



# CITY COUNCIL/ELECTRICAL ADVISORY COMMITTEE

December 12, 2012 – 6:00 p.m.  
Regular Meeting

## CITY COUNCIL

Leo Evans, Mayor  
Brady Nelson, Mayor Pro-tem  
Patricia Baribeau, Council Member  
Ronald Beauchamp, Council Member  
Walter Baker, Council Member

## ADMINISTRATION

James V. O'Toole, City Manager  
Robert S. Richards, CMC, City Clerk  
Ralph B.K. Peterson, City Attorney  
Mike Furmanski, Electrical Superintendent  
Michael Dewar, City Controller  
Thomas Butz, Power System Engineering

## ELECTRICAL ADVISORY COMMITTEE

Tim Wilson, Chairperson  
Ann Bissell, Vice Chairperson  
Larry Arkens, Committee Member  
Glendon Brown, Committee Member  
John Anthony, Committee Member  
Vacant Seat  
Vacant Seat

Escanaba City Council Chambers: 410 Ludington Street - Escanaba, MI 49829

### Meeting Agenda

**Wednesday, December 12, 2012**

CALL TO ORDER  
ROLL CALL  
APPROVAL/ADJUSTMENTS TO THE AGENDA  
CONFLICT OF INTEREST DECLARATION

### NEW BUSINESS

- 1. Update - Electric Department –General Operations.**  
**Explanation:** Electrical Superintendent Mike Furmanski will update the city Council Electrical Advisory Committee and Citizens of Escanaba on the current departmental activities, and the MISO Y1 contract.
- 2. Update– Operation and Maintenance of Power Plant – Pro Energy Services, Inc.**  
**Explanation:** Pro Energy Services, Inc. will update the City Council, Electrical Advisory Committee and Citizens of Escanaba on the status of the operation and maintenance of the power plant.
- 3. Update – Electric Operations Budget Comparison.**  
**Explanation:** Administration will provide an update on Electric Operations as compared to the budget for Fiscal Year 2012/2013 through October.
- 4. Update – Load Forecast Study.**  
**Explanation:** Administration will provide an update on the need to have a load forecast done. The last Load Forecast Study was completed in 2003.

Agenda -December 12, 2012

5. **Update – Capacity Changes in the MISO market.**

**Explanation:** Administration will provide an update on the changes coming soon to the MISO market.

6. **Update – Power Plant Purchase Agreement.**

**Explanation:** Administration will provide an update on the status of power plant purchase agreement between the City of Escanaba and Escanaba Green Energy, LLC.

GENERAL PUBLIC COMMENT

COMMISSION/STAFF COMMENT AND ANNOUNCEMENTS

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 City Hall at (906) 786-9402.

Respectfully Submitted,

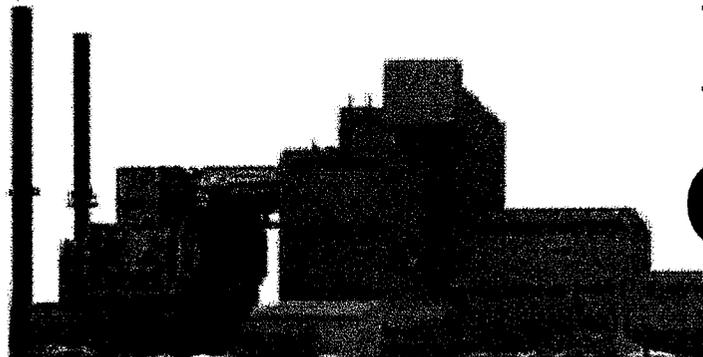
James V. O'Toole  
City Manager

Escanaba Operating Services

NB-2

Monthly Report

November 2012



*Escanaba Generating Station*

# Escanaba Operating Services

## Executive Summary

Units 1 and 2 remained in service for the entire month of November. The units were not operated during the month. There is 14,056 tons of coal on the dock.

The OSHA incident rate remains at zero for 2012.

