

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, April 10, 2013

Pursuit to a meeting notice posted April 4, 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, Power Systems Engineering (PSE) Representatives Tom Butz, and members of City Administration, the public, and Media.

Beauchamp 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.

Electrical Superintendent Mike Furmanski updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the following current departmental activities:

- Pole replacement program;
- SSR Agreement and payment update.

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 following operation and maintenance of the power plant:

- Plant did not operate last month;
- Personnel performed various maintenance items at the Power Plant.

Update – Power Plant Remediation and Site Closure.

Electric Superintendent Mike Furmanski provided an update on the Power Plant remediation work, reviewed ground water sampling results, and progress made on achieving site closure. He further advised a meeting was scheduled with the MDEQ to review groundwater monitoring data and site closure strategy.

Approval – Groundwater Monitoring Proposal.

Administration sought Council approval of a proposal from Geosyntec Consultants for a year of quarterly groundwater sampling for an amount not to exceed \$28,500.

After discussion, Arkens moved, Anthony seconded, **CARRIED UNANIMOUSLY**, to approve of a proposal from Geosyntec Consultants for a year of quarterly groundwater sampling for an amount not to exceed \$28,500.

NB-4 After a recommendation from the Electrical Advisory Committee, Nelson moved, Beauchamp seconded, to approve of a proposal from Geosyntec Consultants for a year of quarterly groundwater sampling for an amount not to exceed \$28,500.

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

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

MOTION CARRIED.

Approval – Pole Rental Agreement.

Administration sought Council approval on a pole rental agreement between the City of Escanaba and MERIT Networks. Administration stated the pole rental rates would be the same as charged to Charter Communications.

NB-5 After discussion, Nelson moved, Baribeau seconded, to approve a pole rental agreement between the City of Escanaba and MERIT Networks.

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

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

MOTION CARRIED.

Update – Power Plant Purchase Agreement.

Escanaba Green Energy (EGE) representative Charles DeTiege provided an update on the status of power plant purchase agreement between the City of Escanaba and Escanaba Green Energy, LLC.

- Jon Branson of EGE was available by phone and provided an update on EGE's financing, and the 10% needed from an initial investor;
- EGE was still negotiating with potential investors for the 10% deposit;
- Provaris was still behind the project and was still committed to financing, with a May closing.

Update – Power Purchase Alternatives.

Power Systems Engineering (PSE) Representatives Tom Butz provided an update on a range of purchase power alternatives. Mr. Butz, Council, and Electrical Advisory Committee, discussed types of purchases available, costs of getting the power to Escanaba, expected impacts of transmission improvements on the costs, and the timeframes of future decisions. (See Attachment – A) Administration took all comments under consideration, and stated they needed to study the options to become more informed buyers. Any recommendation by Administration would be forwarded on to Council.

GENERAL PUBLIC COMMENT

Mike Steiner of Ameren Energy Marketing introduced himself and his business. Mr. Steiner stated his company works with municipalities on Power Purchase Alternates. If the City of Escanaba did decide to send out an RFP for Power Purchase Alternates, his company would be responding to the City RFP, and it would be their hope he and his company would soon be working together.

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 7:00 p.m.

Respectfully submitted,

Power Purchase Alternatives

April 10, 2012

- Purchase Power
 - What Makes it Work?
- Purchase Power Alternatives
- Cost of Delivery
- Block vs. Load Following

