
Bilateral Contract	-	11,552,000	3,731.00	155,401.00	#DIV/0!	0.013
Campbell #3	7,135,163	43,780,719	499,189.41	2,523,105.25	0.070	0.058
Beile River	5,280,323	33,356,089	482,091.44	2,709,051.00	0.091	0.081
Combustion Turbine	1,912,604	9,499,519	203,232.93	1,774,352.71	0.106	0.187
Landfill Gas	773,587	4,565,455	39,410.67	259,108.18	0.051	0.052
Stoney Corners	2,207,782	11,789,626	245,991.07	1,313,600.14	0.111	0.111
Transmission	not applicable	not applicable	(44,136.70)	(167,065.08)	not applicable	not applicable
<b>Total</b>	<b>24,964,659</b>	<b>169,629,988</b>	<b>\$ 1,862,815.26</b>	<b>\$ 11,430,330.98</b>	<b>\$ 0.075</b>	<b>\$ 0.067</b>



# TRAVERSE CITY LIGHT AND POWER

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

## FIBER FUND STATEMENT OF NET POSITION DECEMBER 31, 2014

	<b>ASSETS</b>	<b>LIABILITIES AND NET POSITION</b>	
<b>Current assets</b>		<b>Current liabilities</b>	
Cash and cash equivalents	\$	Accounts payable	200
Accounts receivable	(432)	Accrued expenses and other liabilities	355
Inventory	2,980		
Prepaid expenses	5,956	Unearned revenue	14,270
	450	Due to primary government	11,464
<b>Total current assets</b>	<u>8,954</u>	<b>Total current liabilities</b>	<u>26,289</u>
<b>Non-current assets</b>		<b>Long term liabilities</b>	
Construction in progress	404,160	Compensated absences	1,226
Capital assets being depreciated, net	1,216,806		
<b>Total non-current assets</b>	<u>1,620,966</u>	<b>Total liabilities</b>	<u>27,515</u>
		Invested in capital assets	1,620,966
		Unrestricted (deficit)	(18,563)
<b>Total assets</b>	<u>1,629,920</u>	<b>Total net position</b>	<u>\$ 1,602,403</u>

# TRAVERSE CITY LIGHT AND POWER

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

## FIBER FUND

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE PERIOD ENDED DECEMBER 31, 2014

	Amended Budget	Year to date Actual	Favorable (Unfavorable)	Percentage of Budget
<b>Operating revenues</b>				
Charges for services	\$ 243,200	\$ 114,600	\$ (128,600)	47.12%
<b>Operating expenses</b>				
Salaries and wages	30,960	25,950	5,010	83.82%
Fringe benefits	20,930	18,036	2,894	86.17%
Supplies	2,000	329	1,671	16.44%
Overhead	3,000	110	2,890	3.68%
Underground	1,000	-	1,000	0.00%
Customer installations	500	-	500	0.00%
Termination boxes	2,000	-	2,000	0.00%
WiFi Operations and maintenance	-	18,425	(18,425)	#DIV/0!
Professional and contractual	6,000	120	5,880	2.00%
Professional development	2,000	-	2,000	0.00%
Insurance	1,100	430	670	39.07%
Vehicle Rental	4,400	5,436	(1,036)	123.54%
City fee	12,160	-	12,160	0.00%
Depreciation	90,000	45,054	44,946	50.06%
<b>Total operating expenses</b>	<b>176,050</b>	<b>113,890</b>	<b>62,160</b>	<b>64.69%</b>
<b>Operating income</b>	<b>67,150</b>	<b>710</b>	<b>(66,440)</b>	
<b>Nonoperating revenues</b>				
Reimbursements	5,000	10,625	5,625	212.50%
Change in net position	72,150	11,335	(60,815)	
Net position, beginning of year	1,591,068	1,591,068	-	
<b>Net position, end of year</b>	<b>\$ 1,663,218</b>	<b>\$ 1,602,403</b>	<b>\$ (60,815)</b>	




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TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director   
**Date:** March 4, 2015  
**Subject:** Hometown Efficiency Study Recommendations Progress Report to Board

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Attached is the Hometown Connections Efficiency Study Report recommendations presented to the board in early 2013. As staff has mentioned to the board when this study was originally presented is that periodic updates would be made to the board as staff implemented the recommendations.

