CITY COUNCIL/ELECTRICAL ADVISORY COMMITTEE

September 11, 2013 – 6:00 p.m.
Regular Meeting

CITY COUNCIL
Leo Evans, Mayor
Patricia Baribeau, Mayor Pro-Tem
Walter Baker, Council Member
Ronald Beauchamp, Council Member
Marc Tall, 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, September 11, 2013

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.

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 – 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.

4. **Discussion – Fiscal Year 2012/2013 Electric Utility Fund Financial Recap.**
Explanation: City Controller Mike Dewar will present an overview of the financial results of the Electric Funds 2012/2013 operations.

5. **Approval – Asset Transfer Agreement - Escanaba #2 Transmission Line.**
Explanation: Administration is seeking approval to transfer Escanaba's #2 transmission line to the American Transmission Company

6. **Approval – Pole Inspection/Treatment.**
Explanation: Administration is seeking Council approval to award the 2013 Electrical Distribution Pole Inspection/Treatment bid to Karcz Utility Services, LLC of Seymour, WI, in an amount not to exceed $12,000. This purchase is included in the current operating budget.

7. **Discussion – UPPCO Operating Agreement – Non-Binding Mediation.**
Explanation: The City Administration will lead a discussion on the possibility of going into non-binding mediation with the Upper Peninsula Power Company (UPPCO) in an attempt to resolve outstanding issues related to the terminated Power Plant Operating Agreement between the City of Escanaba and UPPCO.

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

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, August 14, 2013

Pursuit to a meeting notice posted August 9, 2013, 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, Walter A. "Pete" Baker, Patricia A. Baribeau, Ronald J. Beauchamp, and Marc D. Tall.

Absent: None

Present: Electrical Advisory Committee (EAC) Members: Chairperson Tim Wilson, Larry Arkens, Ann Bissell, and Glendon Brown.

Absent: Electrical Advisory Committee Members: Jon Anthony, Two vacancies and Power Plant Liaison

Also Present: City Manager James V. O'Toole, City Attorney Ralph B.K. Peterson, Electric Superintendent Mike Furmanski, City Controller Mike Dewar, Escanaba Green Energy (EGE), Brett French Regional Manager of American Transmission Company, members of the public and media.

Manager O'Toole asked to add a resolution of support for MDOT, and asked to move agenda item 3 to the end of the agenda.

Beauchamp moved, Baker seconded, **CARRIED UNANIMOUSLY**, to approve the agenda as amended.

UNFINISHED BUSINESS - None

CONFLICT OF INTEREST - None

PUBLIC HEARING

Public Hearing – Renewable Energy Plan

Members of the public in attendance were given the opportunity to comment on the City of Escanaba's Renewable Energy Plan as required by PA 295.

No Public Comment was heard.

NEW BUSINESS

Update - Electric Department –General Operations.

Electrical Superintendent Mike Furmanski updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the current departmental activities;

- Auto Zone Project started;
- Reviewed Fox Power pole replacement program;
- Reviewed Marquette mines new power provider;
- Marquette Power rate increase.

Update– Operation and Maintenance of Power Plant – Pro Energy Services, Inc.

Jack Scott Pro Energy Services, Inc. updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the status of the operation and maintenance of the power plant.

- Power Plant operated in the month of July on 17th – 19th Unit 1, 17-18th Unit 2;
- Reviewed forced outage of Unit 2 on July 18th;
- Update of injured employee. Employee was back to work.

Update – Power Plant Purchase Agreement.

Administration provided an update on the status of power plant purchase agreement between the City of Escanaba and Escanaba Green Energy, LLC.

- Charles DeTiege read a Letter from Escanaba Green Energy (EGE) (See Attachment – A)

Update – Energy Update.

Administration discussed the steps that may be needed regarding the future of the Escanaba Generating Station. The discussion included factors that could impact decisions going forward, such as the timing of the plant sale, the System Support Resource (SSR) agreement, timing of a possible referendum, and timing of filing a new Attachment Y with MISO.

- SSR Agreement was approved by Federal Energy Resource Commission (FERC), retro active to June 2013;
- Electric Superintendent Furmanski briefly reviewed the details of the SSR Agreement;
- MISO still had the right to terminate agreement.

Safety Illumination Request for a Street Light by School Crossing Guards at 3rd Avenue South and M-35.

Escanaba Area School Crossing guards requested MDOT install additional

illumination by the installation of additional street lights at the City of Escanaba intersection located at 3rd Avenue South and South Lincoln Road (M-35). MDOT requested the City of Escanaba adopt a resolution of support. After discussion, the following resolution was adopted:

"By Council Member Beauchamp, seconded by Council Member Baribeau:

A RESOLUTION OF THE CITY COUNCIL OF ESCANABA SUPPORTING THE INSTALLATION OF A STREET LIGHT AT THE INTERSECTION OF SOUTH LINCOLN ROAD (M-35) AND 3RD AVENUE SOUTH

Whereas, The City of Escanaba recognizes the safety need for additional lighting at the intersection of 3rd Ave So and South Lincoln Road (M-35); and

Whereas, Crossing Guards use the intersection of 3rd Ave So and South Lincoln Road (M-35) to safely escort our youth across the intersection who attend the Escanaba Area Public School's High School located on the West side of South Lincoln Road (M-35); and

Whereas, The City of Escanaba also recognizes it will be responsible for installing, operating, and maintaining the light at this intersection.

Now, therefore be it resolved, that the City Council of the City of Escanaba supports installing additional lighting at the intersection of 3rd Ave South and South Lincoln Road (M-35).

The vote was as follows:

Ayes: Beauchamp, Baribeau, Baker, Tall, Evans
Nays: None

RESOLUTION DECLARED ADOPTED.

Presentation – American Transmission Company.

Brett French, Regional Manager – External Relations of ATC, Michigan, presented an update on ATC's projects in the area. ATC advised they would be constructing a new 138 kV transmission line connecting the Holmes Substation in Menominee County with the Old Mead Road Substation in Delta County to improve electric reliability in the region. ATC designated a proposed and alternate route to be considered by the public and to be included in an application to the Michigan Public Service Commission (MPSC) later this year. Mr. French advised his presentation was a requirement of State Law (See Attachment – B)

GENERAL PUBLIC COMMENT – None

COUNCIL/COMMITTEE, STAFF REPORTS - None

ADJOURNMENT

Hearing no further public comment, or further reports from the Electrical Advisory Committee or Council, the meeting adjourned at 7:16 p.m.

Respectfully submitted,

Robert S. Richards, CMC
City Clerk

Approved: _____
Leo J. Evans, Mayor

INTERNATIONAL LENDING SERVICES

Phone: 915-302-4478 pat@internationallendingservcies.com

August 14, 2013

Charles Detiege
President

John Ranson
Chief Financial Officer
Escanaba Green Energy, LLC
2125 H Road
Bark River, MI 49807

Reference: Escanaba Green Energy Project, Escanaba Michigan

Gentlemen:

We have been informed by your lender that the loan for the above referenced project has received preliminary approval. We have also been informed that a funding packet will be prepared by the lender, will be received by us and forwarded to you – we expect that this package will be received during the week of August 19th.

While you and representatives of the lender have extensively discussed the terms and conditions of the loan, this packet will include the final term sheet, open conditions that will need to be completed prior to a final closing date being scheduled and as a testament to your lender's ability to close this transaction, a list of 5 references for your review.

You have indicated to us and the lender that you have secured the $1 million deposit that will be one of the conditions precedent to the closing the loan. The specific date of your loan closing will be determined by how quickly all conditions are completed, and returned to the underwriters for review and final approval. After final approval, it will take the lender approximately two (2) weeks to close. Our team stands ready to assist you in every step of the way to expedite this process.

As always, if you have any questions, please don't hesitate to call.

Regards.

(original signed)

Pasquale Montesanti

AMERICAN TRANSMISSION COMPANY®

Helping to keep the lights on,
businesses running
and communities strong

Holmes – Old Mead Road Project

City of Escanaba Public Meeting

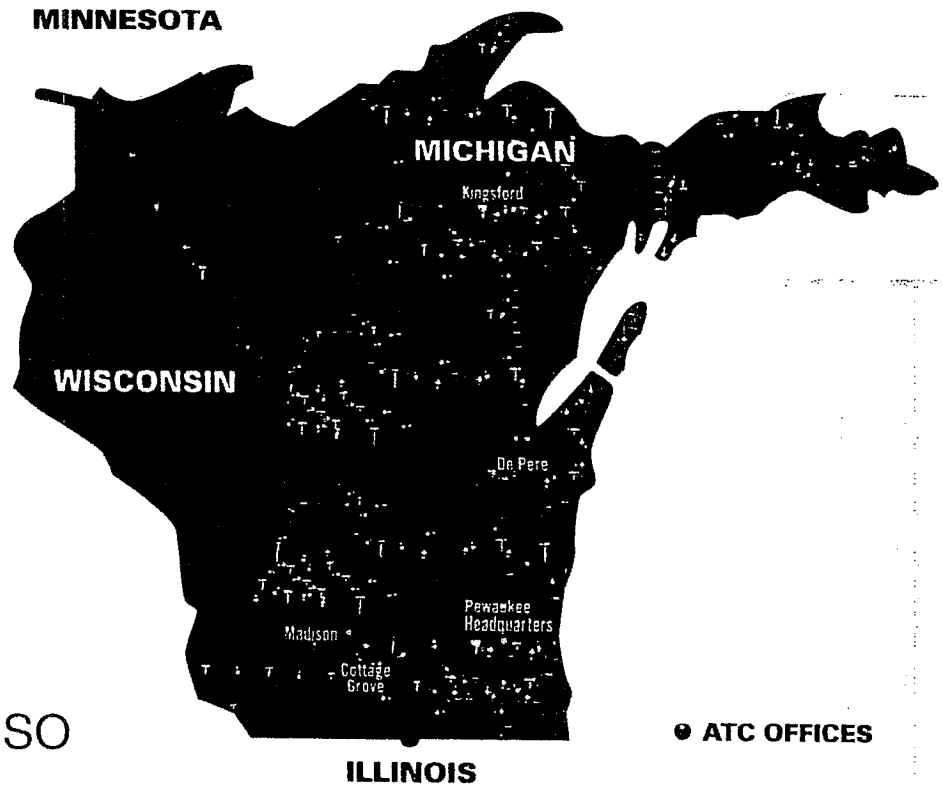
August 14, 2013

atcllc.com

Who are we?

- ✓ **First multi-state stand-alone transmission utility in U.S.**
  - Formed in 2001
  - Privately held
  - Diverse ownership

- ✓ **Tremendous growth since formation**
  - $500M in assets in 2001
  - More than $3B in assets in 2012
  - Largest transmission owner in MISO



Industry leader…

- ✓ History of strong collaborative relationships
- ✓ Established compliance program
- ✓ Expert at planning, designing, and constructing transmission
- ✓ Reliable operations
- ✓ Grid interconnection experience
- ✓ History of meeting stakeholder expectations
- ✓ Leader in controlling costs for major transmission projects

Why are we here?

- ATC determined the need for new transmission infrastructure
  - ATC announced plans in 2011 to develop and construct a new 138-kV line between the Holmes and Old Mead Road substations
- Holmes - Old Mead Road was approved by MISO in 2012
  - Stakeholder-driven review/approval process
  - Need for additional infrastructure has been established
  - MISO approval establishes who pays for the project
- ATC's routing & siting process
  - Detailed and exhaustive review of options
  - Open and transparent
  - Stakeholder driven
  - A series of three public open houses were held over 12 months

Siting Process for Identifying New Electric Transmission Corridors

Define Project Study Area

Define opportunities within project study area

Define and map sensitivities within project study area

Develop composite map of opportunities and sensitivities

Define potential siting corridors (3,000 feet) based on opportunities and sensitivities

ATC first round of open houses

Analyze and refine corridors

Conduct environmental characterization of routes

Select preliminary routes (500 feet)