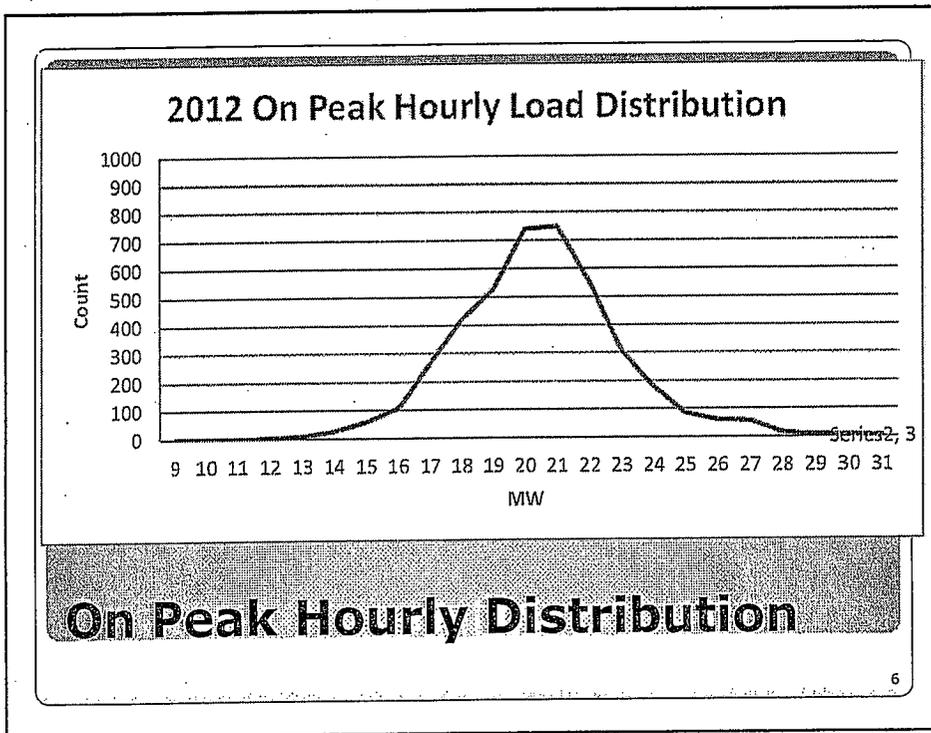
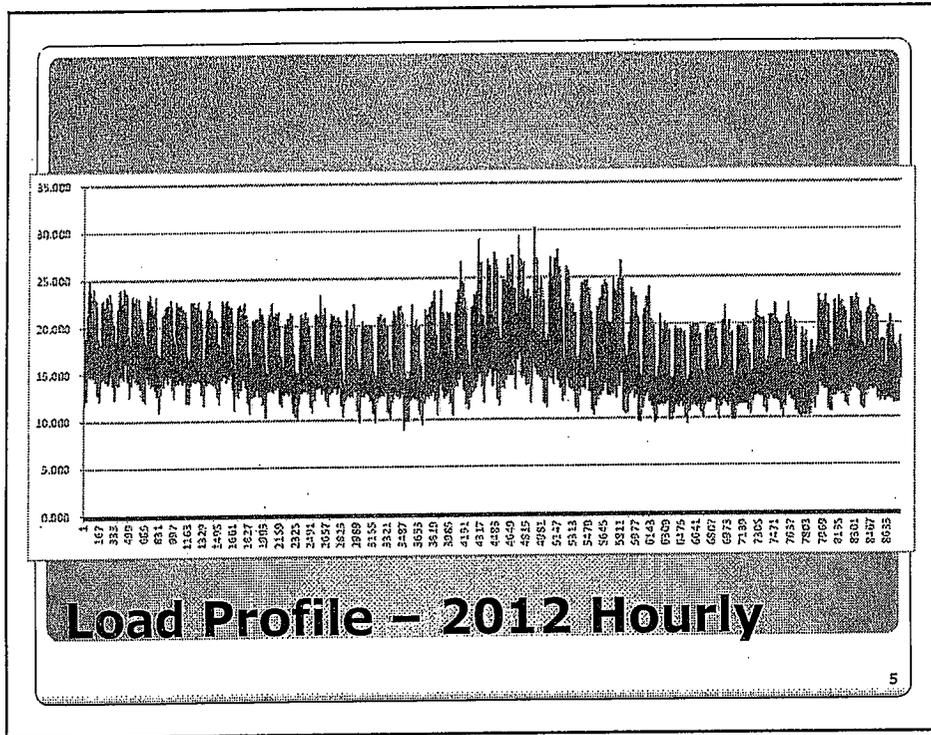
Agenda

