

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, January 14, 2015

Pursuit to a meeting notice posted January 7, 2015, 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.

Beauchamp moved, Sattem seconded, **CARRIED UNANIMOUSLY**, to excuse Council Member Blasier.

Present: Electrical Advisory Committee (EAC) Members: Chairperson Tim Wilson, John Anthony, and Ann Bissell.

Absent: Electrical Advisory Committee (EAC) Members Larry Arkens, and Glendon Brown, Two vacancies, and Power Plant Liaison.

Also Present: City Manager James V. O'Toole, Electric Superintendent Mike Furmanski, City Controller Michael Dewar, City Attorney Ralph B. K. Peterson, Pro Energy Services, Inc. Representative Jack Scott, members of the public and media.

ADJUSTMENTS TO THE AGENDA

Sattem moved, Baribeau seconded, **CARRIED UNANIMOUSLY**, to approve the Joint City Council & Electrical Advisory Committee Agenda as submitted.

CONFLICT OF INTEREST – 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 repairs ongoing but should be completed soon. 30 poles were scheduled to be replaced per the contract;
- Contractors trimming trees around City power lines;
- Breezy Point line was repaired;
- Reviewed new services;
- Provided a Power Energy NextEra Update;

- Energy Optimization update.

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

Pro Energy Services, Inc. Representative Jack Scott updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the status of the operation and maintenance of the power plant.

- Power Plant was available 97% of the month, which was good for the age of the power plant. Also reviewed startups of Units 1 & 2, and Combustion Turbine;
- No unit trips or unplanned outages during the month;
- There were no planned outages during the month;
- One forced outage on Unit 1 due to a hand hole leak;
- Reviewed Major Maintenance Activities for December;
- No major maintenance required for the Combustion Turbine during the month;
- No Air Monitoring deviations in the month of December;
- No NPDES violations or groundwater deviations during the month;
- No OSHA work related injuries, no lost time accidents for December.

Approval – MISO Attachment Y Submission – Retirement.

On December 12, 2014, the City of Escanaba submitted an Attachment Y asking for an additional year of plant suspension once the current SSR was suspended by MISO. Administration updated the City Council and Electrical Advisory Committee on the MISO response which stated the City had used up all 36 months possible for suspension over a 5 year period, therefore, another suspension was not authorized. As a result of this ruling, Administration sought City Council approval to file retirement paperwork with MISO. (See Attachment – A) It was further advised, in order to seek Power Plant retirement, the City needed to first terminate the Asset Purchase Agreement with Escanaba Green Energy (EGE). Under the Agreement, EGE would have five business days to come up with funds to purchase the Escanaba Power Plant.

Members of the Public in attendance were offered time to speak on this issue. None were heard.

After further discussion, the following motions were made by Council:

NB-3a Baribeau moved, Beauchamp seconded, **CARRIED UNANIMOUSLY**, to approve termination of the EGE Asset Purchase agreement.

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

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

NB-3b Beauchamp moved, Baribeau seconded, **CARRIED UNANIMOUSLY**, to approve to file the MISO Attachment Y Submission – Retirement of the Escanaba Power Plant, effective this upcoming June 2015.

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

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

Approval – Transformer Purchase.

Administration sought Council approval to purchase transformers of various sizes. Invitations were sent out to 6 sources, with 5 suppliers submitting bids. All bidders were informed that the transformer bid would be evaluated for initial cost and operating cost. After evaluating the bids, Administration recommended acceptance of the bid from RESCO of Middleton, WI for the Ermco transformers in the amount of \$53,284.00.

NB-4 Sattem moved, Beauchamp seconded, to purchase transformers of various sizes from RESCO of Middleton, WI for the Ermco transformers in the amount of \$53,284.00.

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

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

MOTION CARRIED.

Update – Power Plant Purchase Agreement/Sale.

No update on the sale of the Power Plant was provided.

Manager O'Toole briefly reviewed information regarding the Upper Peninsula Energy solutions regarding the Presque Isle Power Plant.

GENERAL PUBLIC COMMENT – None

COUNCIL/COMMITTEE, STAFF REPORTS

Council Member Baribeau thanked Charles DeTiege of Escanaba Green Energy for all he had done trying to purchase the Escanaba Power Plant. Mr. DeTiege stated he would pick up the pieces and continue to try and purchase the Escanaba Power Plant.

Electric Superintendent Mike Furmanski commented on joining the UP Power Pool and would provide information in the future for Council.

ADJOURNMENT

Hearing no further public comment, or further reports from the Electrical Advisory Committee or Council, the meeting adjourned at 6:30 p.m.

Respectfully submitted,

Robert S. Richards
City Clerk

Approved: _____
Marc D. Tall, Mayor

MEMORANDUM

January 8, 2015

To: James V. O'Toole, City Manager
Escanaba City Council
Electrical Advisory Committee

From: Mike Furmanski, Electrical Superintendent

SUBJ: Attachment Y submission

On December 12, 2014, the City submitted an Attachment Y to MISO asking for another year of suspension for the 2 steam units. On December 18, 2014, MISO informed the City that generating units are limited to 36 months of suspension during any 5 year period. Because we will hit the 36 month maximum in June, 2015, I believe we have 2 general options. These are: (1) operate the plant as a network generator and (2) ask MISO for permission to retire the plant.

If we choose option (1), the City would be responsible for all plant costs. These costs are estimated to be \$4.5M annually. Within that \$4.5M figure is \$700,000 for plant depreciation and \$100,000 for CT operations. The \$3.7M directly attributable to the steam plant is what we have been receiving from MISO through our SSR agreement. The \$3.7M attributable to the steam plant would be reduced somewhat by capacity sales and by energy sales. The profits from these sales are not expected to come close to covering the \$3.7M.

Additionally, not having the plant headed for a retirement would likely make it more appealing to a potential buyer.

If we choose option (2), there are 2 possible outcomes. The first outcome is that MISO allows the plant to be retired. There may be some costs associated with closing the plant down, but these would be one-time costs. Our annual costs going forward would be \$0. The second outcome is that MISO does not allow the plant to be retired. This is the more likely outcome, based on the fact that when our suspension request was studied, it was determined that the Holmes to Old Mead Road transmission line would have to be in service before the Escanaba plant could be suspended. This transmission line is not in service yet. It is expected to be in service in late 2016. If our retirement request is denied, we would negotiate a new SSR agreement with MISO.