ATC second round of open houses

Evaluate preliminary routes

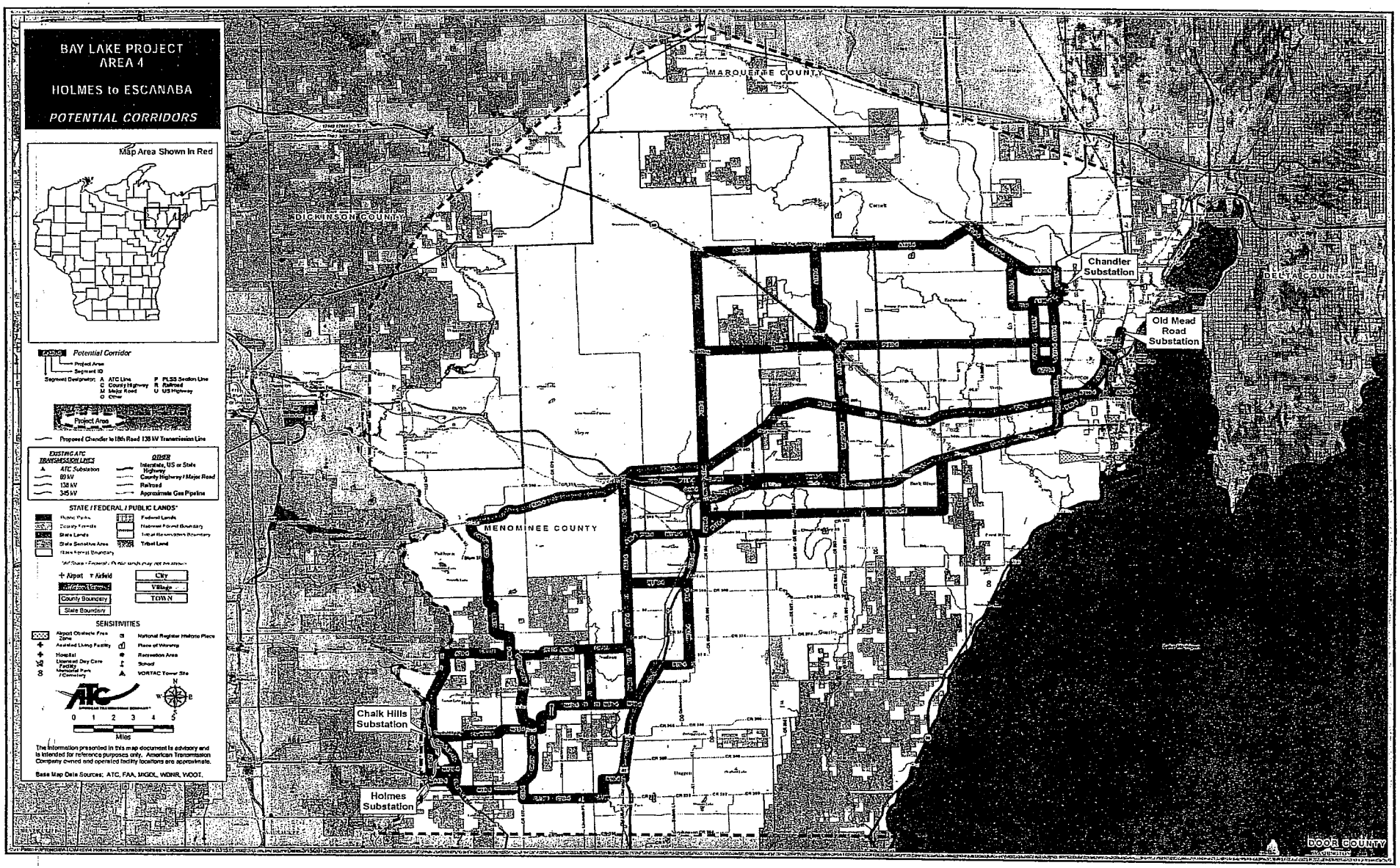
Select and map a minimum of two routes

Continue environmental characterization of routes

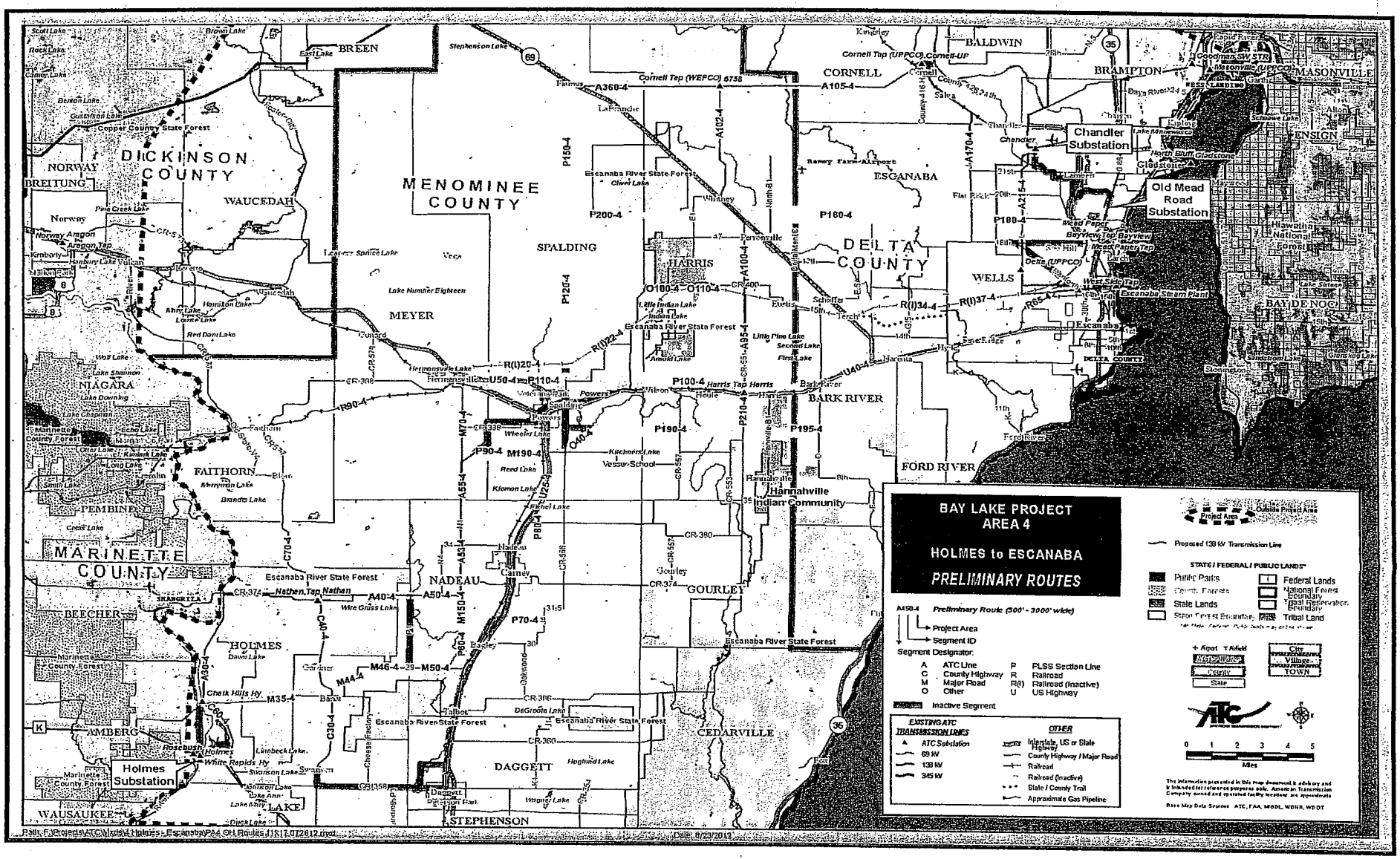
ATC third round of open houses

ATC
AMERICAN TRANSMISSION COMPANY®

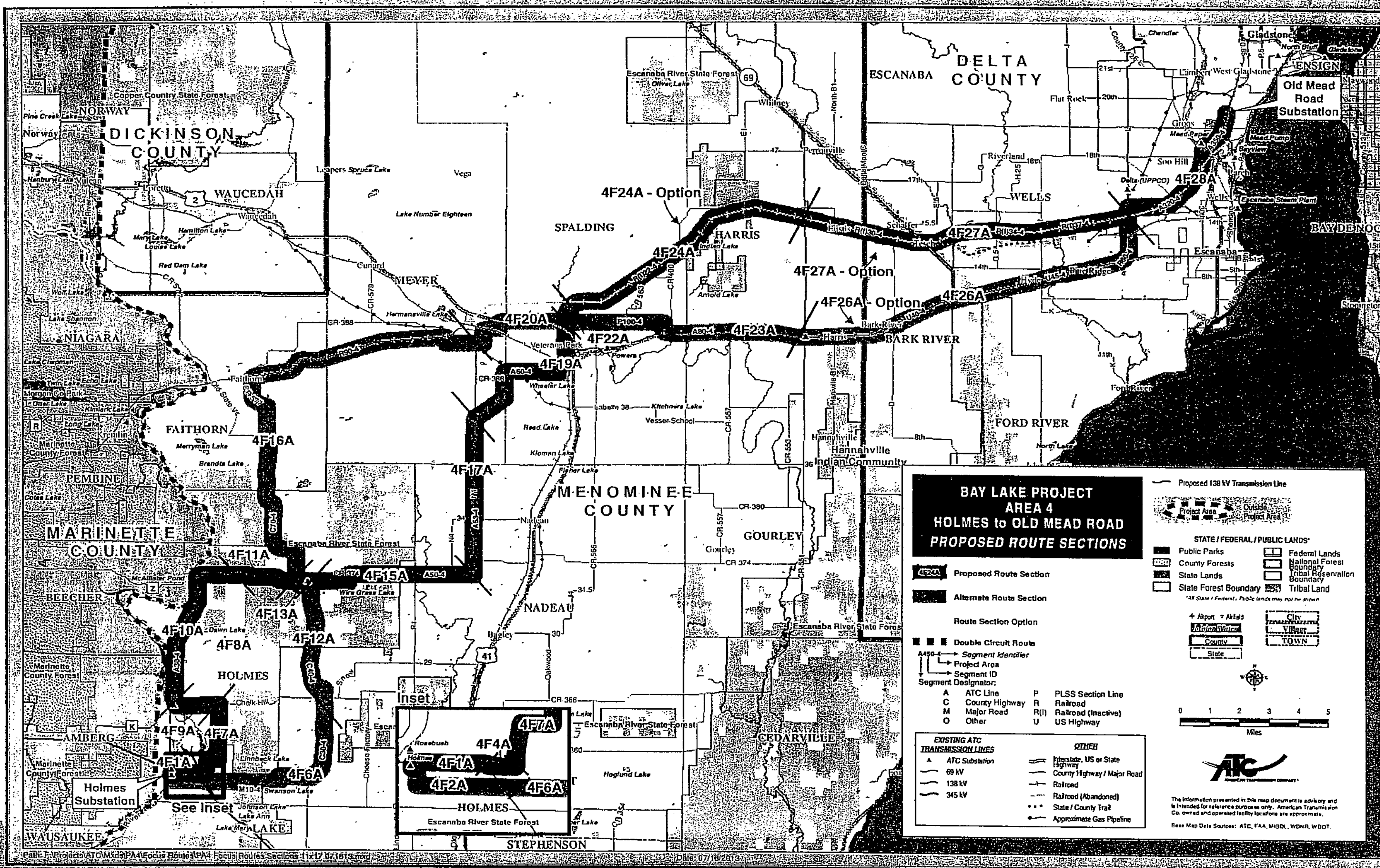
Potential corridors identified



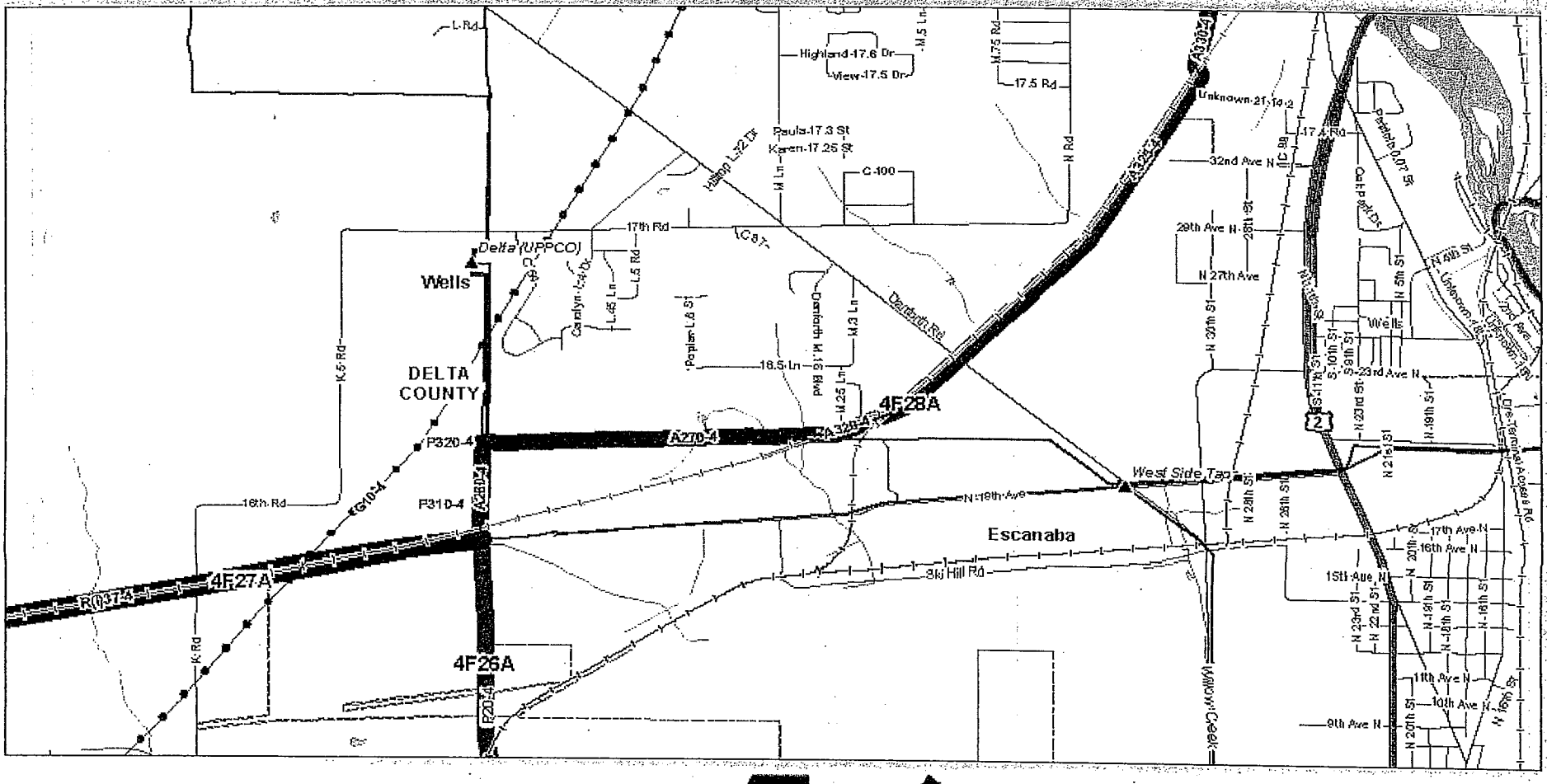
Preliminary routes identified



Proposed and alternate routes



City of Escanaba route sections



How is routing and siting regulated?

- Regulated under Michigan Public Act 30 of 1995

- *Certificate of Public Convenience and Necessity* issued by the Michigan Public Service Commission
  - ATC will submit CPCN application for review by MPSC
  - Considerable information and data is provided for MPSC review and consideration
  - MPSC contested case docket format (Case No. U-17272)
  - MPSC has up to one year to issue its decision

- Other state and local permits, as required

What's next?

- Continue meeting with local officials and stakeholders
- Continue collaboration with MDNR to obtain an easement along the abandoned railroad corridor (Hermansville – Escanaba)
- Submit CPCN Application to MPSC
  - Planned filing date mid-October 2013
  - Order issued by mid-October 2014
- Begin construction
  - First quarter 2015
- Targeted in-service date
  - Second quarter 2016

More information

www.atcllc.com

www.baylakeproject.com

NB# 2
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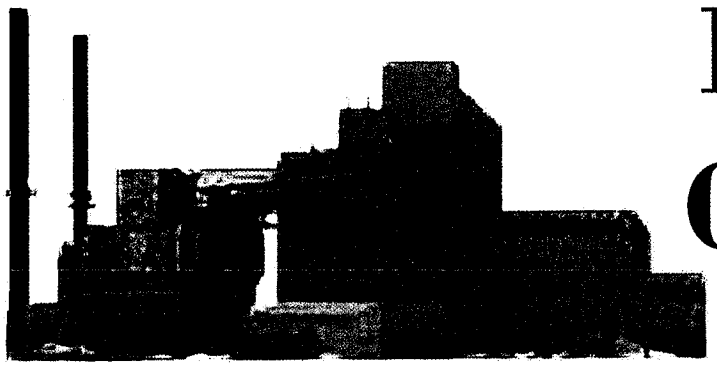
Escanaba Operating Services
Monthly Report
August 2013



Escanaba Generating Station

Escanaba Operating Services

Executive Summary

The power plant was not called upon to operate during the month of August. Plant employees continued repairing and replacing existing equipment that has been in service well beyond its original design life.

There is **10,806** tons of coal on the dock. The OSHA incident, rate for August 2013 is eight.

Key Performance Indicators (Note: This table is for the City's fiscal year August 2013 through August 2014.

Measure	Unit of Measure	Month	Year to Date
Steam Plant Gross Electrical Generation	MWH	0	13229
Unit 1 Net Electrical Generation	MWH	0	5670
Unit 2 Net Electrical Generation	MWH	0	4850
Unit 1 Hours of Operation	Hours	0	1070.7
Unit 2 Hours of Operation	Hours	0	869
Coal Consumption	Tons	0	7281.4
Coal on Dock	Tons	10806	10806
Steam Plant Net Heat Rate	BTU/KWH	n/a	n/a
Plant Availability	%	94%	93%
Combustion Turbine Gross Electrical Generation	MWH	39	329
Combustion Turbine Station Service	MWH	8.2	246.8
Combustion Turbine Hours of Operation	Hours	3.6	44.3
Fuel Oil Consumption	Gallons	5118	51681
Combustion Turbine Availability	%	100%	100%

Operations Summary

Unit Start-Ups and Shut Downs

Turbine-Generator Unit 1 and Unit 2 were not operated during the month of August. The Combustion Turbine was operated for the annual opacity test.

Unit	Date	On-Line Time	Off-Line Time	Reason
1				
1				
2				
2				
CT	8/22	10:45	13:20	Opacity Test – Michigan Department of Environmental Quality
CT	None			

Unit Trips and Unplanned Outages

The plant remained in service for the entire month of August 2013.

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

Planned Outages

Unit	Start Date	Start Time	End Date	End Time	Cause
1	8/26	0800	8/29	1500	Stoker Grate Drive Gear Repairs
2	None				
CTG	None				

Forced Outages or Load Reduction Events

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

Maintenance Activities

Plant Maintenance Activities for August 2013

Unit 1

Routine maintenance and equipment replacements occurred throughout the month.

Unit 2

Routine maintenance and equipment replacements occurred throughout the month.

Combustion Turbine

There were no repairs required on the Combustion Turbine/Generator.

Plant Outstanding Issues:

There are currently no outstanding issues. The Power Plant is ready to operate as required by MISO.

Emissions Compliance Overview-Air/Water

- There were no Air Monitoring deviations in the month of August.

Air Monitoring Deviations

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

Water – NPDES Permit Deviations

- There were no NPDES violations during the month of August.

Water – Groundwater

- There were 6 Groundwater deviations for **flow** during the month of August due to a failed flow sensor.

Water Monitoring Deviations

Start Date	End Date	Parameter	Cause
Jul 17	Aug 6	Flow	A Sonic Flow meter failed in service and was not repairable. A new meter was ordered. The meter arrived at the plant and was installed on August 7, 2013.

Occupational Safety and Health Overview

OSHA Summary of Work Related Injuries and Illnesses

1) There were no OSHA work related injuries or illnesses during the month of August.

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

1) There were no lost time accidents, near misses or property damage during the month.

Labor Statistics

Labor Statistics (Note: These statistics are for the 2013 calendar year from Jan 1 through December 31.)

Item	Month	Year to Date
Total Man-Hours Worked	2978	24848.75
Total Number of Standard Time (ST) Hours	2656.5	22055.5
Total Number of Overtime (OT) Hours	116	893
Total Number of Double Time (DT) Hours	205.5	1899.75

NB#3
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9/11/13

ESCANABA GREEN ENERGY

September 5, 2013

Jim:

Here is our most recent update. EGE has an executed agreement with a provider of the deposit that is required for the Centurion loan and Centurion has approved this provider. This provider and Black Diamond are in the midst of working out details for the posting of the deposit into the required account.

Centurion and EGE have had extensive discussions about the urgency of closing the Centurion financing by the end of September which will allow EGE to get substantial pilling work done before the winter sets in. As a result, Centurion has agreed to flip its closing process such that Centurion is now securing the funds for the Centurion loan. This is being done, in parallel with EGE's efforts to finalize the deposit in Black Diamonds account rather than waiting to secure these funds until after the deposit was made and the term sheet was signed. This adjusted process probably knocks off two weeks of processing and closing time once the Centurion term sheet is signed. This adjustment of process also means that all parties are projecting a closing by the end of September.

Sincerely,

Charles Detiege
President

CITY OF ESCANABA

2012-2013 Electric Fund

Comparison to Prior Years and to Budget

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	Actual 2010-11	Actual 2011-12	8/23/13 Unaudited 2012-13	Budget 2012-13	Comparison to Budget	Budget Estimate 2012-13	Comparison of Unaudited to Estimate
GENERATION OPERATIONS							
Interchange Revenues	$7,099,874	$3,886,369	$804,464	$0	$804,464	$1,510,000	($705,536)
MISO SSR Payments	0	0	3,711,525	0	3,711,525	3,521,000	190,525
TOTAL GENERATING REVENUES	7,099,874	3,886,369	4,515,989	0	4,515,989	5,031,000	(515,011)
O&M (UPPCo / ProEnergy)	4,496,648	3,530,289	2,974,310	0	(2,974,310)	2,850,000	(124,310)
Production Expenses - Other	362,989	302,919	235,066	0	(235,066)	218,000	(17,066)
Steam Fuel	5,422,201	2,730,678	684,334	0	(684,334)	1,000,000	315,666
Combustion Turbine Expenses	490,182	360,035	144,953	0	(144,953)	143,000	(1,953)
Plant Management Fees	47,738	274,433	350,000	0	(350,000)	350,000	0
UPPCo Prior Years Costs	0	416,423	0	0	0	0	0
Depreciation Expense-Power Plant	787,884	566,745	564,972	0	(564,972)	600,000	35,028
TOTAL GENERATING EXPENSES	11,607,642	8,181,522	4,953,635	0	(4,953,635)	5,161,000	207,365
GENERATION OPERATING RESULTS	**($4,507,768)**	**($4,295,153)**	**($437,646)**	**$0**	**($437,646)**	**($130,000)**	**($307,646)**
POWER PURCHASES OPERATIONS							
Residential Sales	$3,906,612	$4,018,521	$3,803,413	$4,050,000	($246,587)	$3,800,000	$3,413
Hot Water Sales	32,179	32,838	29,685	33,000	(3,315)	30,000	(315)
Heating Sales	31,421	27,243	26,281	29,000	(2,719)	25,000	1,281
Dusk to Dawn Sales	54,371	55,318	48,123	56,000	(7,877)	48,000	123
Commercial Sales	4,407,015	4,499,018	3,278,804	4,625,000	(1,346,196)	3,255,000	23,804
Industrial Sales	5,285,249	5,466,446	4,767,736	5,525,000	(757,264)	4,700,000	67,736
Municipal Sales	563,583	579,429	495,502	582,000	(86,498)	495,000	502
Street Lighting Sales	169,528	174,540	162,881	176,000	(13,119)	165,000	(2,119)
TOTAL PURCHASED POWER REVENUES	14,449,958	14,853,353	12,612,425	15,076,000	(2,463,575)	12,518,000	94,425
Dispatching Fees	72,900	85,871	60,312	89,562	29,250	60,300	(12)
MISO Purchased Power	7,660,213	3,157,731	(123,285)	0	123,285	0	123,285
NextEra Power Purchases	0	4,200,745	8,348,700	8,764,850	416,150	8,140,000	(208,700)
Capacity Charges & REC Purchases	0	7,040	27,370	74,964	47,594	27,000	(370)
MISO Monthly	166,802	189,608	231,489	180,000	(51,489)	216,250	(15,239)
ATC Transmission Charges	1,168,956	1,157,028	1,187,542	1,216,170	28,628	1,187,500	(42)
TOTAL PURCHASED POWER EXPENSES	9,068,871	8,798,023	9,732,128	10,325,546	593,418	9,631,050	(101,078)
POWER PURCHASES OPERATING RESULTS	**$5,381,087**	**$6,055,330**	**$2,880,297**	**$4,750,454**	**($1,870,157)**	**$2,886,950**	**($6,653)**

NB #4

CC/EAC 9/11/13

CITY OF ESCANABA

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2012-2013 Electric Fund
Comparison to Prior Years and to Budget