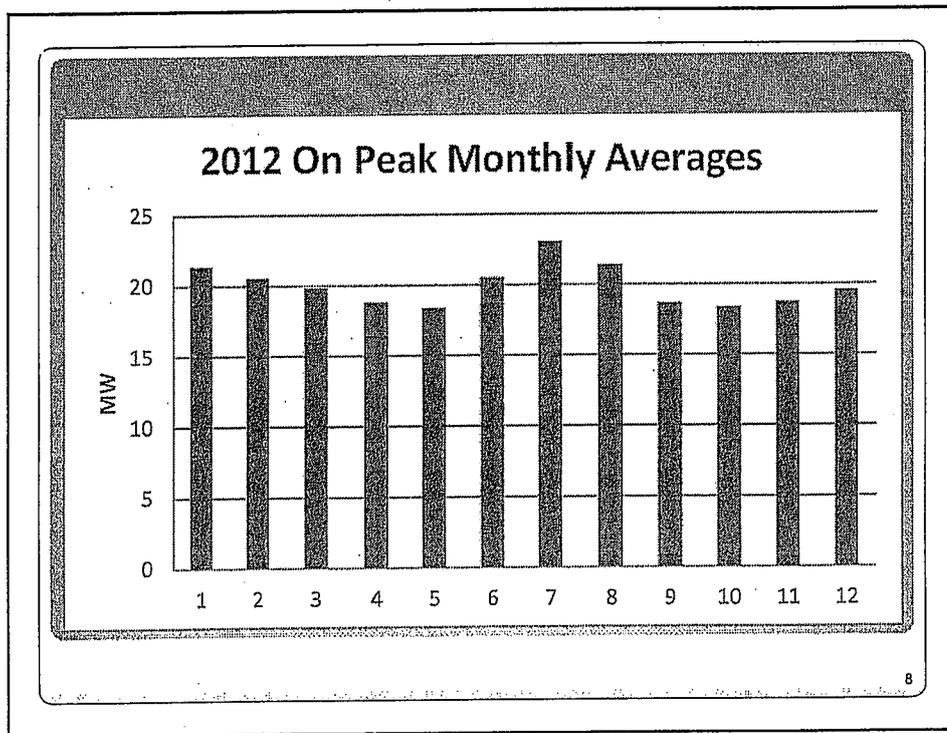
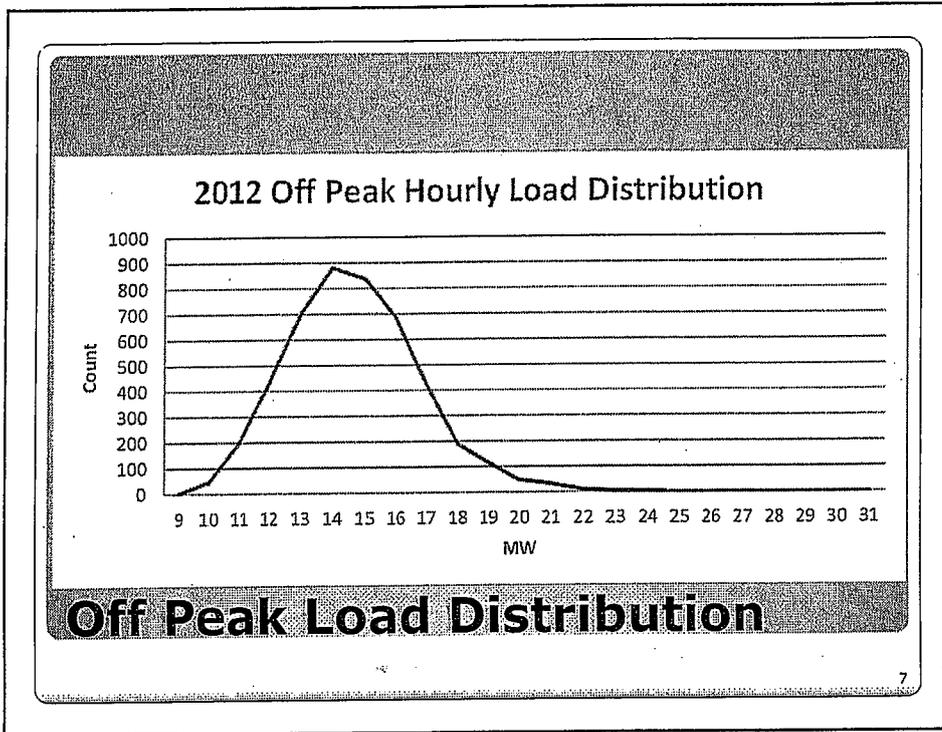
- **Background**
 - All Load Purchased from MISO
 - MISO Load Node – UPRC/ESC
 - FinSched with Party to Lock into Pricing
- **Energy Serving Services Required**
 - Create Load Forecast
 - Submit Load Forecast to MISO
 - DA Load – Purchased
 - DA Market Operates Balance of Energy in Real Time Market
 - Sell Excess, Purchase Shortfall
 - Submit RT load to MISO Market

