

Tuesday, February 28th, the City of Traverse City will conduct a Special Election with one ballot question:

Making “functional control” of L&P’s transmission system available to MISO refers to such things as the control of the electrical power flowing through wires. MISO is a non-profit organization that oversees reliable operation of the regional electrical transmission grid.**

SHALL THE TRAVERSE CITY LIGHT AND POWER BOARD BE AUTHORIZED TO ENTER INTO AGREEMENTS WITH THE MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, EITHER DIRECTLY OR THROUGH THE MICHIGAN PUBLIC POWER AGENCY, IN ORDER TO POOL ITS TRANSMISSION FACILITIES?

YES

NO

To better understand this question and the outcome of a “yes” or “no” vote, you may find the questions and answers below helpful.

Q: What is this special election about?

A: It’s about whether L&P will be able to receive an estimated \$900,000 in additional annual revenue by transferring functional control of Light and Power’s transmission assets to MISO. Here are the details:

L&P has applied through the Michigan Public Power Agency (MPPA)* to participate in a pool of electric utilities managed by the Midwest Independent System Operator (MISO)**. MISO is a non-profit organization that oversees reliable operation of the regional electrical transmission grid. If that application is accepted by MISO, then MISO would reimburse Light & Power for what MISO considers the annual revenue requirement for maintaining L&P’s transmission facilities.

If approved by voters, the ballot proposal will allow L&P to also make the functional control (NOT physical control) of L&P’s transmission system available to MISO, if and when MISO requests control sometime in the future.

According to MISO formulas for such reimbursement, consultants estimate this could add new revenue of \$900,000 annually to L&P which could help offset rising costs.

Q: What does making “functional control” available to MISO mean?

A: It means that MISO can control power flowing through L&P’s transmission system as MISO determines, in order to ensure reliable transmission services to the regional electric grid. **This will not affect the power supply to your home or business.** Light & Power will continue to own the assets and provide your electric service.

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L&P operates and maintains a \$34.6 million natural gas-fired combustion turbine power plant that was built in conjunction with the Michigan Public Power Agency (MPPA) in Kalkaska County. The plant serves Traverse City Light & Power and other member utilities of the MPPA.*

Functional control does NOT mean physical control. **This election will not affect the power supply to your home or business.** L&P will continue to own the assets and provide your electric services. (below: Hall Street Substation)



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Q: If there are a majority of “Yes” votes, what is the likely outcome?

A: A “yes” vote ensures that L&P would be able to receive an estimated \$900,000 in additional annual revenue from MISO and continue to participate with the pool.

Q: If there are a majority of “No” votes, what is the likely outcome?

A: L&P’s future participation with the MISO pool might be jeopardized, as would the \$900,000 in projected annual revenue. It is likely that L&P could not continue with the pool and would lose the estimated MISO annual payments of \$900,000.

Q: If L&P has already applied to the MISO pool for membership, why is a special election necessary?

A: Because L&P’s current agreement with MPPA is contingent upon voter approval to stay in MISO. The City Charter requires voter approval before L&P can dispose or lease real property. While the charter does not address “functional control” issues specifically, attorneys for L&P recommended an election to avoid any future potential issues with the MISO pool.

Q: Won’t a special election cost the City money?

A: L&P has agreed to reimburse the City for the cost of the special election.

*The Michigan Public Power Agency is a non-profit, joint action power supply agency, owned by municipal utilities. The Agency provides economic benefits to its 14 municipal members and is involved in joint ownership of electrical generating plants and transmission facilities, as well as the pooling of utility resources.

*After electricity markets were deregulated in the 1990s, over 10 Independent System Operators, like MISO, were created to impartially oversee regional power systems (the electric transmission grid) to ensure their reliable operation and foster their expansion. MISO provides transmission service for transferring electric energy through the grid to electrical utilities, including L&P.