

**OFFICIAL PROCEEDINGS**  
**CITY COUNCIL**  
**ELECTRICAL ADVISORY COMMITTEE**  
**CITY OF ESCANABA, MICHIGAN**  
**Special Joint Meeting**  
**Wednesday, September 12, 2012**

Pursuit to a meeting notice posted September 7, 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: None

Present: Electrical Advisory Committee (EAC) Members: Ann Bissell, Tim Wilson, Glendon Brown, and Don Racicot.

Absent: Electrical Advisory Committee Members: Larry Arkens, Two vacancies

Also Present: City Manager James V. O'Toole, Electric Superintendent Mike Furmanski, City Controller Mike Dewar, Pro Energy Escanaba Power Plant Manager Jack Scott, Power Systems Engineering (PSE) Representatives Tom Butz, members of the public, and Media.

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

**UNFINISHED BUSINESS** - None

**CONFLICT OF INTEREST** - None

**PUBLIC HEARING** - None

**NEW BUSINESS**

**Update - Electric Department –General Operations.**

Electric Superintendent Mike Furmanski updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the current departmental activities, the MISO Y1 Contract and updated on the plant operations contract.

- Miss Digs for Fiber Cable being laid;
- Line maintenance;
- MISO Y1 Contract;
- Plant Operations Contract.

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

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.

- Steam Plant did not run in August. Combustion Turbine ran one day. Power Plant been running since September 7<sup>th</sup>;
- No injuries reported;
- 14,500 tons of coal available.

**Update – Power Plant Purchase Agreement.**

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

- Reviewed history of the Asset Purchase Agreement;
- Energy Green Energy (EGE) had missed all deadlines, and were still securing funding;
- APA required a 5 day notice of termination;
- EGE requested an extension of the APA, and asked for a \$200,000 Letter of Credit instead of a bond;
- EGE was still working on a lending agreement, and wished to extend the APA;
- EGE representative John Ranson advised EGE had a commitment from a private investment bank for purchase and renovation costs. The Lender took 30 days to resolve internal problems with management issues. He further advised they have been working internally spending their own escrow funds to insure APA was completed;
- Reviewed possible City Negotiating Committee recommendations regarding the sale of the plant, and various terms of the Escanaba Green Energy's agreement;
- Reviewed estimated City costs from July 11, 2012, and costs to date;
- City Attorney Peterson explained the differences between bonding and a Letter of Credit, which the City preferred;
- Reviewed City Negotiating Committee recommendations.

After discussion, EAC Members Brown moved, Bissell seconded, **CARRIED UNANIMOUSLY**, to recommend the Escanaba City Council approve the recommendations from the City Power Plant Negotiating Committee

Baker moved, Nelson seconded, to approve the existing APA be extended through October 9, 2012, 2:00 p.m. EST to satisfy the escrow requirements of the Power Plant Sale contingent upon:

- EGE pays all City Legal counsel costs from August 31, 2012, forward to the escrow closing date or APA termination date;

- All liquidated damage provisions of the APA were removed from the APA;
- The City agrees to exchange the bond requirement to a Letter of Credit Obligation;
- EGE provides to the City a letter of commitment from their financial institution;
- Contingencies must be met by September 20, 2012 by 2:00 p.m. EST.

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

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

**MOTION CARRIED.**

### **Approval – Supervisory Control and Data Acquisition (SCADA) System Upgrades.**

Administration sought Council approval to purchase new SCADA system software and a new server from Schneider Electric, LaVergne, TN in an amount not to exceed \$22,000. The software and server are needed to record power usage and transfer data to City Meter Data Management Agent (GLU).

Electric Superintendent Mike Furmanski and Electric Distribution Engineer Josh Krajniak provided details of the Electric Department Power Plant SCADA System purchase.

Electrical Advisory Committee Brown moved, Anthony seconded, **CARRIED UNANIMOUSLY**, to recommend the City of Escanaba purchase new SCADA system software and a new server from Schneider Electric, LaVergne, TN in an amount not to exceed \$22,000.

**NB-4** Nelson moved, Beauchamp seconded, to approve new SCADA system software and a new server from Schneider Electric, LaVergne, TN in an amount not to exceed \$22,000.

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

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

**MOTION CARRIED.**

### **Approval – G-T IA & Pro Energy Insurance Coverage.**

Administration sought Council approval to approve a three (3) month extension of the current MARSH/ACE insurance coverage in the amount not to exceed \$21,000.

**NB-5** Nelson moved, Baribeau seconded, to approve a three (3) month extension of the

current MARSH/ACE insurance coverage in the amount not to exceed \$21,000.

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

Ayes: Nelson, Baribeau, Beauchamp, Baker, Evans

Nays: None

**MOTION CARRIED.**

**Approval – Settling Pond Sediment Removal Support.**

Administration sought Council approval to retain Geosyntec Consultants of Ann Arbor, MI as the on-site removal support for the sediment removal work related to the settling ponds at the Power Plant in an amount not to exceed \$80,000.

**NB-6** Nelson moved, Beauchamp seconded, to approve to retain Geosyntec Consultants of Ann Arbor, MI as the on-site removal support for the sediment removal work related to the settling ponds at the Power Plant in an amount not to exceed \$80,000.

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

Ayes: Nelson, Beauchamp, Baker, Baribeau, Evans

Nays: None

**MOTION CARRIED.**

**Approval – Power Plant Pond Sediment Removal.**

Administration sought Council approval to retain DeNovo Constructors of Chicago, IL for the sediment removal work related to the settling ponds at the Power Plant in an amount not to exceed \$200,000.

**NB-7** Nelson moved, Baribeau seconded, to retain DeNovo Constructors of Chicago, IL for the sediment removal work related to the settling ponds at the Power Plant in an amount not to exceed \$200,000.

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

Ayes: Nelson, Baribeau, Baker, Beauchamp, Evans

Nays: None

**MOTION CARRIED.**

**Discussion – Purchase Power Strategy.**

PSE Consultant Tom Butz provided an update on proposed pricing of extending the Nextera Transaction to 2017. Discussions also included other purchase power options for the 20 year horizon, and ATC changes. It was also suggested GLE be brought to the ACT Table regarding ATC changes, and timeline of all changes to electric power in the Upper Peninsula. It was also suggested the need to understand the capacity market. No action was required at this time.

**GENERAL PUBLIC COMMENT - None**

**COUNCIL/COMMITTEE, STAFF REPORTS**

- UPPCO settlement costs would be brought to Council when finalized.

**ADJOURNMENT**

Hearing no further public comment, or further reports from the Electrical Advisory Committee or Council, the meeting adjourned at 7:30 p.m.

Respectfully submitted,

Robert S. Richards, CMC  
City Clerk

Approved:

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Leo J. Evans, Mayor