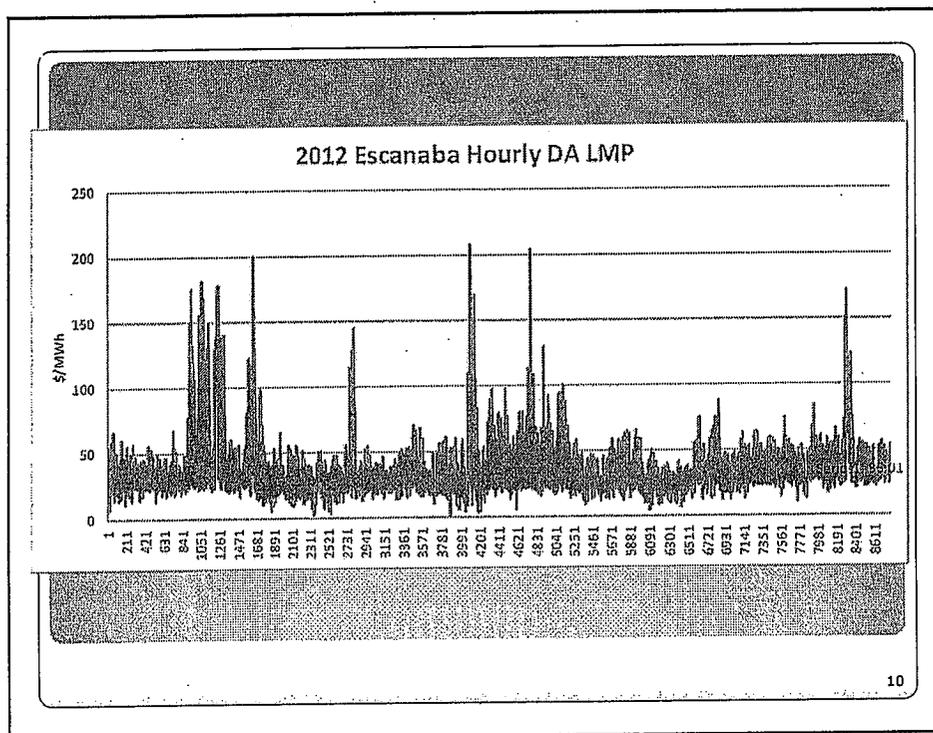
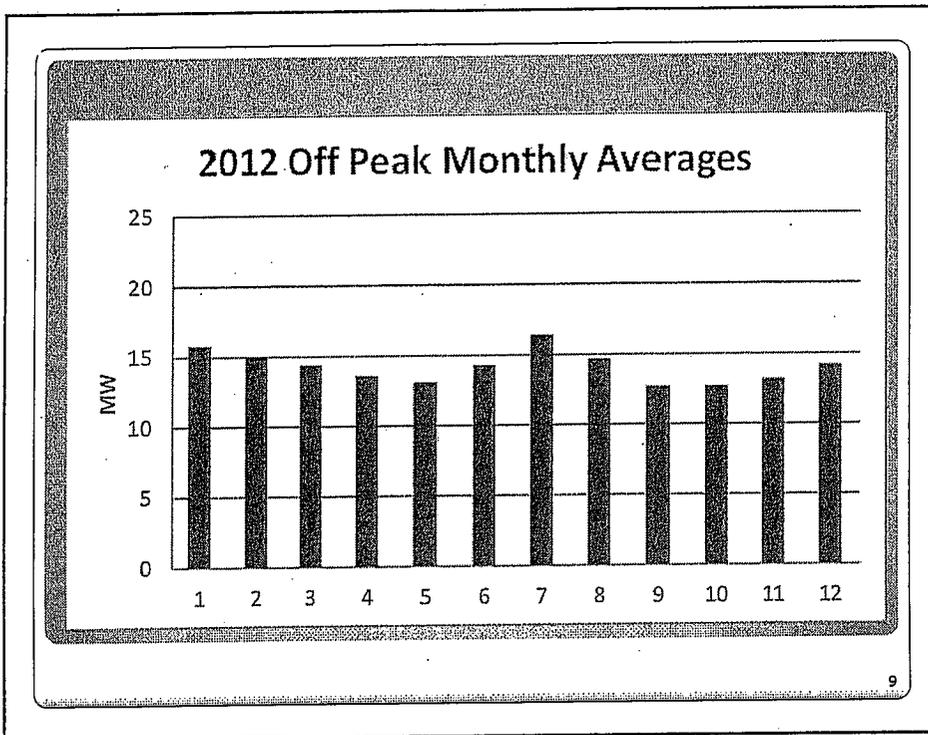
Purchase Power – What Makes it Work

