

**A REGULAR MEETING**

Of The

**TRAVERSE CITY LIGHT AND POWER BOARD**

Will Be Held On

**TUESDAY, February 24, 2009**

At

**5:15 p.m.**

In The

**COMMISSION CHAMBERS**  
(2<sup>nd</sup> floor, Governmental Center)  
400 Boardman Avenue

Traverse City Light and Power will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting, to individuals with disabilities at the meeting/hearing upon notice to Traverse City Light and Power. Individuals with disabilities requiring auxiliary aids or services should contact the Light and Power Department by writing or calling the following.

Jessica Dezelski,  
Administrative Assistant  
1131 Hastings Street  
Traverse City, MI 49686  
(231) 932-4543

Traverse City Light and Power  
1131 Hastings Street  
Traverse City, MI 49686  
(231) 932-4543

Posting Date: 02-20-09  
5:00 p.m.

## **PLEDGE OF ALLEGIANCE**

### **1. ROLL CALL**

### **2. CONSENT CALENDAR**

*The purpose of the consent calendar is to expedite business by grouping non-controversial items together to be dealt with by one Board motion without discussion. Any member of the Board, staff or the public may ask that any item on the consent calendar be removed therefrom and placed elsewhere on the agenda for full discussion. Such requests will be automatically respected. If an item is not removed from the consent calendar, the action noted in parentheses on the agenda is approved by a single Board action adopting the consent calendar.*

A. Consideration of approving minutes of the Regular Meeting of February 10, 2009.

B. Consideration of approving minutes of the Closed Session of February 10, 2009.

### **3. OLD BUSINESS**

None as of February 20, 2009

### **4. NEW BUSINESS**

A. Consideration of approving the Six Year Public Improvement Plan. (Rice)

### **5. APPOINTMENTS**

None as of February 20, 2009

### **6. REPORTS AND COMMUNICATIONS**

A. From Legal Counsel:

None as of February 20, 2009

B. Staff Reports:

(1) Update re: MPPA Board of Commissioners Meeting (Feahr)

(2) Update re: Meteorology Tower (Rice)

(3) Update re: Arkansas Storm Restoration (Solak)

(4) Update re: Gray Substation (Dine)

C. From Board:

None as of February 20, 2009

Light and Power Board  
February 24, 2009

D. From Public:

None as of February 20, 2009

7. **PUBLIC COMMENT**

/jd

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Regular Meeting  
Held at 5:15 p.m., Commission Chambers, Governmental Center  
Tuesday, February 10, 2009

**BOARD MEMBERS -**

Present: Linda Johnson, Michael Coco, Ralph Soffredine, Joseph Zimmerman, Jim Carruthers, James Hoogesteger

Absent: John Welch

**EX OFFICIO MEMBER -**

Present: Ben Bifoss, City Manager

**OTHERS:** Ed Rice, Tim Arends, Jessica Dezelski, Jim Cooper, Glen Dine, Karen Feahr, Peter Doren

The meeting was called to order at 5:15 p.m. by Chairperson Linda Johnson.

Chairperson Johnson requested that a Closed Session regarding attorney-client privileged letter from general counsel be placed on the Agenda as New Business 4(A).

Tim Arends requested that item 2(F) be removed from the Consent Calendar and placed elsewhere on the Agenda for full discussion.

Chairperson Johnson placed it to be considered as Agenda Item New Business 4(D)

Member Coco requested that item 2(E) be removed from the Consent Calendar and placed elsewhere on the Agenda for full discussion.

Chairperson Johnson placed it to be considered as Agenda Item New Business 4(E)

**2. CONSENT CALENDAR**

Moved by Soffredine, seconded by Zimmerman, that the following items, as recommended on the amended Consent Calendar portion of the agenda, be approved:

- A. Consideration of approving minutes of the Joint Study Session with the City Commission of January 12, 2009
- B. Consideration of approving minutes of the Regular Meeting of January 13, 2009.
- C. Consideration of approving minutes of the Strategic Planning Session of January 15, 2009.
- D. Consideration of approving minutes of the Strategic Planning Session of January 29, 2009.

- E. Consideration of adopting the amended Resolution Establishing a Recording Retention Schedule. (Approval recommended) (Dezelski)
- F. Consideration of approving lease renewal for Parking Lot X Agreement between Traverse City Light and Power and the City of Traverse City. (Approval recommended) (Arends)

Motion passed by unanimous vote.