	Actual 2010-11	Actual 2011-12	8/23/13 Unaudited 2012-13	Budget 2012-13	Comparison to Budget	Budget Estimate 2012-13	Comparison of Unaudited to Estimate
DISTRIBUTION OPERATIONS							
State Mandated Charges	$130,147	$191,450	$211,576	$280,000	($68,424)	$264,500	($52,924)
Energy Conservation Promotion	(130,147)	(212,086)	(180,330)	(280,000)	(99,670)	(262,000)	81,670
NET	$0	($20,636)	$31,246	$0	$31,246	$2,500	$28,746
Connection Charges	20,758	22,600	21,456	20,000	1,456	22,000	(544)
Penalties on Utility Collections	69,857	52,472	43,929	55,000	(11,071)	45,000	(1,071)
Pole Rentals	45,816	47,190	48,384	47,200	1,184	48,400	(16)
Miscellaneous Revenues	4,720	16,771	31,761	4,000	27,761	28,200	3,561
TOTAL DISTRIBUTION OPERATION REVENUES	141,151	118,397	176,776	126,200	50,576	146,100	30,676
Total General Admin	1,355,314	1,306,116	1,135,536	1,230,507	94,971	1,204,600	69,064
Total Transmission & Distribution	351,688	253,302	449,008	428,514	(20,494)	413,850	(35,158)
Total Customer Service	20,675	24,428	14,539	27,684	13,145	19,000	4,461
Depreciation Distribution System	299,211	318,843	241,828	300,000	58,172	325,000	83,172
Overhead to Utilities	542,740	551,070	549,410	551,347	1,937	562,025	12,615
TOTAL DISTRIBUTION OPERATION EXPENSES	2,569,628	2,453,759	2,390,321	2,538,052	147,731	2,524,475	134,154
DISTRIBUTION OPERATIONS RESULTS	**($2,428,477)**	**($2,335,362)**	**($2,213,545)**	**($2,411,852)**	**$198,307**	**($2,378,375)**	**$164,830**
OTHER INCOME / (EXPENSE)							
Interest Income	$196,211	$226,277	$214,990	$225,000	($10,010)	$220,000	($5,010)
Gain/(Loss) on Investments	43,172	84,161	(164,909)	0	(164,909)	0	(164,909)
Increase in Market Value of Inventory	994,071	0	0	0	0	0	0
Generating Plant Clean-Up Costs	0	0	(378,497)	0	(378,497)	0	(378,497)
Contribution to General Fund	(463,624)	(463,624)	(463,624)	(463,624)	0	(463,625)	1
TOTAL OTHER INCOME / (EXPENSE	**$769,830**	**($153,186)**	**($792,040)**	**($238,624)**	**($553,416)**	**($243,625)**	**($548,415)**
NET INCOME / (LOSS)	**($785,328)**	**($728,371)**	**($562,933)**	**$2,099,978**	**($2,662,911)**	**$134,950**	**($697,883)**

CITY OF ESCANABA

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2012-2013 Electric Fund
Comparison to Prior Years and to Budget

	Actual 2010-11	Actual 2011-12	8/23/13 Unaudited 2012-13	Budget 2012-13	Comparison to Budget	Budget Estimate 2012-13	Comparison of Unaudited to Estimate
CALCULATION OF NET INCOME LESS ONE-TIME / EXTRAORDINARY TRANSACTIONS							
NET INCOME / (LOSS)	($785,328)	($728,371)	($562,933)				
Eliminate One-Time / Extraordianry Transactions:							
Gain/(Loss) on Investments	(43,172)	(84,161)	164,909				
Increase in Market Value of Inventory	(994,071)	0	0				
Generating Plant Clean-Up Costs	0	0	378,497				
ADJUSTED NET INCOME / (LOSS)	**($1,822,571)**	**($812,532)**	**($19,527)**				
CALCULATION OF NET INCOME WITHOUT GENERATION EFFECT							
ADJUSTED NET INCOME / (LOSS)	($1,822,571)	($812,532)	($19,527)				
Eliminate Generation Operations Results	4,507,768	4,295,153	437,646				
ADJUSTED NET INCOME / (LOSS)	**$2,685,197**	**$3,482,621**	**$418,118**				

--
Mike Furmanski
Electric Superintendent
City of Escanaba
(906) 786-0061

1213Electric.pdf
119 KB

Zimbra **kpeterson@escanaba.org**

Fwd: As we discussed

From : Jim O'Toole - City Manager <jotoole@escanaba.org> Wed, Sep 04, 2013 01:00 PM
1 attachment
Subject : Fwd: As we discussed
To : Kimberly Peterson <kpeterson@escanaba.org>

Please print

James V. O'Toole
City Manager
Escanaba, MI 49829
(906) 786-9402
jotoole@escanaba.org

CITY OF ESCANABA E-MAIL CONFIDENTIALITY NOTICE - This transmission may be: (1) subject to the Attorney-Client Privilege, or (2) strictly confidential. If you are not the intended recipient of this message, you may not disclose, print, copy or disseminate this information. If you have received this in error, please reply and notify the sender (only) and delete the message.

From: "Mike Furmanski - Electric Superintendent" <mfurmanski@escanaba.org>
To: "Jim O'Toole - City Manager" <jotoole@escanaba.org>
Sent: Wednesday, September 4, 2013 11:23:00 AM
Subject: Fwd: As we discussed

Jim - here is Dewar's back-up for the EAC/CC meeting next week.

From: "Mike Dewar - City Controller" <mdewar@escanaba.org>
To: "Mike Furmanski - Electric Superintendent" <mfurmanski@escanaba.org>
Sent: Wednesday, September 4, 2013 10:59:52 AM
Subject: As we discussed

Michael Dewar, City Controller
(906) 789-7300

NB#5
CC/EAC
9/11/13

MEMORANDUM September 5, 2013

TO: Jim O'Toole, City Manager

INFO: Electrical Advisory Committee, City Council

FROM: Michael Furmanski, Electrical Superintendent

SUBJ: Transfer of Escanaba #2 Transmission Line

For the past number of years, there have been some talks between the City of Escanaba and American Transmission Company, LLC (ATC) regarding the sale of the Escanaba #2 Transmission Line. While we were working with Traxys on the plant sale, we had submitted a Load Interconnect Request Form to ATC for a new substation. When Traxys ended plant sale negotiations, the new substation was put on hold. Maintaining ownership of the #2 line gave us the opportunity to build the substation without ATC's involvement. While we have had some maintenance issues with the existing power plant sub, we have not started constructing the new substation on our own.

Recently, ATC informed us that they would like to take ownership of the Escanaba #2 line as soon as they could. The reason for the urgency is they are planning on filing a request with the Michigan Public Service Commission regarding their planned Bay Lake project. This filing will be submitted in October of this year. It would simplify matters if they owned all the lines that will be impacted by the Bay Lake project. The current favored route for the Bay Lake project impacts the Escanaba #2 line.

There are many advantages for the City to sell the Escanaba #2 line. This line was constructed in the early – mid 1980's. There has been minimal maintenance done to this line to date, but poles will need to be replaced at some point in the future. By selling the line, the City will not have to bear those maintenance costs. Additionally, we do not have all the equipment needed to work on those lines while they are energized. ATC acquires assets by paying the book value at the time of transfer. The longer we wait to sell this line, the less we could expect to be paid for it. Currently, the book value is a little more than $100,000. While not a huge amount of money as compared to the yearly Electric budget, it is still a nice amount to receive.

NB#5
CC/EAC
9/11/13

ASSET TRANSFER AGREEMENT

between

American Transmission Company LLC

and

Escanaba Municipal Electric Utility

Dated as of _____, 2013

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ASSET TRANSFER AGREEMENT

THIS ASSET TRANSFER AGREEMENT is executed as of _____, 2013 by and between American Transmission Company LLC, a Wisconsin limited liability company (ATCLLC) and Escanaba Municipal Electric Utility, a Michigan municipal utility acting as a local distribution company organized and existing under the laws of the State/Commonwealth of Michigan (Escanaba) (Collectively "Parties" or individually "Party").

RECITALS

A. Escanaba desires to divest its interest in certain Transmission facilities and associated land rights and to transfer ownership of such facilities and rights to ATCLLC, all upon the terms and conditions set forth in this agreement;

B. ATCLLC desires to acquire such Transmission facilities and associated land rights from Escanaba, all upon the terms and conditions set forth in this agreement.

NOW, THEREFORE, in consideration of the mutual premises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

Article I
DEFINITIONS

Capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to such terms as set forth below.

"*Agreement*" means this Asset Transfer Agreement, together with all Schedules and Exhibits attached or incorporated into the Agreement.

"*Assumed Obligations*" has the meaning provided in Section 2.5(b).

"*ATCLLC*" means American Transmission Company LLC, a Wisconsin limited liability company.

"*Claims*" means administrative, regulatory, or judicial actions or causes of action, suits, petitions, proceedings (including arbitration proceedings), investigations, hearings, demands, demand letters, claims, or notices of noncompliance or violation delivered by any Governmental Authority or other Person.

"*Closing*" and "*Closing Date*" have the meanings provided in Article IX.

"*Contracts*" means agreements, contracts, leases, memoranda of understanding, joint ventures, letters of intent and any other form of agreement.

"*Distribution*" means (i) the distribution of electricity at nominal voltages that are lower than 50 kV, or (ii) the distribution of electricity regardless of the nominal voltage at which such distribution facility is designed to operate or does operate, if the facilities are designated by the PSCW as used for distribution.

"*Encumbrance*" means any mortgage, pledge, lien, option, conditional sale agreement, encumbrance, security interest, claim or charge of any kind.

"*Environment*" means all or any of the following media: real property, soil, land surface and subsurface strata, surface waters (including navigable waters, streams, ponds, drainage basins, and wetlands), groundwater, drinking water supply, stream sediments, ambient air (including the air within buildings and the air within other natural or man-made structures above or below ground), plant and animal life, and any other natural resource.

"*Environmental Claim*" means any and all administrative, regulatory or judicial actions, actions arising under local, state or federal law including, without limitation, claims of trespass, public or private nuisance, waste, and breach of standards of care, suits, including citizen suits, demands, demand letters, claims, directives, proceedings or notices by any Governmental Authority or other Person alleging in writing violations of or liability under, or seeking to enjoin any activity as inconsistent with, or demanding remediation of conditions which, with notice, the passage of time, or both would constitute violations of, any Environmental Laws or any other local, state or federal law, statute, ordinance, rule, code, regulation, administrative interpretation, guidance document or memorandum, decree or order, contractual obligation or common-law doctrine including, without limitation, Chapters 59, 60, 61, 62, 66, and 87 of the Wisconsin Statutes, arising out of, based on or resulting from the presence, use, generation, treatment, storage, recycling, management, deposit, disposal, leakage, burial, discharge, emission, injection, spillage, seepage, leaching, escaping, emptying, dumping, pumping, pouring, placement or release of any Hazardous Substance from, at, in, on or under, or the transport to or from, any Transferred Asset, and by any Person, or any loss of or damage to any property, natural resource or the environment, or death of or injury to any person, resulting from or relating in any way to any Transferred Asset or to any Hazardous Substance that is or was present, used, generated, treated, stored, recycled, managed, transported, deposited, disposed of, buried, discharged, emitted, injected, emptied, dumped, pumped, poured, placed or Released, or that leaked, spilled, seeped, leached or escaped, at, on, in, under, to or from any Transferred Asset. Environmental Claim includes any environmental claim made against ATCLLC as a successor in interest to Escanaba.

"*Environmental Laws*" means any existing or prior local, state, or federal law, statute, ordinance, rule, code, regulation, administrative interpretation, guidance document or memorandum, consent, decree, order, contractual obligation, judgment, permit, license, covenant, deed restriction, common law, treaty, convention, or to the extent international law is applicable in the United States, or other requirement relating to pollution, public health, safety or the Environment, including, without limitation, those governing, regulating or imposing liability or standards of conduct concerning the manufacture, use, treatment, generation, distribution, transportation, storage, labeling, testing, processing, discharge, disposal or other handling, Release or threatened Release, control, or cleanup of any Hazardous Substance, including, without limitation, the following: (i) the Clean Air Act, 42 U.S.C. §§ 7401 to 7671q; (ii) the

Clean Water Act, also known as the Federal Water Pollution Act, 33 U.S.C. §§ 1251 to 1387, as amended by the Water Quality Act of 1987 Pub. L. No. 100-4 (Feb. 4, 1987); (iii) the Toxic Substance Control Act of 1976 ("TSCA"), as amended, 15 U.S.C. §§ 2601 to 2692; (iv) the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 to 136y, (v) the Safe Drinking Water Act, 42 U.S.C. §§ 300f to 300j-26; (vi) the Surface Mining Control and Reclamation Act, 30 U.S.C. § 1201 to 1211, 1231 to 1251,1252 to 1328; (vii) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. §§ 9061 to 9675, as amended by the Superfund Amendment and Reauthorization Act of 1986, ("SARA"), Public Law 99-499, 100 Stat. 1613; (viii) the Emergency Planning and Community Right-to-Know Act ("EPCRA"), 42 U.S.C. §§ 11001 to 11050; (ix) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, ("RCRA"), 42 U.S.C. § 6901 to 6992k; (x) the Occupational Safety and Health Act, as amended, ("OSHA"), 29 U.S.C. § 655 and § 657; (xi) the National Historic Preservation Act ("NHPA"), 16 U.S.C. §§ 470 et seq.; (xii) the Hazardous Materials Transportation Act, 49 U.S.C. §§ 5101 to 5127; (xiii) the National Environmental Policy Act of 1975, 42 U.S.C. §§ 4321-4370d; (xiv) the Oil Pollution Act of 1990, 33 U.S.C. §§ 2701 to 2761; (xv) any state statute or similar or implementing state law, including, without limitation, Chapters 30, 31, 59, 60, 61, 62, 66, 67, 160, 254, 280, 281, 283, 285, 287, 289, 291, 292, 293, 295, 299, and 823 of the Wisconsin Statutes; (xvi) any amendment of any of the above; and (xvii) any other statute, rule, regulation or order of any Governmental Authority having jurisdiction over public health, safety or the Environment or the control of Hazardous Substances, including, without limitation, the United States Environmental Protection Agency, the United States Nuclear Regulatory Commission, and the States of Wisconsin, Michigan, Minnesota, and Illinois, and their agencies or municipalities.

"*Environmental Losses*" means Losses resulting from an Environmental Claim, including, without limitation, the reasonable costs of investigation, testing, containment, removal, clean-up, restoration, abatement or remediation and attorneys fees and costs.

"*Excluded Obligations*" has the meaning provided in Section 2.5(a).

"*Good Utility Practice*" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

"*Governmental Authority*" means any federal, state or local governmental or regulatory authority, administrative agency, commission, department, board or court that has jurisdiction over any of the Parties to this Agreement or any Transferred Asset.

"*Hazardous Substances*" means any pollutant, contaminant, waste, toxic or hazardous chemical, waste, material or substance, including, without limitation, (i) asbestos in any form that is or could become friable; (ii) urea formaldehyde; (iii) petroleum, including crude oil and

manufactured gas waste, or any fraction thereof, and all petroleum products; (iv) polychlorinated biphenyls (PCBs) and any item, article, substance, waste, equipment, or container containing or whose surfaces have been in direct contact with PCBs; (v) lead; (vi) flammable explosives; (vii) infectious materials; (viii) radioactive materials; (ix) other substances defined, listed or regulated as a hazardous, extremely hazardous, toxic, dangerous, restricted, nuisance, or otherwise harmful to human health or the Environment under any Environmental Law or rules or regulations promulgated under any Environmental Laws.

"*Losses*" means losses, liabilities, damages, obligations, payments, costs, and expenses, including the costs and expenses of any and all related actions, suits, proceedings, assessments, judgments, settlements, and compromises and all related reasonable attorneys' fees and reasonable disbursements.

"*Organizational Documents*" means, with respect to any corporation, its articles of incorporation and by-laws; with respect to any limited liability company, its articles of organization and operating agreement; with respect to any cooperative, its articles of association and by-laws; with respect to any municipal electric utility, its utility-formation ordinances; and with respect to any municipal electric company, its formation contract and bylaws.

"*Permitted Encumbrances*" means such imperfections of title as do not restrict or interfere with the intended use of any of the land rights conveyed under this Agreement in any material respect.

"*Person*" means an individual, corporation, general or limited partnership, joint venture, trust, unincorporated association, limited liability company, municipal electric utility, municipal electric company, wholesale electric cooperative, retail electric cooperative or any other legal or commercial entity.

"*PSCW*" means the Public Service Commission of Wisconsin.

"*Purchase Price*" has the meaning provided in Article III.

"*Release*" means any release, spill, emission, leaking, pumping, pouring, injection, deposit, disposal, discharge, dispersal, leaching, or migration of any Hazardous Substance at, into or onto the Environment, including movement or migration through or in the air, soil, surface water or groundwater, whether sudden or non-sudden and whether accidental or non-accidental, or any release, emission or discharge as those terms are defined in any applicable Environmental Law.

"*Tax*" or "*Taxes*" mean, with respect to the ownership or operation of the Transferred Assets, Contracts or Permits, any foreign, federal, state or local income, gross receipts, occupation, Environmental (including taxes under Section 59A of the Code), customs, duties, registration, alternative or add-on minimum, estimated, withholding, payroll, employment, unemployment insurance, social security (or similar), excise, sales, use, value-added, franchise, real property, personal property, business and occupation, capital stock, stamp or documentary, transfer, workers' compensation or other tax, governmental fee or imposition of any kind whatsoever, including any interest, penalties or additions.

"Transferred Assets" has the meaning set forth in Section 2.1.

"*Transmission*" means (i) the transmission of electricity at nominal voltages that are greater than or equal to 50 kV or (ii) the transmission of electricity regardless of the nominal voltage at which such facility is designed to operate or does operate, if the facilities are designated by the PSCW as transmission.

Article II
TRANSFER OF ASSETS

Section 2.1 Transfer of Assets.

Subject to the terms and conditions of this Agreement, as of the Closing Date, Escanaba shall assign, transfer, convey and deliver to ATCLLC free and clear of any Encumbrance of any kind (other than the Permitted Encumbrances identified in Schedule 2.1) (collectively, the "Transferred Assets" and each individually a "Transferred Asset") using the forms of transfer documents set forth in Exhibit 2.1(a) and 2.1(b) for real property rights and the form of Bill of Sale set forth in Exhibit 2.1(c) for personal property.

Section 2.2 Permits.

To the extent permitted by law, Escanaba shall assign, substantially in the form of the assignment attached hereto as Exhibit 2.2 (unless another form of assignment is required by the other party to such agreement, e.g. railroads) or grant to ATCLLC, to the extent necessary for the operation of the Transferred Assets, all building permits, certificates of occupancy, utility reservations or allocations, certificates of compliance, railroad licenses, permits and crossing agreements and any other licenses, permits, authorizations or approvals, all as listed on Schedule 2.2 (collectively, the "Permits"), which Permits are listed on Schedule 2.2. Such assignment shall be non-exclusive to the extent that a Permit relates to other assets owned, leased or operated by Escanaba.

Section 2.3 Contracts.

Escanaba shall assign to ATCLLC, in substantially the form of the assignment attached hereto as Exhibit 2.3(a), all contracts necessary for the operation of the Transferred Assets (excluding those being used by Escanaba to continue to provide future goods or services to ATCLLC under an interconnection or other agreement), all as listed on Schedule 2.3 (collectively, the "Contracts").

