



Electric Advisory Committee
MEETING AGENDA
Meetings: 2nd Wednesday of Month
6:00pm

*Ronald Beauchamp-Chairman
John Mellinger-Vice Chairman
Larry Arkens, Committee Member
W.A. "Pete" Baker, Committee Member
Ann Bissell, Committee Member*

*Glendon Brown, Committee Member
Tim Wilson, Committee Member
Michael Furmanski-Electric Superintendent
Gilbert X. Cheves- City Council Liaison
Don Racicot, Plant Employee*

City Hall-410 Ludington Street-Room C101 - Escanaba, MI 49829

Electric Advisory Committee

Wednesday, July 8, 2009, 6:00pm

CALL TO ORDER

ROLL CALL

APPROVAL/CORRECTION(S) TO MINUTES

Minutes from 06/10/09 meeting

Minutes from 06/17/09 meeting

Minutes from 06/24/09 town hall meeting

APPROVAL/ADJUSTMENTS TO THE AGENDA

CONFLICT OF INTEREST DECLARATION

GENERAL PUBLIC COMMENT

UNFINISHED BUSINESS-NONE

NEW BUSINESS

1. Update-Electric Department

Administration will provide an overview and status report on activities and issues concerning the Electric Department including current coal issues.

2. Update-Power Plant

The Escanaba Generating Plant operator will provide an overview and status report on activities and issues concerning the Power Plant.

3. Update-Fixed for Float Swap Agreement

Administration will provide a status report on the fixed for float swap agreement the City recently entered into.

4. Update-Variou Issues

Administration will provide a status report on various issues including our coal contract, the plant stack repairs, etc.

GENERAL PUBLIC COMMENT

ANNOUNCEMENTS - COMMITTEE MEMBERS/ADMINISTRATION

ADJOURNMENT

The City of Escanaba will provide all necessary, reasonable aids and services, such as signers for the hearing impaired and audiotapes of printed materials being considered at the meeting to individuals with disabilities at the meeting/hearing upon five days notice to the City of Escanaba. Individuals with disabilities requiring auxiliary aids or services should contact the City of Escanaba by writing or calling at (906) 786-9402.

Respectfully Submitted,

Ron Beauchamp
Chairman, Electrical Advisory Committee

ELECTRIC ADVISORY COMMITTEE

06/10/2009

The regular meeting of the Electric Advisory Committee was called to order at 6:00pm by Chairman, Ron Beauchamp, in Room 102 of City Hall.

Present: Larry Arkens, Pete Baker, Ron Beauchamp, Ann Bissell, Glendon Brown, John Mellinger, Tim Wilson

Absent: None

Also Present: Mike Furmanski-Electric Superintendent, Jerry Pirkola-Power Plant Superintendent, Gil Cheves-Council Liaison, Don Racicot-plant employee

Before moving on, Chairman Beauchamp took a minute to welcome Don Racicot, plant employee, to the committee. Beauchamp said the action took place at the joint City Council/EAC meeting whereby Manager O'Toole made a recommendation to have Don join the committee due to his expertise and experience at the plant and help the committee as they move forward. No timeframe had been set for his time of service.

Approval/Corrections to the Minutes:

Pete Baker made a *Motion to accept the minutes of the 05/12/2009 regular meeting as presented. Motion was seconded by Arkens and CARRIED UNANIMOUSLY.*

Approval/Adjustments to the Agenda:

Tim Wilson made a *Motion to approve tonights agenda as presented. The motion was seconded by Baker and CARRIED UNANIMOUSLY.*

Conflict of Interest Declarations:

None

OLD BUSINESS:

None

NEW BUSINESS:

Election of Officers

Baker made a *Motion to leave the existing officers in place as they are. Arkens seconded the motion and it CARRIED UNANIMOUSLY.*

Brown added comment that the current officers have served the City and committee well and will help move us forward.

Update-Electric Department

Furmanski offered the following departmental update to the Electrical Advisory Committee.

1. New Development. The following work has been started and/or completed:
 - a. Permanent Service at Taco Bell
2. Distribution System Upgrades/Maintenance. The following upgrades or maintenance needs have been completed on the electrical distribution system:
 - a. Low voltage in Ford River area
 - b. Pole changeouts
 - c. Low voltage on 8th Avenue South
 - d. Lights on Sheridan Road

Furmanski reported that for the Ford River problem of low voltage, the crews will be putting in 1 span of primary and a transformer to take care of the problem. The low voltage problem on 8th Avenue South will be taken care of by adding a transformer.

Brown asked what typically caused low voltage and Furmanski said it was either load or wire size. The Ford River problem is due to 3 spans of wire with 3 houses and a shop. When the compressor goes on in the shop, it causes the lights to dim in one of the houses. With the 8th Avenue South problem, there is just small wire and it involves 4 houses.

Baker questioned how the City maintains the tree trimming. Furmanski said typically it is handled through call ins from the citizens and also by the crews when out on jobs. He went on to explain that tree trimming normally starts taking place in December unless something calls for it immediately. Furmanski reported that one winter, we did use a contractor to come in and do the Ford River run as we had a lot of construction going on in the winter. Contractors also helped out with an area along the golf course. Furmanski said he did see an area along North 30th St that will probably entail having a contractor come in and take care of also.

Furmanski provided members with a power purchase update reporting that Unit #1 was taken down on March 9th, 2009 for its annual maintenance outage. Since that time, they have had 1 or both of the generators down at the plant. The #2 generator was taken down for a major overhaul on March 20th and is still down today. During the time that the plant has been operating 1 generator, they have been able to purchase energy from the MISO market at very reasonable prices. Furmanski provided data for March, April and May showing the pricing for the Real Time and Day Ahead Markets, total power purchase, Transmission Charges and the Total cost of power purchased including transmission charges.

Racicot commented that in May, they have lowered the day ahead purchases as the real time prices have been cheaper. In a gradual process, they have backed off 20Mw to 25Mw in the day ahead.

Baker asked for more of an explanation on the Day Ahead purchases. Racicot said that the buying was actually decided by Jerry and Mike. One example he gave was that in April, around 6am-8am, when the load starts ramping up, and we are picking out the day ahead purchases, they decided to start backing off 1 Mw/ hour for each hour they were purchasing. At the end of the day, we were at 154Mw purchased and now we are at 132 Mw purchased, down 22 Mw on the day ahead market. Baker asked how they determine what the Day Ahead should be. Pirkola said that it is pretty much an educated guess. They do look back at the past week and try to be conservative. He said when the load is higher, they put a higher number in the day ahead. He said he will be looking at the past 2 weeks when looking for June, but does suspect June to come up some.

Baker asked if the one turbine has been running pretty steady. Pirkola said it has been running an average of about 4.6 Mw for May. Baker said he would just like to extend a hats off to all all involved and that they are doing a good job.

Furmanski also went over the NYMEX Look-Alike index for coal prices which members received in their packets. The index shows a little bit of an upturn lately. Beauchamp mentioned that the last meeting it was talked about putting out a bid for the 2010 coal and he wondered if that had been done. Furmanski replied that nothing has been done because they really have no place to put it. Right now there is 64,000 tons on the dock and 3 more shipments yet to come. Baker asked if anyone has ever contacted the supplier to see if we could make a gentleman's agreement to not take anymore coal. Furmanski replied that he has not. Baker mentioned one year where the supplier had extra coal on the dock that he needed to get rid of and we at that time helped them out and took some in. He said he wouldn't hesitate to remind them of that. He thought it was either in 2005 or 2006.

Furmanski reported to members that he had included a letter from Miller-Canfield in the packets. The letter points out that private entities have the advantage of tax credits for their use, and also that the City cannot run as a merchant plant, we are limited to what we can sell.

Racicot asked about the load of the City in the Ford River area. Furmanski reported that the Ford River area is a very small portion of our load and that there are approximately 800-900 AMR meters in that area.

Furmanski advised members of the upcoming coffee with the manager meetings, voter forums and EAC Town Hall meeting. A list was supplied to members with their packets. He also reported that he had just received word that both DTE and Traxys N.A. would be at the June 24th Town Hall meeting.

Update-Power Plant

Pirkola reported the following to members as an update:

The Unit 2 major overhaul is essentially complete. Balancing is all that remains to be completed before the unit can be returned to service. Some minor maintenance repairs have yet to be completed on the boiler.

