

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, November 12, 2014

Pursuit to a meeting notice posted November 7, 2014, the meeting was called to order by the Mayor Marc D. Tall at 6:00 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

Present: Mayor Marc D. Tall, Council Members, Patricia A. Baribeau, Ronald J. Beauchamp, and Michael R. Sattem.

Absent: Council Member Ralph B. Blasier

Present: Electrical Advisory Committee (EAC) Members: Glendon Brown, and John Anthony(arrived at 6:48).

Absent: Electrical Advisory Committee (EAC) Members: Larry Arkens, Ann Bissell, Chairperson Tim Wilson, Two vacancies, and Power Plant Liaison.

Also Present: City Manager James V. O'Toole, Electric Superintendent Mike Furmanski, City Controller Michael Dewar, Charles DeTiege of Escanaba Green Energy (EGE), members of the public and media.

Baribeau moved, Sattem 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.

- Update on the coal available on the docks;
- End of year rush on various new construction;
- Garland was being put up;
- New Service Truck would soon be available.

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

Charles DeTiege of 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 Escanaba Power Plant.

- No accidents or injuries were reported in October;
- No Air Monitoring deviations, NPDES violations, or Groundwater deviations in the month of October;
- Power Plant Units ran twice in October;
- Reviewed repairs and maintenance during the month of October.

Discussion – Electric Utility Fund Review and Rate Stabilization.

City Controller Dewar provided a review of the current financial status of the Electric Utility Fund which supports the day-to-day activities of the electrical operations along with an electrical rate stabilization recommendation for the remainder of the current fiscal year.

- Reviewed the three SSR agreements;
- Summary of SSR Uncertainties;
- Calculation of monthly SSR charge;
- Theoretical Cost Calculation of the three SSR's for which the City shares responsibility;
- City financial condition in the Electric Fund;
- Projection and Comparison of Electric Production Costs;
- Projections – Electric Fund Profit & Loss – Summarized Alternatives #1 & #2;
- Electric Fund Profit & Loss Analysis for the setting of rates;
- Reviewed possible impacts of various rate increases on a total bill;
- Administration recommendation between now and June 30th, City maintain rates as is until more information was obtained.

Baribeau moved, Sattem seconded, based on a recommendation by City Administration, that the City of Escanaba maintain the current electric rate structure as is between now and June 30, 2015.

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

Ayes: Baribeau, Sattem, Beauchamp, Tall
Nays: None

MOTION CARRIED.

Update – Escanaba Wholesale Power Supply Costs.

Electric Superintendent Mike Furmanski updated the EAC, City Council and the Citizens of Escanaba on the City's current and future wholesale energy supply costs. (See Power Cost Update Appendix – A)

Update – U.P. Energy Summit Recap.

Electric Superintendent Mike Furmanski updated the EAC, City Council and the Citizens of Escanaba on the U.P. Energy Summit which was held on October 28, 2014.

Electrical Advisory Committee Member Glendon Brown reviewed the Presque Isle Power Plant Cost Allocation Dispute which included:

- Root Cause of Problem and Cost Allocation Dispute;
- Economics of Power Generation Today;
- Review and Critique of Proposed Solutions;
- Implications for Escanaba Power Costs.

It was suggested to talk to State and Federal officials about addressing the root cause of the Presque Isle SSR cost allocation dispute which included:

- Require all power loads in the UP to be subject to a fair SSR cost allocations, regardless of their power supplier;
- Revise, remove or rescind the Act 286 Cliffs exemption earmark/amendment;
- Establish a future fair cost allocation process for maintaining our electric system reliability.

It was suggested to stay with the current course and continue to explore the best future options to maintain Escanaba's regional low cost power position and schedule a one on one meeting with our State Representatives.

Approval – Tree Trimming Contractor.

Administration sought Council approval to retain Bugle Contracting, Inc. of Cornell, MI in an amount not to exceed \$20,000 for tree trimming throughout the electrical distribution system.

NB-6 Sattem moved, Baribeau seconded, to approve to retain Bugle Contracting, Inc. of Cornell, MI in an amount not to exceed \$20,000 for tree trimming throughout the electrical distribution system.

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

Ayes: Sattem, Baribeau, Beauchamp, Tall
Nays: None

MOTION CARRIED.

Discussion – MISO Attachment Y Filing.

Electric Superintendent Mike Furmanski discussed options (plant suspension or plant retirement) available to the City of Escanaba regarding the submission of a new Attachment Y to MISO. Upon the submission, MISO will perform a reliability-based evaluation to determine the impact of the Escanaba Power Plant to the MISO system. A new Attachment Y must be filed by the City no later than December 14, 2014.

After discussion and review of the City options of a new SSR Agreement, it was Council consensus for City Administration to provide further information to Council prior to the December 10, 2014, Joint meeting with the Electrical Advisory Committee.

Update – Escanaba Power Plant Purchase Agreement/Sale.

Escanaba Green Energy (EGE) representative Charles DeTiege provided an update on the sale of the Escanaba Power Plant. Mr. DeTiege advised that funds were available but had to go through a money laundering and terrorist background check which took longer than expected, and was advised it was completed last Friday. He further advised EGE was now waiting for the Independent verification of funds with the Independent Escrow Agent which would provide Independent proof of funds.

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 7:49 p.m.

Respectfully submitted,

Robert S. Richards
City Clerk

Approved: _____
Marc D. Tall, Mayor