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Purchasing electricity could save city \$30M



Members of Escanaba City Council and the Electric Advisory Committee meet in a joint session Wednesday to hear a final report on the analysis of power purchase proposals for the city. (Daily Press photo by Jenny Lancour)

By Jenny Lancour - jlancour@dailypress.net

ESCANABA — Escanaba could save about \$30 million over 10 years if it decides to purchase energy from a power supplier rather than continue to operate its current facility, it was reported Monday.

A final report analyzing proposals on purchasing long-term power was presented to city council and the Electric Advisory Committee (EAC) at a joint session Wednesday. Tom Butz of Power Systems Engineering (PSE) presented the company's recommendations.

Butz outlined anticipated savings and cost comparisons of three power supply companies which submitted power purchase proposals to the city. The earliest any purchase agreement could begin is 2011.

Compared to operating the power plant, PSE projected the city would save more than \$30 million over 10 years by going with Party 1's power purchase proposal, he said. Party 2's projected savings would be \$14.8 million while Party 3's projected savings would be \$24.5 million over a 10-year period, compared to the city continuing to generate its own energy, he said. These comparisons were made estimating an annual 4 percent increase in coal costs.

In October, Butz informed the EAC that the companies which submitted



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full and/or partial power purchase proposals were Wisconsin Public Service, Upper Peninsula Power Co., Wisconsin Public Power, WE Energies and Wolverine Cooperative.

Butz did not identify Wednesday which three of the five are parties 1, 2 and 3 because of the confidentiality of the bidding process, he said.

Recommendations made by PSE were:

- * If the city is to continue generating its own power, it should stretch out bids for yearly coal supplies over three years.
- * The city should determine its minimum savings criteria.
- * The city should pursue biomass as an energy alternative.

City Manager Jim O'Toole said, with the information in hand, the administration will work with the EAC and council to determine the next step in the process. Over time details of the report will be processed and input will be sought from the public, he said.

"This will allow us to move forward with the same information and understanding," O'Toole said following the meeting.

Electric Superintendent Mike Furmanski said after the meeting that the city has to decide if it wants to continue operating the power plant at \$2 million a year or buy power from others.

"It's quite a bit cheaper to buy it than make it ourselves," he said.

Furmanski explained four options the city has at this point: keep the power plant operating at a cost of about \$2 million annually; buy some power when it's needed and when the price is cheaper, like at night; shut the existing facility down and buy power wholesale; or buy power wholesale and convert the power plant to biomass energy which can be sold.

"Over the next few months, there will be some decisions that have to be made," Furmanski said, welcoming the public's thoughts on the issue. Wednesday's report will be on the city's Web site at www.escanaba.org.

During the past few years, the city has been exploring how to meet Escanaba's growing energy needs because its existing facility, nearly 50 years old, is outdated and inefficient compared to newer plants.

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