Section 2.4 Warranties.

(a) Schedule 2.4 sets forth any warranties of third parties pertaining directly to the respective Transferred Assets. The Parties acknowledge that the Transferred Assets may also be covered by additional warranties of third parties not identified on Schedule 2.4. Escanaba's warranty assignment is intended to include all warranties applicable to the Transferred Assets, or any portion thereof, whether or not listed on Schedule 2.4. Escanaba agrees to cooperate with any reasonable request of ATCLLC in the future to examine its warranty records in good faith as may be applicable to the Transferred Assets and, to the extent further applicable warranties of

third parties are discovered, supplement Schedule 2.4 in the future to assign such discovered warranties to ATCLLC. Escanaba agrees to cooperate with any reasonable request of ATCLLC in presenting any warranty claims on Transferred Assets, as appropriate, whether pursuant to this Section 2.4, future supplements hereto, or otherwise.

(b) Escanaba shall assign and transfer to ATCLLC in substantially the form of the assignment attached hereto as Exhibit 2.4 all of Escanaba's right, title, and interest in the warranties listed in Schedule 2.4, effective as of the Closing Date. ATCLLC accepts the foregoing assignment from Escanaba, subject in all cases to the terms and conditions of such warranties as herein assigned. The Parties agree that they shall do such further acts and execute such documents and instruments as may be reasonably required to make the assignment contemplated in this Agreement effective.

Section 2.5 Allocation of Liability.

(a) Excluded Obligations. Except as otherwise expressly provided to the contrary in this Agreement, Escanaba shall be responsible and liable for the ownership and operation of the Transferred Assets, liabilities in respect of Taxes, and all Losses and Environmental Losses associated therewith, including those associated with third party actions for personal injury, death, property damage, tort or other Claims or Environmental Claims arising out of the ownership or operation of the Transferred Assets, in each case to the extent arising during or relating to the period prior to the Closing Date (the "Excluded Obligations").

(b) Assumed Obligations of ATCLLC.

(i) With respect to the Transferred Assets transferred under the form attached as Exhibit 2.1(c), and except as otherwise expressly provided to the contrary in this Agreement, ATCLLC shall be responsible and liable for the ownership and operation of the Transferred Assets, liabilities in respect of Taxes, and all Losses and Environmental Losses associated therewith, including Claims and Environmental Claims associated with third party actions for personal injury, death, property damage, tort or other Claims or Environmental Claims arising out of the ownership or operation of the Transferred Assets, in each case to the extent arising during or relating to the period from and after the Closing Date (the "Assumed Obligations").

Article III

PURCHASE PRICE

The Purchase Price for the Transferred Assets will be their total net book value as of the month end prior to the Closing Date, as reflected on the books of Escanaba, and as set forth on Schedule 3 to this Agreement. In exchange for the Transferred Assets, ATCLLC shall pay Escanaba the Purchase Price in cash on the Closing Date, by wire transfer of immediately available funds to an account designated by Escanaba.

Article IV
REPRESENTATIONS AND WARRANTIES OF ESCANABA

Escanaba represents and warrants to ATCLLC as follows:

Section 4.1 Organization and Authority of Escanaba.

Escanaba is a Michigan municipal utility acting as a local distribution company organized and existing under the laws of the State of Michigan and has full power to carry on its business as it is now being conducted and to own, operate and hold its assets and properties as and where such properties and assets now are owned, operated or held. Escanaba's execution, delivery and performance of this Agreement and of all of the other documents and instruments required under this Agreement are within the authority of Escanaba. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by Escanaba and no other proceedings on the part of Escanaba are necessary to authorize this Agreement or to consummate the transactions contemplated herein.

Section 4.2 Environmental Matters; No Violations.

(a) The Transferred Assets (i) have been operated and maintained in a manner that complies in all material respects with any and all applicable Environmental Laws; (ii) to Escanaba's knowledge, have never contained nor currently contain any underground storage tanks; and (iii) have never been used by Escanaba or, to Escanaba's knowledge, by any previous owners, occupants or tenants, if any, to generate, manufacture, refine, transport, treat, store, handle or dispose of any Hazardous Substances, and, to Escanaba's knowledge, no such Hazardous Substances exist on or within any soil or groundwater relating in any way to any Transferred Asset.

(b) Escanaba has not received nor does it have any knowledge of any summons, citation, directive, letter or other communication, oral or written, concerning (i) the existence of Hazardous Substances on or in the immediate vicinity of the Transferred Assets; and (ii) the Release, emptying, or dumping of Hazardous Substances relating in any way to any Transferred Asset.

Section 4.3 Consents and Approvals; No Violations.

Except as set forth on Schedule 4.3(a), no filing or registration with, and no permit, authorization, consent, order or approval of, any Governmental Authority is necessary or required in connection with the execution and delivery of this Agreement by Escanaba or for the consummation by Escanaba of the transactions contemplated by this Agreement. Upon obtaining any required approvals, neither the execution, delivery or performance of this Agreement nor the consummation of the transactions contemplated hereby by Escanaba will (i)

conflict with or result in any breach of any provision of the Organizational Documents of Escanaba, (ii) subject to obtaining the third party consents identified in Schedule 4.3(b) hereto, result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, acceleration or increased cost) under, or otherwise result in any diminution of any of the rights of Escanaba with respect to, any of the terms, conditions or provisions of any security, note, bond, mortgage, indenture, license, contract or other instrument or obligation to which Escanaba is a party or by which it or any of them or any of their properties or assets may be bound or (iii) violate any order, writ, injunction, decree, statute, rule, ordinance or regulation applicable to Escanaba or any of its properties or assets except, in the case of clauses (ii) or (iii) above, for violations, breaches or defaults that, individually or in the aggregate, may not reasonably be expected to have a material adverse effect on the consummation of the transactions contemplated by this Agreement, ATCLLC or Escanaba and that will not prevent or delay the consummation of the transactions contemplated hereby.

Section 4.4 Legal Proceedings.

Except as specifically disclosed in Schedule 4.4, there are no complaints, claims, suits, actions, mediations, arbitrations, proceedings or investigations pending or, to the knowledge of Escanaba, threatened against or affecting Escanaba that relate to any Transferred Asset or would, if adversely determined, have a material adverse effect on Escanaba's ability to perform its obligations hereunder, or on the validity or enforceability of this Agreement.

Section 4.5 Title; Interests In Certain Assets.

Escanaba owns the Transferred Assets free and clear of all Encumbrances other than Permitted Encumbrances, and has good right and title to sell the same. Except for ATCLLC pursuant to the terms of this Agreement and the parties to contracts for pole attachment and fiber optic cable attachments, or as identified in Schedule 4.5, no Person has any rights to acquire or lease all or any portion of the Transferred Assets, or otherwise to obtain any interest therein, and there are no outstanding options, rights of first refusal or negotiation, rights of reverter or rights of first offer relating to the Transferred Assets or any interest therein.

Section 4.6 Adequacy of Assets.

The Transferred Assets have been maintained in accordance with Good Utility Practice, and will be so maintained through the Closing Date. All of the Transferred Assets are in good operating condition and repair, suitable for high voltage electric Transmission as currently owned or used and for interconnection with all other Transmission lines, Transmission facilities, Distribution facilities, generation facilities and other electrical equipment to which such Transmission lines are currently interconnected.

EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS ARTICLE IV AND THE INDEMNITIES AND OTHER TERMS OF THIS AGREEMENT, THE TRANSFERRED ASSETS ARE BEING SOLD AND TRANSFERRED "AS IS, WHERE IS," AND ESCANABA IS NOT MAKING ANY OTHER REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL,

STATUTORY, EXPRESS OR IMPLIED, CONCERNING SUCH TRANSFERRED ASSETS, INCLUDING, IN PARTICULAR, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED.

Article V
REPRESENTATIONS AND WARRANTIES OF ATCLLC

ATCLLC represents and warrants to Escanaba as follows:

Section 5.1 Organization and Authority of ATCLLC.

ATCLLC is a Wisconsin limited liability company duly organized and validly existing under the laws of Wisconsin. The execution, delivery and performance of this Agreement, and of all of the other documents and instruments required hereby by ATCLLC are within the limited liability company power of ATCLLC. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by ATCLLC, its managing member, and by ATC Management Inc.'s board of directors, if necessary, and no other corporate proceedings on the part of ATCLLC or ATC Management Inc. are necessary to authorize this Agreement or to consummate the transactions contemplated herein.

Section 5.2 Legal Proceedings.

There are no complaints, claims, suits, actions, mediations, arbitrations or proceedings or investigations pending or, to the knowledge of ATCLLC, threatened against or affecting ATCLLC that would, if adversely determined, have a material adverse effect on ATCLLC's ability to perform its obligations hereunder, or on the validity or enforceability of this Agreement.

Section 5.3 Consents and Approvals; No Violations

Except as set forth on Schedule 5.3, no filing or registration with, and no permit, authorization, consent, order or approval of any Governmental Authority is necessary or required in connection with the execution and delivery of this Agreement by ATCLLC or for the consummation by ATCLLC of the transactions contemplated by this Agreement. Upon obtaining any required approvals, neither the execution, delivery or performance of this Agreement nor the consummation of the transactions contemplated hereby by ATCLLC will (i) conflict with or result in any breach of any provision of the Organizational Documents of ATCLLC, (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, acceleration or increased cost) under, or otherwise result in any diminution of any of the rights of ATCLLC with respect to, any of the terms, conditions or provisions of any security, note, bond, mortgage, indenture, license, contract or other instrument or obligation to which ATCLLC is a party or by which it or any of its properties or assets may be bound or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to ATCLLC or any of its properties or assets except, in the case of clauses (ii) or (iii) above, for violations, breaches or defaults that, individually or in the aggregate, may not reasonably be expected to have a material adverse effect on the closing of

the transactions contemplated by this Agreement, Escanaba, or ATCLLC and that will not prevent or delay the consummation of the transactions contemplated hereby.

Article VI
COVENANTS

Section 6.1 Conduct of Business.

(a) During the period from the date of this Agreement to the Closing Date, Escanaba shall conduct all of its operations that concern any of the Transferred Assets in the ordinary and usual course of business consistent with Good Utility Practice.

(b) The Parties agree that, during the period from the date of this Agreement to the Closing Date: (i) the Parties will confer and coordinate on a regular and frequent basis with one or more representatives of each other to discuss the general status of the Transferred Assets and the operation of same; and (ii), the Escanaba will promptly notify ATCLLC of any significant changes in the Transferred Assets or the operation of same.

(c) Subject to the terms of this Agreement, the Parties will use their reasonable best efforts to take, or cause to be taken, all action to do, or cause to be done, all things or execute any documents necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement.

Section 6.2 Consents and Approvals.

(a) The Parties shall cooperate and use all commercially reasonable efforts to promptly prepare and file all necessary documentation to effect all necessary applications, notices, petitions, filings and other documents, and to use all commercially reasonable efforts to obtain (and will cooperate with each other in obtaining) any consent, acquiescence, authorization, order or approval of, or any exemption or non-opposition by, any Governmental Authority required to be obtained or made by either Party in connection with this Agreement or the taking of any action contemplated by this Agreement. Each Party shall have the right to review and approve in advance all characterizations of the information relating to such Party which appear in any filing made in connection with the transactions contemplated by this Agreement, such approvals not to be unreasonably withheld. The Parties shall consult with the other with respect to the obtaining of all such necessary approvals of Governmental Authorities and shall keep each other informed of the status thereof.

(b) The Parties will use all commercially reasonable efforts to obtain consents of all other third parties necessary to the consummation of the transactions contemplated by this Agreement. The Parties shall promptly notify each other of any failure or anticipated failure to obtain any such consents and, if requested, shall provide copies of all such consents.

Section 6.3 Casualty.

Escanaba shall bear the risk of all loss or damage to the Transferred Assets from all causes through the Closing Date. If any of the Transferred Assets are damaged by fire or other casualty prior to the Closing Date, then the Parties shall proceed to Closing without a reduction

in the Purchase Price; provided that ATCLLC shall receive an assignment of all rights, title and interest in and to any insurance proceeds relating to such casualty, and provided further that Escanaba shall remain liable to pay ATCLLC the amount of cash necessary to complete restoration to the extent the insurance proceeds are not sufficient.

Section 6.4 Continued Conveyance.

Escanaba intends that the Transferred Assets are all of the assets that Escanaba intends to convey to ATCLLC. To the extent Escanaba retains any assets intended to be conveyed or required to be conveyed under regulatory orders, Escanaba shall convey such assets to ATCLLC, and to the extent ATCLLC receives any assets not intended or required to be transferred, ATCLLC shall re-convey such assets to Escanaba.

Section 6.5 Access to Assets.

Escanaba shall, from the date of the execution of this Agreement, until the Closing Date, allow ATCLLC and its designees access at reasonable times and places to any and all of the Transferred Assets for the purpose of inspecting same.

Article VII
CONDITIONS PRECEDENT

Section 7.1 Mutual Conditions Precedent.

Each Party's obligation to consummate the Closing of this Agreement is conditioned upon each of the following:

(a) No action, suit, proceeding or investigation by or before any Governmental Authority shall have been instituted or threatened which may restrain, prohibit or invalidate any of the transactions contemplated by this Agreement or which may affect the rights of a Party to operate or control the Transferred Assets or any part thereof on and after the Closing Date.

(b) All required consents or approvals relating to any Contract or Permit of the Parties shall have been obtained, other than those which if not obtained, would not, in the aggregate, have a material adverse effect on ATCLLC, Escanaba or any of the Transferred Assets.

(c) Escanaba and ATCLLC shall have received all necessary approvals from the appropriate Governmental Authorities.

Section 7.2 Conditions Precedent to Obligations of ATCLLC.

All obligations of ATCLLC under this Agreement to be performed on and after the Closing Date are, at the option of ATCLLC, subject to the satisfaction of the following conditions precedent on or before the Closing Date, as indicated below:

(a) Proceedings Satisfactory. All actions, proceedings, instruments, opinions and documents required to carry out this Agreement or incidental hereto, and all other related legal matters, shall be reasonably satisfactory to ATCLLC. Escanaba shall have delivered to

ATCLLC on the Closing Date such documents and other evidence as it may reasonably request in order to establish the consummation of transactions relating to the execution, delivery and performance by Escanaba of this Agreement, the transfer and conveyance of the Transferred Assets, the execution of all other documents or instruments required hereby, and the compliance with the conditions set forth in this Section 7.2 in form and substance reasonably satisfactory to ATCLLC.

(b) Instruments of Transfer and Other Instruments. Escanaba shall have delivered to ATCLLC, on or prior to the Closing Date, the following:

(i) the documents and instruments required by Article II; and

(ii) such other documents as may reasonably be requested to consummate the transfer of the Transferred Assets to ATCLLC.

(c) Representations and Warranties of the Transferor Correct. The representations and warranties made by Escanaba in Article IV shall be (and tender by Escanaba of any documents required to be delivered as of the Closing Date shall constitute a representation by Escanaba as of the Closing Date that, except as otherwise specifically approved in writing by ATCLLC, such representations and warranties of Escanaba are) true and correct in all material respects on and as of the Closing Date with the same force and effect as though all such representations and warranties had been made on and as of the Closing Date.

(d) Compliance with Terms and Conditions. All of the terms, covenants, agreements and conditions of this Agreement to be complied with and performed by Escanaba on or before the Closing Date shall have been (and tender by Escanaba of any documents required to be delivered at the Closing by Escanaba shall constitute a representation by Escanaba as of the Closing Date that, except as otherwise specifically approved in writing by ATCLLC, they have been) complied with and performed in all material respects.

(e) Certificates. Escanaba shall have delivered or caused to be delivered to ATCLLC all such certificates, dated as of the Closing Date, as ATCLLC shall reasonably request to evidence the fulfillment by Escanaba as of the Closing Date, of the terms and conditions of this Agreement, including the Foreign Investment in Real Property Tax Act certification and affidavit, if applicable, substantially in the form of Exhibit 8.2(e) hereto

(f) Legal Opinion of Escanaba's Counsel. ATCLLC shall receive the favorable opinion of counsel for Escanaba, addressed to ATCLLC and dated as of the Closing Date, in form and substance satisfactory to ATCLLC and substantially in the form of Exhibit 8.2(f) hereto.

(g) Project Map: Escanaba shall prepare a map showing the location of all Transferred Assets (a "Project Map") and attach it as Schedule 7.2.

(h) Environmental Information. No later than fifteen business days before the Closing, Escanaba will provide ATCLLC with any written material or communications in any form or medium whatsoever, including, without limitation, internal memoranda, investigations, audits, reviews, studies or other analyses (including Phase I or Phase II reports), in its possession or under its control concerning the status of the Transferred Assets under Environmental Laws

(collectively, the "Environmental Information"). Any propriety or confidential information contained in such Environmental Information will be conveyed pursuant to a joint defense or other confidentiality agreement to be entered into between ATCLLC and Escanaba.

(i) The Transferred Assets will be subject to ATCLLC's final inspection and approval, which will not be unreasonably withheld or delayed.

Section 7.3 Conditions Precedent to Obligations of Escanaba.

All obligations of Escanaba hereunder to be performed on or after the Closing Date are, at the option of Escanaba, subject to the satisfaction of the following conditions on or before the Closing Date, as indicated below:

(a) Proceedings Satisfactory. All actions, proceedings, instruments, opinions and documents required to carry out this Agreement or incidental hereto and all other related legal matters shall be reasonably satisfactory to Escanaba and counsel for Escanaba. ATCLLC shall have delivered to Escanaba on the Closing Date such documents and other evidence as Escanaba may reasonably request in order to establish the consummation of transactions relating to the execution, delivery and performance by ATCLLC of this Agreement, in form and substance reasonably satisfactory to Escanaba.

(b) Compliance with Terms and Conditions. All of the terms, covenants and conditions of this Agreement to be complied with and performed by ATCLLC on or before the Closing Date shall have been (and tender by ATCLLC of any documents required to be delivered at the Closing by ATCLLC shall constitute a representation by ATCLLC as of the Closing Date that, except as otherwise specifically approved in writing by Escanaba, they have been) complied with and performed in all material respects.

(c) Representations and Warranties of ATCLLC Correct. All the representations and warranties made by ATCLLC in Article V hereinabove shall be (and the execution by ATCLLC of any documents required to be delivered at the Closing shall constitute a representation by ATCLLC as of the Closing that, except as otherwise specifically approved in writing by Escanaba, such representations and warranties of ATCLLC are) true and correct in all material respects on and as of the Closing Date with the same force and effect as though all such representations and warranties had been made on and as of the Closing Date.

(d) Certificates. ATCLLC shall have delivered to Escanaba all such certificates, dated as of the Closing Date, as Escanaba shall reasonably request to evidence the fulfillment by ATCLLC, as of the Closing Date, of the terms and conditions of this Agreement.

