

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, May 12, 2010

Pursuit to a special meeting posted May 7, 2010, the meeting was called to order by the Mayor Gilbert X. Cheves at 6:00 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

Present: Mayor Gilbert X. Cheves, Mayor Pro Tem Leo J. Evans, Council Members Patricia A. Baribeau, Pete Baker, and Brady L. Nelson.

Absent: None.

Present: Electrical Advisory Committee Members: Chairman Ronald Beauchamp, Ann Bissell, Larry Arkens, Tim Wilson, John Anthony, Glendon Brown, and Don Racicot

Absent: John Mellinger

Also Present: Electric Superintendent Mike Furmanski, City Controller Mike Dewar, Consultant Tom Butz of Power Systems Engineering (PSE), Power Plant Manager Jerry Pirkola, and members of the public, and media.

Evans moved, Nelson seconded, **CARRIED UNANIMOUSLY**, to approve the agenda as printed.

UNFINISHED BUSINESS – None

CONFLICT OF INTEREST - None

NEW BUSINESS

Update-Electric Department.

Electric Superintendent Furmanski provided an overview and status report on activities and issues concerning the Electric Department. The following items were reviewed:

- General Operations/Electrical Distribution Update;
- Substation Request for Proposal(s) Update;
- Coal/Dock Storage Lease Agreement Update. Still waiting for the new lease to be delivered. No action was taken at this time.

Update-Power Generation.

Power Plant Manager Jerry Pirkola provided an overview and status report on activities and issues concerning the Power Plant, discussions included:

- Power Plant Update, which included generator refurbishing, and stack repairs;
- Peaking Generator (CT) Update, still waiting for parts. Estimated end of month to be up and running;
- Discussion on City relationship with MISO.

Management Briefing and Discussion – Various Issues.

Administration updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the various issues being evaluated with respect to the power supply scenarios and related issues. Discussion topics include:

Plant Sale Negotiations/All Requirements Power Purchase Proposal(s)

The following was discussed:

- Manager O'Toole advised the City and Traxys were discussing and meeting regularly on the Term sheet negotiations, Bridge power, and the valuation of coal remaining on the dock. Possible early Public Hearing early June for the members of the public;
- Discussion of short term energy agreements;
- Manager O'Toole advised DTE has withdrawn their second position.

Phase II, Environmental Site Assessment

Electric Superintendent Furmanski provided an update on the Environmental Site Assessment status. He advised information could be available by mid July.

Fix For Float Contract Analysis to Date

Electric Superintendent Furmanski advised for April 2010, the City received a savings of \$12,111, while May to date the City was behind approximately \$1,200.

Administration and PSE consultant Tom Butz provided an update on the Fix for Float, and additionally the status of the short and long-term power supply options and an update on the status of the plant sale negotiations. The following was reviewed: (See Attachment – A)

- Short term power proposal;
- Escanaba Average Power Purchase Cost;
- Projected Annual Savings – Compared to Self Generation;

- April Fix for Float Background, Pricing, Summary, and payment from Cargill of \$12,111 to City;
- May Fix for Float Background, Summary, payment to Cargill to date of \$1,678;
- Upcoming Months for June and July Fix for Float, still no quote received from Cargill;
- Administration requested a motion to enter into a Fix for Float agreement for June and July based on a range of price, \$60-65. After further discussions, the motions were made.

Anthony moved, Wilson seconded, **CARRIED UNANIMOUSLY**, that the City Electrical Advisory Committee recommended the Escanaba City Council authorize City Administration enter into a Fixed for Float Wholesale Purchase Power Pricing Contract for June and July 2010, at prices not to exceed: ON PEAK-\$65.00, OFF PEAK \$35.00.

Evans moved, Nelson seconded, to authorize City Administration enter into a Fixed for Float Wholesale Purchase Power Pricing Contract for June and July 2010, at prices not to exceed: ON PEAK-\$65.00, OFF PEAK \$35.00.

Upon a call of the roll, the vote was as follows:

Ayes: Evans, Nelson, Baker, Baribeau, Cheves
Nays: None

MOTION CARRIED.