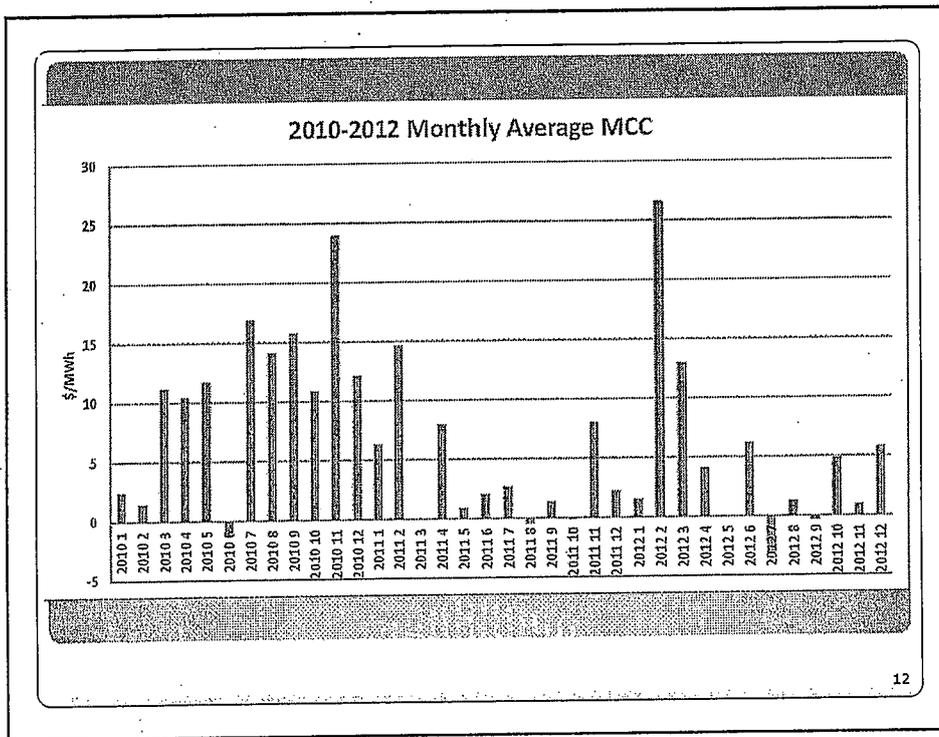
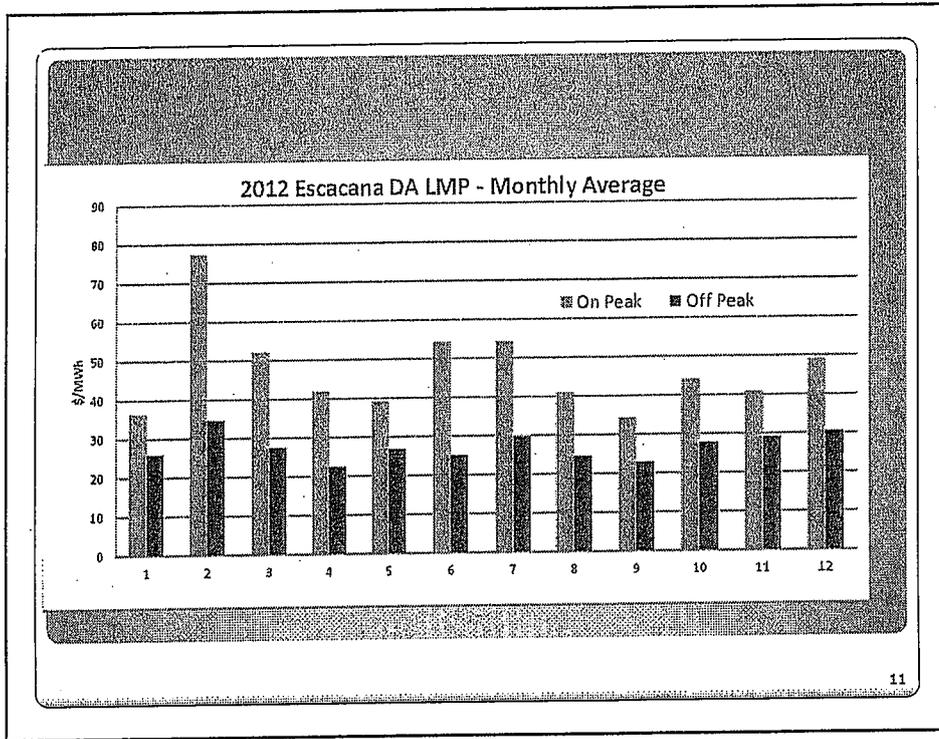
- **Open Market Position**
 - Purchase DA Energy for Forecasted Energy
 - Remaining Energy from RT Market
 - Risks – Uncertainty of Market Prices
 - City of Escanaba Approach from Dec 2009-Dec 31, 2011
 - Purchases
 - Hedge of Power Plant Costs
- **All Requirements Purchase**
 - City Started 5 yr Deal 1/1/2012
 - All Services Provided – Load Forecasting, MISO Agent Etc
 - Price Higher Than Market –
 - Value of Providing Price Certainty
- **Purchase Energy Blocks – Balance Open to Market**
 - Monthly MW Blocks – On and Off Peak
 - On Peak M-F 16 hours 7am -10pm