(e) Legal Opinion of ATCLLC's Counsel. Escanaba shall receive the favorable opinion of Counsel for ATCLLC, addressed to Escanaba and dated the Closing Date, in form and substance reasonably satisfactory to Escanaba, substantially in the form set forth in Exhibit 8.3(e) hereto.

Article VIII
INDEMNIFICATION

Section 8.1 Indemnification.

(a) General. Except as otherwise provided in Section 8.1 (b),(c), (d), or (e) each Party shall indemnify and hold the other harmless for any liabilities, losses, damages and expenses (including attorneys fees and expenses) (together, a "Claim") relating to such Party's breach of any representation or warranty or failure to fulfill any covenant or agreement contained herein; *provided, however*, that neither Party shall be liable to the other Party in contract, tort, warranty, strict liability or any other legal theory for any indirect, consequential, incidental, punitive or exemplary damages.

(b) Environmental.

(i) Escanaba agrees to indemnify ATCLLC and each Person potentially liable through ATCLLC, including its officers, directors, shareholders, employees and agents harmless from and against Losses, Environmental Claims, liabilities, losses, damages, and expenses (including, without limitation, the reasonable costs of investigation, testing, containment, removal, clean-up, restoration, abatement, remediation and attorneys fees and costs), arising or incurred by any of them which arise out of an alleged contamination of water, land or air resulting from or relating in any way to any Transferred Asset.

(ii) The environmental indemnification shall exclude those Environmental Claims, liabilities, losses, damages, and expenses arising from action, inaction or a condition first existing after the Closing Date or arising out of an action, inaction or condition occurring after the Closing Date. In the event that any Environmental Claims, liabilities, losses, damages, and expenses are aggravated or exacerbated by action, inaction or condition occurring after the Closing Date, Escanaba will still indemnify ATCLLC, but ATCLLC will be responsible for any Environmental Claims, liabilities, losses, damages, and expenses in proportion to the actual harm caused by events occurring after the Closing Date.

(c) Burden of Proof. Escanaba shall bear the burden of proving that any Environmental Claims, liabilities, losses, damages, and expenses did not arise from an action or omission that occurred prior to the Closing Date.

(d) Land Rights. Escanaba agrees to indemnify ATCLLC and with respect to any dispute regarding (i) Escanaba's right to assign or convey any right or interest therein; (ii) the validity or assignability of any easement or lease; in each case where it would be reasonable and prudent for ATCLLC to exercise its condemnation power and where such defect has not previously been resolved through the exercise of prescriptive rights or other action. The indemnification obligation hereunder shall be limited to the reasonable costs incurred by ATCLLC to condemn the applicable parcel, including, without limitation, the condemnation award, attorneys fees and other costs incurred relative to such condemnation award and shall include reasonable internal costs (e.g., ATCLLC staff or internal ATCLLC counsel expense).

(e) Additional Limitations. NOTWITHSTANDING ANYTHING TO THE CONTRARY ELSEWHERE IN THIS AGREEMENT OR PROVIDED FOR UNDER ANY LAW, NO PARTY WILL, IN ANY EVENT, BE LIABLE TO THE OTHER PARTY, EITHER IN CONTRACT OR IN TORT, FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, OR PUNITIVE DAMAGES OF THE OTHER PARTY, INCLUDING LOSS OF FUTURE REVENUE, INCOME, OR PROFITS, DIMINUTION OF VALUE, OR LOSS OF BUSINESS REPUTATION OR OPPORTUNITY, RELATING TO THE BREACH OR ALLEGED BREACH OF THIS AGREEMENT, WHETHER OR NOT THE POSSIBILITY OF SUCH DAMAGES HAS BEEN DISCLOSED TO THE OTHER PARTY IN ADVANCE OR COULD HAVE BEEN REASONABLY FORESEEN BY SUCH OTHER PARTY.

(f) Notice of Discovery, Loss, Damage, or Proceedings. Each Party shall promptly notify the other Party of any discovery of Hazardous Substance, loss, damage or proceeding in respect of which such notifying Party is or may be entitled to indemnification pursuant to Section 8.1. Such notice shall be given as soon as reasonably practicable after the relevant Party becomes aware of the Hazardous Substance, the damage, claim or proceeding and that such claim or proceeding may give rise to an indemnification obligation. The delay or failure of such indemnified Party to provide the notice required pursuant to this Section 8.1 shall not release the other Party from any indemnification obligation which it may have to such indemnified Party except (i) to the extent that such failure or delay materially and adversely affected the indemnifying Party's ability to defend such action or increased the amount of the claim, and (ii) that the indemnifying Party shall not be liable for any costs or expenses of the indemnified Party in the defense of the claim, suit, action or proceeding during such period of failure or delay.

Section 8.2 Defense of Claims

(a) Unless and until the indemnifying Party acknowledges in writing its obligation to indemnify the indemnified Party to the extent required pursuant to this Article VIII, and assumes control of the defense of a claim, suit, action or proceeding in accordance with Section 8.2(b), the indemnified Party shall have the right, but not the obligation, to contest, defend and litigate, with counsel of its own selection, any claim, action, suit or proceeding by any third party alleged or asserted against such Party in respect of, resulting from, related to or arising out of any matter for which it is entitled to be indemnified hereunder, and the reasonable costs and expenses thereof shall be subject to the indemnification obligations of the indemnifying Party hereunder.

(b) Upon acknowledging in writing its obligation to indemnify an indemnified Party to the extent required pursuant to this Article VIII and paying all reasonable costs incurred by an indemnified Party in its defense, including, without limitation, legal fees, the indemnifying Party shall be entitled, at its option (subject to Section 8.2(d)), to assume and control the defense of such claim, action, suit or proceeding at its expense with counsel of its selection, subject to the prior reasonable approval of the indemnified Party.

(c) Neither the indemnifying Party nor the indemnified Party shall be entitled to settle or compromise any such claim, action, suit or proceeding without the prior written consent of the other; *provided, however*, that after agreeing in writing to indemnify the indemnified Party, the indemnifying Party may, subject to Section 8.2(d), settle or compromise any claim without the approval of the indemnified Party. Except where such consent is unreasonably withheld, if a

Party settles or compromises any claim, action, suit or proceeding in respect of which it would otherwise be entitled to be indemnified by the other Party, without the prior written consent of the other Party, the other Party shall be excused from any obligation to indemnify the Party making such settlement or compromise in respect of such settlement or compromise.

(d) Following the acknowledgment of the indemnification and the assumption of the defense by the indemnifying Party pursuant to Section 8.2(b), the indemnified Party shall have the right to employ its own counsel and such counsel may participate in such action, but the fees and expenses of such counsel shall be at the expense of such indemnified Party, when and as incurred, unless: (i) the employment of counsel by such indemnified Party has been authorized in writing by the indemnifying Party; (ii) the indemnified Party shall have reasonably concluded and specifically notified the indemnifying Party that there may be a conflict of interest between the indemnifying Party and the indemnified Party in the conduct of the defense of such action; (iii) the indemnifying Party shall not in fact have employed independent counsel reasonably satisfactory to the indemnified Party to assume the defense of such action and shall have been so notified by the indemnified Party; or (iv) the indemnified Party shall have reasonably concluded and specifically notified the indemnifying Party that there may be specific defenses available to it which are different from or additional to those available to the indemnifying Party or that such claim, action, suit or proceeding involves or could have a material adverse effect upon the indemnified Party beyond the scope of this Agreement. If clause (ii), (iii) or (iv) of the preceding sentence shall be applicable, then counsel for the indemnified Party shall have the right to direct the defense of such claim, action, suit or proceeding on behalf of the indemnified Party and the reasonable fees and disbursements of such counsel shall constitute reimbursable legal or other expenses hereunder.

Section 8.3 Subrogation.

Upon payment of any indemnification by a Party pursuant to Section 8.1, the indemnifying Party, without any further action, shall be subrogated to any and all claims that the indemnified Party may have relating thereto, and such indemnified Party shall at the request and expense of the indemnifying Party cooperate with the indemnifying Party and give at the request and expense of the indemnifying Party such further assurances as are necessary or advisable to enable the indemnifying Party to pursue such claims.

Article IX
CLOSING

The closing (the "Closing") shall occur on a mutually agreeable date within ten business days of obtaining the last governmental approval or third party consent, or at such other time thereafter as is mutually agreed to by the Parties (the "Closing Date"). The effective date of the transfer of the Transferred Assets shall be 12:01 a.m. Central Time on the next business day following the Closing Date. On the Closing Date, the Parties agree to take the actions required by this Agreement and all such actions shall be deemed to have occurred simultaneously.

Section 9.1 Closing Costs.

(a) ATCLLC shall pay the cost of recording the deeds and other instruments conveying any real property to ATCLLC in relation to the Transferred Assets.

(b) Escanaba shall pay all state, county and, if applicable, municipal transfer Taxes levied on the Transferred Assets; the costs and expenses of any title commitment, title insurance and surveys required hereunder, if any; and all costs and expenses of releasing liens and security interests (except those constituting Permitted Encumbrances) on any of the Transferred Assets.

(c) Title company fees for document handling and closing shall be shared equally by the Parties.

(d) Except as otherwise provided in this Agreement, each Party shall pay the fees and expenses of its own legal counsel.

Section 9.2 Prorations.

The following items shall be prorated and adjusted between the Parties or paid at Closing: (i) Taxes on real property shall be prorated on a calendar year basis to the Closing Date; (ii) Taxes on personal property, if any, shall be prorated on a calendar year basis to the Closing Date; and (iii) rents and other charges due under any leased property that is a Transferred Asset shall be prorated to the Closing Date. If the Closing shall occur before the Tax rates are fixed for any Taxes to be prorated hereunder, the apportionment of such Taxes shall be upon the basis of the most recent ascertainable Taxes.

Section 9.3 Default and Remedies.

In the event that Escanaba fails to consummate the transactions described in this Agreement for any reason other than ATCLLC's default, Escanaba shall be in default and ATCLLC shall be entitled to specific performance of this Agreement.

Article X
POST CLOSING

Section 10.1 Further Assurances.

Subject to the terms of this Agreement, the Parties will use their reasonable best efforts to take, or cause to be taken, all action to do, or cause to be done, all things or execute any documents necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement. On and after the Closing Date Escanaba and ATCLLC will take all reasonably appropriate action and execute any documents, instruments or conveyances of any kind which may be reasonably necessary to carry out any of the provisions hereof and correct any errors and omissions.

Section 10.2 Survival of Representations, Warranties and Covenants.

The Parties' representations and warranties contained in this Agreement shall survive the Closing Date for a period of three years; provided, *however*, that the representations and warranties set forth in Sections 4.1, 4.2, 4.4, 5.1 and 5.2 shall survive the Closing indefinitely. Any indemnification obligation pursuant to Article VIII associated with the Parties' representations and warranties shall survive for the corresponding survival period. The covenants of the Parties shall survive indefinitely unless a shorter period of survival is provided for in this Agreement, and any indemnification obligation pursuant to Article VIII associated with the covenants of the Parties shall survive for the corresponding survival period.

Section 10.3 Access to Records.

(a) Escanaba shall provide to ATCLLC all originals and/or copies of all design drawings, electrical diagrams, maps, operations and maintenance records, materials standards, and manuals regarding employee safety and equipment operation in its possession and necessary or useful to operate and maintain the Transferred Assets consistent with Good Utility Practice.

(b) ATCLLC may review other information and records relating to the Transferred Assets in Escanaba's possession at the business locations where such other information is normally located, during normal business hours, and upon reasonable notice. In the alternative, such other information and records may be provided in electronic form or hard copy, as the Parties may agree.

(c) Neither Party shall charge the other for any costs associated with complying with this Section 10.3 during the first four years following the Closing Date except as the Parties may otherwise agree. Thereafter, the Party seeking information and records of the other Party shall pay the reasonable costs of the other Party for providing such information and records or access thereto.

Article XI
MISCELLANEOUS

Section 11.1 Notices.

All notices, consents, requests, demands, offers, reports or other communications required or permitted to be given pursuant to this Agreement shall be in writing and considered properly given or made when personally delivered to the Person entitled thereto, when sent by certified or registered United States mail in a sealed envelope, with postage prepaid, or when sent by overnight courier, addressed as set forth below. Any Party may change its address by giving notice to the other Party as aforesaid.

If to ATCLLC:

AMERICAN TRANSMISSION COMPANY LLC
c/o **ATC MANAGEMENT INC.**
W234 N2000 Ridgeview Parkway Court
Waukesha, WI 53188
Attention: Corporate Secretary

If Escanaba:

Section 11.2 Entire Agreement.

This Agreement, along with all Exhibits, Schedules and other attachments hereto, and the agreements delivered simultaneously herewith, constitute the entire understanding and agreement between the Parties with respect to the subject matter hereof, and supersedes any and all prior negotiations, understandings or agreements with respect thereto.

Section 11.3 Interpretation and Construction.

The headings and captions in this Agreement are inserted for convenience and identification only and are in no way intended to define, limit or expand the scope and intent of this Agreement or any provision hereof. The references to Sections or Articles in this Agreement are to Sections and Articles of this Agreement, except where otherwise indicated. Where the context so requires, the masculine shall include the feminine and the neuter, and singular shall include the plural.

Section 11.4 Counterparts.

This Agreement may be executed in multiple counterpart copies, each of which shall be considered an original and all of which shall constitute one and the same instrument.

Section 11.5 Binding on Successors; Assignment.

This Agreement and all of the terms and provisions hereof shall be binding upon, and inure to the benefit of, the Parties and their respective successors and assigns. ATCLLC shall be entitled to assign this Agreement to any Person that acquires the Transferred Assets.

Section 11.6 Governing Law.

This Agreement, and the rights and obligations of the Parties hereto shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to conflicts of laws principles. The Circuit Courts in Dane County, Wisconsin or the Federal District Court for the Western District of Wisconsin shall have personal jurisdiction over the Parties with respect to any action relating to or arising under this Agreement. Any court action commenced

in connection with a dispute arising from this Agreement shall be commenced exclusively in such Wisconsin courts.

Section 11.7 Severability.

If any provision of this Agreement or the application thereof to any Person or circumstance shall, to any extent, be held to be invalid or unenforceable in any jurisdiction, the validity and enforceability of the Agreement or the application of such provision to any other Persons or circumstances shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the extent permitted by law in every jurisdiction.

Section 11.8 Amendments and Waivers.

This Agreement may be amended only by a written instrument executed by ATCLLC and Escanaba. Either Party may extend the time for or waive the performance of any obligation of the other Party, waive any inaccuracies in the representations or warranties of such Party, or waive compliance by such Party with any of the terms and conditions contained in this Agreement. Any such extension or waiver shall be in writing and executed by the Party granting the waiver. Notwithstanding the foregoing, the failure of any Party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement or any part of such provision or the right of that Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach.

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IN WITNESS WHEREOF, ATCLLC has caused this Agreement to be executed by its duly authorized representative as of the date first set forth above.

AMERICAN TRANSMISSION COMPANY LLC,
a Wisconsin limited liability company
By: ATC Management Inc., its corporate manager

By:_____
Name:
Title:

IN WITNESS WHEREOF, Escanaba has caused this Agreement to be executed by its duly authorized representative as of the date first set forth above.

ESCANABA MUNICIPAL ELECTRIC UTILITY

a Michigan [municipality acting as an electric utility]

By:_____
Name:
Title:

SCHEDULE 2.1(a)

INVENTORY OF LAND RIGHTS AND PERMITTED ENCUMBRANCES

[SEE ATTACHED]

SCHEDULE 2.1(b)

TRANSFERRED ASSETS

[SEE ATTACHED]

SCHEDULE 2.2

PERMITS

SCHEDULE 2.3

CONTRACTS

SCHEDULE 2.4

WARRANTIES

This schedule identifies certain warranties covering certain of the Transferred Assets. The Parties acknowledge that the Transferred Assets may also be covered by additional warranties not identified on the schedule; however, Escanaba's warranty assignment is intended to include all warranties applicable to the Transferred Assets, or any portion thereof, whether or not listed below. Escanaba will continue, in good faith, to examine its warranty records as may be applicable to the Transferred Assets and, to the extent further applicable warranties are discovered, supplement this schedule in the future to assign such discovered warranties to ATCLLC. Escanaba agrees to cooperate with ATCLLC in presenting any warranty claims on Transferred Assets, as appropriate, whether pursuant to this schedule, future supplements thereto, or otherwise.

SCHEDULE 4.3(a)

REQUIRED APPROVALS OF ESCANABA

SCHEDULE 4.3(b)

THIRD PARTY CONSENTS

SCHEDULE 4.4

LITIGATION

SCHEDULE 4.5

INTEREST IN TRANSFERRED ASSETS

SCHEDULE 5.3

REQUIRED APPROVALS OF ATCLLC

SCHEDULE 7.2

PROJECT MAP

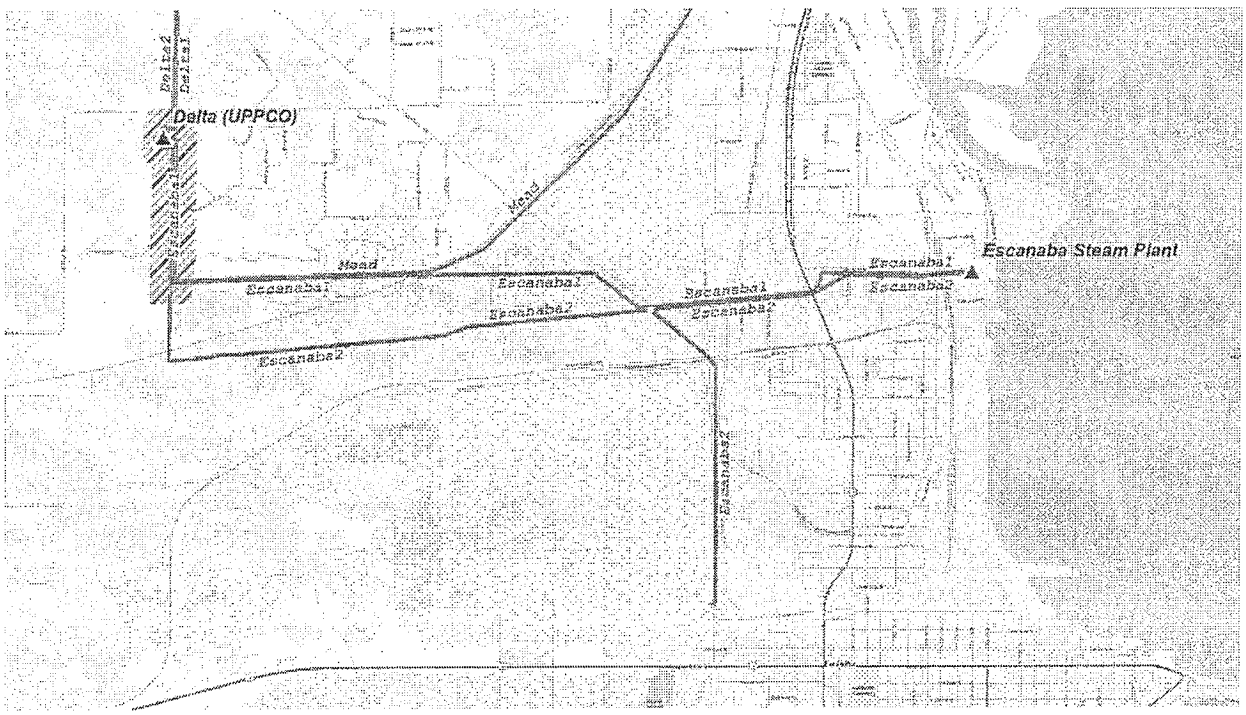

EXHIBIT 2.1(a)

EASEMENT ASSIGNMENT

Document Number	Document Title

This Easement Assignment ("Assignment") is made by and between Escanaba Municipal Electric Utility, a Michigan municipality acting as an electric utility ("Assignor"), and American Transmission Company LLC, a Wisconsin limited liability company ("Assignee").