Unit 2 Stack update: A contract has been awarded to CR Meyer for replacing the upper 80 feet of the stack. The material is on order for delivery at the end of June. When the new portion of the stack is completed, installation of the Gunitite insulation will resume. It is estimated the work will be completed mid to late July.

We continued to purchase peak time power through May in the MISO Day Ahead market. The Day Ahead purchases averaged \$32.51/MWhr and the Real Time purchases averaged \$19.78/MWhr.

2112 tons of coal was burned in May leaving approximately 27,000 tons of compacted 2008 West Ridge coal on the dock. The second 2009 coal cargo was received on May 19 totaling 18,096 tons, which brings the total 2009 coal to 37,800 tons. As of today, there is approximately 64,000 tons of coal on the dock. As of now, if things continue the way they are, we have over 2 years of coal on the dock. Pirkola said he can't believe it will stay this way, but is unsure of where it will go.

The O&M budget is attached. Maintenance costs were higher than estimated but are in line with previous year's actual costs. Fuel costs continue to be lower than expected because we purchased more economical power than the estimate. The year to date Plant overall operating costs are below budget mainly due to lower A&G costs and lower fuel costs. Pirkola reported that currently the plant is \$856,000.00 under budget.

The Combustion Turbine was dispatched for MISO one time in May for 1.4 hours for transmission support.

After reviewing the budget spreadsheet with members, Pirkola commented that he knows members were looking for some change. He said he is open to changing it and requested members e-mail him with what they would like to see, or perhaps a few of them meet with him to come up with a new way.

Baker questioned how many boatloads we are still obligated to in the '09 contract. Pirkola and Furmanski said 3 more boatloads. Baker asked if those were 15,000-16,000 tons each to which they replied they were. Baker commented that he felt someone needs to decide if we pull the plug on the contract at this point and face the consequences. He said we have a lot of money invested in these 3 boatloads. He felt someone needs to take a stand on the issue. He felt maybe we could face the consequences of what it can be resold for instead of us paying \$105/ton. If it was resold for a lesser amount, we would just pay the difference as a loss.

Baker said he was not comfortable with WPS and Dave Wanner handling the issue. He said it is a contract with the coal supplier and the City. Furmanski said it is a 3 way contract and that there is a provision in the contract that all contacts with Alpha should come from Dave Wanner of WPS. Baker then again stressed that the City needs to take a stand on the issue or possibly we do need an attorney to help us in the matter.

Beauchamp expressed the possibility of checking to see if there are other entities out there that may be in the same situation that we are, and seeing how they are handling it. Baker asked if we had the right to take accept shipment and divert it to another location that may need it. Baker said no one has all the answers, but he did say we should start with the supplier.

Plant Lay-up Procedure

Furmanski supplied members with an e-mail that he had received from Howard Geisler from WPS with regards to procedures for taking a plant off-line. Some of the key issues to be concerned about were:

- Building heat for winter months
- Installation of dehumidifiers to protect generator and key motor windings
- Possible capping of stacks
- Cleaning of precipitators
- Cleaning of coal conveyor, fuel feed, and stoke systems
- Complete draining of boilers and possible installation of dehumidifiers to circulate dry air
- develop a plan to rotate key equipment

Racicot pointed out that assuming the CT would be in stanby should it be needed, there would be a need to install a heat exchanger to keep water from freezing. Also, the plant building is not well insulated, and the battery room would need some heat.

Baker commented that he would like to see, if in a standby mode, how would we operate. He asked Pirkola if he could come up with a procedure about how we would operate such as the amount of staff we would need, if we should be using this time to be getting our house in better order, what does it look like from a plant standpoint and a payroll standpoint. He requested Pirkola come up with something should this possibly come about.

Update-Public Act 141

Furmanski reported that with P.A. 141, all customers of a municipal are protected. We have no choice for an alternative energy supplier unless the governing body, the City, allows it. The governing body for the City would be the City Council. The governing body determines all rates and charges also.

Baker asked the question if someone could produce their own energy. He understood that they cannot buy from someone else, but what about producing it. Furmanski said this was possible but wished them luck.

Brown commented that most people size their systems where they will not generate their full load.

Update-Short Term Power Proposal

Furmanski reported that members have received a copy of Tom Butz's proposal for the scope of work for June through September 2009. The last time the EAC made a motion to Council to approve funds for PSE was March 2009, and that sum approved has been exhausted.

Furmanski reported that Tom and PSE have served us well over the last 2 years and he is looking for approval to go before Council and ask for this additional amount of up to \$25,000.

Furmanski reported that Tom is currently working on a fix for float swap agreement for the City and should be sending out the RFP soon. The deadline that we are looking at to start it would be July 6th. Furmanski reported that once Tom has received some information back, we will be setting up a special EAC meeting.

Mellinger asked if this proposal for Butz has been approved. Furmanski reported that it has not, he had hoped to get approval from the EAC this evening. Furmanski reported that also in the packet was another proposal received from an individual. Furmanski commented that from his standpoint, he felt that Tom has served us well the past 2 years and he felt that we should continue on with him. Mellinger felt that Tom has served us well also.

Baker expressed concern that this appeared to be a matter of a consultant trying to justify his work, and felt that we need to put him on hold for now. He questioned what specifically we needed him to do for us now. Beauchamp commented that he remembered from a meeting past, that the committee decided they wanted to keep Tom on regardless of how the vote went. Baker said he would like to see something either from Furmanski or the City as to why we still need Tom. Mellinger commented that we do have Tom looking at a short term power purchase agreement for us at this time and felt he should remain on. Baker said once again, that if Mike could say that Tom is needed, and that this proposal is a direct result of work that we have requested of him, he would back it up. He just felt that by looking at the letter as it was, he was just justifying his work. Furmanski reported that the Fix for Float Swap Agreement that Tom is now working on is all part of this proposal. Baker felt that we have all benefited from our relationship with Tom and PSE and if he is needed, he does support it.

Brown pointed out that item #1, the Fix for Float Block Power Purchase, and #2, MISO Services Evaluation, are items that are important before the Aug 4th election. Items #3 thru #7 depend on what happens after the election. He felt that depending on the results of the election, this proposal would again be reviewed. At this time, Brown made a *MOTION that the Electric Advisory Committee recommends that the City Council engage in the services of Power System Engineering (PSE) as proposed, up to \$25,000, but with*

EAC review of the proposal again at a later time. The motion was seconded by member Wilson, and CARRIED UNANIMOUSLY.

Update-Baseline Environmental Assessment (BEA)

Furmanski just updated the group with an e-mail from the City Assessor, Elizabeth Keller, regarding the Baseline Environmental Assessment. Just to reiterate what she had commented, was that the City should not be ordering environmental assessments as of yet, but wait until there is the likelihood of selling the plant. The assessments do have a shelf life that we need to be concerned about.

Update-Annual Electric Utility Report

Furmanski reported that this is a project that Administration had just come up with recently and have now found out that with P.A. 295 it will be mandated after one full year operating under the act. Currently the City's Water Dept puts out a report annually to its customers and now Administration is currently shooting for the beginning of July to provide an annual electric utility report to its customers. Intent for the report is to educate customers on different items in the Utility such as budget report whereby they will be provided information from the last 2 audited years of revenues, expenses, profits and losses, interest income, and net assets. They will also be provided information on outages, ballot language and any other pertinent information that can be allowed on a 5 panel mailing brochure. We are currently working with a marketing firm on setting this up.

Baker at this time questioned the other proposal received for the agenda item dealing with short term power proposal. He said he does not remember discussing it. Furmanski replied that he had received it and forwarded to members, but he was recommending staying with Tom Butz and PSE as they have been with us on the issue from the beginning. Baker asked if it was another proposal to counter the PSE proposal, because by looking at it, he thought it was more of a marketing approach.

Gil Cheves, Council Liaison, commented that Council had made a directive to the Electric Department to look at getting some supplemental help. The question was whether or not he was happy with PSE or should he look for some local support. Cheves said there are very little options for local support, and Mike has made the recommendation that he is happy with the work of PSE and wishes to retain them.

Bissell requested to see a draft copy of the electric utility report before it was sent out. Furmanski said he would see that all of them get a copy for review.

Beauchamp asked Furmanski about the copy of a DEQ letter that was received by the members. Furmanski reported it was just a heads up, they did an inspection, and found a few minor infractions. Pirkola said it was basically just an inspection so that the DEQ could become more familiar with what we have on site. He said they have some requests which we are following up on at this time.