Purchase Power Approaches







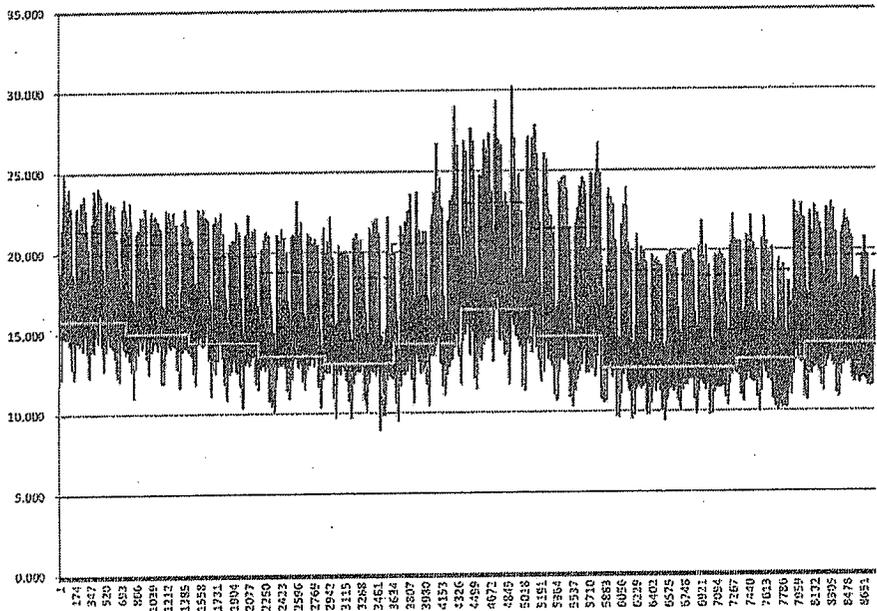


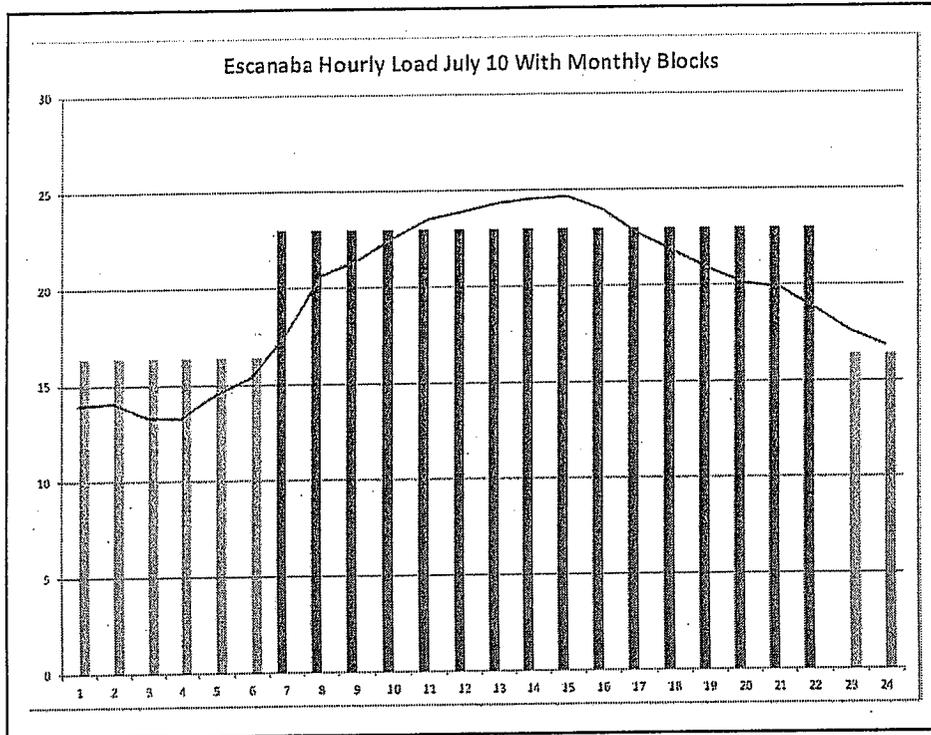
- Use 2012 as Template Data
- Purchase Monthly On and Off Peak Blocks
 - Based on Monthly Average
- Blocks Priced at Trading Hub

Purchase Energy Blocks

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Escanaba Hourly Load With Monthly Blocks





- Monthly Blocks Cover 91% Annual Energy
 - 4.5% Excess to Sell
 - 4.5% Shortage to Buy
- Basis to Escanaba Included
- Cost of Blocks + DA Pur - DA Sale + RT Pur - RT Sales + Basis + Service Costs
- Appears to be Lower Cost Than Load Following
- Testing Model - Load, Basis, Loadshape etc

Purchase Energy Blocks(Cont)

- Monitor 2017-2018 Pricing
 - Trading Block, Escanaba Block and All Requirements
 - Pricing for all Products looking Favorable compared to recent months

Next Steps

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