

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, June 8, 2011

Pursuit to a special meeting posted May 20, 2011, the meeting was called to order by the Mayor Gilbert X. Cheves at 6:00 p.m. in Room 121 of the Catherine Bonifas Civic Center located at 225 North 21st Street.

Present: Mayor Gilbert X. Cheves, Council Members Leo J. Evans (arrived 6:16 p.m.) Patricia A. Baribeau, Pete Baker, and Brady L. Nelson.

Absent: None.

Present: Electrical Advisory Committee Members: Chairman Ronald Beauchamp, Larry Arkens, Glendon Brown, Tim Wilson, Ann Bissell, and Don Racicot.

Absent: One Vacancy, and Committee Member John Anthony was excused.

Also Present: City Manager James V. O'Toole, Electric Superintendent Mike Furmanski, City Controller Mike Dewar, Power Plant Manager Jerry Pirkola, Consultant Tom Butz of Power Systems Engineering (PSE), John Smeltzer of Pro Energy, and members of the public, and Media.

Minutes from May 11, 2011, were approved by Council at the June 2, 2011, regular Council Meeting. Members having any further questions were asked to contact City Clerk Richards.

Nelson moved, Baribeau seconded, **CARRIED UNANIMOUSLY**, to approve the agenda as presented.

UNFINISHED BUSINESS - None

CONFLICT OF INTEREST - None

PUBLIC HEARING - None

NEW BUSINESS

Update - Power Plant Operations.

Electrical Superintendent Michael Furmanski discussed current departmental activities and operations, and reviewed the following:

- Power Plant costs from April 2011;
- New electric service at County Landfill nearly completed;
- Conduit construction for Street lights on the State of Michigan South Lincoln Road/M-35 project.

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

Administration updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the status of the Operation and Maintenance transition with Pro Energy Services, Inc., the following information was reviewed:

- Transition from UPPCO to Pro Energy, Inc. to operate the Power Plant went off with only a few change over issues, which were identified and being taken care of;
- Letters of Pro Energy employment were sent to former UPPCO employees;
- Power Plant Budget was reviewed;
- An estimated 19,500 tons of coal was remaining on the dock at the end of May;
- Power Plant employee Mr. DeTiege reviewed Environmental Issues and emission testing;
- Reviewed MISO callouts. Both units were up running and available;
- Mr. Pat Fulcher was introduced. Mr. Fulcher was hired at the last Joint Meeting as the City Representative between Pro Energy, Inc., and the City. Mr. Fulcher was the former UPPCO Manager at the City Power Plant;
- Administration and all those involved were thanked for the smooth transition from UPPCO to Pro Energy, Inc.

Great Lakes Utilities (GLU) Membership.

Administration had a discussion on the timing of becoming a member of Great Lakes Utilities. GLU was requesting that the City become a member by January 1, 2012, as part of receiving MISO Market Agent Services. The following was reviewed:

- Discussion on MISO setback points;
- Discussion on RTU information;
- PSE Consultant Tom Butz reviewed information to become a GLU Member. He stated it was not a requirement for the City to become a member of GLU until January 1, 2012;
- City should have a better idea what service it was obtaining before signing any agreement;
- Comments and concerns should be forwarded to Council.

Sale of Generation Facilities Proposal(s).

Administration updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the status of the Asset Sales and Purchase Agreements being developed for the sale of the Power Plant. The following was reviewed:

- Negotiating team was reviewing information with Legal Counsel, from the four interested parties who wished to purchase the City Power Plant;

- Need to remember target date of December 31, 2012, regarding need of Power Plant purchaser to spend 5% of initial investment in order to obtain Green Energy credits from the Federal Government.

Environmental Work Plan.

Administration updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the status of the Environmental Work Plan being completed by Mountain Engineering, Inc. of Iron Mountain, Michigan.

- Monitoring wells had been put in.
- Quotes were being obtained on environmental cleanup, and would be brought to Members for next monthly meeting.

Coal Supply/Coal Delivery.

Manager O'Toole updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the status of the current coal supplies and future coal deliveries. He advised written information would be forwarded to members shortly. He also stated a second party to purchase additional coal was being reviewed.

Power Purchase Agreement(s) – Short Term/ Long Term – Power Cost Options.

Administration provided an overview and update on the various options being considered for short-term and/or long-term power. Additionally, a review would take place on future options being investigated by the Administration in securing reliable, long-term power.

- PSE Consultant Butz reviewed congestion numbers;
- Updated pricing information was being sought;
- Final decision could be sooner if new information could be obtained;
- City Controller Dewar reviewed probable year end budget projections, but still need two months worth of information.

GENERAL PUBLIC COMMENT - None

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 6:49 p.m.

Respectfully submitted,