Baker asked what was going on with the UPPCO contract at this time. Furmanski advised that the deadline is actually June 30th. Where we stand with it at this time he said is we are still negotiating. He said in the last face to face meeting, the City has said there are parts that we don't like, and they commented that they are not changing it. Baker asked what happens on July 1 if we have no agreement in place at that time. Furmanski said the existing contract remains the same and we have until 2011 to find a new operator for the plant.

Beauchamp asked if we did have offers in from other potential operators and Furmanski replied that we did have a proposal from one company and a generic, kind of a boilerplate, offer from another and there are still other options.

General Public Comment

None

Announcements-Committee Members/Administration

Brown commented that he would ask City Administration to look at the timing for the Absentee ballots in this next upcoming election. He felt it was almost impossible if you lived out of town to vote absentee ballot with the mailing time allowed for mailing back the documents.

Brown also commented that the Michigan Public Service Commission appointed a wind energy resource zone board, and they just put out a draft analysis of the wind potential in Michigan and it identified no high potential wind regions at all in the Upper Peninsula, all were located in the Lower Peninsula, and there were 4 of them.

Baker made the reminder that one boat load of coal was worth \$1.5 million and we need to check into the matter.

Meeting adjourned: 7:18pm

APPROVED:

RON BEAUCHAMP, CHAIRMAN

MIKE FURMANSKI, ELEC. SUPT.

ELECTRIC ADVISORY COMMITTEE

06/17/2009

The special meeting of the Electric Advisory Committee was called to order at 6:00pm by Chairman, Ron Beauchamp, in Room 102 of City Hall.

Present: Larry Arkens, Pete Baker, Ron Beauchamp, Ann Bissell, Glendon Brown, John Mellinger

Absent: Tim Wilson, Don Racicot

Also Present: Mike Furmanski-Electric Superintendent, Jerry Pirkola-Power Plant Superintendent, Gil Cheves-Council Liaison

APPROVAL/ADJUSTMENTS TO THE AGENDA

Member Baker made a *MOTION* to adjust the agenda to add discussion on the coal issue, current status and what's been done since last weeks meeting. Brown seconded it and it *CARRIED UNANIMOUSLY*.

CONFLICT OF INTEREST

None

NEW BUSINESS:

Fixed for Float RFP Discussion

Furmanski reported that Administration and Power System Engineering will lead a discussion of the results of the fixed for float swap RFP that was recently issued. He went on to explain that a fixed for float swap is an agreement that fixes the cost of purchased power at an agreed upon price. He commented that the City has been able to purchase power for a much lower cost than it could generate power over the past few months. Offers were requested in an attempt to lock in power at these reasonable rates. If the offers received warrant further investigation, a recommendation to City Council will be sought.

Member Brown asked for some clarification on Block 2 of the RFP which was 15MW per hour for the 5 x 16 period. Furmanski reported that it was for purchasing 15MW per hour for 5 days, 16 hours per day. This would be for on peak hours. Block 1 was 7 MW per hour for the 7 x 24 period which is 7 MW , 7 days a week, 24 hours a day. Furmanski said he and Butz had talked it over already and had decided that the 7 MW and 15 MW could actually be cut back to 5 MW and 12 MW should we go ahead with an agreement, and it should not be a problem with any of the proposers.

A copy of the RFP is attached and part of the minutes as **ATTACHMENT A**

Tom Butz, Power System Engineering, provided a powerpoint presentation to members and fielded their questions as he went through it. The power point presentation is made part of the minutes and attached-**ATTACHMENT B**.

Butz ended the presentation with the decision options available to the EAC. Those options include rejecting all offers or considering the top two (2) offers. He commented that if the EAC went ahead to get an agreement, a recommendation would have to be made to Council at the June 18th meeting, which would be tomorrow evening. In considering the top two offers, the parties would have to be notified, further work would have to be done with working through credit and agreement terms, retention of experienced legal counsel, determining if the deal continues to make sense. This would all have to be ironed out so the agreement could be implemented by early July if acceptable. The target date set was for July 6th.

Butz commented that 2009 is looking less volatile than 2008. He felt that if this were a normal summer, he would lean toward the fixed price because of the volatility. Even in the short term he felt you'll come out better than self generation.

Brown asked the estimate of costs for the retention of experienced legal counsel in the matter and Butz commented in the area of \$8000-\$12,000.

Brown asked if we could take just one block or are we obligated to take both blocks with the RFP. He felt that Block 2 is the one that you would hedge against the most. Butz said it would be better to take on both blocks.

Beauchamp asked Furmanski if he was looking for a recommendation on this this evening. Furmanski said yes, if they were going to go forward with it, they would need a recommendation to take to Council tomorrow evening.

Baker asked if Butz has seen any of these agreements of fixed costs where they have a ceiling cap. Butz commented that basically they are called a marginal call whereby when the deal gets to a certain point, market to market, then a defined action comes into play. Baker asked then if he knew of any other municipalities that had such an agreement, and whose documents are public information. Butz commented that he was not sure about that, and that the expertise on the legal side is who he himself is counting on to help him through this process and getting an agreement that is favorable to the City.

Brown said he would like to hear from Mike on what his thoughts were on the whole process. Furmanski commented that the companies that responded were not doing us a favor, they just saw us as an opportunity to make some money. His thoughts were to just continue on doing as we are doing, and rejecting all offers. He commented that as Mellinger said, manufacturing is down and this is a driver; also weather is a driver. He said the general philosophy of a municipality is not to take risks, if you have a chance to lock in, then lock in. But, he felt we should continue to do as we are. He said transmission charge will be there every month as long as that one generator is down. Arkens asked when the #2 generator will be back on. Pirkola said if all goes according to

plan, the week of July 20. Butz asked how long it took to bring it back up. Pirkola said 12-24 hours, but if they have to fill it, it would be 24 to 36 hours. He said if we are looking at a 3 month deal, they do not typically like to let a boiler sit with water in it for more than 30 days so they would drain it. Baker asked if you had 2 good operable units if you could take one unit down and then switch over to the other unit. Pirkola said is was possible to flip flop their useage.

Baker said he had further thoughts and observations on this matter. He said in the last 2-3 months we have seen the plant and the people who run it do a superb job. He commented that the focus on purchasing has gained a new level of importance. The people have done a superb job and we are now at up to a level of 70% purchasing. He felt that if we could do anything to provide them with more technical support it should be done so we can keep it around 70%. He said he would be hesitant to sign any fixed rate agreement right now based on the information that is before him.

Baker said he would put forth a motion that we not do anything right now on any short term agreement. Brown said he would support that along with an addendum to it, saying Tom Butz has done a lot of work for us to this point and possibly we could do a post study analysis in September and compare how we have done against his analysis. Baker said he fully supports the addendum to the motion.

After a final short discussion, a *MOTION was made by Baker to not enter into a short term fixed agreement and at the end of September to do a full analysis of the 3 month contract looking at purchase costs vs variable costs. The motion was seconded by Brown.* Bissell asked for public comment at this time and Beauchamp said no, we have been here before with a motion on the floor and a second. Bissell said she would like to be transparent, saying we ask for public input and she felt we need to hear public comment before we vote. Beauchamp said at this time with the motion on the floor and the second to it, he could only entertain more committee discussion if needed. Baker asked what more could possibly be done to help the plant people do their job and possibly do it even better and succeed even more. Beauchamp said some software had been suggested at one time. Pirkola commented that right now it is a very easy decision for the plant people. The prices are so low, it makes their decision easy. He commented that when the prices go between \$50-\$70, that is when the decision making gets harder. The trend has been lately that at 10:00am the prices are higher and then are back down again around noon and tending to stay low.

Beauchamp said that a motion was on the floor and a second and asked if there was any further discussion. The *MOTION CARRIED UNANIMOUSLY.*

Bissell commented that she would like to have a provision made in our agendas to have public comment before we decide on an issue. Beauchamp asked Furmanski his thoughts on the matter and he responded if it was the committee's wishes it would be no problem. Beauchamp then asked Bissell if it was a motion for all future agenda to which she replied yes. *A Motion was then made by Bissell to have public comment for all future agendas at the beginning of the meeting before you get into the item discussion as well as at the end of the agenda. The motion was seconded by Baker.* He then commented that

he had no problem with the motion just presented but did have a problem with when a motion was on the floor and had been seconded, to then interrupt the process with public comment. The *MOTION CARRIED UNANIMOUSLY*.