There were many very good recommendations provided by the study. Staff began implementing recommendations from Hometown Connections even before the study was completed, and continues to implement them as it is deemed either economical or logistically possible. However, there are many recommendations that are long-term for a variety of reasons, or may be unattainable by the utility with its current structure.

Staff will not be reviewing every single recommendation, but will touch upon a few of the more recent highlights. For your convenience the recommendations have been highlighted to demonstrate what has been accomplished, what is currently in-progress, and what has not been started at this point.

## HOMETOWN CONNECTIONS

### LEGEND

**Red** – Unachievable with current structure or budget

**Blue** – Work in process

**Highlighted** – Completed

### Summary of Recommendations

Below is the compilation of recommendations from throughout this report.

#### *Customer Service*

1. Hometown Connections would encourage customer service staff to explore ways by which stronger delineation can be made of the various services being billed.
2. Hometown Connections would encourage the customer service staff to consider more graphic representation of energy usage data.
3. Hometown Connections would encourage the use of page two for a stronger appeal to switch to those payment methods that are least cost to the utility.
4. Hometown Connections would strongly encourage the customer service and IT staff to thoroughly review the avenues by which utility customers can access payment information, ensuring that information is complete and current.
5. Hometown Connections would encourage Traverse City to assess periodically the fully loaded costs of the different forms of utility payments and *strongly* promote those that are more cost effective.
6. Customer service staff should understand the relative costs of the various forms of payment and encourage customers to move to those least cost forms of payment.
7. Customer service staff should evaluate the costs and benefits of waiving transaction fees for credit card payments with a goal of increasing utilization of this form of payment.
8. Hometown Connections recommends using outreach tools, such as surveys of customers, to explore customer preferences around bill paying, and building awareness of the desired payment options to customers through expanded bill messaging and bill stuffers.
9. Hometown Connections would encourage Traverse City to expand the number of billing cycles in order to provide for more timely distribution of electric bills, and revenue collection, sooner after the meter reading has taken place.

## HOMETOWN CONNECTIONS

10. Hometown Connections would encourage Traverse City to evaluate the costs and benefits of discontinuing separate late/disconnect notices and door hangers.
11. Traverse City should assess the costs of delinquency and termination activities (labor, fuel, depreciation, etc.) to ensure that the rest of the customer base is not subsidizing the additional costs incurred by delinquent customers.
12. Hometown Connections would encourage Traverse City to continue tracking its service termination rates.
13. Hometown Connections would encourage Traverse City to discontinue accepting payments by field staff.
14. Hometown Connections would encourage Traverse City staff to evaluate options for recovering additional bad debt.

### *Community Outreach and Communications*

15. Hometown Connections would encourage Traverse City to explore options for offering call center hours outside of the 8:00 to 5:00 window.
16. Hometown Connections would recommend that staff evaluate the costs and effectiveness of some form of IVR or auto-attendant.
17. Hometown Connections would encourage the utility to track utility-sponsored and employee efforts – resources committee, employee volunteerism - and report these to customers and staff on a periodic basis.
18. Hometown Connections would strongly encourage a more prominent presence of the customer service operations on the city portion of the website, anticipating the most common questions and services that customers will be interested in, and further to create more links to the TCLP website.
19. Hometown Connections would encourage TCLP to offer additional online information resources for energy conservation and efficiency.
20. TCLP should post simple comparisons of its residential rates to neighboring utilities (or make more prominent their placement on its website).
21. Hometown Connections would encourage staff to review websites of similar sized utilities for comparison.
22. Utility staff should complete its due diligence before abandoning Facebook or other social media as an avenue of outreach and communications.
23. Staff should ensure that lines of communication always remain open between customers and the utility.