#### 4. NEW BUSINESS

Moved by Zimmerman, seconded by Soffredine, to go into closed session immediately to review the attorney-client privileged letter from general counsel; passed by roll call vote: (LJohnson, JZimmerman, JHoogesteger, MCoco, RSoffredine), 1 nay (JCarruthers).

The Board went into closed session at 5: 21 p.m.

The Board came out of closed session at 5:37 p.m.

Moved by Soffredine, seconded by Zimmerman, that the Light and Power Board adopt the Vision Statement, Mission Statement, and Strategic Goals developed through the 2009 Strategic Planning Process.

Public Comment:

-John Nelson spoke re: the dams.

-Tom Karas spoke re: being fiscally responsible and local generation.

-Mary Joseph spoke re: putting money away for enrichment opportunities.

Motion passed by unanimous vote.

Moved by Zimmerman, seconded by Soffredine, that the Light and Power Board adopt the attached Regulation on the Aggregation of Demand Response for Retail Customers; passed by unanimous vote.

Moved by Coco, seconded by Zimmerman, that the Light and Power Board declares and certifies that a leasehold interest for five fiscal years ending June 30, 2013, in Parking Lot X is not necessary for the operation of the Traverse City Light and Power Department and authorizes the Chairperson and the Executive Director to execute a Lease Agreement with The City of Traverse City for use of Parking Lot X at Hall Street Substation site subject to approval as to form by general counsel; passed by roll call vote: (LJohnson, JZimmerman, JHoogesteger, MCoco, RSoffredine), 1 nay (JCarruthers).

## 6. REPORTS AND COMMUNICATIONS

### Legal Counsel Reports:

- (1) Peter Doren spoke re: Emergency Shut Off Policy
- (2) Peter Doren spoke re: Elmwood Substation.

### Staff Reports:

- (1) Karen Feahr spoke re: MPPA Board of Commissioners Meeting.
- (2) Ed Rice spoke re: the MPPA Board of Commissioners Special Meeting.
- (3) Jim Cooper spoke re: Public Act 295
- (4) Jim Cooper asked for volunteers to review the Community Investment Fund applications. Chairperson Johnson, Member Soffredine, and Member Coco volunteered to review the applications.
- (5) Tim Arends spoke re: Winter Non-Pay Disconnects.

### Board Reports:

- (1) Member Carruthers spoke re: Knorr Marketing.
- (2) Member Carruthers spoke re: West Side Transmission Line Project.
- (3) Member Carruthers spoke re: Cherryland self regulation.
- (4) Chairperson Johnson spoke re: upcoming meeting dates.
- (5) Chairperson Johnson thanked the Board for their time and efforts to develop the new strategic plan.
- (6) Ed Rice spoke re: MET Tower.

## 7. PUBLIC COMMENT

-John Nelson spoke re: Dams.

The meeting was adjourned at 6:57 p.m.

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Edward E. Rice, Secretary  
LIGHT AND POWER BOARD



TRAVERSE CITY  
LIGHT & POWER

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To: Light and Power Board  
From: Ed Rice, Executive Director *ER*  
Date: February 20, 2009  
Subject: 2009-10 Six Year Capital Improvements Plan

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In accordance with City Charter Chapter XVIII, section 179 (o), the 2009-10 Six Year Capital Improvements Plan must be submitted to the City Commission by its first meeting in March.

As reviewed and updated from the discussions during the February 23, 2009 Study Session staff recommends Board approval of the Plan and that it be forwarded to the City Commission for their consideration. The following motion would be appropriate if you concur with staff's recommendation:

MOVED BY \_\_\_\_\_, SECONDED BY \_\_\_\_\_

THAT THE LIGHT & POWER BOARD APPROVES THE 2009-10 SIX YEAR CAPITAL IMPROVMENTS PLAN AND DIRECTS STAFF TO SUBMIT THE PLAN TO THE CITY COMMISSION FOR THEIR CONSIDERATION.



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light and Power Board  
**From:** Karen Feahr, Energy Supply Manager *KEF*  
**Date:** February 19, 2009  
**Subject:** MPPA Board of Commissioners Report

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The MPPA Board of Commissioners held their regular monthly meeting on February 11.