Recording Area

Name and Return Address:
American Transmission Company
Attn: Real Estate Department
PO Box 47
Waukesha, WI 53187-0047

Except as expressly reserved below, Assignor hereby assigns to Assignee all of Assignor's right, title and interest in and to various easements identified on the attached and incorporated Exhibit A ("Easements"). Also included are Assignor's appurtenant rights, privileges and easements thereunto belonging, if any, in and to streets, roads, avenues, highways and lake and river bottoms adjoining the real property described in such Easements to the extent that any of the foregoing constitute real property of Assignor under applicable federal, state or local law, rule, regulation or governmental requirement of any kind to the extent appurtenant to such Easements.

Expressly reserved to Assignor from the Assignment herein made is the continued right of Assignor to place, maintain, modify, operate, replace and repair, within the lands described in the Easements, electrical distribution lines and appurtenances where currently existing or as intended as of the date of this Assignment. For purposes of the foregoing sentence, "intended" is specifically defined as being limited to distribution which is (i) under construction; (ii) subject to a written construction agreement; or (iii) subject to written plans for future distribution construction. Also reserved to Assignor is a nondiscriminatory right of access to the real estate subject to the Easements. For purposes of this Assignment, electrical "distribution" is defined as electrical facilities of less than 50 kV or as otherwise determined by order of the Public Service Commission of Wisconsin.

This Assignment, and the rights, obligations and interests assigned hereby shall be perpetual and shall run with the lands described within the Easements identified on Exhibit A, and shall be binding upon and inure to the benefit of Assignor and Assignee and each and all of their respective successors and assigns. This Assignment shall be construed in accordance with the laws of the State of Wisconsin.

This Assignment may be executed in one or more counterparts, all of which when taken together, shall constitute one and the same instrument.

This Assignment is made as of the _____ day of _____, 2013.

ASSIGNOR:

_____,
a Wisconsin corporation

By:_____
Name:_____
Title:_____

ACKNOWLEDGMENT

STATE OF WISCONSIN)
) SS.
COUNTY OF _____)

Personally came before me this _____ day of _____, 2013, the above-named _____, as _____ of _____, a Wisconsin corporation, to me known to be the person who executed the foregoing instrument in such capacity and acknowledged the same.

_____
Name:_____
Notary Public, Wisconsin
My Commission:_____

[ADDITIONAL SIGNATURE AND ACKNOWLEDGMENT ON FOLLOWING PAGE]

ASSIGNEE:
AMERICAN TRANSMISSION COMPANY LLC,
a Wisconsin limited liability company
By: ATC Management Inc., its Corporate Manager

By:_____
Name:_____
Title:_____

STATE OF WISCONSIN)
) SS.
COUNTY OF _____)

Personally came before me this _____ day of _____, 2013, the above-named _____, as _____ of ATC Management Inc., Manager of American Transmission Company LLC, a Wisconsin limited liability company, to me known to be the person who executed the foregoing instrument in such capacity and acknowledged the same.

_____
Name:_____
Notary Public, Wisconsin
My Commission:_____

This instrument was drafted by:

EXHIBIT 2.1(b)

GRANT OF TRANSMISSION LINE EASEMENT

Document Number

Document Title

This Grant of Transmission Line Easement ("Easement") is made by Escanaba Municipal Electric Utility, a Michigan municipality acting as an electric utility ("Grantor"), to American Transmission Company LLC, a Wisconsin limited liability company ("Grantee").

Recording Area

Name and Return Address:
American Transmission Company
Attn: Real Estate Department
PO Box 47
Waukesha, WI 53187-0047

For valuable consideration, the receipt of which is acknowledged, Grantor hereby conveys to Grantee and Grantee's successors and assigns, the right, permission and authority to place, maintain, operate, modify and replace "transmission" line structures of such material as Grantee may select, together with the necessary footings, stub supports and underground accessories, in such locations as may, from time to time, be selected by Grantee upon, along, over and across all that part of Grantor's premises within the boundaries of the strip of land described on Exhibit A ("Easement Area"). For purposes of this Easement, electrical "transmission" is defined as electrical facilities equal to 50 kV or greater or as otherwise determined by order of the Public Service Commission of Wisconsin. The rights granted to Grantee hereunder are nonexclusive and subject to: existing rights of third parties, Grantor's right to place, maintain, operate, modify and replace distribution facilities within the Easement Area, and Grantor's right to grant to others rights within the Easement Area; provided that none of the foregoing rights interfere with or unduly inconvenience Grantee's exercise of its rights under the Easement.

The right, permission and authority is also granted to Grantee to string, install, operate, maintain and replace wires and cables on said transmission line structures, supported by the necessary crossarms and appliances, over and across said Easement Area for the purpose of transmitting electric energy.

The right, permission and authority is also conveyed to Grantee to cut down and remove or trim all trees and overhanging branches now or hereafter existing on said strip of land, to cut down and remove brush, and to trim or cut down and remove such trees now or hereafter existing on the premises of the Grantor located outside the Easement Area by falling might interfere with or endanger said transmission lines.

Grantee and its agents shall have the right to enter upon the premises of Grantor adjacent to the Easement Area, if any, as necessary for the purpose of patrolling said lines and exercising the rights herein acquired, but payment shall be made by Grantee for damage, caused by Grantee.

Grantee covenants and agrees to use the Easement Area only in accordance with all applicable laws, ordinances, rules, regulations and requirements of all federal, state and municipal governments.

This Easement shall be binding upon and inure to the benefit of the successors or assigns of both parties hereto, and shall run with the land described on Exhibit A.

This Easement is made as of the ____ day of _____, 2013.

GRANTOR:

_____,
a Wisconsin corporation

By:_____
Name:_____
Title:_____

ACKNOWLEDGMENT

STATE OF WISCONSIN)
) SS.
COUNTY OF _____)

Personally came before me this ____ day of _____, 2013, the above-named _____, as _____ of _____, a Wisconsin corporation, to me known to be the person who executed the foregoing instrument in such capacity and acknowledged the same.

_____
Name:_____
Notary Public, Wisconsin
My Commission:_____

[ADDITIONAL SIGNATURE AND ACKNOWLEDGMENT ON FOLLOWING PAGE]

GRANTEE:
AMERICAN TRANSMISSION COMPANY LLC,
a Wisconsin limited liability company
By: ATC Management, Inc., its Corporate Manager

By:_____
Name:_____
Title:_____

STATE OF WISCONSIN)
) SS.
COUNTY OF _____)

Personally came before me this ____ day of _____, 2013, the above-named _____, as _____ of ATC Management Inc., Manager of American Transmission Company LLC, a Wisconsin limited liability company, to me known to be the person who executed the foregoing instrument in such capacity and acknowledged the same.

_____
Name:_____
Notary Public, Wisconsin
My Commission:_____

This instrument was drafted by:

Exhibit 2.1(c)

BILL OF SALE

Escanaba Municipal Electric Utility, a Michigan [municipality acting as a public utility] ("Transferor"), conveys to American Transmission Company LLC, a Wisconsin limited liability company ("Buyer"), for good and valuable consideration the personal property identified on the attached Exhibit A.

Transferor warrants and represents to Buyer that Transferor owns the aforementioned personal property free and clear of all liens and encumbrances, that Transferor has good right and title to sell the same, and further that Transferor will warrant and defend title to such personal property against the lawful claims and demands of all persons.

EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH ABOVE, AND SUBJECT TO THE REPRESENTATIONS, WARRANTIES, INDEMNITIES AND OTHER TERMS CONTAINED IN THE ASSET TRANSFER AGREEMENT, THE AFOREMENTIONED PERSONAL PROPERTY IS BEING CONVEYED "AS IS, WHERE IS," AND TRANSFEROR IS NOT MAKING ANY OTHER REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING SUCH PERSONAL PROPERTY, INCLUDING, IN PARTICULAR, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED.

The Bill of Sale is made as of the ___ day of _____, 2013.

TRANSFEROR:

_____,

By:_____
Name:_____
Title:_____

ACKNOWLEDGMENT

STATE OF _____))
) SS.
COUNTY OF _____)

Personally came before me this ____ day of _____, 2013, the above-named _____, as _____ of Escanaba Municipal Electric Utility, a Michigan [municipality acting as a public utility], to me known to be the person who executed the foregoing instrument in such capacity and acknowledged the same.

_____
Name:_____
Notary Public, State of _____

My Commission:_____

EXHIBIT 2.2

ASSIGNMENT AND ASSUMPTION OF PERMITS

This Assignment and Assumption of Permits ("Agreement") is made as of the ____ day of _____, 2013, by and between Escanaba Municipal Electric Utility, a Michigan municipality acting as an electric utility ("Assignor"), and American Transmission Company LLC, a Wisconsin limited liability company ("Assignee").

RECITALS

Assignor is a party in interest in and to certain permits identified on Schedule 3.3 of the Asset Transfer Agreement dated _____ __, 2013, between Assignor and Assignee (the "Asset Transfer Agreement"), which permits are also identified in their entirety on the attached Exhibit A. As part of the conveyance of certain other rights and interests ("Transferred Assets") under the Asset Transfer Agreement, Assignor intends to assign, and Assignee wishes to assume, Assignor's rights and obligations as pertain to "transmission" under certain building permits, certificates of occupancy, utility reservations or allocations, certificates of compliance, railroad licenses, permits, and crossing agreements, and any other licenses, permits, authorizations, or approvals necessary for the operation of the Transferred Assets (as identified on Schedule 3.3 of the Asset Transfer Agreement, the "Permits"). As used herein, "transmission" means electrical facilities equal to 50 kV or greater or as otherwise determined by order of the Public Service Commission of Wisconsin.

ASSIGNMENT AND ASSUMPTION

In consideration of the foregoing, the covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereby agree as follows:

1. Assignment. Assignor assigns and transfers to Assignee all of Assignor's right, title, interest and obligations in the Permits as pertain to transmission, effective as of _____, 2013 (the "Effective Date"). Assignor reserves all other right, title, interest and obligations of Assignor in the Permits.

2. Assumption. Assignee accepts the foregoing assignment from Assignor and assumes and agrees to perform all of the terms, conditions and provisions on Assignor's part to be performed with respect to the Permits as pertain to transmission.

3. Indemnification. Assignor agrees to indemnify and hold Assignee harmless from any and all obligations, duties, agreements and liabilities of Assignor under the Permits arising before the Effective Date, and thereafter as pertain to subject matter other than transmission. Assignee agrees to indemnify and hold Assignor harmless from any and all obligations, duties, agreements and liabilities of Assignor under the Permits as pertain to transmission arising from and after the Effective Date.

4. Further Acts. The Parties agree that they shall perform such further reasonable acts and execute such reasonable documents and instruments as may be required to make the assignments contemplated in this Agreement effective.

Executed as of the date first written above.

ASSIGNOR:
ESCANABA MUNICIPAL ELECTRIC UTILITY,

By:_____
Name:_____
Title:_____

ASSIGNEE:
AMERICAN TRANSMISSION COMPANY LLC,
a Wisconsin limited liability company
By: ATC Management Inc., its Manager

By:_____
Name:_____
Title:_____

EXHIBIT 2.3(a)

ASSIGNMENT AND ASSUMPTION OF CONTRACTS

This Assignment and Assumption of Contracts ("Agreement") is made as of the ____ day of _____, 2013, by and between Escanaba Municipal Electric Utility, a Michigan municipality acting as an electric utility ("Assignor"), and American Transmission Company LLC, a Wisconsin limited liability company ("Assignee").

RECITALS

A. Assignor is a party in interest in and to certain contracts identified on Schedule 3.4 of the Asset Transfer Agreement dated _____, 2013, between Assignor and Assignee (the "Asset Transfer Agreement") and also identified in their entirety on the attached Exhibit A (the "Contracts").

B. As part of the conveyance of certain other rights and interests ("Transferred Assets") under the Asset Transfer Agreement, Assignor intends to assign, and Assignee wishes to assume, Assignor's rights and obligations as pertain to transmission under the Contracts identified above. As used herein, "transmission" means electrical facilities equal to 50 kV or greater or as otherwise determined by order of the Public Service Commission of Wisconsin.

ASSIGNMENT AND ASSUMPTION

In consideration of the foregoing, the covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereby agree as follows:

1. Assignment. Assignor assigns and transfers to Assignee all of Assignor's right, title, interest and obligations in the Contracts as pertain to transmission, effective as of _____, 2013 (the "Effective Date"). Assignor reserves to itself all other right, title, interest and obligations of Assignor under the Contracts.

2. Assumption. Assignee accepts the foregoing assignment from Assignor and assumes and agrees to perform all of the terms, conditions and provisions on Assignor's part to be performed with respect to the Contracts as pertain to transmission.

3. Indemnification. Assignor agrees to indemnify and hold Assignee harmless from any and all obligations, duties, agreements and liabilities of Assignor under the Contracts arising before the Effective Date, and thereafter as pertain to subject matter other than transmission. Assignee agrees to indemnify and hold Assignor harmless from any and all obligations, duties, agreements and liabilities of Assignor under the Contracts as pertain to transmission arising from and after the Effective Date.

4. Further Acts. The Parties agree that they shall do such reasonable acts and execute such reasonable documents and instruments as may be required to make the assignments contemplated in this Agreement effective.

[SIGNATURES ON FOLLOWING PAGES]

Executed as of the date first written above.

ASSIGNOR:
ESCANABA MUNICIPAL ELECTRIC UTILITY,

By:_____
Name:_____
Title:_____

ASSIGNEE:
AMERICAN TRANSMISSION COMPANY LLC,
a Wisconsin limited liability company
By: ATC Management Inc., its Manager

By:_____
Name:_____
Title:_____

EXHIBIT 2.4

ASSIGNMENT AND ASSUMPTION OF WARRANTIES

This Assignment and Assumption of Warranties ("Agreement") is made as of the ____ day of _____, 2013, by and between Escanaba Municipal Electric Utility, a Michigan municipality acting as an electric utility ("Assignor"), and American Transmission Company LLC, a Wisconsin limited liability company ("Assignee").

RECITALS

Assignor is the named beneficiary in and to certain warranties as identified at Section 3.6 of an Asset Transfer Agreement dated _____ __, 2013, between Assignor and Assignee (the "Asset Transfer Agreement"), which warranties are also identified on the attached Exhibit A (the "Warranties"). As part of the conveyance of the Transferred Assets (as defined in the Asset Transfer Agreement), Assignor intends to assign and Assignee wishes to assume all of Assignor's rights under the Warranties.

ASSIGNMENT AND ASSUMPTION

In consideration of the foregoing, the covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereby agree as follows:

1. Assignment. Assignor assigns and transfers to Assignee all of Assignor's right, title, and interest in the Warranties, effective as of _____, 2013 (the "Effective Date").

2. Assumption. Assignee accepts the foregoing assignment from Assignor, subject in all cases to the terms and conditions of the Warranties as herein assigned.

3. Further Acts. The Parties agree that they shall do such further acts and execute such documents and instruments as may be required to make the assignment contemplated in this Agreement effective.

Executed as of the date first written above.

ASSIGNOR:
ESCANABA MUNICIPAL ELECTRIC UTILITY,

By:_____
Name:_____
Title:_____

[ADDITIONAL SIGNATURE ON FOLLOWING PAGE]

ASSIGNEE:
AMERICAN TRANSMISSION COMPANY LLC,
a Wisconsin limited liability company
By: ATC Management Inc., its Manager

By:_____
Name:_____
Title:_____

Exhibit 8.2 (e)

AFFIDAVIT OF NONFOREIGN STATUS

STATE OF MICHIGAN)
) SS.
COUNTY OF _____)

Section 1445 of the Internal Revenue Code, as amended ("Code"), provides that a transferee (buyer) of a United States real property interest, as defined in Section 897(c)(1)(A) of the Code, may withhold tax if the transferor is a foreign person as defined in the Code. To inform American Transmission Company LLC ("Transferee") that withholding of tax is not required upon disposition of certain United States real property interests being transferred by Escanaba Municipal Electric Utility ("Transferor") to Transferee on an even date herewith the undersigned, _____ being duly sworn, certify and state on behalf of Transferor that the following is true and correct:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate, as those terms are defined in Code and income tax regulations;

2. Transferor's United States taxpayer identifying number (employer identification number) is _____, and the address of its principal place of business is _____, _____, Michigan.

3. The undersigned is fully authorized to execute this affidavit on behalf of Transferor.

4. I understand that this affidavit may be disclosed to the Internal Revenue Service by Transferee and that any false statement I have made here is punishable by fine, imprisonment, or both.

5. Under penalties of perjury, I declare that I have examined this affidavit and, to the best of my knowledge and belief, it is true, correct and complete.

TRANSFEROR:
ESCANABA MUNICIPAL ELECTRIC UTILITY

By:_____
Name:_____
Title:_____
Date:_____

ACKNOWLEDGMENT

STATE OF _____)
) SS.
COUNTY OF _____)

Personally came before me this ____ day of _____, 2013, the above named _____, as _____ of Escanaba Municipal Electric Utility, to me known to be the person who executed the foregoing instrument in such capacity and acknowledged the same.

_____
Name:_____
Notary Public, Wisconsin
My Commission:_____

Exhibit 8.3(f)

Opinion of Escanaba's Counsel

[Name and Address of
Transferor of Opinion Recipient]

Ladies and Gentlemen:

We have acted as special counsel to [Escanaba Municipal Electric Utility], a Michigan municipality acting as an electric utility ("Escanaba"), in connection with the preparation of that Asset Transfer Agreement ("Agreement") executed as of _____, 2013 between Transferor and American Transmission Company LLC, a Wisconsin limited liability company. This opinion is provided pursuant to 8.2(f) of the Agreement. Except as otherwise indicated herein, capitalized terms used in this Opinion Letter are defined in the Agreement.