## HOMETOWN CONNECTIONS

### *Utility Programs*

24. Hometown Connections would encourage the relevant governing boards to discuss the various roles that the electric utility may play in economic development and build a plan around those outcomes.
25. Hometown Connections would encourage TCLP to develop a more structured key accounts program that ensures regular and ongoing communication.
26. Hometown Connections would encourage TCLP to begin a dialogue with local stakeholders on the value of higher standards for its building energy code.
27. Hometown Connections would encourage the utility to benchmark other public power energy efficiency efforts, including both their program offerings and how they convey energy efficiency information to the customer.
28. TCLP should continue contributing to the APPA energy efficiency database as well as using it to benchmark its own performance.
29. Hometown Connections would strongly encourage Traverse City to leverage the resources available through APPA.
30. Hometown Connections would encourage TCLP to engage in a strategic discussion of the value of its customer programs and proceed to align its resources more closely to those customer and community needs.

### *Power Supply*

31. Hometown Connections has significant concerns with the time elapsing between the plan elements for it to be effective. Current products, goals, IRP and capital budget are not properly coordinated.
32. The capital budget should reflect any proposed resource additions.
33. The utility should diversify the renewable energy portfolio by using multiple sources of smaller sizes over time versus a single contract, providing a more reliable alternative to current conditions.
34. TCLP should take an active role in participating in all of the committees, especially in the Combined Cycle, Base Resource, and Renewable Resource Investigation committee.
35. TCLP should use MPPA as the primary source of future power supply assets, as MPPA will have resources available to TCLP not generally available to systems the size of TCLP.
36. TCLP should utilize a strong partnership with MPPA to restructure the energy services position, focus its attention on the committees of MPPA and work through MPPA to meet its power supply needs.

## HOMETOWN CONNECTIONS

37. TCLP should make a policy decision to pursue future generation requirements through MPPA and focus all future activities through the appropriate committees of MPPA.
38. Develop a planning process that is appropriate for a system of TCLP's size and that utilizes its joint action agency as its source for resources and transmission.
39. Insure that there is a more formal process followed for the evaluation and selection of power supply contracts. By utilizing MPPA as the source of future generation, their internal process should address this issue.
40. Meet with the GM of MPPA and develop a plan that will identify the needs of TCLP that will replace the Power Purchase Agreement with LBWL as soon as possible. Create a transition for the Energy Services Agreement from LBWL to MPPA effective 12/31/2015. Develop a process to coordinate the contracts such as Heritage that do not involve MPPA.

### *Distribution Operations*

41. Hometown Connections would encourage the utility to evaluate acceptable alternatives to 24/7 staffing of the control room, either through on call staff and remote start capabilities or through contracting out or assigning this responsibility to another entity.
42. Hometown Connections would encourage TCLP to evaluate the costs and benefits of providing greater protection of utility stock and equipment.
43. Hometown Connections suggests that TCLP evaluate its purchasing guidelines on acquiring project stock prior to project approval.
44. Hometown Connections would encourage the utility to assess its physical security plan and make the appropriate improvements to ensure security and safety at its facilities.
45. Hometown Connections would suggest that the utility have other arrangements available for servicing its vehicles when the city garage is over worked.
46. Hometown Connections strongly encourages TCLP to embrace the GRP Engineering Inc. system loading study and implement its recommendations.
47. Hometown Connections would encourage TCLP to explore more fully the system's power factor and the need for so many capacitors. This may call for a "power factor" study which if performed properly should provide a clearer picture for causes of the poor power factor and provide suggestions to rectify.