A Renewable Portfolio Standard (RPS) Service Committee was created to help participating municipal utilities develop their renewable energy plans. These plans are required to be submitted to the Michigan Public Service Commission (MPSC) by April 4, 2009 in compliance with Public Act (PA) 295. TCLP is participating.

A North American Electric Reliability Corporation (NERC) Reliability Standards Compliance Update was given by the MPPA staff. NERC reliability standards define the reliability requirements for planning and operating the North American bulk power system. MPPA is registered at NERC as a Joint Registration Organization because it is a power supply entity and a resource planner, and its members are distribution providers, load serving entities, generation owners and generation operators. MPPA will be audited by NERC in May 2009. The audit will assess MPPA's and its members' compliance with the Reliability Standards.

The CT Project Committee reported that the unit has been running well. The average cost to run the unit has been under 7 cents/kilowatt-hour. MPPA requested and received authorization to purchase up to an additional 15,000 mcf (1000 cubic feet) of natural gas from MichCon for the unit because natural gas is currently running \$5 per mcf and the futures for this summer are running \$7 per mcf. The project participants will save money by making this early purchase. TCLP owns more than 75% of the 50 megawatt generating unit.



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light and Power Board  
**From:** Edward Rice, Executive Director  
**Date:** February 19, 2009  
**Subject:** Meteorology Tower

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Doug Zufelt and Ed Rice attended the Norwood Township meeting, Charlevoix County, Planning Commission meeting on Tuesday evening, February 17, 2009. At this meeting the commission declared a public hearing and heard public comment on TCL&P's Special Use Permit Application for the installation of the meteorology tower (MET) on the Manthei property. All comments were in support of the issuance of the permit. After normal commission inquiries of the Zoning Administration concerning the adherence to the new zoning ordinance, the permit was unanimously granted with "no conditions."

The MET has been on site for six weeks and is already prepared for installation. This will occur as soon as weather conditions permit.

A full project update will be presented at the Regular Board on March 10.



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light and Power Board  
**From:** Rod Solak *RS*  
**Date:** February 19, 2009  
**Subject:** Arkansas Storm Restoration

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On Friday February 13<sup>th</sup> a 4 man crew returned home from 10 days of storm restoration work in Arkansas. The crew worked on everything from setting poles in rear lot line, to stringing house services. There were approximately 700 linemen working at the utility that they were at, helping restore electrical service. There were a number of Michigan utilities helping throughout the south, as this storm went through on January 26<sup>th</sup> and in some rural areas people are still without power.



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light and Power Board

**From:** Glen Dine 

**Date:** February 19, 2009

**Subject:** Gray Substation

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The Joint Building Committee for the Gray Substation Project will be meeting monthly to proceed with the construction phase of the Gray Substation. A design and construction package is currently being reviewed and finalized by the Committee. Construction bids will then be obtained and evaluated. It is anticipated that Wolverine Power Supply Cooperative would be signatory to the construction contract with TCL&P named as a third party beneficiary. Staff will consult with the Board as the project proceeds. Wolverine has indicated construction could start as early as this summer or fall.

# Leelanau Enterprise

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 Vol. 132 - No. 21 Lake Leelanau, Michigan 49653 Thursday, February 19, 2009 Three Dollars  
 9076 00 27 09 0158475 LOT 400  
 SOMDEE RACINE DOREN 16.20 395  
 310 W FRONT ST STE 300  
 TRAVERSE CITY MI 49604-2279

Vol. 132 - No. 21 Lake Leelanau, Michigan 49653 Thursday, February 19, 2009 Three Dollars

## Substation settlement OK'd

### Opponents of Elmwood site withdraw as 'intervenor's'

By Alan Campbell  
 Of The Enterprise staff

A settlement has been reached and is expected to be approved by the Michigan Public Service Commission that would allow construction of a controversial electrical substation in Elmwood Township.

"It is uncontested, meaning there is no opposition to the agreement itself," said Craig Borr, executive vice president of Wolverine Power Supply Cooperative, which joined with three electrical providers in planning for the more-than \$6 million project.

Key to the agreement, Borr said, was inclusion of an extensive site plan worked out between the Wolverine Power staff and Elmwood Township planning coordinator Chris Grobbel in June 2008. However, the Township Board in office at the time never took action on the site plan, prompting Wolverine to seek exemption from local zoning through the Michigan Public Service Commission rather than risk a lawsuit for stalling construction against the township's wishes.