Coal Discussion

Baker reviewed that we currently have 67,000 tons of coal on the dock, a \$4.5 million dollar obligation with approximately 45,000 tons yet to come and said he did in fact see the contract that had been signed by 3 people. He wondered if there had been any further news since last weeks meeting.

Furmanski reported that he had talked with City Attorney Ralph Peterson on the matter and was told that the City does hold a signed contract and with that would probably lose any battle in court and end up paying fees for Alpha Coal also. Baker then asked why we, not City Attorney, can't just pick up the phone and call them and ask for a gentleman's agreement such as the case in 2005 where we helped them out when they had extra coal on the dock. Arkens asked if the coal met the specs from the bid to which Furmanski reported that we have not received any of the Alpha coal yet to check that requirement. Baker asked the rate for storage on the dock to the coal company to which Pirkola responded it just went up in June to \$2.52. Baker asked also if the dock could hold 100,000 tons of coal. Pirkola said presently the portion we are leasing is just about full, and we would have to talk with C. Reiss to see if we could get more space. Baker asked about the paying for the coal and Furmanski reported that the coal is paid for and owned by the Electric Department within 30 days of the delivery of it. The City is then paid back by the rate payers when they pay their bill. Baker then said that we have a real coal problem on our hands and asked if Alpha won't take it back, can we find a buyer for it. Furmanski commened that we are working on that.

Beuchamp commented that in item 2 of the contract, 4 times it reads that seller shall make available for sale to buyer, it does not say that they are obligated. Furmanski said when he first looked it over, he felt that would be our out, however, in the second paragraph of the intro, it says buyer agrees to purchase coal from seller. Several other places in the contract where it mentioned quantities, it only mentioned that quantities shall be available, did not mention anything about obligation. Baker then commented that someone needs to call these people and felt it should not be the attorney. Mellinger said he felt something should be done also and it should be high priority for someone in the Administration considering the amount of money involved.

Cheves commented that he agreed, it would not hurt to make a phone call to see what can be done, he did however caution it may be a bit premature as to how much we want to sell off or not take depending on how things played out in the next few months and get some forecasting under our belts.

Baker said he did not disagree with that, but said just getting out of even 1 boatload is a \$1.5 million dollar savings to the City. He said we might just get out of all 3 boatloads. He felt that the attorneys are the last people he would have resolve the issue. We should try and do it with a phone call ourselves. He also commented that it should not be kicked

down to Green Bay to have them handle it, they are not the ones who have to pay for it, the City does.

General Public Comment

Bill Gasman came to the podium and commended all for the job that they are doing. He feels that all are looking at other options now as he had hoped would be done.

Announcements-Committee Members/Administration

Furmanski commented that they have been working on getting together an annual Electric Utility report and have a rough first draft done. He said it does have a way to go before it is done. There will be a subcommittee meeting on it one day next week, and when he know the exact date, he will send an email out. Brown asked if he could e-mail a copy so if they had comments they could add to it. Beauchamp asked the target date for the mailing of the report and Furmanski reported it was July 6th.

Bissell commented about possibly something similar to what WPPI puts out and possibly putting into the brochure the energy star appliance rebate program that we had offered. Furmanski said decisions will have to be made as to what is printed as they have limited space.

Baker asked for a rundown of the upcoming meetings to be held and asked about the EAC role for each of them. Members were advised of times and dates of the 3 upcoming events and were encouraged to attend. Members were advised that both DTE Energy Services and Traxys would be at the Town Hall meeting at the mall.

Meeting adjourned: 7:48pm

APPROVED:

RON BEAUCHAMP, CHAIRMAN

MIKE FURMANSKI, ELEC. SUPT.

City of Escanaba
Town Hall Meeting
Wednesday, June 24, 2009

Pursuant to a special notice posted, City Administration and the Electric Advisory Committee convened at the Delta Plaza Mall Food Court at 5:45pm to conduct a Town Hall Meeting to provide citizens the opportunity to ask questions and discuss issues relative to the Escanaba Power Supply issue and the August 4, 2009 referendum vote.

Electric Advisory Members Present:

Ron Beauchamp-Chair
Larry Arkens
Pete Baker
Ann Bissell

City Administration:

Jim O'Toole-Manager
Mike Furmanski-Electric Superintendent
Mike Dewar-Controller

Council Members:

Gil Cheves-Council Liaison to EAC
Pat Baribeau
Tom Warstler

EAC Chairman, Ron Beauchamp, welcomed all in attendance and thanked them for coming. Beauchamp introduced committee members in attendance as well as City Administration in attendance

Tom Butz, Power System Engineering, provided a brief overview of the situation to date. He said the City of Escanaba has received proposals to purchase the Power Plant from DTE Energy Services and Traxys N.A. He commented that the 2 parties will make presentations to the Committee and people of Escanaba explaining their planned use for the plant.

DTE Energy Services provided their power point presentation. ATTACHMENT A. A question and answer period followed the presentation.

Traxys N. A. provided their power point presentation. ATTACHMENT B.
A question and answer period followed the presentation.

Ron Beauchamp, EAC Chairman, thanked all in attendance and reminded those in attendance of upcoming meetings.

Meeting adjourned 7:15pm

Approved:

Ron Beauchamp, Chairman
Electric Advisory Committee

Mike Furmanski, Supt.
Escanaba Electric Dept.

DTE Energy

DTE Energy Non-Utility Businesses

Presentation to the
City of Escanaba's EAC
April 28, 2009

DTE Energy

Who is DTE Energy?

DTE Energy Co. (NYSE: DTE) is a diversified energy company focused in the development and management of energy-related business and services networks.

Utility Platforms
Our largest operating subsidiaries are Detroit Edison and MichGen. Together, these utility companies provide electric, water and gas services to more than 10 million residential, business and industrial customers in Michigan.

Non-Utility Platforms
Our electric and gas utility businesses have such assets in operation for over a century. We have leveraged that wealth of experience and assets to develop a number of non-utility subsidiaries which provide energy-related services to business and industry nationwide.

Key Facts - 2008

• Revenue	\$9.3 Billion
• Net Income	\$540 Million
• Assets	\$24 Billion
• Credit Rating	BBB-
• Current Equity Market Cap	\$4.6 Billion
• Current Employees	19,400

DTE Energy

DTE Energy's Utility Platform

Detroit Edison's operations include power generation and electric distribution facilities that serve approximately 2.2 million residential, commercial, industrial and wholesale customers throughout southeastern Michigan.

MichGen's operations include production, storage, transportation and distribution of natural gas throughout Michigan to approximately 1.2 million residential, commercial and industrial customers - including Citizens Gas Fuel Company, a gas utility that distributes natural gas to Adams, Michigan to approximately 17,000 customers.

Detroit Edison and MichGen Service Territories

DTE Energy

DTE Energy's Non-Utility Platform

The Non-Utility Platform consists of businesses that provide:

- Power and Industrial Services
- Gas midstream services
- Energy trading
- Unconventional gas

DTE Energy Services
DTE Business Energy
DTE Fuel Services
DTE Machine Resources
DTE Gas Pipeline
DTE Gas Storage
DTE Energy Trading
DTE Gas Resources

DTE Energy

DTE Energy's Non-Utility Platform Power and Industrial Businesses

The Power and Industrial group consists primarily of projects that:

- deliver energy and utility-type services to steel, automotive and other industrial, commercial and institutional customers
- deliver biomass energy projects
- provide coal transportation and marketing

The Power and Industrial businesses provide utility-type services using project assets usually located on or near the customers' site.