Electric Superintendent Mike Furmanski and Power Plant Manager Jerry Pirkola provided an overview on the recently filed Generator Availability Data System (GADS).

GENERAL PUBLIC COMMENT - None

COUNCIL/COMMITTEE, STAFF REPORTS

PSE Consultant Butz provided an update on Escanaba Node Congestion (See Attachment – A, Page 15)

ADJOURNMENT

Hearing no further public comment, or further reports from the Electrical Advisory Committee and Council, the meeting adjourned at 7:27 p.m.

Respectfully submitted,

Robert S. Richards, CMC
City Clerk

Approved: _____
Gilbert X. Cheves, Mayor

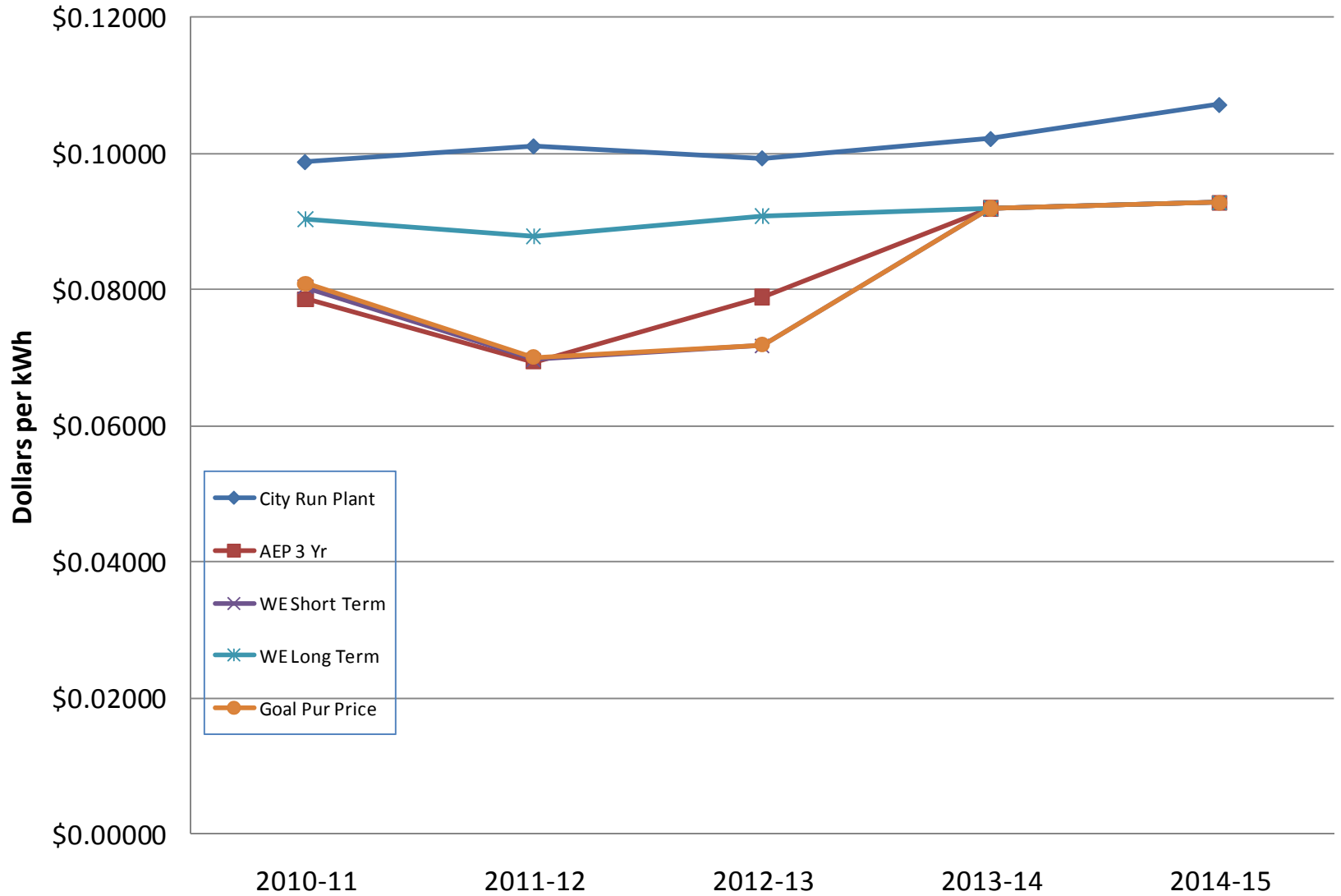
City of Escanaba EAC/City Council Meeting