## HOMETOWN CONNECTIONS

### *Employee Safety*

48. Hometown Connections would recommend that an outside firm, with arc flash study experience, perform a study to affirm the internal findings and or offer additional suggestions for improvement.
49. Hometown Connections would encourage TCLP to develop a policy with timelines for locating any additional AEDs on utility property and vehicles.
50. Hometown Connections would encourage a formal endorsement of the *APPA Safety Manual* by the governing board.
51. Hometown would recommend that TCLP have written switching and tagging procedures.
52. Hometown Connections would encourage TCLP to develop and test its own plan as well as participate with other agencies training in disaster preparedness should they be scheduled.
53. Hometown Connections would encourage TCLP to review a broader slate of safety metrics that would fully describe the effectiveness of the utility's safety efforts.
54. Hometown Connections would encourage TCLP to develop more descriptive metrics and corresponding goals that better describe the utility's safety efforts.

### *Governance*

55. Hometown Connections would urge the TCLP governing board to remain cognizant of the need for multiple and ongoing forums for communication and outreach between non-resident customers and the board.
56. City commission and TCLP board members must engage stakeholders in a deliberative discussion about the utility. The goal is to capture the many voices of the community in a thoughtful conversation about what the utility of the future should look like to best serve its customers and the community.
57. The outcomes of the stakeholder dialogue should provide a framework for joint meetings between the city commission and the board to find common grounds and to explore further the differences that remain.
58. We would strongly encourage additional governance development and training. This could include specific governance training as well as greater participation in state or national events for public power governing board members.
59. A renewed strategic planning process should be completed for the utility. The extended dialogue that has led up to this point should provide strong focus and direction for the utility to prioritize its activities to best meet its customers' and the community's needs.



## HOMETOWN CONNECTIONS

### *Strategic Planning*

60. Hometown Connections would strongly encourage TCLP to push its strategic thinking ahead further and develop a more thorough strategic plan that addresses far reaching goals for how the utility can operate successfully while providing benefit to the city government, to its customers and to the community as a whole.

### *Rates*

61. Hometown Connections strongly encourages all public power utilities to publicize electric rates broadly, regardless of how they compare.
62. Hometown Connections would encourage TCLP to build its rate structures around a well-reasoned cost of service and rate study.
63. Hometown Connections would encourage a more formalized rate policy that outlines what factors will trigger a rate increase or decrease.
64. Hometown Connections would encourage the utility to conduct a rate and cost of service study every three to five years, performed by an independent, outside entity.

### *Administration, Accounting and Finance*

65. For both the annual budgeting process and the capital improvement plan, Hometown Connections would strongly encourage TCLP leadership to develop stronger measures for developing the informed consent of community stakeholders and tie the CIP to TCLP's strategic plan.
66. Hometown Connections would strongly encourage TCLP to track in-kind services provided to the general fund, other funds or the community at large.
67. If the garage fund cannot maintain the confidence of its internal customers, Hometown Connections would encourage a competitive bidding process take place to ensure that those customers' needs can be optimally met.
68. Hometown Connections would strongly encourage a review of the operating guidelines of this fund to ensure that it is best serving the needs of its customers and the stakeholders whose dollars fund it.
69. We would encourage a review of TCLP's capital expansion practices and develop a policy that is adequate to fund the utility's new construction requirements driven by that development.

### *Technology*

70. Hometown Connections would encourage the utility to create a more comprehensive plan for how technology should be leveraged for the benefit of its customers.

## HOMETOWN CONNECTIONS

71. Hometown Connections would encourage TCLP to remain current on AMI and smart grid technology and explore when the return on investment warrants implementation.
72. Hometown Connections applauds the steps that TCLP has taken and would encourage the utility to examine how fiber optics or other communications can best serve the utility's grid in a dependable manner.
73. Hometown Connections would strongly encourage TCLP to take more aggressive action on cyber-security issues, working with MPPA and others to monitor the ongoing security of its infrastructure.

### *Human Resources*

74. Hometown Connections would encourage staff to consider the benefits of conducting an employee survey as an employee outreach and communications tool.
  - Completed regularly
75. We would encourage the utility to implement a broader performance review system.
76. Hometown Connections would encourage TCLP to examine training policies that will promote greater employee retention.
77. Hometown Connections would encourage the utility to continue exploring ways to strengthen the recruitment and retention of a strong workforce.