## Key Performance Indicators (Note: This table is for the City's fiscal year July 2012 through June 2013)

Measure	Units	Month	Year to Date
Steam Plant Gross Electrical Generation	MWH	0	6409
Unit 1 Net Electrical Generation	MWH	0	2794
Unit 2 Net Electrical Generation	MWH	0	2768
Unit 1 Hours of Operation	Hours	0	483.9
Unit 2 Hours of Operation	Hours	0	443.9
Coal Consumption	Tons	0	3737
Coal on Dock	Tons	14056	14056
Steam Plant Net Heat Rate	BTU/KWH	n/a	n/a
Plant Availability	%	99.99%	99.99%
Combustion Turbine Gross Electrical Generation	MWH	0	208
Combustion Turbine Station Service	MWH	25.9	68.8
Combustion Turbine Hours of Operation	Hours	0	33.5
Fuel Oil Consumption	Gallons	0	34335
Combustion Turbine Availability	%	100%	100%

## Operations Summary

### Unit Start-Ups and Shut Downs

None of the units operated during the month.

Unit	Date	On-Line Time	Off-Line Time	Reason
None				

**Unit Trips and Unplanned Outages**

Unit	Date	Breaker Open Time	Breaker Close Time	Duration (Hours)	Cause
1	None				
2	None				
CTG	None				

**Planned Outages**

There were no planned outages during the month of November 2012.

Unit	Start Date	Start Time	End Date	End Time	Cause
1	None				
2	None				
CTG	None				

**Forced Load Reduction Events**

Forced Load Reduction Events are events that limit the generating capability of a turbine/generator unit. The reductions are measured in megawatts of unavailable power due to equipment or component failure. In these situations the generating unit *continues to operate* but at a lower than design megawatt output.

Start Date	Start Time	End Date	End Time	Load Limit	Cause
None					

**Maintenance Activities**

**Plant Maintenance Activities for November 2012**

The House Air Compressor is being scrapped by plant maintenance forces. This compressor is a belt driven piston type compressor that is expensive to operate, maintain and rebuild. The remaining air compressors have more than enough capacity to provide the plant air requirements. The maintenance forces also focused their attention on lubrication and filter changes for much of the operating equipment in the plant. The lubrication and filter changes are performed in accordance with the original equipment manufacturers recommendations.

Plant cooling water piping replacements are ongoing and will be a continuing project until sufficient cooling water has been restored to the affected operating equipment.

The plant began preparation for the upcoming winter months by sealing the interior of the plant from cold air penetration. This preparation should help to reduce winter heating costs and will provide a more comfortable atmosphere for employees working inside the plant.

**Unit 1**

There were no **major** repairs made to Unit 1 during the month.

**Unit 2**

There were no **major** repairs made to Unit 2 during the month.

**Combustion Turbine**

The Combustion Turbine did not operate during the month.

**Plant Outstanding Issues:**

The only outstanding operational issue continues to be the replacement of the #1 Circulating Water Pump. It is estimated the new pump will be delivered in April 2013.

**Emissions Compliance Overview-Air/Water**

- There were no Air deviations for the month of October.

**Air Monitoring Deviations**

Start Date	Start Time	End Date	End Time	Opacity Parameter	Cause
None					

**Water – NPDES Permit Deviations**

- There were no NPDES deviations for the month of October.

**Water – Groundwater**

- 1) The plant was over the 10,000 gallon limit on seven days during the month. **Corrective Action:** An application for a new groundwater discharge permit has been submitted for a higher plant effluent limit. The DEQ has given the facility a draft permit, which was reviewed and approved by both the DEQ and the facility. A permit for public comment will arrive shortly. Hopefully the limit will be modified as a result of these actions.

**Water Monitoring Deviations**

Start Date	End Date	Parameter	Cause
11/3	11/4	Flow	Rain
11/6	11/6	Flow	Rain
11/8	11/8	Flow	Rain

11/16	11/18	Flow	Wet Layup of Units

## Occupational Health Overview

### OSHA Summary of Work Related Injuries and Illnesses

- 1) There were no OSHA recordable injuries or illnesses during the month of November. Safe man-hours worked to date are 31159.9 since January 1, 2012. The Illness and Incident Rate for the year remains at zero (0).