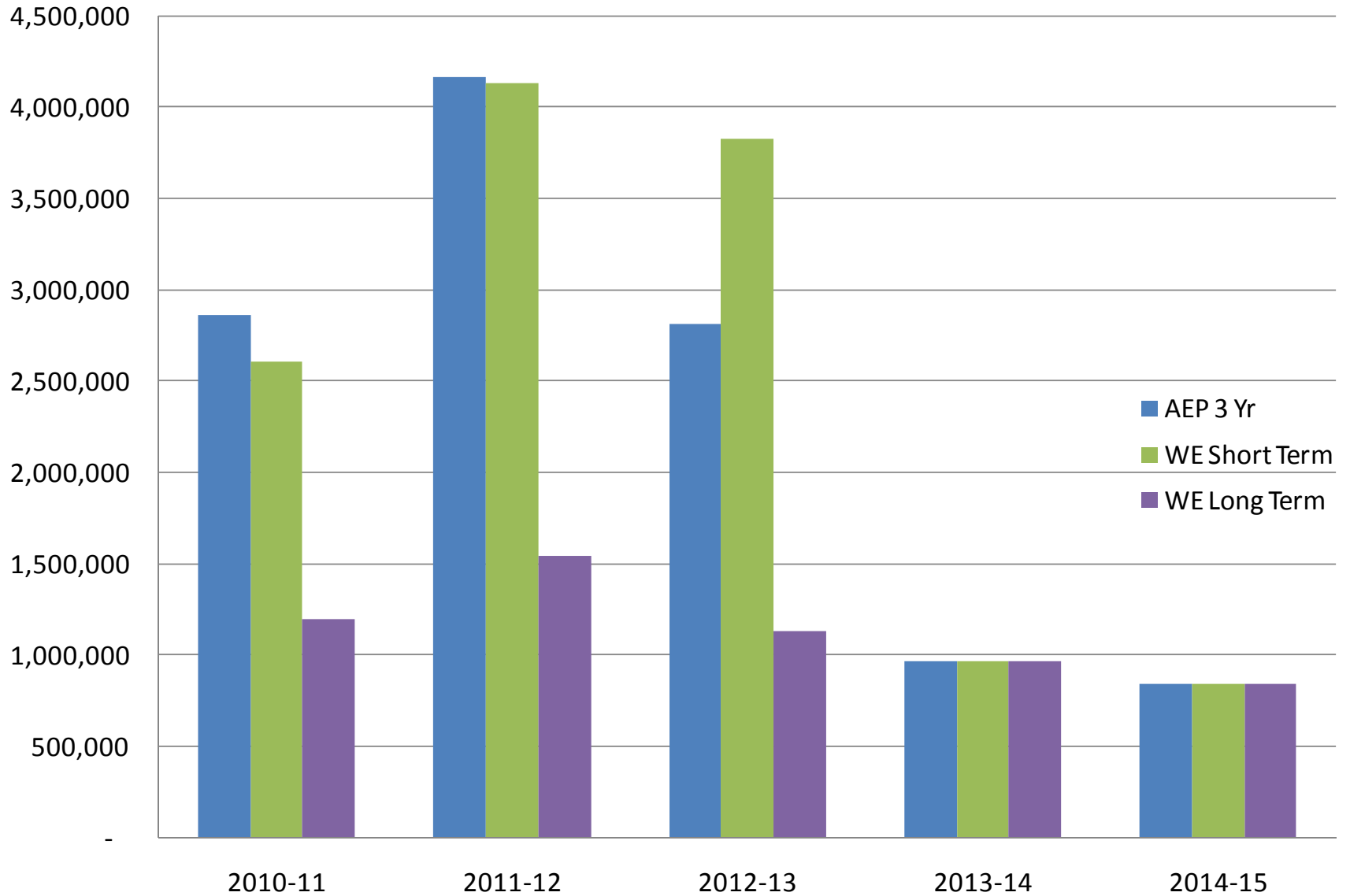
Plant Sale Negotiations

- Goals
 - Minimize Price and Term of Traxys Purchase
 - Enter into Three Year Purchase ASAP
- Expected Three Year Time Period of Getting Local Transmission Improvements