DTE Energy

Power and Industrial: DTE Energy Services Wholesale and Renewable Power Projects

DTE Energy Services' Wholesale and Renewable Power Projects generate electric power and steam for industrial and wholesale customers. These projects create value for customers by:

- Producing renewable electricity at competitive prices
- Providing cost effective sourcing and recycling of urban wood waste and agricultural residue
- Improving plant operating efficiency

Renewable Power Jobs

DTE Energy

Power and Industrial: DTE Energy Services

Wholesale and Renewable Power Projects

DTE Energy Services' plan for Escanaba is to convert the plant to biomass

Typical Process for This Type of Project

Challenges:

- OS take
- Fuel source
- Future legislation

7

DTE Energy

Non-Utility Platform

Appendix

Other Non-Utility Platform Businesses

8

DTE Energy

Power and Industrial: DTE Energy Services

On-Site Energy Projects

DTE Energy Services creates value for its on-site customers by:

- Reducing operating costs by optimizing utility systems efficiency and reliability
- Offering commodity management services to manage fuel purchases and energy purchases/sales
- Allowing customers to focus on their core strengths
- Product offerings include wastewater treatment, steam, compressed air, hot and chilled water and electrical distribution

9

DTE Energy

Power and Industrial: DTE Energy Services

Steel Industry Projects

DTE Energy Services creates value for its steel customers by:

- Producing blast furnace coke and pulverized coal for use in the steel production process

10

DTE Energy

Power and Industrial: DTE Energy Services

Petcoke Projects

DTE Energy Services creates value for its petcoke customers by:

- Providing pulverized petroleum coke (a by-product from the oil refining process) for use as a substitute for higher cost natural gas
- Allowing customers to substitute more cost effective solid fuels
- Providing efficient solid fuel procurement, transportation, and processing services
- Relocating customers of having to invest in and operate pulverizing facilities
- Providing technical and permitting assistance

11

DTE Energy

Power and Industrial: DTE Biomass Energy

DTE Biomass Energy creates value for its customers by:

- Working with customers to harvest harvest greenhouse gas before it becomes a pollutant and processing it into usable fuel
- High quality pipeline gas
- industrial gas and
- power generation
- Structuring tax advantaged deals that optimize tax and renewable energy incentives

12

DTE Energy

Power and Industrial: DTE Coal Services

DTE Energy

- Utility
- Industrial
- Power
- Coal
- Gas
- Oil
- Renewables
- Transmission
- Distribution
- Regulatory
- Finance
- Human Resources
- Information Technology
- Legal
- Public Affairs
- Environment



coal marketing and trading

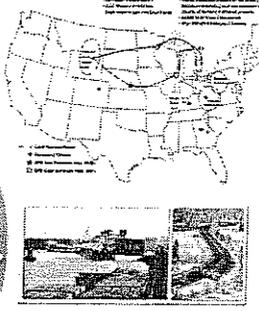
DTE Coal Services creates value for its customers through:

- A physical network of assets and transportation contracts that enable complex and efficient delivery services
- Physical and financial trading capabilities to provide risk management tools
- The ability to leverage financial and operating resources of parent utility

13

DTE Energy

Power and Industrial: DTE Coal Services Marketing and Trading Activities



Marketing and transportation of "physical" coal from all major domestic coal basins

- In addition to the Ase A-flor basins, regional offices with marketing teams in Denver, CO; Huntington, WV; Lexington, KY and Atlanta, GA
- Strategic long-term transportation contracts
- Strategic terminal assets - Chicago Fuel Terminal and MERC

Coal and emissions trading

- Trade credits and system coal leveraging DTECS physical assets, HYMER and DTC markets
- Coal-to-gas trading
- Enable SO2 and NOx allowances with coal and natural gas
- Voluntary carbon emissions reduction credits

Risk management services

- Structured contract systems and swap transactions to help counterparties of DTE Energy effectively manage risk

14

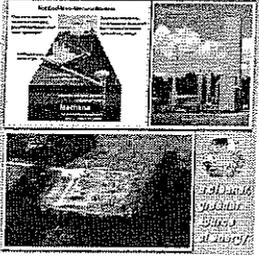
DTE Energy

Power and Industrial: DTE Methane Resources

DTE Energy

- Utility
- Industrial
- Power
- Coal
- Gas
- Oil
- Renewables
- Transmission
- Distribution
- Regulatory
- Finance
- Human Resources
- Information Technology
- Legal
- Public Affairs
- Environment

Coal Mine Methane to Energy



Coal Mine Methane to Energy

DTE Methane Resources creates value for its customers by:

- Recovering a harmful, highly flammable greenhouse gas which is typically considered a carbon dioxide
- Maximizing the value of the recovered gas by processing it for use in electricity generation and heating industrial energy systems
- Generating carbon offsets

15

DTE Energy

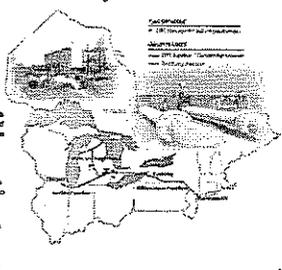
Gas Midstream

Gas Storage, Processing and Pipelines

We are one of the leading operators of natural gas in North America

DTE Energy

- Utility
- Industrial
- Power
- Coal
- Gas
- Oil
- Renewables
- Transmission
- Distribution
- Regulatory
- Finance
- Human Resources
- Information Technology
- Legal
- Public Affairs
- Environment



The Gas Storage and Pipeline Businesses create value for its customers by:

- Operating two gas storage fields in Michigan with a storage capacity of 27 Bcf. Warehouse 13 and 28 storage facilities are high deliverability storage fields having contractual interconnections with Vector Pipelines and MidCon
- Operating two interstate transmission pipelines:
 - DTE Energy has a 40% ownership interest in the 120-mile Vector pipeline with a capacity to move 1.2 Bcf/d from Chicago to Davis, Texas
 - DTE Energy has a 20% ownership interest in the 162-mile MidCon pipeline serving markets in New Jersey, New York and New England. Completed in December 2008, the 36 inch diameter pipeline can transport up to 27.8 Bcf/d (24,000,000 ccf/d)

16

DTE Energy

Energy Trading and Marketing

DTE Energy

- Utility
- Industrial
- Power
- Coal
- Gas
- Oil
- Renewables
- Transmission
- Distribution
- Regulatory
- Finance
- Human Resources
- Information Technology
- Legal
- Public Affairs
- Environment



Energy Trading and Marketing

DTE Energy Trading creates value for its customers by:

- Focusing on physical power and gas marketing and trading, structured transactions, and acquisition of returns from DTE Energy's asset portfolio
- Optimizing contracted natural gas pipeline transportation and storage, and power generation and generating capacity positions
- Offering value-added services to its customer base of utilities, local distribution companies, pipelines, and other marketing and trading companies

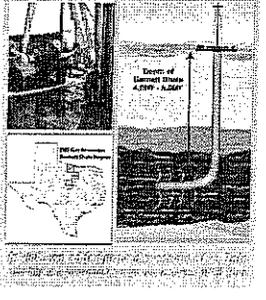
17

DTE Energy

Unconventional Gas: Gas Resources

DTE Energy

- Utility
- Industrial
- Power
- Coal
- Gas
- Oil
- Renewables
- Transmission
- Distribution
- Regulatory
- Finance
- Human Resources
- Information Technology
- Legal
- Public Affairs
- Environment



Gas Resources creates value for its customers by:

- Exploring, developing and producing natural gas in the Barnett shale region in north Texas
- In 2010, we added proved reserves of 23 Bcf resulting in year-end total proved reserves of 157 Bcf
- The Barnett shale wells yielding 6 Bcf of production in 2008. Barnett shale non-statal assets increased to 52,365 gross acres
- We drilled a total of 37 wells in the Barnett shale acreage
- In 2009, we expect to drill approximately 15 to 25 wells in the Barnett shale

18

DTE Energy



DTE Energy's Non-Utility Platform

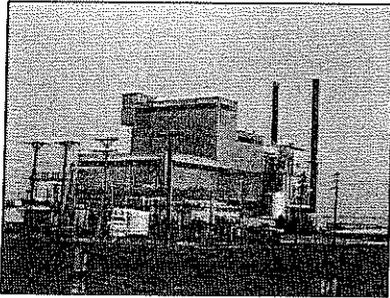
*leveraging our expertise
to drive your success*



111 S. Main Street, Suite 200
Ann Arbor, MI 48104
734-971-4800
www.dteenergy.com
April 2008



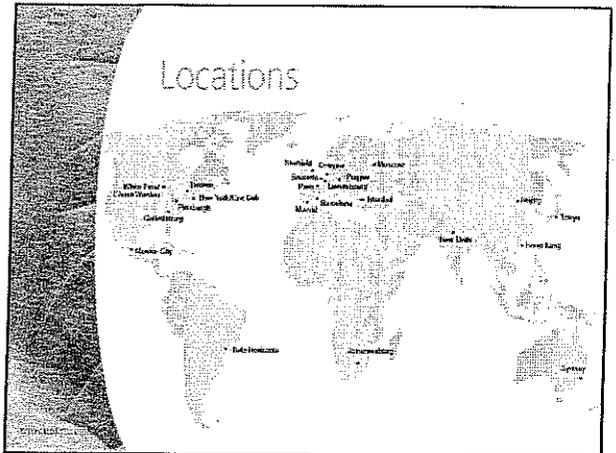
Escanaba Power Plant Purchase Proposal



TRAXYS

Presented to Electrical Advisory Committee on 4/28/2009

Locations



Traxys-Facts & Figures

- > In FY 2008 Traxys had \$4.5 billion turnover
- > 250 employees world wide
- > 25 global offices
- > 50 employees in the U.P., Michigan



TRAXYS

Traxys - Investments & Shareholder Partners



- > Pegasus Capital Advisors – over \$1.5 billion under management



- > Kelso & Company - \$4.5 billion under management



- > Resource Capital Funds - \$1 billion under management

TRAXYS

- > Traxys Management - the Traxys Management Team is made up of seasoned industry experts from around the globe.