### EH&S Incidents – (Near Misses and Property Damage)

None

## Labor Statistics

Labor Statistics (Note: These statistics are for the 2012 calendar year from Jan 1 through December 31.)

Item	Month	Year to Date
Total Man-hours Worked	3171	31159.9
Total Number of Standard Time (ST) Hours	2724	29645.3
Total Number of Overtime (OT) Hours	155.75	1913.9
Total Number of Double Time (DT) Hours	291.25	2771.75

CITY OF ESCANABA  
2012-2013 Electric Fund Budget - Comparison of Changes

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	(Col 1) Budget As Adopted <u>2012-13</u>	(Col 2) Changes Resulting From Rate <u>Ordinance Adoption</u>	(Col 3) Budget Based <u>On Rate Changes</u>	(Col 4) Changes Resulting From Continued <u>Plant Operation</u>	(Col 5) Budget Based On Continued <u>Plant Operation</u>	(Col 6) MISO <u>Adjustments</u>	(Col 7) MISO <u>Reimbursement Budget</u>
Operating Revenues	\$15,482,200	(\$2,007,000)	\$13,475,200	\$0	\$13,475,200		
General Administrative	(1,510,507)	0	(1,510,507)	0	(1,510,507)		
Power Purchases/Ancillary Costs	(10,325,546)	0	(10,325,546)	0	(10,325,546)		
Transmission and Distribution	(428,514)	0	(428,514)	0	(428,514)		
Customer Service	(27,684)	0	(27,684)	0	(27,684)		
Overhead to General Fund	(551,347)	0	(551,347)	0	(551,347)		
Distribution System Depreciation	(300,000)	0	(300,000)	0	(300,000)		
Net Operating Income	2,338,602	(2,007,000)	331,602	0	331,602		
Power Sales to MISO	0	0	0	1,200,000	1,200,000		
SSR Payment from MISO ***	0	0	0	3,710,279	3,710,279		
Plant O&M	0	0	0	(3,331,515)	(3,331,515)	\$100,000	(\$3,231,515)
Fuel Expnse	0	0	0	(1,000,000)	(1,000,000)		
Management Fee / Bonus	0	0	0	(300,000)	(300,000)	0	(300,000)
Plant Insurance	0	0	0	(225,364)	(225,364)	46,600	(178,764)
Plant Depreciation	0	0	0	(300,000)	(300,000)	300,000	0
Net Generation Operations	0	0	0	(246,600)	(246,600)	\$446,600	(\$3,710,279)
Plus:Interest Earnings	225,000	0	225,000	0	225,000		
Less:Contributions to Other Funds	(463,624)	0	(463,624)	0	(463,624)		
<b>NET INCOME</b>	<u>2,099,978</u>	<u>(2,007,000)</u>	<u>92,978</u>	<u>(246,600)</u>	<u>(153,622)</u>		

\*\*\* This assumes that we are reimbursed by MISO at the agreed upon level, starting no later than 7/1/12

# City of Escanaba

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## Electric Utility Fund

### Comparison of Generating Operations Insurance Costs

	<u>Total</u>	<u>F/Y</u> <u>2011/12</u>	<u>F/Y</u> <u>2012/13</u>	<u>F/Y</u> <u>2013/14</u>
<b>MMRMA - Property &amp; G/L</b>				
7/1/11-6/30/12	\$66,994.00	\$66,994.00		
7/1/12-6/30/13	52,384.00		\$52,384.00	
<b>Marsh - G/L &amp; Auto &amp; Umbrella</b>				
6/5/11-6/4/12	\$82,703.00	\$75,811.00		
6/5/12-9/4/12	20,841.00	6,947.00	\$13,894.00	
9/5/12-12/4/12	20,840.00		20,840.00	
12/5/12-12/4/13	91,497.00		53,373.00	\$38,124.00
<b>ProEnergy - G/L &amp; Auto</b>				
11/12	\$76,807.50	\$76,807.50		
12/13 <b>EST</b>			\$80,000.00	
<b>TOTALS</b>		<b>\$226,559.50</b>	<b>\$220,491.00</b>	<b>\$38,124.00</b>
<b>City Budget as Submitted to MISO</b>			<b><u>\$225,364</u></b>	
<b>City Budget as Approved by MISO</b>			<b><u>\$178,764</u></b>	

