

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRIC ADVISORY BOARD
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, September 9, 2009

Pursuit to a special meeting posted July 28, 2009, the meeting was called to order by the Mayor Leo J. Evans at 6:00 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

Present: Mayor Leo J. Evans, Council Members Gilbert X. Cheves, Patricia A. Baribeau, Brady L. Nelson, and Thomas P. Warstler

Electric Advisory Board Members: Larry Arkens, Walter Baker, Ronald Beauchamp, Ann Bissell, Glendon Brown John Mellinger, Tim Wilson, and Don Racicot.

Absent: Electric Advisory Board Member Ann Bissell

Also Present: City Manager James V. O'Toole, and Electric Superintendent Mike Furmanski, Consultant Tom Butz of Power Systems Engineering, and media.

UNFINISHED BUSINESS - None

Arkens moved, Mellinger seconded, **CARRIED UNANIMOUSLY**, to approve Electrical Advisory Committee minutes from July 8, 2009.

NEW BUSINESS

Update – Electric Department.

Electric Superintendent Mike Furmanski provided an overview and status report on activities and issues concerning the Electric Department, information which was provided in a memo to the Committee dated September 9, 2009, Issues and Answers, and Departmental updates.

Update – Power Plant.

Electric Superintendent Mike Furmanski provided a review and status report on activities and issues concerning the Escanaba Generating Power Plant. Mr. Furmanski passed out and reviewed two graphs entitled, Spot Prices – Marker Coal for Escanaba, and Operating Capacity, RTO/ISO – MISO.

Management Briefing – Request for Proposal – All Requirements Purchase Power.

Electric Superintendent Mike Furmanski updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the status of the All Requirements Purchase Power request for proposal. The City of Escanaba requested proposals from electric suppliers to provide both firm power and load following requirements commencing no later than July 1, 2011. RFP's were due September 28, 2009. A recommendation would be made in November 2009.

Management Briefing – Request for Proposal – Sale of Steam and/or Combustion Turbine Generation Facilities.

Administration updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the status of the Sale of Steam and/or Combustion Turbine Generation Facilities request for proposal. The City of Escanaba requested proposals from entities with an interest in continuing the operation of generation facilities and maintaining as much continuity of employment as possible. RFP's were due October 12, 2009. After discussion, a list of proposed bidders would be supplied to the Committee the following week.

Manager O'Toole updated the boards of continuing communications Administration has had with previous interested companies, Traxys and DTE.

Management Briefing – Notice of Termination – UPPCO Rate Schedule FERC No. 59 – Short-Term Power Sales Agreement and MISO Market Participant Registration Application.

Administration updated the City Council, and Electrical Advisory Committee on Upper Peninsula Power Company notification to the City of Escanaba of their intent to terminate the existing UPPCO Rate Schedule 59 as of December 1, 2009. The agreement was the tool by which the City through UPPCO used to purchase power from the MISO market. Administration discussed the implications and financial impact of the action, and explained the urgency in filing a Market Participant Registration application no later than September 15, 2009 to the Midwest Independent System Operation (MISO). The following other items were discussed:

- City of Escanaba should also terminate its buy back agreement the same date UPPCO will terminate Rate Schedule 59;
- City will be required to hire an agent to work with MISO;
- The MISO Market Participant Registration application deadline was September 15, 2009. The financial impact of not meeting that deadline was not known;
- Administration suggested Wisconsin Public Service (WPS) serve as the City's Agent since they have been doing this type of service for the City for a number of years;

Mellinger moved, Wilson seconded, **CARRIED UNANIMOUSLY**, that the City of Escanaba proceed with the Market Participant Registration with MISO.

Cheves moved, Nelson seconded, **CARRIED UNANIMOUSLY**, to file a Market Participant Registration with MISO.

Brown moved, Arkens seconded, **CARRIED UNANIMOUSLY**, that the City of Escanaba approve WPS to serve as the City's Market Participating Agent since they have been doing this type of service for years;

Cheves moved, Nelson seconded, **CARRIED UNANIMOUSLY**, based on recommendation of the Electrical Advisory Committee, to approve WPS as its City of Escanaba Market Participating Agent.

Management Briefing – Phase I Environmental Site Assessment – Power Plant Property.

Administration updated the City Council, and Electrical Advisory Committee on the status of completing a Phase I Environmental Site Assessment on property located at or around the Escanaba Power Plant. Under the Phase I assessment, four (4) tasks will be completed: 1) a review of records, both public and private will be conducted to determine property use and history, 2) site reconnaissance of the property will be completed, 3) interviews with past and present owners and operators with significant knowledge of the property will be conducted, and 4) all information will be compiled, evaluated and presented to the City of Escanaba in written form. During discussion, City Administration recommended the City Brownfield Authority merge with the County Brownfield for the Phase I, and additional Phase assessments, and further to hold off any other Phase assessments so as not to affect the proposed sale of the City Power Plant;

Brown moved, Mellinger seconded, **CARRIED UNANIMOUSLY**, to move forward with an application with the County Brownfield Authority for a Phase I study for the proposed plant property

Cheves moved Nelson seconded, based on a Electrical Advisory Committee recommendation, to authorize City Administration to submit an application with the County Brownfield Authority for a Phase I study for the proposed sale of the Power Plant property, and further, to authorize the Escanaba City Manager to sign any necessary documents.

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

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

MOTION CARRIED.

Management Briefing – Fix to Float Swap Agreement.

Administration provided to the City Council, and Electrical Advisory Committee an

analysis of the Fixed to Float Electrical Swap agreement entered into with Cargill Power Markets, LLC of Hopkins, MN on June 19, 2009. The purpose of the arrangement was to reduce the City of Escanaba's risk exposure to the movement of electricity prices when buying in that the City had to purchase power from the transmission system. Under the agreement the City sought to protect itself from rises in the price of energy for the months of July and August.

Power Systems Engineering representative Tom Butz summarized the City rationale for the approval of a Fix to Float Swap Agreement.

Members of the Electrical Advisory Committee addressed their feelings regarding the City Council vote over a recommendation of the Electrical Advisory Committee.

A joint meeting of City Council and Electrical Advisory Committee was again recommended for October 14, 2009.

Hearing no public comments or further reports from the Electrical Advisory Committee and Council, the meeting adjourned at 8:07 p.m.

Respectfully submitted,

Robert S. Richards, CMC
City Clerk

Approved: _____
Leo J. Evans, Mayor