"We felt that (site plan) was important, and it was certainly important to a lot of people in the township," said Borr.

Approval of the project seems certain after the

only official opposition at the state level withdrew from the proceedings. In a legal document filed last week by Traverse City attorney James Hunt, CWT Development, Inc., Babia Vista Condominium Association and Josephine Bargeil withdrew as "intervenor's" in the case.

Solon Township residents Lisa and Maxon Augue, who are developing and retain ownership of lots within the Bahia housing development near the proposed substation site, led the opposition. Joining with Bargeil, who would become a neighbor of the substation, the three sought to stop the project through township Zoning Board of Appeals and Circuit Court rulings. However, both rulings came down in favor of allowing the project as an "essen-

tial use" as defined in the Zoning Ordinance. But a previous Elmwood Township Board changed its ordinance to zone out the substation just before the Circuit Court decision was rendered, further complicating the question of whether the project was allowed by township zoning.

Opponents berated the substation site's owner, Elmwood Township farmer and trustee Terry Laumer. He provided Wolverine an option to purchase 8.7 acres near Traverse City Light & Power's windmill generator in a field north of M-72 and east of Bugal Road. Laumer is a member of Cherryland's board of directors, and a former member of Wolverine's board of directors. He did not partic-

(Continued on Page 15)

## MSU Extension, ag station cuts plan under fire

By Eric Carlson  
 Of The Enterprise staff

A proposal by Michigan Gov. Jennifer Granholm to combine budgets for Michigan State University Extension offices and Michigan Agricultural

4-H youth educator Barb Duvall remembers.

The local Extension and its 4-H programs were threatened with extinction another time in 2006 when a county budget shortfall led commissioners to request a one-mill property tax increase



# Substation

*Continued from Page 1*

pate in the Elmwood Township approval process. Lautner, however, was the leading vote-getter among trustee candidates in the August Primary Election. "My position has been that this substation is needed to provide reliable power to the farms and homes in Leelanau County," he said.

Hunt said he would confer with his client Mason Argue before speaking to the *Enterprise*. Argue, likewise, did not provide comment when contacted.

Borr said Wolverine officials held negotiations with all parties, including the Masons. He said no monetary compensation was provided by Wolverine to reach the settlement.

Wolverine coordinated the project with Cherryland Electric Cooperative, Consumers Energy and Light & Power, which still needs approval from Elmwood Township to run transmission lines along M-72 to the site.

Opponents said the substation is unneeded, and questioned the decisions made by Wolverine prior to its siting in Elmwood Township. A smaller version of the substation was originally planned in Garfield Township.

But Wolverine and other utility engineers said the substation is required to provide reliable power to growing communities and households that have shown a propensity to use more energy. It would also help to alleviate blackouts by providing an alternative option for routing power around blockages.

Borr said the scope and siting of the project reflect an improved spirit of cooperation among energy providers, and grew out of a federal effort to coordinate energy projects.

"Twenty years ago, you might see each utility go their own way, and build three to four facilities and a cost of three to four times (more)," said Borr.

More coordination — and quicker approvals of energy infrastructure projects — may be in the future, as Borr said a new "political thrust" is coming out of Washington to place more utility decisions with the Federal Energy Regulatory Commission. Local zoning may be exempted.

Wolverine first applied to Elmwood Township for approval to build the substation in July 2007. The project could be placed on the MPSC's agenda for its next regular meeting set for March 5, according to Judy Palnau, commission spokeswoman.

Had a settlement not been reached, the approval process could have lasted into September.

Bob Marshall of Leelanau County filed an opinion on behalf of the Northwest Michigan Environmental Action Council seeking a better planning process for siting infrastructure projects. He would have preferred that the approval process stayed local, but transpired through a regional level.

"I thought (appealing to MPSC) was a bad precedent. I do think there is a need for a better way to plan these projects, regional planning with more teeth. The county should have more teeth in these matters," he said.

Elmwood supervisor Jack Kelly, who assumed office in November, said the present Township Board voted not to become an active participant in the case partially as a cost-saving measure.

"Certainly the township board expressed its opinion at its meeting in December that it didn't want to spend funds to become an intervenor," he said.

Township clerk Connie Preston said the process has been expensive. She last calculated the township's costs at more than \$25,000, and that was in July 2008.