# CITY OF ESCANABA

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## Electric Utility Fund Comparative Income Statement First Four Months of the Fiscal Year Through 10/31/12

4 Months

	Col. (1)	Col. (2)	Col. (3)	Col. (4)	Col. (5)	Col. (6)	Col. (7)
	Budget Based On Continued Plant Operation	Pro-Rated Revised Budget	Financials - As Booked - As Of 10/31/12	Adjustments	Adjusted Financials As Of 10/31/12	\$\$\$ Change	% Change
Sales to Customers	\$13,069,000	\$4,356,333	\$4,401,246		\$4,401,246	\$44,913	1.0%
Less:							
Power Purchases	(8,833,450)	(2,944,483)	(2,813,875)		(2,813,875)	130,608	-4.4%
ATC Transmission Costs	(1,216,170)	(405,390)	(393,781)		(393,781)	11,609	-2.9%
Transaction Costs (WPS/GLU/MISO)	(275,926)	(91,975)	(93,086)		(93,086)	(1,111)	1.2%
<b>Gross Profit - Retail Sales</b>	<b>\$2,743,454</b>	<b>\$914,485</b>	<b>\$1,100,505</b>		<b>\$1,100,505</b>	<b>\$186,020</b>	<b>20.3%</b>
Other Revenue (Includes EO Revenues)	631,200	210,400	439,865 (1)	(\$200,000)	239,865	29,465	14.0%
Electric Department Overhead	(551,347)	(183,782)	(183,782)		(183,782)		
City Administration	(1,510,507)	(503,502)	(503,272)		(503,272)		
Distribution System Maintenance	(456,198)	(152,066)	(166,210)		(166,210)		
Distribution System Depreciation	(300,000)	(100,000)	(100,000)		(100,000)		
Distribution Costs	(2,818,052)	(939,350)	(953,264)		(953,264)	(13,914)	1.5%
<b>Profit/(Loss) Before Generation Operations</b>	<b>\$556,602</b>	<b>\$185,535</b>	<b>\$587,107</b>		<b>\$387,107</b>	<b>\$201,572</b>	<b>108.6%</b>
Sales to MISO	1,200,000	400,000	594,318		594,318	194,318	48.6%
SSR Payments from MISO	3,710,279	1,236,760	0 (5)	1,236,760	1,236,760	0	0.0%
Plant O&M	(3,856,879)	(1,285,626)	(1,028,097) (2)	(145,000)	(1,173,097)	112,529	-8.8%
Fuel & Ash Costs	(1,000,000)	(333,333)	(488,516)		(488,516)	(155,183)	46.6%
Power Plant Depreciation	(300,000)	(100,000)	0 (3)	(100,000)	(100,000)	0	-0.0%
Prior Year Costs	0	0	0		0	0	0.0%
Generation Costs	(5,156,879)	(1,718,959)	(1,516,613)		(1,761,613)	(42,654)	2.5%
<b>Profit/(Loss) - Generation Operations</b>	<b>(\$246,600)</b>	<b>(\$82,199)</b>	<b>(\$922,295)</b>		<b>\$69,465</b>	<b>\$151,664</b>	<b>-184.5%</b>
Contribution to General Fund	(463,624)	(154,541)	0 (4)	(154,541)	(154,541)	0	-0.0%
<b>Net Profit/(Loss)</b>	<b>(\$153,622)</b>	<b>(\$51,205)</b>	<b>(\$335,188)</b>	<b>\$637,219</b>	<b>\$302,031</b>	<b>\$353,236</b>	

- (1) Eliminate EGE Payment
- (2) Estimate ProEnergy Bonus
- (3) Book Steam Generation Depreciation
- (4) Book Contribution to General Fund
- (5) Apply SSR Reimbursement