

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, October 13, 2010

Pursuit to a special meeting posted October 7, 2010, the meeting was called to order by the Mayor Gilbert X. Cheves at 6:00 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

Present: Mayor Gilbert X. Cheves, Mayor Pro Tem Leo J. Evans (arrived at 6:01), Council Members Patricia A. Baribeau, and Pete Baker, and Council Member Nelson (arrived at 6:04).

Absent: None.

Present: Electrical Advisory Committee Members: Chairman Ronald Beauchamp, Ann Bissell, John Mellinger, Glendon Brown, John Anthony and Don Racicot.

Absent: Tim Wilson, and Larry Arkens

Also Present: City Manager James V. O'Toole, Electric Superintendent Mike Furmanski, City Controller Mike Dewar, City Attorney Ralph B.K. Peterson, Consultant Tom Butz of Power Systems Engineering (PSE), Power Plant Manager Jerry Pirkola, members of the public, and media.

In as much that the previous minutes of September 8, 2010, were approved at the September 21, 2010, regular Council Meeting, Members were asked to contact City Clerk Richards if they had any questions or concerns.

Evans moved, Baker seconded, **CARRIED UNANIMOUSLY**, to approve the agenda as printed.

UNFINISHED BUSINESS - None

CONFLICT OF INTEREST – None

PUBLIC HEARING - None

NEW BUSINESS

Update-Electric Department.

Electric Superintendent Furmanski provided an overview and status report on activities and issues concerning the Electric Department. The following items were reviewed:

- Stephenson Avenue Lighting Update;
- All in costs update with MISO;

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- General Operations/Electrical Distribution Update;
- Substation Update.

Update-Power Generation.

Power Plant Manager Jerry Pirkola provided an overview and status report on activities and issues concerning the Power Plant, discussions included:

- Both generator units were running, and reviewed maintenance;
- Peaking Generator Update;
- Coal Update;
- Reviewed Budget information.

Public Question and Answer Session – General Issues.

Members of the public were invited to ask general questions relating to the status of the Power Plant sale, distribution system and power purchase agreements.

An UPPCO employee at the City Power Plant inquired whether there was a definite date as to when Traxys would be taking over the plant. Council Members advised his question would be answered in the upcoming discussions.

Management Briefing and Discussion – Various Issues.

Administration updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the various issues being evaluated with respect to the sale of generation assets, power supply scenarios and related issues. Discussion topics included the following:

Power Plant Sale Update

City Manager O'Toole provided an update on the status of the sale of the Power Plant and briefed Council Members, Electrical Advisory Committee and public on recent plant sale developments.

Manager O'Toole reviewed a proposed Draft Letter of Understanding, which included the following:

- A subsidiary company of Traxys North America, Escanaba Electric Company (EEC), LLC would commence operation of the Power Plant December 1, 2010, pursuant to a three year lease, with the intent of both parties that lease was a transition to the purchase of the power plant assets;
- EEC would enter into an asset purchase agreement which would obligate EEC to

purchase power plant contingent upon EEC receiving air permit from MDRNE, MISO approval to take units out of service for biomass conversion, and EEC would be able to negotiate a satisfactory third party renewable power sales agreement;

- Reviewed other multiple conditions proposed in the Letter of Understanding;
- Electrical Advisory Committee and Council Members voiced and discussed a number of concerns with the proposed Letter of Understanding. Members with concerns regarding the terms contained in the Letter of Understanding were asked to submit them in writing to Manager O'Toole by Friday, October 15, 2010.

Environmental Work Plan Update

Administration, and Gary Daniels from Wilcox Engineering, provided an update and details on the Environmental Work Plan needed at the Power Plant property. Electrical Advisory Committee Members and Council discussed the price of the environmental clean-up, and how the different prices were obtained.

Power Plant Septic System

Electric Superintendent Mike Furmanski provided an update on the septic system at the Power Plant. He advised the City would be putting in a mound septic system.

GENERAL PUBLIC COMMENT

An employee of UPPCO at the Power Plant advised he has not heard anything from Traxys regarding his employment as of December 1, 2010. City Administration stated it was the intent of Traxys and the City to have a continuity of employment for the UPPCO Employees.

COUNCIL/COMMITTEE, STAFF REPORTS - None

ADJOURNMENT

Hearing no further public comment, or further reports from the Electrical Advisory Committee and Council, the meeting adjourned at 7:41 p.m.

Respectfully submitted,

Robert S. Richards, CMC
City Clerk

Approved: _____
Gilbert X. Cheves, Mayor