In rendering the opinions set forth herein, we have examined the Agreement and originals or copies, certified or otherwise identified to our satisfaction, of such documents, records, instruments, and public records, and we have made such inquiries of the officers of Transferor and have considered such matters of law, as we have deemed relevant or necessary as the basis for such opinions. We have relied upon the certificates delivered to us by Transferor's officers and the representations and warranties contained in the Agreement as to factual matters. In addition, we have relied upon and assumed (i) the genuineness of the signatures of persons signing all documents in connection with which this opinion is rendered; (ii) the authenticity of all documents submitted to us as originals; and (iii) the conformity to authenticated original documents of all documents submitted to us as certified, conformed, photostatic, or telefaxed copies. When we have given an opinion herein "to our knowledge" or as to matters "known by us," we have relied solely upon the absence of any contrary actual knowledge of those attorneys of this firm who have rendered substantial legal services on behalf of Transferor in connection with the Agreement, and we have made no other independent investigation.

Based on our examination, it is our opinion that:

1. Transferor is a Michigan municipality acting as an electric utility duly organized and validly existing under the laws of the State of Michigan and has the power and authority to own its property and carry on its business as now conducted.

2. Transferor:

   a. has the corporate power to execute, deliver and perform the Agreement;

   b. has taken all necessary action to authorize the execution, delivery and performance of the Agreement; and

   c. has duly executed and delivered the Agreement.

3. The Agreement constitutes the legal, valid and binding obligation of Transferor and is enforceable against Transferor.

4. Neither the execution and delivery of the Agreement, nor Transferor's performance of the obligations contained therein will violate the Articles of Incorporation or Bylaws and, upon obtaining any required approvals, result in a violation or breach of, or constitute (with or without due notice or lapse of time or. both) a default (or give rise to any right of termination, cancellation, acceleration or increased cost) under, or otherwise result in any diminution of any of the rights of Transferor with respect to, any of the terms, conditions or provisions of any security, note, bond, mortgage, indenture, license, contract or other instrument or obligation to which Transferor is a party or by which it is any of its properties or assets may be bound or violate any order, writ, injunction, decree, statute, rule or regulation known to us to be applicable to Transferor or any of its properties or assets except for violations, breaches or defaults that, individually or in the aggregate, may not reasonably be expected to have a material adverse effect on the closing of the transactions contemplated by the Agreement and that will not prevent or delay the consummation of the transactions contemplated hereby.

5. Execution and delivery of the Agreement by Transferor and performance of Transferor's obligations pursuant to the Agreement will not result in a violation of any applicable law, statute or regulation of the United States or any applicable law, statute or regulation of the State of Michigan, including as interpreted by the Michigan Public Service Commission.

In rendering the foregoing opinions we call to your attention the following:

   a. This letter and the opinions herein are furnished solely for your information, and they may not be furnished to or relied upon in any manner by any other person or entity.

   b. The enforceability of the Agreement is limited by (i) applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar laws affecting the enforcement of creditors' rights

generally; (ii) by the application of general equitable principles (whether enforced at law or in equity); and (iii) applicable rules of law limiting the enforceability of provisions releasing, exculpating or exempting a party from, or requiring indemnification of a party for, liability for its own action or inaction, to the extent the action or inaction involves negligence, recklessness, willful misconduct or unlawful conduct.

c. The opinions expressed herein are based upon existing law and are given as of the date hereof. We assume no obligation to update or supplement such opinions to reflect any facts or circumstances that come to our attention after the date hereof or any changes in law that may occur after the date hereof.

d. The opinions expressed herein are based upon and limited to matters governed by the laws of the State of Michigan and the United States of America; provided, however, that our opinion excludes those specific legal issues listed in Section 19 of the Legal Opinion Accord of the ABA Section of Business Law (1991).

e. The opinions furnished herein relate only to issues specified in this letter. No opinions are issued by implication.

Very truly yours,

Opinion of ATCLLC's Counsel

«Title» «FirstName» «LastName»
«Company»
«Address1»
«Address2»
«City», «State» «PostalCode»

Dear «Salutation»:

I represent American Transmission Company LLC, a Wisconsin limited liability company ("ATCLLC") and ATC Management Inc., a Wisconsin corporation ("Management"), in connection with the preparation of that Asset Transfer Agreement ("Agreement") executed as of _____, 2013 between ATCLLC and [Escanaba Municipal Electric Utility]. This opinion is provided pursuant to 8.3(e) of the Agreement. Except as otherwise indicated herein, capitalized terms used in this Opinion Letter are defined in the Agreement.

In rendering the opinions set forth herein, I have examined the Agreement and originals or copies, certified or otherwise identified to my satisfaction, of such documents, records, instruments, and public records, and I have made such inquiries of the officers of each of ATCLLC and Management and have considered such matters of law, as I have deemed relevant or necessary as the basis for such opinions. I have relied upon the representations and warranties contained in the Agreement as to factual matters. In addition, I have relied upon and assumed (i) the genuineness of the signatures of persons signing all documents in connection with which this opinion is rendered; (ii) the authenticity of all documents submitted to me as originals; and (iii) the conformity to authenticated original documents of all documents submitted to me as certified, conformed, photostatic, or telefaxed copies. When I have given an opinion herein "to my knowledge" or as to matters "known by me," I have relied solely upon the absence of any contrary actual knowledge of those attorneys under my supervision who have rendered substantial legal services on behalf of ATCLLC or Management, as the case may be, in connection with the Agreement, and I have made no other independent investigation.

Based on our examination, it is my opinion that:

1. ATCLLC is a Wisconsin limited liability company duly organized and validly existing under the laws of the State of Wisconsin and has the power and authority to own its property and carry on its business as now conducted.

2. Management is a corporation duly organized, validly existing under the laws of the State of Wisconsin and has the corporate power and authority to own its own property and carry on its business as now conducted.

3. ATCLLC:

   a. has the corporate power to execute, deliver and perform the Agreement;

   b. has taken all necessary action to authorize the execution, delivery and performance of the Agreement; and

   c. has duly executed and delivered the Agreement.

4. The Agreement constitutes the legal, valid and binding obligations of ATCLLC and is enforceable against ATCLLC.

5. Neither the execution and delivery of the Agreement, nor ATCLLC's performance of the obligations contained therein will violate the Articles of Organization of ATCLLC or, upon obtaining any required approvals, result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, acceleration or increased cost) under, or otherwise result in any diminution of any of the rights of ATCLLC with respect to, any of the terms, conditions or provisions of any security, note, bond, mortgage, indenture, license, contract or other instrument or obligation to which ATCLLC is a party or by which it is any of its properties or assets may be bound or violate any order, writ, injunction, decree, statute, rule or regulation known to us to be applicable to ATCLLC or any of its properties or assets except for violations, breaches or defaults that, individually or in the aggregate, may not reasonably be expected to have a material adverse effect on the closing of the transactions contemplated by the Agreement and that will not prevent or delay the consummation of the transactions contemplated hereby.

In rendering the foregoing opinions I call to your attention the following:

a. This letter and the opinions herein are furnished solely for your information, and they may not be furnished to or relied upon in any manner by any other person or entity.

b. The enforceability of the Agreement is limited by (i) applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar laws affecting the enforcement of creditors' rights generally; (ii) by the application of general equitable principles (whether enforced at law or in equity); and (iii) applicable rules of law limiting the enforceability of provisions releasing, exculpating or exempting a party from, or requiring

indemnification of a party for, liability for its own action or inaction, to the extent the action or inaction involves negligence, recklessness, willful misconduct or unlawful conduct.

c. The opinions expressed herein are based upon existing law and are given as of the date hereof. I assume no obligation to update or supplement such opinions to reflect any facts or circumstances that come to my attention after the date hereof or any changes in law that may occur after the date hereof.

d. The opinions expressed herein are based upon and limited to matters governed by the laws of the State of Wisconsin and the United States of America; provided, however, that my opinion excludes those specific legal issues listed in Section 19 of the Legal Opinion Accord of the ABA Section of Business Law (1991).

f. The opinions furnished herein relate only to issues specified in this letter. No opinions are issued by implication.

AMERICAN TRANSMISSION COMPANY LLC
By: ATC Management Inc., as its Manager

By _____
Name: Title:

NB #6
CC/EAC
9/11/13

MEMORANDUM

To: Jim O'Toole

From: Mike Furmanski MF

Date: 04SEP13

Re: Pole Inspection/Treatment Bid Recommendation

The Electric Department recently requested bids for pole testing/treatment. Bids were sent to 3 contractors and 1 bid was received. The contractor that submitted a bid is qualified to do this type of work. The amounts bid were as follows:

	Karcz	2008 qty
Visual Inspection	$6.50	9
Partial Excavation/Sound & Bore	$12.00	273
Partial Excavation Reject	$12.95	30
Excavated Reject	$50.00	1
External Treatment	$55.00	50
Hollow Heart Treatment	$16.95	16
Boron Rods	$1.98	128
Mobilization	$500.00	1

As a way of estimating what the total cost will be, the results of the 2008 testing were used. Based on the quantities from 2008, with the prices bid above, it is expected that the total cost would be $7,547.64. There is $12,000 in the budget for this year for pole testing. The number of pole needing treatment will vary from one area to the next, so the total may be higher or lower than estimated. The poles have also aged a few more years sense the last testing was done, which may result in a higher failure rate.

I am recommending that we accept the bid from Karcz Utility Services, LLC of Seymore, Wisconsin for an amount not to exceed $12,000. If approved, they will be informed that this work will be limited to approximately 300 poles or $12,000. They performed pole testing/treatment for the City of Escanaba previously and have done a very nice job.

BID: **2013 POLE INSPECTION/TREATMENT**

TO BIDDERS: TUESDAY, AUGUST 13, 2013

ADVERTISED: FRIDAY, AUGUST 16, 2013

BID OPENING: TUESDAY, SEPTEMBER ~~13~~ 03, 2013

INVITATIONS TO BID SENT TO: THREE (3)

OSMOSE UTILITY SERVICES, INC
215 GREENCASTLE ROAD
TYRONE, GA 30290-2944

UTILITY POLE TECHNOLOGIES
708 BLAIR MILL ROAD
WILLOW GROVE, PA 19090

KARCZ POLE INSPECTION
N1655 LANEY ROAD
SEYMOUR, WI 54165

NOTICE TO BIDDERS

Sealed bids will be received by the City of Escanaba at the office of the City Clerk, on or before 2p.m. e.s.t, on: **TUESDAY, SEPTEMBER 3, 2013.**

The bids will be publicly opened and read in Room 101 in the City Hall located at 410 Ludington Street, Escanaba, Michigan at said date and time.

Bidder's proposals, and/or specifications may be obtained from the office of the City Clerk, located at 410 Ludington Street, Escanaba, Michigan, 49829. No bids will be considered unless the proposal form and /or specifications (furnished by the City of Escanaba, Michigan), are properly completed and enclosed in a sealed envelope, marked:

POLE INSPECTION/TREATMENT FOR 2013

In addition, the City of Escanaba, Michigan will not consider any proposal which has not been received prior to the published time, date and year of bid opening. (FAX transmittals will not be accepted.)

A Certified Check, Cashier's Check, or Bidder's Bond, drawn payable, without condition, to the City of Escanaba, Michigan, in an amount not less than 10% of the bid, will be submitted with each proposal as a guarantee that if the bid is accepted, the bidder will furnish materials or services as stated in his or her proposal. On failure of the successful bidder to fulfill the conditions of his or her proposal, he or she shall forfeit said deposit to the City of Escanaba,Michigan as liquidated damages. The acceptance of the proposal will be contingent upon the bidder's acceptance of this provision.

The City of Escanaba, Michigan reserves the right to reject any or all bids, or any part thereof at its discretion, and to waive any irregularities in the bidding. The City of Escanaba, Michigan may also split bids at its discretion. The City further reserves the right to negotiate directly with any and all bidders concerning any matter related to any bid.

All City of Escanaba, Michigan bids are prepared to afford all vendors the equal opportunity for fair and equitable competition. The City of Escanaba, Michigan assumes no liability or responsibility for any errors or oversights in the preparation and/or publication of bids.

Mike Furmanski
Electric Superintendent
City of Escanaba

The City of Escanaba Electric Department is requesting proposals for pole inspection work for 2014/2014.

Enclosed is our specification titled "Pole Inspection/Treatment".

Our scheduled work for 2013 will be limited to approximately 360 poles.

All work covered under this proposal is to be completed by December 1, 2013.

The City of Escanaba Electric Department will provide maps for the areas where we wish to have poles tested. Each pole will have a city pole number on it, which must be recorded on the inspection sheets.

CITY OF ESCANABA ELECTRIC DEPARTMENT
POLE INSPECTION/TREATMENT SPECIFICATIONS

INTRODUCTION

The purpose of these specifications is to provide requirements for the inspection and treatment of wooden poles owned by the City of Escanaba Electric Department, located on both public right-of-way and private property. All work performed by the Contractor is subject to inspection and approval by the City of Escanaba Electric Department. The contractor will be responsible for any damages to private property.

SAFETY

The Contractor shall comply with all pertinent federal, state, and local laws, rules, and regulations in regards to work performed for the City of Escanaba Electric Department.

The Contractor must notify the City of Escanaba Electric Department immediately of any accidents, incidents, property damages, etc.

REQUIREMENTS

Visual Inspection Process

1. Pole is visually inspected for mechanical damage, wood pecker holes, lean, etc.
2. Equipment is visually inspected for:
   - Broken ground wire
   - Ground rod above ground line
   - Broken or missing guy markers
   - Broken guy wires
   - Frayed or damaged conductors
   - Leaking or rusty transformers
   - Blown lightning arresters
   - Broken insulators
   - Broken, rotten, or mossy crossarms
   - Trees touching or near wires
   - Low conductors

Pole Inspection Process (Partial Excavation)

1. Each pole is sounded with a hammer from ground level to as high as the pole inspector can reach.
2. A 6 to 10 inch deep shovel full of earth is removed from the pole to look for exterior decay. This partial excavation is to take place on the lowest side of the pole, or near the drying check.
3. Each pole is to be drilled at a 45 degree angle starting 3 inches below ground line with a 3/8 inch drill bit past the center of the pole. If no internal decay is detected, the hole shall be plugged with a 7/16 X 3 inch treated wooden

dowel. If internal decay is detected, the pole shall be bored on all 4 quarters to determine shell thickness. A shell thickness of less than 3 inches is to be considered a reject pole. A shell thickness of less than 2 inches is to be considered a danger pole.

4. If no external or internal decay was detected, an inspection tag with contractor name and year is nailed to the pole in an appropriate location.

External Treatment Process (Full Excavation)

1. Pole is excavated to a minimum depth of 18 inches below ground line, using a tarp to contain excavated dirt.
2. All dirt in the treatment area shall be removed with a wire brush.
3. All decay shall be removed from the pole.
4. New pole circumference is taken to determine if pole class has changed or if pole is now a reject. The City of Escanaba Electric Department will allow one class change.
5. Preservative is applied to a 1/16 to 1/8 inch thickness in the treatment area.
6. Preservative shall be wrapped with a plastic backed paper to keep treatment on pole and to keep preservative from leaching into the ground.
7. Soil shall be carefully returned around pole to prevent paper from ripping, with a slight rise in soil level surrounding the pole.
8. Pole shall be tagged with a tag that has treatment, year, and contractors name.

Internal Treatment Process (Internal void)

1. Internal decay has been detected and pole is bored on all four quarters to determine shell thickness.
2. If pole is not a reject, pole shall be bored to determine the highest point of the internal void.
3. Copper solution shall be pumped into the void.
4. Once void is full, the drill holes shall be filled with treated wooden plugs
5. Pole shall be tagged with an internal treat tag with year and contractors name.

INSURANCE

The selected contractor shall provide the City of Escanaba with the following evidence of insurance before the commencement of the work:

Workers Compensation

Coverage A	Statutory – Michigan
Coverage B	$100,000

Comprehensive General Liability

Bodily Injury	$1,000,000 Combined Single Limits (minimum)
Property Damage	$1,000,000 Combined Single Limits (minimum)

Comprehensive Auto Liability

Auto Liability	$1,000,000 Combined Single Limits (minimum)

The City of Escanaba shall be named as "additional insured" on all certificates. All policies affording coverage under the insurance requirements shall further be endorsed to provide a ten (10) day notice to be delivered to the City of Escanaba before any coverages are either reduced or cancelled.

MISCELLANEOUS

The person who knows the location and work schedule of the Contractor's crews needs to report work location daily to the City of Escanaba Electric Department and be readily accessible by phone, radio, or pager.

The Contractor must supply a list of references with contact names and phone numbers.

The City of Escanaba Electric Department reserves the right to reject any and all equipment owned by the contractor. The City of Escanaba Electric Department reserves the right to terminate the contract at any time for unsafe work practices.

ANY QUESTIONS REGARDING THESE SPECIFICATIONS SHOULD BE DIRECTED TO:

Mike Furmanski
Electric Superintendent
mfurmanski@escanaba.org
City of Escanaba Electric Department
1711 Sheridan Road
Escanaba, MI 49829
(906) 786-0061 office
(906) 786-0791 fax
(906) 280-8757 cell

City of Escanaba Electric 2013 Pole Inspection/Treatment Bid Detail

Visual Inspection	$_____/pole
Partial Excavation/Sound and Bore	$_____/pole
Partial Excavation Reject	$_____/pole
Excavated Reject	$_____/pole
External Treatment	$_____/pole
Hollow Heart Treatment or Cobra Rod	$_____/pole
Mobilization (if applicable)	$_____
Approximate start date	_____

SUBMITTED BY:

FIRM:_____

ADDRESS:_____

SIGNATURE:_____

PRINTED:_____

TITLE:_____

PHONE:_____FAX:_____

City of Escanaba Electric 2013 Pole Inspection/Treatment Bid Detail

Visual Inspection	$ 6.50 /pole
Partial Excavation/Sound and Bore	$ 12.00 /pole
Partial Excavation Reject	$ 12.95 /pole
Excavated Reject	$ 50.00 /pole
External Treatment	$ 55.00 /pole
BORON ROD ~~Hollow Heart Treatment or~~ Cobra Rod	1.98 /ROD $ 2.65 ~~/pole~~ ROD
HOLLOW HEART TREATMENT	16.95/pole
Mobilization (if applicable)	$ 500.00
Approximate start date	10-13-13

I AM ESTIMATING 8 ROD AVERAGE PER POLE SO BORON ROD X 8 = 15.84/pole COBRA ROD X 8 = 21.20/pole BUT WILL CHARGE FOR EXACT AMOUNT OF RODS USED

SUBMITTED BY:

FIRM: KARCZ UTILITY SERVICES LLC

ADDRESS: N1655 LANEY ROAD SEYMOUR WI 54165

SIGNATURE: David H. Karcz Sr

PRINTED: DAVID H KARCZ SR

TITLE: MEMBER

PHONE: 920-822-3444 FAX: —

COUNCIL APPROVED
MAY 16, 2002

NB#7
CC/EA C
9/11/13

GENERATING FACILITIES OPERATING AGREEMENT BETWEEN THE UPPER PENINSULA POWER COMPANY AND THE CITY OF ESCANABA, MICHIGAN

GENERATING FACILITIES OPERATING AGREEMENT
BETWEEN THE UPPER PENINSULA POWER COMPANY
AND THE
CITY OF ESCANABA, MICHIGAN

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GENERATING FACILITIES OPERATING AGREEMENT

BETWEEN THE UPPER PENINSULA POWER COMPANY

AND THE

CITY OF ESCANABA, MICHIGAN

0.1 AGREEMENT, made and entered into as of the 12th day of December 1986, and amended as of the ___ day of _____, 2002, between the UPPER PENINSULA POWER COMPANY, a Michigan corporation, herein termed "Company," and the CITY OF ESCANABA, MICHIGAN, a Michigan municipal corporation, herein termed "City."