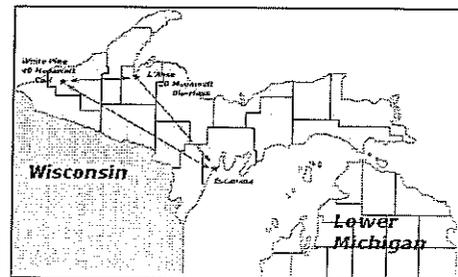
TRAXYS

Traxys – Energy & Power

- > U.S. operating facilities that have annual capacity in excess of 40 million tons for trans loading, blending and storage of coal and other commodities
- > Energy generation capabilities of 60 Megawatts in Upper Peninsula, Michigan
- > U.P. Power Marketing – a fully licensed AES (Alternative Electric Supplier) brokering wholesale and retail power

TRAXYS

Traxys – Energy Distribution



TRAXYS

Traxys – Energy Assets

- White Pine Electric Power, LLC.
 - ✓ 40 Megawatt coal generation
 - ✓ Serving a wholesale contract since 2004
 - ✓ Plant availability well above utility grade standards
 - ✓ 5 years without Lost Time Injury

TRAXYS

Traxys – Energy Assets

- L'Anse Warden Electric Power, LLC.
 - ✓ 20 Megawatt biomass generation
 - ✓ 40,000 lbs per hour "green" process & heating steam
 - ✓ Commercial operation since November 2008
 - ✓ First green plant to come on-line in Michigan since Governor Granholm and the House passed Senate Bill # 213 (the "RENEWABLE ENERGY PORTFOLIO AND ENERGY EFFICIENCY ACT").
 - ✓ LWEC has been nominated for an innovation award by the State of Michigan

TRAXYS

Traxys – Power Plant Conversion Expertise

- \$48 million Capital Expenditure in the U.P. to convert 2 formerly idle coal plants to dispatchable assets
- Strong team of management, engineering, permitting and environmental staff working closely with State and Federal Agencies to promote economically viable renewable energy



TRAXYS

Traxys – Environmental Issues & Concerns

- White Pine Power Plant is located on a previously active mining site and has over 40 years of operation history
- With Traxys expertise and consultants, the transfer and purchase was done with mitigation of risks to both parties
- J.H. Warden site (L'Anse, Michigan) operated as a coal facility starting in the late 1950s until the 1990s with coal deliveries and ash containment on site. Through the BEA (Baseline Environmental Assessment) process, both the selling utility and Traxys had full confidence in the process to mitigate environmental liabilities.
- The entire clean up of the site activities was completed within 4 months

Traxys, if the successful purchaser of the plant, envisions a similar process, giving assurance to the City of Escanaba that all pre-existing contamination and post purchase activities will be handled in a cost efficient manner and adhering to all MDEQ, State, Federal and local concerns.

TRAXYS

Traxys – Long Term Vision of the Plant

- Run unit # 1 on coal
- Convert unit # 2 to biomass
- While converting to biomass, the balance of the city load will be served by U.P. Power Marketing
- Run unit # 2 on biomass and convert unit # 1 to biomass

TRAXYS

Traxys – Escanaba Investment

- Retention existing power plant jobs
- About 75 direct and indirect jobs are created for every 10,000 acres of willow crops
- Local land owners farming and harvest opportunities
- 100 construction jobs for 20 months locally
- Traxys Capital Expenditures of \$25 million locally
- Increased Tax Revenue for the City of Escanaba

TRAXYS

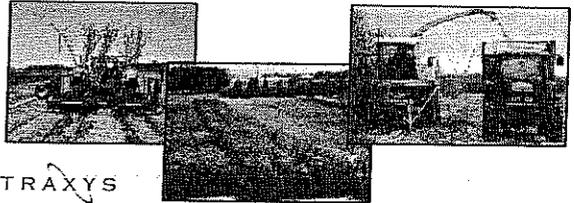
Traxys – Existing Power Plant

- > The entire city load will be supplied from the plant after conversion of both units to biomass has been completed
- > The city's excess loads will be supplied by U.P. Power Marketing
- > Combustion turbine unit will remain as back up capacity
- > Existing work force will be offered employment with Traxys
- > Since the load will be served from the plant, limited transmission upgrades are needed

TRAXYS

Traxys – Fuel for Plant

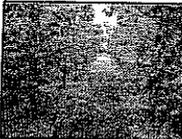
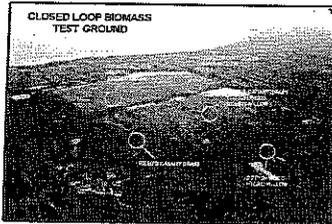
- > While generating on coal, Traxys' Carbon Division will supply coal to the plant
- > Major portion of the biomass fuel needed for the plant will be grown on leased acreage in close proximity to the plant
- > The balance of wood is low grade wood residues, bark, diseased wood, pallets, building debris, tree tops and trimmings
- > High grade wood chips are not in the mix, so will cause no interference with paper industry



TRAXYS

Traxys – Closed Loop Biomass

Working with Michigan State University professor Ray Miller, testing with hybrid willow and poplar has been proven to be successful in both the White Pine and Escanaba areas.



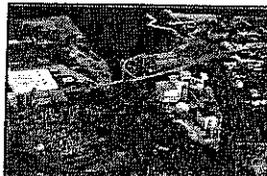
TRAXYS

Traxys – "Assurance"

- > Traxys, if the successful bidder of the purchase of the facility, will invest substantial capital investment in the asset in order to convert the facility into a "Biomass" facility.
- > Jobs will remain the same, plus 60 – 100 construction jobs.
- > Spin-off jobs will range 25 – 50 new jobs in wood aggregation and farming opportunities.
- > Traxys would even consider a "First Option on Right of Refusal" to purchase back the plant if Traxys were to exit the power business or were to purchase all the energy and capacity from the grid.

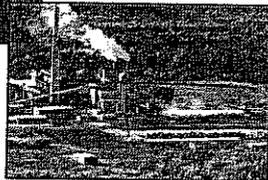
TRAXYS

Traxys – Questions



White Pine Electric Power, LLC.

L'Anse Warden Electric Company, LLC.



TRAXYS

MEMORANDUM

July 8, 2009

TO: Electrical Advisory Committee Members

FROM: Michael Furmanski, Electrical Superintendent

SUBJ: Power purchases update

HISTORY: Unit #1 was taken down on March 9th, 2009 for its annual maintenance outage. Since that time, we have had 1 or both of the generators down at the plant. The #2 generator was taken down for a major overhaul on March 20th and is still down today. During the time that the plant has been operating 1 generator, we have been able to purchase energy from the MISO market at very reasonable prices.