Escanaba Average Purchase Power Cost



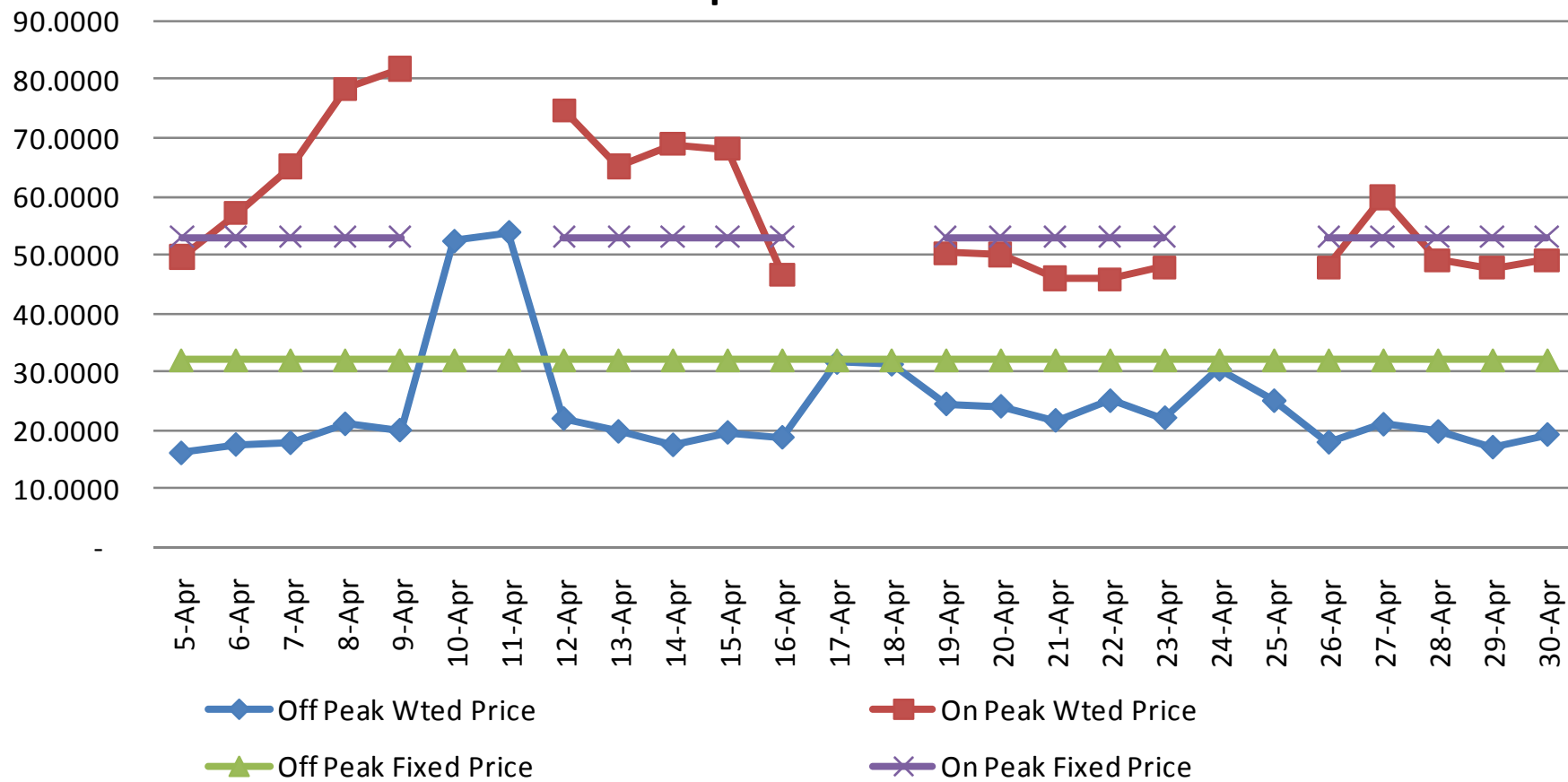
Projected Annual Savings - Compared to Self Generation