WITNESSETH:

0.2 WHEREAS, the Company owns electric facilities and is engaged in the generation, transmission, distribution, and sale of electric capacity and energy in the State of Michigan, and

0.3 WHEREAS, the City owns electric facilities and is engaged in the generation, transmission, distribution, and sale of electric capacity and energy in Escanaba, Michigan, and its environs, and

0.4 WHEREAS, the Company and the City are interconnected at the City's generating plant and at the Company's Delta Substation, and

0.5 WHEREAS, the Company and the City have entered into an Interconnection Agreement dated 12/12/86, and

0.6 WHEREAS, the City owns generating facilities consisting of a generating plant, hereinafter referred to as the "Plant," located in the City of Escanaba, and a combustion turbine, hereinafter referred to as the "CT," also located in the City of Escanaba (referred to collectively herein as the "Generating Facilities"), and

0.7 WHEREAS, the Company currently operates and maintains the Plant on behalf of the City, and

0.8 WHEREAS, it is in the interest of both parties to have the Company continue to operate and maintain the City's generating Plant on behalf of the City, and

0.9 WHEREAS, it is in the interest of both parties to have the Company operate and maintain the CT on behalf of the City,

1.0 NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties hereto agree as follows:

ARTICLE 1

GENERATING FACILITIES DESCRIPTION

1.1 The Plant consists of two generating units, each having a nominal rated output of 12,650 kW, located on property owned by the City, situated on the shore of Lake Michigan in the City of Escanaba.

1.2 The CT consists of one General Electric 17,812 kW MS 5001 LA turbine S/N 179401 and one General Electric 21,176 KVA air cooled generator S/N 8384301, located on property owned by the City, situated on the shore of Lake Michigan in the City of Escanaba.

ARTICLE 2

GENERAL FACILITIES OPERATION

2.1 The City agrees to employ the Company as the City's agent to operate and maintain the Generating Facilities under the terms and conditions of this Agreement. The Company agrees that it will act as the City's agent to operate and maintain the Generating Facilities for the City under the terms and conditions of this Agreement.

2.2 The City shall provide all fuel and spare parts attendant to the operation of the Plant.

2.3 Except for fuel and spare parts, the Company shall provide all supervision, labor, materials, supplies, and insurance attendant to the operation and maintenance of the Generating Facilities. The City shall reimburse the Company for the costs of

operating and maintaining the Generating Facilities, which costs shall include the following:

2.3.1 The cost of providing all supervision, labor, materials, and supplies as charged by the Company to the FERC Uniform System of Accounts in connection with the operation and maintenance of the Generating Facilities;

2.3.2 An amount equal to all fringe benefits and employment tax costs incurred by the Company in connection with providing supervision, operating and maintenance labor for the Generating Facilities, exclusive of any such costs which may be included in 2.3.1, above:

2.3.3 An amount equal to all insurance premiums and taxes, if any, which shall be paid by the Company in connection with the operating and maintenance of the Generating Facilities, exclusive of any such costs which may be included in 2.3.1, above;

2.3.4 An amount equal to the cost of all administrative and accounting labor, including payroll taxes, fringe benefits, computer expense, and travel expense provided by the Company in connection with the operating and maintenance of the Generating Facilities including the preparation of billing to the City but exclusive of any labor or expenses incurred by corporate officers of the Company, except those officers specifically agreed to by the Parties;

2.3.5 An amount equal to the interest on all funds expended by the Company in connection with the operation and maintenance of the Generating Facilities from the date of such expenditure to the date the City makes payment to the Company as described in Article 2 previously. Interest shall be charged by the

Company at the current prime rate of interest quoted to the Company by the principal lending institution with which the Company is currently doing business, and shall include a factor to account for compensating balancing costs;

2.3.6 A management fee initially equal to $25,000/year, which shall be subject to adjustment from year to year by multiplying the ratio of the Producer Price Index, as published in the month prior to the anniversary date of this agreement by the Bureau of Labor Statistics to the Producer Price Index published in the month prior to the effective date of this agreement.

2.4 The Company shall prepare and submit to the City an annual budget covering the projected cost of operating and maintaining the Generating Facilities at least ninety days prior to the beginning of the coming year for the City's approval. It is the City's responsibility to supply to the Company, in a timely manner, the projected monthly energy to be generated by the Generating Facilities so that budgeting can be completed.

Except in case of emergency, the Company will notify the City any time it becomes apparent that a single expenditure in excess of $5,000 not included in the Generating Facilities budget will be necessary, before such expenditure is made. The City shall respond promptly in writing to all such requests, either approving or disapproving the request.

2.5 The Company shall bill, and the City shall pay, for all costs incurred in the operation and maintenance of the Generating Facilities as they occur. The Company will prepare an estimated bill to cover the costs for a month no later than five working days

after the end of the month. Each estimated bill will be adjusted to actual and rendered to the City together with the next following estimated monthly bill.

The City agrees to pay all bills rendered within ten days after receipt thereof.

2.6 The Company agrees that, as long as the Company is employed by the City to operate the Generating Facilities, the Company shall at all times maintain the Generating Facilities in a good state of repair and operating efficiency. At the end of each year of this Agreement, the Company shall furnish the City with a study and analysis of the operations of the Generating Facilities.

2.7 The Company agrees at all times to defend, indemnify, and save harmless the City from any and all liability, loss, cost, damage, or expense resulting from its own negligence in the operation of the Generating Facilities, from claims and demands of the Company's employees for wages, salaries, or other forms of compensation or employee benefits and for injuries or death and from any and all claims and demands of contractors employed by the Company and of persons and corporations from whom the Company purchases materials and supplies; and the Company agrees not to permit any liens for labor, mechanics, materialism, attachments, judgments, or otherwise attach to the Generating Facilities by reason of any default of the Company and promptly to cause to be dissolved and discharged any such liens that may be filed against the Generating Facilities or other property of the City.

2.8 The City shall, at its own cost and expense, carry property and general liability insurance covering the Generating Facilities for the City's benefit in an amount customary for such a facility in the industry. The Company shall not be liable to the City

for any injury to or destruction of the Generating Facilities from hazards covered by such insurance except as described in paragraph 2.7.

2.9 If the City fails, for any reason, to obtain insurance as described in paragraph 2.8, then it shall so notify the Company and the Company shall provide property and general liability insurance covering the General Facilities. The level of coverage provided by this insurance shall be consistent with the coverage the Company provides for its own generating plants. If the Company carries such insurance for the City's benefit, the City will be responsible for the payment of all premiums and any and all deductibles and/or expenses not covered by said insurance.

2.9.1. The Company shall provide the City with a summary of the terms and conditions of the property and general liability coverage described in paragraph 2.9. The City shall review the terms and conditions of the property insurance coverage on an annual basis and notify the Company by May 31st in writing of their acceptance or rejection of said coverage. If the City rejects said coverage, the City's obligation under paragraph Section 2.8 shall apply automatically.

2.10 If, at any time, the City obtains insurance as described in paragraph 2.8, then paragraphs 2.9 and 2.9.1 of this Agreement will be rendered void automatically and permanently.

2.11 If any damage from any hazard not described in paragraph 2.7 shall occur to the Generating Facilities during the term of this Agreement or any renewal thereof, the Company agrees to proceed diligently to complete the repair, replacement, and restoration of the Generating Facilities as promptly as reasonable practicable. The City shall pay all costs of the repair, replacement, and restoration of the Generating Facilities.

The City shall have the right to have its representatives present to inspect and supervise any such repair, replacement, and restoration of the Generating Facilities for the purpose only of determining that such repair, replacement, and restoration is carried out as herein provided.

Provided, however, that if in the opinion of both parties the Generating Facilities is so substantially damaged or destroyed as not to be operable and cannot by economically repaired, replaced, and restored to normal operating condition within a period of six months, the Company shall have the right to cancel and terminate this Agreement without liability to the City except to pay over to the City any proceeds of insurance held by the Company on account of such damage or destruction.

2.12 At all times while the Company is employed to maintain and operate the Generating Facilities, the Company agrees to furnish all supervision and materials and supplies necessary for the efficient operation of the Generating Facilities and generation in the Generating Facilities of the City's requirements of electric energy; and at all times to keep on hand adequate quantities of materials and supplies and to employ an adequate staff of trained and experienced supervisors, operators, and personnel for the operation of the Generating Facilities. The Company agrees at all times to maintain and operate the Generating Facilities as directed by the City so as to enable the Generating Facilities to supply the City with a dependable supply of electric energy in the quantities required by the City without interruption or curtailment except only when prevented from doing so by force majeure.

Such maintenance and operation of the Generating Facilities by the Company shall be carried out by the Company as agent for the City subject to the

provisions of this Agreement, but it is understood and agreed that all persons employed in the operation of the Generating Facilities shall be employees of the Company and subject to the Company's exclusive control and direction. In the purchase of all materials and supplies pursuant to Section 2.3, the Company shall make all such purchases on the Company's own credit and for the Company's own account.

2.13 The Company shall act as the City's agent in soliciting the annual fuel requirements for the Generating Facilities in the competitive market from reputable suppliers and endeavor to obtain fuel at the least cost consistent with the maintenance of an adequate and reliable supply of fuel. The Company will be responsible for negotiating a purchase agreement from the supplier utilizing the recommendations provided by the Company and approved by the City. The City will pay the suppliers for the cost of the fuel and provide the Company with all invoice information pertaining to the fuel purchase. The Company will keep records of its determination of the cost of fuel per 1,000,000 BTU and make such records available to the City at any time.

ARTICLE 3

GENERAL PROVISIONS

3.1 The City and the Company both agree that they shall promptly join in and diligently and in good faith prosecute any application or petition to the Federal Energy Regulatory Commission and the Michigan Public Service Commission necessary to accomplish the terms of the contract. It is understood and agreed that either party shall have the right to cancel and terminate this Agreement in is entirety without liability to the

other in the event that this Agreement is disapproved by either the Federal Energy Regulatory Commission and/or the Michigan Public Service Commission.

3.2 Both the City and the Company agree to make available to each other at all reasonable times all books and records pertaining to any of the transaction contemplated hereby or necessary to enable either party to make any reports required by law or contract.

3.3 Neither the City nor the Company shall assign this Agreement nor any rights hereunder without first obtaining the prior consent thereto of the other; and no such consent shall be deemed a consent to any different or subsequent assignment; provided, however, and it is expressly agreed that the Company shall have the right at any time or from time to time to pledge this Agreement and all or any rights of the Company hereunder with the Trustee or Trustees under any mortgage, deed of trust, or indenture of the Company, the City hereby expressly consenting to any such pledge by the Company; but such pledge shall not relieve the Company of any obligations hereunder. The provisions of this Agreement shall not be separable; and any pledgee or other person succeeding to the rights of the Company shall be bound to operate the Generating Facilities and deliver electric energy to the City, or cause the same to be done, in accordance with the terms of this Agreement.

3.4 In the event of either party hereto being rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, other than the make payment due hereunder, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by telegraph to the other party as soon as possible after the occurrence of the cause relied on, then the obligations of the party giving such

notice, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period; and such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of government and peoples, civil disturbances, explosions, break down of machinery or equipment, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term likewise includes (a) in those instances where either party hereto is required to obtain servitudes, rights of way grants, permits or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights of way grants, permits or licenses, and (b) in those instances where either party hereto is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure permits or permission from any governmental agency to enable such party to fulfill its obligations hereunder, the inability of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and suppliers, permits and permissions.

It is understood and agreed that the settlement of strikes shall be entirely within the discretion of the party having the difficulty and that the dispatch shall not

require the settlement of strikes by acceding to the demands of the opposing party or parties when such course is inadvisable in the discretion of the party having the difficulty.

3.5 Any matter which this Agreement provides may be arbitrated; it may be submitted to arbitration in accordance with the rules of the American Arbitration Association by an impartial Board of three arbitrators who shall be chosen, one by the City, one by the Company, and the third by the two members first chosen as aforesaid. The party desiring arbitration shall select one arbitrator and notify the other party thereof; and thereupon the other party shall within ten days thereafter choose a second arbitrator. If the other party fails within said ten days to choose a second arbitrator, or if the two arbitrators first chosen fail within ten days after the second arbitrator is chosen to choose a third arbitrator, the party requesting arbitration shall have the right to apply to the Circuit Judge of the Judicial Circuit in which the City is located or to the American Arbitration Association to select the other arbitrator or arbitrators. Both parties shall have the right to be represented by Counsel and to present witnesses and other evidence to the Board of Arbitrators and to cross-examine any witnesses. The Board of Arbitrators shall furnish to the City and to the Company transcripts of the testimony and evidence presented to it and of its findings and decision.

Any modification of the management fee to be paid to the Company for maintaining and operating the Generating Facilities made by the Board shall conform to Section 2.3 of this Agreement and shall be subject to judicial review on the petition of application of either the City or the Company if either deems that such modification of said management fee does not conform to said Section 2.3, but all other decisions of a majority of the Board shall be final and binding on the City and the Company provided

only the Board conducts its hearings properly and lawfully. The expenses of arbitration shall be borne equally by the City and the Company.

3.6 Notices, bills, protests, and communications hereunder shall be deemed to be duly given and properly delivered if in writing and sent by mail postage prepaid addressed to the respective parties at the addresses stated below or such other address as they shall, respectively, hereafter designate in writing, or if personally delivered to any officer of the respective parties at said respective addresses:

Upper Peninsula Power Company	City of Escanaba
600 E. Lakeshore Drive	City Hall
Houghton, Michigan 49931	P.O. Box 948
	Escanaba, Michigan 49829

3.7 This Agreement shall take effect on the _____ day of _____, 2002, and shall remain in full force and effect until terminated. It may be terminated at any time by mutual agreement. It may also be terminated upon not less than 36 months' written notice, given by either of the parties hereto to the other party.

3.8 This Agreement is executed in several counterparts, each of which shall be deemed an original; but all of such counterparts shall constitute but one and the same instrument, which shall for all purposes be sufficiently evidenced by any such original counterpart.

IN WITNESS WHEREOF, the City has caused this Agreement to the duly executed and delivered in its name and behalf by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, each thereunto duly authorized; and the Company has caused this Agreement to be duly executed and delivered in its name and

behalf by its President and its corporate seal to be hereunto affixed and attested by its Secretary, each thereunto duly authorized, all as of the day and year first above written.

CITY OF ESCANABA, MICHIGAN

By:_____
Mayor

Attest:

_____
City Clerk

UPPER PENINSULA POWER COMPANY

By:_____
President

Attest:

_____
Secretary

OFFICE OF CITY CLERK

DATE: May 20, 2002

To the **CITY MANAGER:**

At the May 16, 2002, regular meeting of the City Council, the matter was referred to you for the appropriate disposal for specific action as indicated:

The Council gave approval of three agreements with the Upper Peninsula Power Company (UPPCO).

DOCUMENTS ATTACHED:

Robert S. Richards, CMC
CITY CLERK

OFFICE OF THE CITY MANAGER

To Robert Headden Date 5/21/02

Please note above which is re-referred for action as below:

1. To Comply
2. To investigate and report with recommendation.
3. To dispose, no report necessary.
4. See _____
5. _____

DOCUMENTS ATTACHED:

Wayne E. Heikkila
Interim Manager

project requesting funding for an historic structures report, a security system, tree replacement and a boardwalk at an estimated cost of $50,000; and

WHEREAS, the City of Escanaba, acting on behalf of the Society, requests financial assistance from the Michigan Department of Environmental Quality for this project.

NOW, THEREFORE BE IT RESOLVED, the Escanaba City Council hereby authorizes submission of the CMI Waterfront Redevelopment project proposal for the Sand Point Lighthouse and related structures and further resolves to make available 25 percent local matching share for this project.

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

Ayes: Gierke, Shapy, Evans, Moyle, Schwalbach
Nays: None

RESOLUTION DECLARED ADOPTED.

Approval of three agreements with the Upper Peninsula Power Company (UPPCO).

Three separate agreements are proposed between the City of Escanaba, and UPPCO regarding its electric power plant and new peaking generator.

1) Capacity Sales Agreement between the City of Escanaba and UPPCO.
2) Second Supplement to April 22, 1982, Agreement for Wholesale Electric Service between UPPCO and City of Escanaba.
3) Generating Facilities Operating Agreement between UPPCO and City of Escanaba.

Electric Superintendent Headden briefly reviewed the contracts, excess capacity agreement, and updated the Council on the new peaking unit generator.

NB-20 Shapy moved, Gierke seconded to approve the following three agreements with UPPCO:

1) Capacity Sales Agreement between the City of Escanaba and UPPCO.
2) Second Supplement to April 22, 1982, Agreement for Wholesale Electric Service between UPPCO and City of Escanaba.
3) Generating Facilities Operating Agreement between UPPCO and City of Escanaba.

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

Ayes: Shapy, Gierke, Moyle, Evans, Schwalbach
Nays: None

MOTION CARRIED.

APPOINTMENT(S) TO CITY BOARDS, COMMISSIONS, AND COMMITTEES

Mayor Schwalbach, with Council consensus, appointed Katelyn Magnuson to the Recreation Advisory Board, term to end June 1, 2005.

BOARD, COMMISSION, AND COMMITTEE REPORTS

Council Members reviewed City Board and Commission meetings each attended since the last City Council Meeting.

ANNOUNCEMENTS

Mayor Schwalbach proclaimed Monday, May 20, 2002, as "John Good Day", for retiring Public Safety Officer John Good.

Council excused Council Member Gierke from the June 3, 2002, and June 6, 2002, Council Meetings due to his absence from the community.

Council Member Shapy stated there was a vacancy for a City representative on the Wells Sports Complex Authority. Citizens were encouraged to apply.

GENERAL PUBLIC COMMENT

City resident Richard Kobasic commented on the Council Rules of Procedure regarding brief public comment, a purchase and sale agreement between Basic Marine and the City for the Northern Motor Rebuilders building and removal of the L.E. Block, and suggested Basic Marine was using its property for uses other than light manufacturing.

City resident Keith VanPoperin commented on an alleged incident with Public Safety. He stated the issue seems to have been handled properly.

City resident John Sorby commented a Basic Marine barge was docked on City property. City Attorney Peterson stated the vessel was docked on Basic Marine's property.

Hearing no further public comments, the Council adjourned at 8:19 p.m.