March data:

- Real Time = 4,114.22 MWh for \$100,661.21 = \$24.47/MWh
- Day Ahead = 2,422 MWh for \$101,964.51 = \$42.10/MWh
- Total power purchased = 6,536.22 MWh for \$202,625.72 = \$31.00/MWh
- Transmission charge = \$21,364.70 over 6,536.22 MWh = \$3.27/MWh
- Total cost of power purchased including transmission charges = \$34.27/MWh

April data:

- Real Time = 3,773.80 MWh for \$91,862.97 = \$24.34/MWh
- Day Ahead = 3,388 MWh for \$141,092.41 = \$41.64/MWh
- Total power purchased = 7161.80 MWh for \$232,955.38 = \$32.53/MWh
- Transmission charge = \$59,783.50 over 7,161.80 MWh = \$8.35/MWh
- Total cost of power purchased including transmission charges = \$40.88/MWh

May data:

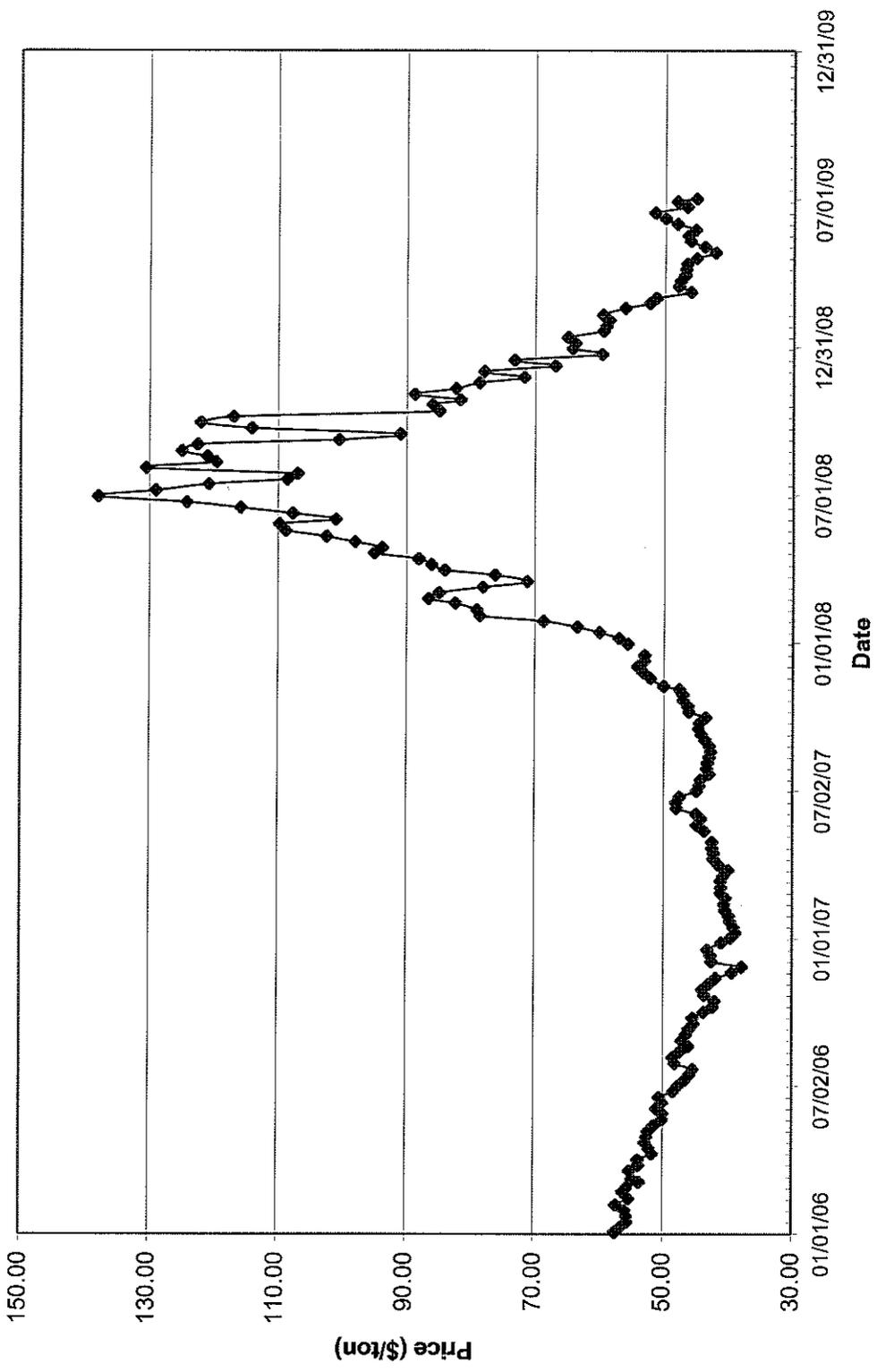
- Real Time = 4,891.232 MWh for \$96,742.61 = \$19.78/MWh
- Day Ahead = 2,772 MWh for \$90,129.33 = \$32.51/MWh
- Total power purchased = 7,663.232 MWh for \$186,871.94 = \$24.39/MWh
- Transmission charge = \$59,012.10 over 7,663.232 MWh = \$7.70/MWh
- Total cost of power purchased including transmission charges = \$32.09/MWh

June data:

- Real Time = 5,450.00 MWh for \$139,016.37 = \$25.51/MWh
- Day Ahead = 2,996 MWh for \$130,786.43 = \$43.65/MWh
- Total power purchased = 8,446 MWh for \$269,802.80 = \$31.94/MWh
- Transmission charge = unknown at this time, estimated to be \$60,000 = \$7.10/MWh

WB-1

**Spot Prices - Marker Coal for Escanaba
NYMEX Look-Alike (12,000 Btu/lb, 1% Sulfur)**
This is a "look-alike" Index and does not provide exact pricing for Escanaba coal.
Prices are FOB Mine and do not include transportation to Escanaba.



MEMORANDUM

July 8, 2009

TO: Electrical Advisory Committee Members

FROM: Michael Furmanski, Electrical Superintendent

SUBJ: Escanaba Electrical Department Monthly Update – July 2009

I offer the following departmental update to the Electrical Advisory Committee.

1. New Development. The following work has been started and/or completed:
 - a. New streetlights on Sheridan Road
 - b. Low voltage in Ford River area
 - c. Low voltage on 8th Ave So

2. Distribution System Upgrades/Maintenance. The following upgrades or maintenance needs have been completed or are in progress on the electrical distribution system:
 - a. Pole changeouts
 - b. New service on Landfill Road

Should you have any questions or concerns please contact me. I intend to review this information with the Electrical Advisory Committee at their regularly scheduled July 8th, 2009 meeting.