April Fix for Float Background

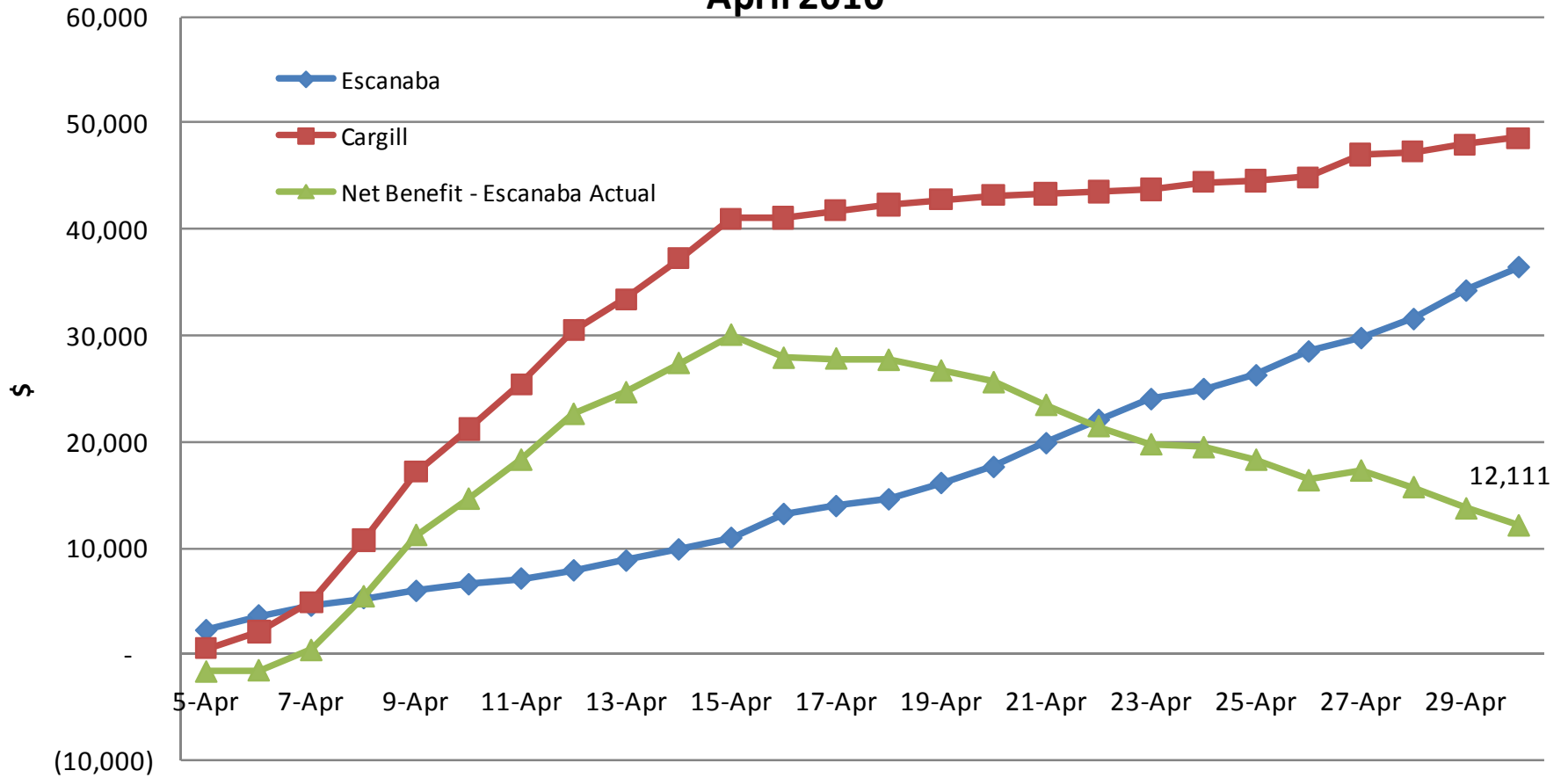
- Time Period
 - April 5-April 30
- Prices
 - On Peak \$53/MWh
 - Off Peak \$33/MWh

