

**A REGULAR MEETING**

Of The

**TRAVERSE CITY LIGHT AND POWER BOARD**

Will Be Held On

**Tuesday, December 10, 2013**

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 Wheaton  
Marketing & Community Relations Coordinator  
1131 Hastings Street  
Traverse City, MI 49686  
(231) 932-4574

Traverse City Light and Power  
1131 Hastings Street  
Traverse City, MI 49686  
(231) 922-4940

Posting Date: 12-5-13  
4:00 p.m.

## **AGENDA**

### **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.*

None.

#### **3. Unfinished Business**

None.

#### **4. New Business**

- a. Consideration of approving minutes of the Regular Meeting of November 12, 2013. (p. 4)
- b. Consideration of privileged & confidential client/attorney communications. (Possible Closed Session) (Arends) (p. 7)
- c. Consideration of Staff Recommendation to Retire the M-72 Wind Turbine (Arends) (p. 8)
- d. Discovery Center Use of Coal Dock Presentation (Arends/Mike Wills) (p. 13)

#### **5. Appointments**

None.

#### **6. Reports and Communications**

- a. From Legal Counsel.
  1. Eminent Domain - 743 Boyd Avenue (Doren) (p. 30)
- b. From Staff.
  1. Strategic Planning Focus Groups Report to Board (Arends) (p. 33)
  2. Energy Supply Presentation #2 (Arends/RTD Consulting) (p. 39)
  3. June 30, 2013 Year-End Financial Report (Myers-Beman) (p. 73)

c. From Board.

**7. Public Comment**

/jw

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Regular Meeting  
Held at 5:15 p.m., Commission Chambers, Governmental Center  
Tuesday, November 12, 2013

**Board Members -**

Present: Barbara Budros, Jim Carruthers, Jeff Palisin, John Taylor, Patrick McGuire  
Absent: Jan Geht, Bob Spence

**Ex Officio Member -**

Present: Jered Ottenwess, City Manager

**Others:** Karla Myers-Beman, Tom Olney, Jessica Wheaton, Scott Menhart

The meeting was called to order at 5:15 p.m. by Chairman McGuire.

Chairman McGuire announced that Karla Myers-Beman will be sitting in for Tim Arends, TCL&P's Executive Director.

**Item 2 on the Agenda being Consent Calendar**

Budros noted that the agenda did not indicate which action is recommended for each Consent Calendar item and confirmed that approval is recommended for both items listed.

Moved by Carruthers, seconded by Budros, that the following items on the Consent Calendar portion of the agenda be approved:

- 2(a).** Consideration of approving minutes of the Regular Meeting of October 23, 2013.
- 2(b).** Consideration of authorizing a purchase order to Power Line Supply for the Parsons to Airport Access Transmission Line Project overhead and underground materials.

CARRIED unanimously (Geht, Spence absent).

**Item 3 on the Agenda being Unfinished Business**

None.

**Item 4 on the Agenda being New Business**

- 4(a).** Consideration of authorizing a procurement agreement with ABB Kuhlman for the purchase of two 69/13.8 KV 12/16/20 MVA transformers for the South Substation Project.

The following individual addressed the Board:  
Karla Myers-Beman, Controller

Moved by Budros, seconded by Taylor, that the Board authorizes the Chairman and Secretary to execute a procurement agreement with ABB Kuhlman in the amount of \$980,900 for two transformers for the South Distribution Substation; subject to approval as to substance by the Executive Director and approval as to form by General Counsel.

CARRIED unanimously (Geht, Spence absent).

**4(b).** Consideration of adopting a new vision and mission statement for the utility.

The following individual addressed the Board:  
Karla Myers-Beman, Controller

Budros requested that the end of both the Vision and Mission Statements be edited to read, "...City and its residents and all TCL&P customers."

The following individual addressed the Board:  
Jessica Wheaton, Marketing & Community Relations Coordinator

Moved by Budros and seconded by Palisin that the Light and Power Board adopts the following Vision Statement: "To build the long-term value of TCL&P for the benefit of the City and its residents and all TCL&P customers." And further move that the Light and Power Board adopts the following Mission Statement: "The Mission of TCL&P is to provide the Public Power benefits of safety, lower rates, high reliability, local control and exceptional customer service to the City and its residents and all TCL&P customers."

CARRIED unanimously (Geht, Spence absent).

**Item 5 on the Agenda being Appointments**

None.

**Item 6 on the Agenda being Reports and Communications**

A. From Legal Counsel.

None.

B. From Staff.

1. Bob Dyer, from RTD Consulting, made an energy supply presentation.
2. Karla Myers-Beman announced that the Elmwood Charter Township Greilickville Commercial Corridor Sub Area Master Plan has been adopted.

C. From Board.

None.

**Item 7 on the Agenda being Public Comment**

-Rick Buckhalter, 932 Kelley Street, Ratepayer

There being no objection, Chairman McGuire declared the meeting adjourned at 7:08 p.m.