DB-2

Escanaba Generating Station Actual versus Budget 2008 & 2009

OPERATION	PREV.	EST.	ACTUAL	JUL	AUG	SEP	OCT 2008	NOV	DEC	JAN	FEB	MAR 2009	APR	MAY	JUN	YTD Total	TOTAL	YTD Diff
Operation Expenses	121,011	124,600	124,594	112,332	109,608	159,565	124,008	142,750	154,395	154,395	122,492	122,492	122,195	179,984	122,492	1,475,040	1,597,532	
Less Fuel	155,550	145,800	139,500	125,701	112,896	164,352	137,728	119,974	151,360	151,360	127,954	127,954	121,044	112,573	127,954	1,476,477	1,604,431	
With Fuel & Ash Labor	138,244	138,592	136,423	133,737	171,282	131,145	130,173	143,990	228,760	228,760	0	0	128,553	179,647	0	1,560,547	1,604,547	84,070
Maint. Expense	86,829	102,726	55,977	75,668	28,483	68,716	60,474	71,327	228,724	228,724	39,961	39,961	1,104,425	81,219	39,961	1,104,425	1,144,385	
	44,053	42,700	44,053	44,053	46,200	54,653	55,500	74,000	140,000	140,000	50,000	50,000	775,212	115,000	50,000	775,212	825,212	
	26,616	65,949	52,347	60,404	42,646	72,707	68,931	76,094	129,793	129,793	0	0	210,674	180,738	0	1,004,901	1,004,901	229,689
O&M (Less Fuel)	207,803	227,325	180,570	188,091	138,091	228,282	184,481	214,077	398,675	398,675	261,203	261,203	350,920	261,203	162,453	2,579,464	2,741,917	
	189,603	188,500	183,553	169,754	159,096	219,005	183,228	271,360	256,044	256,044	227,573	227,573	236,044	227,573	177,954	2,251,690	2,429,644	
	164,860	204,542	189,770	194,141	213,929	203,852	217,104	220,084	258,554	258,554	360,385	360,385	339,227	360,385	0	2,565,448	2,565,448	313,759
Fuel (Burn Only)	273,212	391,410	462,425	549,798	491,875	525,502	649,660	556,321	364,767	364,767	639,341	639,341	555,261	639,341	696,050	5,459,570	6,155,820	
	526,856	526,856	623,556	651,581	651,581	685,211	758,076	674,001	477,826	477,826	640,371	640,371	640,371	640,371	679,606	6,856,289	7,535,895	
	540,872	502,862	593,601	656,727	596,352	711,316	660,325	545,412	375,978	375,978	208,858	208,858	252,208	208,858	0	5,646,512	5,646,512	-1,209,777
Total O&M	481,051	618,735	642,995	737,798	629,965	753,785	834,141	770,398	763,442	763,442	900,544	900,544	906,180	867,944	858,503	8,039,034	8,897,538	
	726,460	715,356	807,109	821,335	810,678	904,216	941,304	867,975	749,186	749,186	867,975	867,975	896,415	867,944	857,560	9,107,979	9,965,539	
	705,733	707,404	782,371	850,867	812,281	915,169	877,430	785,496	634,532	634,532	569,244	569,244	591,435	569,244	0	8,211,960	8,211,960	-896,019
A&G	150,668	150,668	150,668	150,668	150,668	150,668	150,668	150,668	150,668	150,668	150,668	150,668	150,668	150,668	150,668	1,002,520	1,002,520	
	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	1,290,000	1,410,000	
	55,000	55,000	55,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	806,702	806,702	-483,288
Total O&M with A&G	631,719	769,403	793,663	888,466	780,633	904,453	984,809	948,243	868,442	868,442	1,005,544	1,005,544	1,011,180	1,005,544	913,503	8,986,555	9,900,058	
	841,460	830,356	922,109	936,335	925,678	1,019,216	1,081,304	987,975	869,186	869,186	987,944	987,944	1,016,415	987,944	977,560	10,397,979	11,375,539	
	760,733	762,404	837,371	945,867	907,281	1,010,169	854,131	860,496	729,532	729,532	664,244	664,244	686,435	664,244	0	9,018,662	9,018,662	-1,379,317
Total O&M with A&G	1,299,443	1,263,324	834,339	897,590	800,490	921,720	989,381	381,289	1,161,689	1,161,689	1,039,620	1,039,620	1,087,796	1,039,620	936,420	10,636,680	11,573,100	
Ash, Energy Sales and Purchases	931,622	920,519	960,151	1,005,261	984,603	1,069,202	1,133,588	1,057,608	1,122,632	1,122,632	1,056,516	1,056,516	1,084,987	1,056,516	1,067,370	11,386,690	12,454,060	
	818,207	839,814	891,862	1,002,828	984,799	1,148,952	973,480	948,331	937,841	937,841	857,448	857,448	927,206	857,448	0	10,330,768	10,330,768	-1,055,922
	13,548	14,134	11,749	13,404	12,268	12,425	15,077	13,029	13,053	13,053	11,574	11,574	12,265	11,574	12,461	142,527	154,987	
City Load (mwhrs)	13,800	13,800	12,200	12,700	12,700	13,300	14,600	13,100	13,400	13,400	12,500	12,500	12,500	12,500	13,600	144,600	158,200	
	13,565	12,887	12,994	12,028	11,032	14,078	12,974	11,461	11,461	11,461	10,252	10,252	11,059	10,252	0	134,920	134,920	-9,680
Net Generation S/m (mwhrs)	6,301	8,834	11,096	13,516	12,106	12,250	15,606	13,462	11,686	11,686	11,269	11,269	11,425	11,269	11,936	125,676	137,612	
	12,325	11,125	11,125	11,625	12,025	13,525	14,025	12,025	11,425	11,425	11,425	11,425	11,425	11,425	12,125	108,300	140,300	
	12,687	11,929	11,995	11,210	9,747	11,890	10,961	9,025	6,116	6,116	3,240	3,240	4,217	3,240	0	123,016	103,016	-25,159
Coal Use Est. 2008-09	7,272	7,272	6,564	6,859	6,859	7,213	7,980	7,095	6,741	6,741	6,741	5,030	6,741	6,741	7,154	75,623	81,718	
Coal Burnt (Tons)	7,552	7,021	6,848	6,508	5,930	7,195	6,680	5,517	3,803	3,803	2,551	3,803	2,551	2,113	0	61,718	61,718	-13,906
Megawatts/Tons Coal	1.68	1.70	1.75	1.72	1.64	1.65	1.64	1.64	1.61	1.61	1.53	1.61	1.65	1.53	1.67	1.67	1.67	
Ash Estimate 2008-09	21,788	21,788	19,667	20,551	20,551	21,611	23,909	21,258	15,070	15,070	20,197	20,197	20,197	20,197	21,434	226,566	226,566	
Ash Expense	20,890	20,480	16,398	15,040	16,016	17,948	17,295	14,365	9,264	9,264	6,747	6,747	6,747	5,551	0	159,894	159,894	-66,593
Ash Landfilled (Tons)	1,638	1,606	1,286	1,180	1,256	1,408	1,356	1,127	727	727	529	529	529	435	0	12,549	12,549	
Energy - Purch \$	64,978	64,826	44,067	45,197	62,296	121,419	102,485	73,486	201,113	201,113	187,658	187,658	234,095	187,658	1,201,620	1,201,620	1,201,620	
MWhrs	1,699	1,742	1,583	1,548	2,118	2,646	2,891	2,982	6,536	6,536	7,162	7,162	7,162	7,663	38,571	38,571	38,571	
Cost \$/MWhr	38.24	37.21	27.85	29.19	29.41	45.90	35.45	24.64	30.77	30.77	24.49	24.49	32.69	24.49	31.15	31.15	31.15	
Energy - Sales \$	28,394	28,394	28,394	28,394	28,394	28,394	28,394	28,394	28,394	28,394	28,394	28,394	28,394	28,394	28,394	28,394	28,394	
MWhrs	286	90	85	64	14	10	10	0	59	59	0	0	2	0	620	620	620	
Cost \$/MWhr	99.25	88.23	70.53	50.95	55.92	59.86	44.41	53.13	34.98	34.98	22.60	22.60	32.08	22.60	79.84	79.84	79.84	
Production Costs \$/MWhr	61.61	65.63	71.17	85.72	94.73	86.47	79.51	96.94	120.80	120.80	206.71	206.71	164.39	206.71	89.10	89.10	89.10	
Total Cost in \$/MWhr	60.32	65.17	68.64	83.37	89.27	81.61	75.03	82.75	74.49	74.49	83.64	83.64	83.84	83.64	76.57	76.57	76.57	
Load Peak (mws)	27.09	28.13	29.23	22.05	22.35	23.35	24.60	23.00	23.29	23.29	21.09	21.09	21.77	21.09	21.09	21.09	21.09	
Date	7/8	8/5	9/2	10/13	11/13	12/14	1/15	2/5	3/2	3/2	4/20	5/13	4/20	5/13	5/13	5/13	5/13	
Outage Hours Unit 1	0.00	0.00	0.33	0.00	0.00	0.00	0.00	0.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Outage Hours Unit 2	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
STM Availability %	100	100.00	99.98	100.00	100.00	97.51	100.00	99.98	97.51	100.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	88.13 %

(+) = above budget
(-) = below budget

NB-2

Escanaba Generating Station Actual versus Budget 2008& 2009

OPERATION	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD Total	TOTAL	YTD Diff
CT Net Generation (mws)	335.5	343.2	3.6	-8.2	53.6	475.9	-55.3	-40.1	-49.1	-34.2	-9.3		1,015.6		
CT Operating Hours Total	42.6	52.2	1.3	0.0	9.6	55.9	0.0	0.0	0.0	0.0	1.4		163.0		
City Requirement	0	0	0	0	0	0	0	0	0	0	0		0		
MISO Dispatch	43	52	1	0	10	31	0	0	0	0	1		138		
Maintenance & Testing	0	0	0	0	0	25	0	0	0	0	0		25		
Energy - Sales \$\$ CT	222,580	248,743	8,286	0	50,836	327,965	0	0	0	0	0		658,411	Revenue	
Start-Up Charge	3,060	3,060	1,020	0	2,040	5,100	0	0	0	0	0		14,280	\$872,691	
MWHrs (Gross) Sales	660	350	11	0	75	535	0	0	0	0	0		1,631		
Unit Cost \$/MWhr	341.72	719.44	853.80	0	702.21	622.95	0	0	0	0	0		555.01		
Fuel Used (gal) (Meter Month)	48,900	55,159	1,617	0	11,037	70,746	0	0	0	0	1,040		188,499		
Fuel Purchased (gal)	44,001	36,518	14,707	0	21,917	58,194	0	0	0	0	0		175,337		
Fuel Costs (Meter Month)	173,023	130,038	51,359	0	47,115	90,912	0	0	0	0	0		492,447	Costs	
CT Total O/M	4,393	948	2,292	2,912	2,597	1,162	5,119	689	454	-287	1,063		21341.55		
CT Availability %	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00		100.00		
Note sales /purch by Calendar Month Operating & hrs by meter month															CT Profit = 358,902