Daily Pricing Summary April 2010



Fix for Float Summary

April 2010

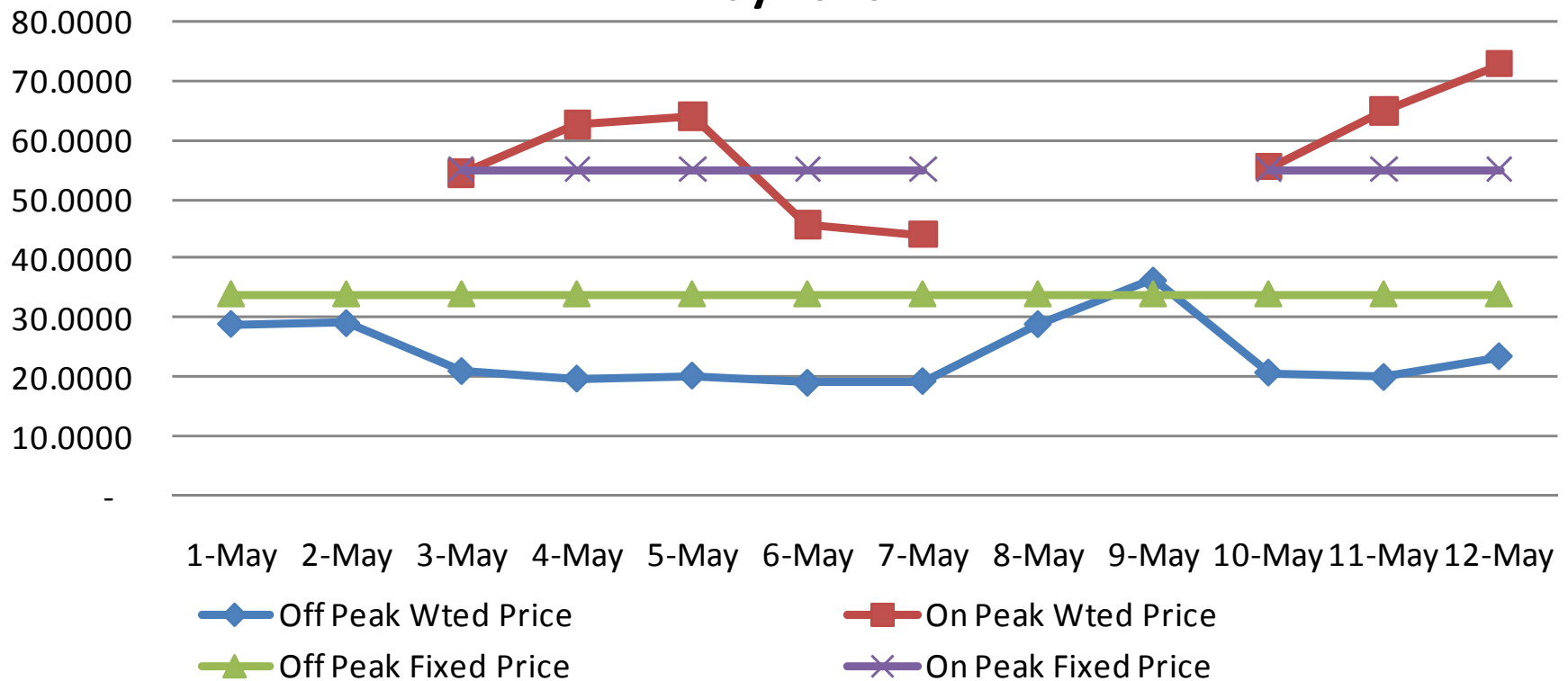


