

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, February 6, 2013

Pursuit to a meeting notice posted January 17, 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 Brady L. Nelson.

Absent: None

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

Absent: Electrical Advisory Committee Members: Ann Bissell, Two vacancies and Power Plant Liaison

Also Present: City Manager James V. O'Toole, Electric Superintendent Mike Furmanski, City Controller Mike Dewar, Pro Energy Escanaba Power Plant Manager Jack Scott, Escanaba Green Energy (EGE) representative Charles DeTiege and, members of City Administration, the public, and Media.

Baribeau moved, Baker 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.

Electrical Superintendent Mike Furmanski updated the City Council Electrical Advisory Committee and Citizens of Escanaba on the current departmental activities, and the MISO Y1 contract. Discussion included:

- City Line Crews were performing tree trimming. Contracted tree trimmer would be starting at the end of the month;
- Reviewed SSR Agreement, and protest which were filed and responded to.
- City Controller Dewar reviewed a six month Comparative Income Statement, (See Attachment – A);

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.

- No accidents or injuries;
- Operated Unit #1 for only one day;
- No major repairs made;
- Keeping costs low as much as possible;
- Discussed low water levels and how it could effect the plant intake for cooling;
- Reviewed performance indicators.

Update – Capacity Planning.

Electric Superintendent Mike Furmanski provided an update on capacity planning for year 2013/2014. He advised 90% of the capacity planning had been covered. Administration believed the remaining 10% would soon be obtained, and did not believe the City would not take part in the capacity auction.

Approval – Recloser Purchase.

Administration sought Council approval to purchase five (5) vacuum reclosers to be used within the electrical distribution system at the West Side Substation and the Clairmont Switchstation.

NB-4 After review and discussion, Nelson moved, Baker seconded, to approve the bid from RESCO of Middleton, WI, to purchase five (5) vacuum reclosers with Schweitzer controls, for \$87,085, to be used within the electrical distribution system, two reclosers at the West Side substation, and the remaining three at the Clairmont Switchstation.

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

Ayes: Nelson, Baker, Baribeau, Beauchamp, Evans

Nays: None

MOTION CARRIED.

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, by EGE Representative Charles DeTiege.

- Reviewed EGE's history and delays. EGE will make the City whole as part of the increased expenses they have incurred;
- If this deal fails what next;
- Jon Branson and representatives from Provartis were available by phone and provided an update on Escanaba Green Energy's financing, and the 10% needed from an initial investor;
- Reviewed a proposed Capacity Agreement with Escanaba Green Energy;
- It was noted that it had been three years working on selling the plant. The sale of the Power Plant always included the interest of the City and Power Plant Employees in mind. City could be willing to wait additional 30-60 days;
- When asked by Council, City Attorney Peterson responded by stating there wasn't any action needed at this time;
- As time goes by, City continues to lose funds. MISO has stated City must run the plant. Until FERC makes their ruling, City would not know how much it will be reimbursed;
- If the sale of the Power Plant did not take place, phasing out power plant and shutting it down would need to go before the voters for approval;
- City should continue with the sale of the Power Plant with Escanaba Green Energy.

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 7:26 p.m.

Respectfully submitted,

Robert S. Richards, CMC
City Clerk

Approved: _____
Leo J. Evans, Mayor

CITY OF ESCANABA
Electric Utility Fund
Comparative Income Statement
First Six Months of the Fiscal Year
Through 12/31/12

u:\123R3\ELECTRIC\PowerCosts\2012\13\P&L\Comptobudget1212

6 Months

	Col. (1)	Col. (2)	Col. (3)	Col. (4)	Col. (5)	Col. (6)	Col. (7)
	Budget Based On Continued Plant Operation	Pro-Rated Revised Budget	Financials - As Booked - As Of 12/31/12	Adjustments	Adjusted Financials As Of 12/31/12	\$\$\$ Change	% Change
Sales to Customers	\$13,069,000	\$6,534,500	\$6,446,665		\$6,446,665	(\$87,835)	-1.3%
Less:							
Power Purchases	(8,833,450)	(4,416,725)	(4,165,152)		(4,165,152)	251,573	-5.7%
ATC Transmission Costs	(1,216,170)	(608,085)	(590,671)		(590,671)	17,414	-2.9%
Transaction Costs (WPS/GLU/MISO)	(275,926)	(137,963)	(133,437)		(133,437)	4,526	-3.3%
Gross Profit - Retail Sales	\$2,743,454	\$1,371,727	\$1,557,406		\$1,557,406	\$185,679	13.5%
Other Revenue (Includes EO Revenues)	631,200	315,600	530,682 (1)	(\$200,000)	330,682	15,082	4.8%
Electric Department Overhead	(551,347)	(275,674)	(275,673)		(275,673)		
City Administration	(1,510,507)	(755,254)	(724,895)		(724,895)		
Distribution System Maintenance	(456,198)	(228,099)	(226,277)		(226,277)		
Distribution System Depreciation	(300,000)	(150,000)	(150,000)		(150,000)		
Distribution Costs	<u>(2,818,052)</u>	<u>(1,409,027)</u>	<u>(1,376,845)</u>		<u>(1,376,845)</u>	<u>32,182</u>	<u>-2.3%</u>
Profit/(Loss) Before Generation Operations	\$556,602	\$278,300	\$711,243		\$511,243	\$232,943	83.7%
Sales to MISO	1,200,000	600,000	705,802		705,802	105,802	17.6%
SSR Payments from MISO	3,710,279	1,855,140	0 (5)	1,855,140	1,855,140	0	0.0%
Plant O&M	(3,856,879)	(1,928,440)	(1,509,863) (2)	(225,000)	(1,734,863)	193,577	-10.0%
Fuel & Ash Costs	(1,000,000)	(500,000)	(515,047)		(515,047)	(15,047)	3.0%
Power Plant Depreciation	(300,000)	(150,000)	0 (3)	(150,000)	(150,000)	0	-0.0%
Prior Year Costs	0	0	0		0	0	0.0%
Generation Costs	<u>(5,156,879)</u>	<u>(2,578,440)</u>	<u>(2,024,910)</u>		<u>(2,399,910)</u>	<u>178,530</u>	<u>-6.9%</u>
Profit/(Loss) - Generation Operations	(\$246,600)	(\$123,300)	(\$1,319,108)		\$161,032	\$284,332	-230.6%
Contribution to General Fund	(463,624)	(231,812)	0 (4)	(231,812)	(231,812)	0	-0.0%
Net Profit/(Loss)	(\$153,622)	(\$76,812)	(\$607,865)	\$1,048,328	\$440,463	\$517,275	

- (1) Eliminate EGE Payment
- (2) Estimate ProEnergy Bonus
- (3) Book Steam Generation Depreciation
- (4) Book Contribution to General Fund
- (5) Apply SSR Reimbursement