

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, June 6, 2012

Pursuit to a meeting notice posted May 31, 2012, 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 Brady L. Nelson.

Absent:

Present: Electrical Advisory Committee Members: Larry Arkens, Ann Bissell, Glendon Brown, and Don Racicot.

Absent: John Anthony, Tim Wilson, and Two vacancies

Also Present: City Manager James V. O'Toole, Electric Superintendent Mike Furmanski, City Controller Mike Dewar, City Attorney Ralph B.K. Peterson, Pro Energy Escanaba Power Plant Manager Jack Scott, PSE Representatives Tom Butz, members of the public, and Media.

Manager O'Toole, in conjunction with Agenda item No. 5, asked to also include a discussion of electric rates.

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

UNFINISHED BUSINESS - None

CONFLICT OF INTEREST - None

PUBLIC HEARING - None

NEW BUSINESS

Update - Electric Department –Distribution Operations.

Electrical Superintendent Mike Furmanski discussed the following current departmental activities and operations:

- Miscellaneous Pole work
- Staff Updates.

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

Jack Scott new Pro Energy Services Plant Manager, Inc. updated the City Council,

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Electrical Advisory Committee and Citizens of Escanaba on the status of the operation and maintenance of the power plant:

- Just returning from a successful shut down for major maintenance;
- No accidents or injuries;
- Performing miscellaneous maintenance activities;
- Impressed of the skill and expertise of the employees;
- When called the Escanaba Power Plant will be up and ready.

Discussion – Environmental Update.

Administration provided an update on the Ash Pond sediment removal bid being developed by Geosyntec, which included completion of bid specifications.

Discussion– Plant Sale Update.

Administration provided an update on the plant sale negotiations with Escanaba Green Energy.

- Escanaba Green Energy LLC was requesting an extension of the exclusivity negotiations to June 30, 2012, so negotiations could be completed and agreements signed. The Letter of credit totaling \$200,000 would be reissued by Escanaba Green Energy LLC;
- Escanaba Green Energy LLC was seeking new legal counsel which was causing a delay;
- It was the intent that Escanaba Green Energy LLC to sign Asset Purchase Agreement (APA) by June 30th, and close on the Power Plant;
- Reviewed City costs of approximately \$155,000 to date which included legal counsel and PSE consultant fees;
- PSE Consultant Tom Butz reviewed tasks which were remaining to complete: APA, Plant Sale Midwest Independent Transmission System Operators (MISO) Actions, Plant Sale Federal Energy Regulatory Commission (FERC) Approvals, and MISO Attachment “Y” and “Y1”;
- After further discussion, City Administration recommended Council approve the Escanaba Green Energy LLC extension request.

After discussion, Nelson moved, Baribeau seconded, to extend the Exclusivity agreement with Escanaba Green Energy LLC to June 30, 2012, provided the City of Escanaba receives an extension of the letter of credit for \$200,000 also to June 30, 2012.

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

Ayes: Nelson, Baribeau, Beauchamp, Evans

Nays: Baker

MOTION CARRIED.

Beauchamp moved, Baker seconded, if Asset Purchase Agreement was not signed by June 30, 2012, between the City of Escanaba and Escanaba Green Energy LLC, the City will collect on the letter of credit.

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

Ayes: Beauchamp, Baker

Nays: Nelson, Baribeau, Evans

MOTION FAILED.

Discussion – MISO Attachment Y submittal.

Administration reviewed and discussed MISO's study results pertaining to the City of Escanaba Attachment "Y" submittal from December, 2011. The following was reviewed;

- Manager O'Toole briefly reviewed Electrical Rate Ordinance No. 1125;
- MISO has agreed to pick up the City Power Plant costs;
- Reviewed Power Plant Cost Adjustment factor;
- MISO "Y1" would be transferable to the new owner;
- PSE Consultant Tom Butz briefly reviewed the MISO "Y1" Agreement and expected timelines;
- MISO needs City Power Plant for reliability purposes;
- Further information would be provided to Council and Electrical Advisory Committee from MISO early next week.

GENERAL PUBLIC COMMENT

Escanaba Green Energy representative Charles DeTiege thanked Council for the extension of the APA Agreement, briefly updated Council regarding their finances and legal approvals, and stated their company was committed to finalizing the Power Plant purchase.

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 7:21 p.m.

Respectfully submitted,

Robert S. Richards, CMC
City Clerk

Approved: _____
Leo J. Evans, Mayor

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