May 2010 Fix For Float

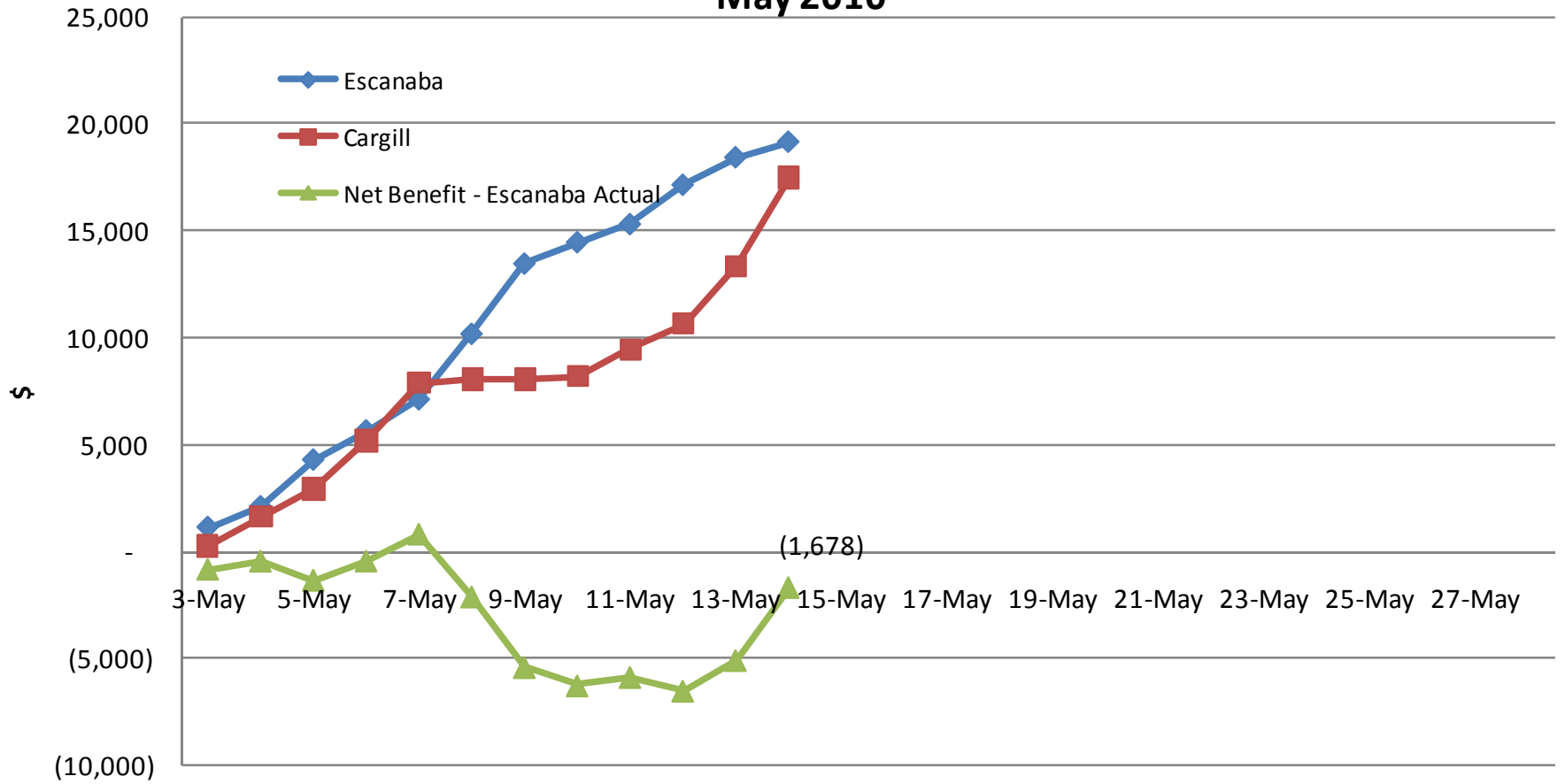
- May 1-May 31
- Prices
 - \$55/MWh off peak
 - \$34/MWh off peak

Daily Pricing Summary

May 2010



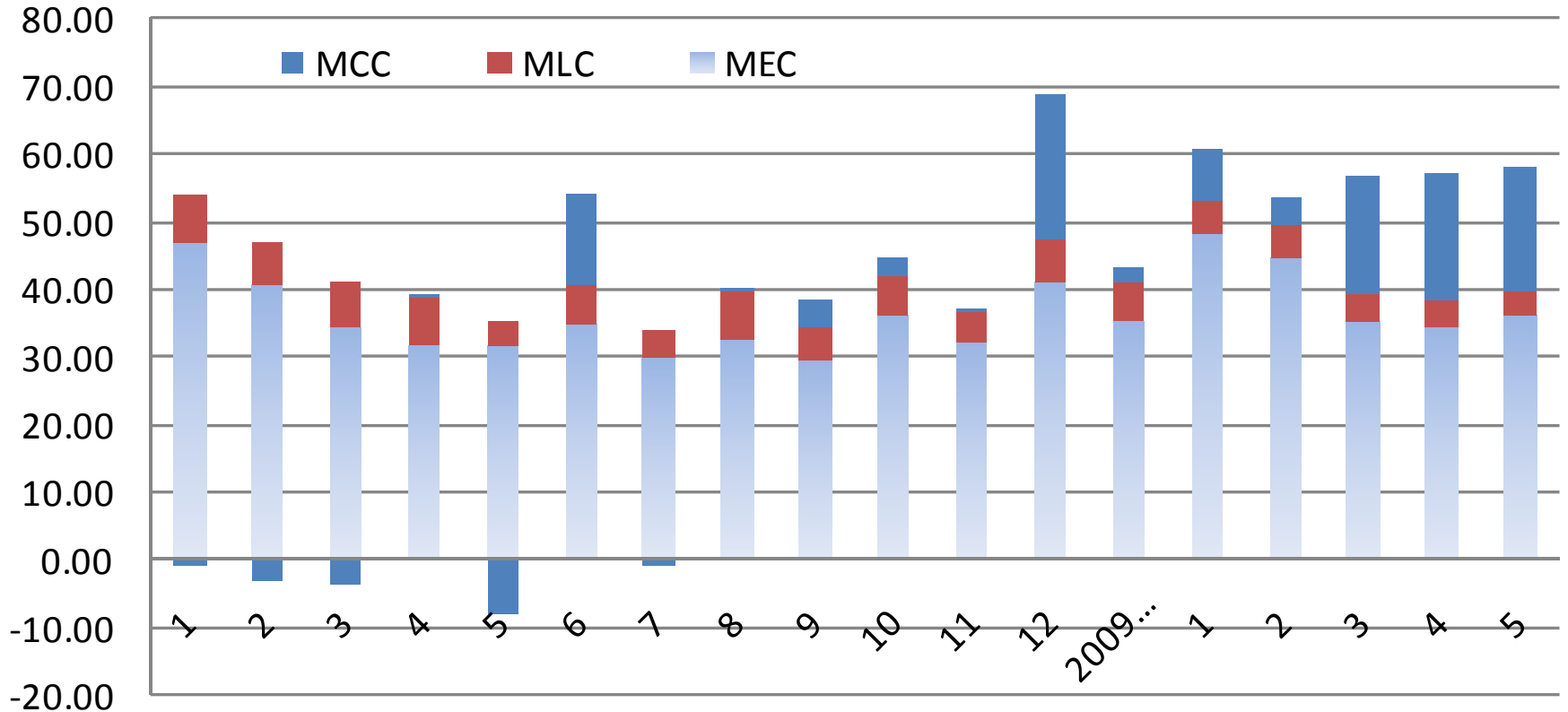
Fix for Float Summary May 2010



Upcoming Months Fix for Float

- June Current Estimate
 - \$60/MWh On Peak
 - \$34/MWh Off Peak
- July –
 - No Estimates Provided

UPPC Esc On Peak Avg By Component



Pricing for Fix for Float

- On Peak Value < Plant Variable Costs
- Estimate June and July viable prices
 - Historic MEC and MLC \$40/MWh
 - Current MCC

Seeking Approval on June and July

- Maximum Price and Sought Price

Escanaba Node Congestion

- Binding Constraint Report
- Chandler to Delta 69 kV Line – Critical Contingency
 - 1100 hours from March Through May 12
- Significant Impact on Congestion
- Remaining Questions
 - Driven by Local Non-firm purchases?
 - Why Less Congestion than Gladstone?
 - Available Generation is Important to Maintain Congestion Profile