/jw

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Tim Arends, Secretary  
LIGHT AND POWER BOARD

DRAFT



**TRAVERSE CITY**  
**LIGHT & POWER**

## Communication to the Board of Directors

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DATE: DECEMBER 3, 2013

FROM: TIM ARENDS, EXECUTIVE DIRECTOR

SUBJECT: CLOSED SESSION – PRIVILEGED & CONFIDENTIAL  
ATTORNEY/CLIENT COMMUNICATION

Pursuant to the Open Meetings Act, I recommend the Board enter into a closed session to consider privileged & confidential attorney/client communication from W. PETER DOREN and special counsel Peter Ellsworth.

A Roll Call vote is required with four affirmative votes.

The following recommended motion would be appropriate to do so:

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


**THAT THE LIGHT & POWER BOARD ENTER INTO CLOSED SESSION  
TO CONSIDER PRIVILEGED & CONFIDENTIAL ATTORNEY/CLIENT  
COMMUNICATIONS.**



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director  
**Date:** December 2, 2013  
**Subject:** M-72 Windmill Turbine Decommissioning



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Over the past year, the M-72 windmill turbine (“turbine”) has continually experienced operational issues. The latest most significant repair brought to the Board’s attention occurred last fall at the November 27, 2012 board meeting. Staff requested approval from the Board to purchase a new rotor current controller (“RCC”) unit that had failed. Following installation operating issues have continually occurred which are detailed in the timeline enclosed for your review.

Below is a high-level summary of the operational issues with the turbine:

1. The two yaw motors have been found to be defective and the part is obsolete. The purpose of the yaw motor is to keep the rotor facing into the wind as the winds direction changes. Approximate cost to replace is \$2,000.
2. The hoist used to lift the replacement equipment into the windmill has failed and cannot be repaired and must be replaced. Approximate cost to replace is \$5,000.
3. The RCC unit, which has been replaced multiple times and failed, is still nonoperational. This unit controls the maximum current level at 600 KW, the turbine’s capacity, without the RCC unit operational the windmill automatically operates at half power. Approximate cost to replace is \$3,500 and an additional \$8,000 to \$10,000 if another company were to be hired to investigate and analyze whether the RCC units are defective or if the problem is being created by another piece of equipment such as the generator.

Based on the occurrences mentioned above and in the attached timeline, staff has determined that its best course of action is to recommend to the Board that the turbine be decommissioned for the following reasons:

1. It is not economical to continue to operate the windmill based on its current financial status. The capital cost of the turbine is \$785,616 with operational expenses to-date being \$396,278 for a total cash outlay of \$1,181,894. The cash outlay is offset by green rate revenues of \$107,200 and avoided purchase power costs of \$386,241 leaving the turbine at a deficit investment of \$688,453. (A summary of financial status has been enclosed for your review.)
2. The turbine has been operational for eighteen years and it is nearing its expected industry standard life of twenty years. This is evident with it being nonoperational for five months in 2009-10, two months in 2011-12, operating at half power for ten months in 2012-13 and either not in operation or operating at half power for six months in 2013-14, along with an increase in operational expenses over the past six years.



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3. The technology of windmills has greatly advanced since the installation in 1996 creating an environment where it is difficult to find replacement parts and expertise to repair the aged turbine. The industry appears to be more focused on manufacturing new wind turbines rather than retrofitting old turbines and extending their life expectancies.
4. The site cannot be repowered with a new wind turbine because an operationally economical turbine to replace the current turbine must be higher to operate at an efficient level; there is height limitations preventing installation of a taller turbine.

If the Board agrees with staff's recommendation to decommission the turbine, staff would begin the process of obtaining bids for costs to remove the wind turbine, removal of the pad mount transformer, foundation removal, electrical collection system, material removal, and backfill and restoration. Additionally, staff would determine if turbine could be sold for used parts and/or scrap.

The easement agreement for the location would remain outstanding until June 1, 2019, but could be paid off sooner; currently, the balance due on the land lease is \$1,998.37. There are no other known outstanding liabilities pertaining to the turbine besides the decommissioning costs.

If Board is in agreement with staff's recommendation, the following motion would be appropriate:

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

**THAT THE BOARD AUTHORIZES THE EXECUTIVE DIRECTOR TO RETIRE THE M-72 WINDMILL TURBINE AND BEGIN THE DECOMMISSIONING PROCESS.**



TRAVERSE CITY  
LIGHT & POWER

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**To:** Tim Arends, Executive Director  
**From:** Tom Olney, Operations Manager  
**Date:** November 25, 2013  
**Subject:** M-72 Wind Turbine Timeline for 2013

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- Jan 4<sup>th</sup> The M-72 wind turbine failed in late August 2012 and was still inactive on this date. Installed new Rotor Current Controller (“RCC”) on this date after being sent the wrong RCC and finally obtaining one from Denmark- they had only two left as they said they were obsolete. Cost of new RCC was \$37,746.69 (Board approved on recommendation of TCL&P staff).
- Jan 6<sup>th</sup> New RCC failed after being active only 2 days.
- Jan 8<sup>th</sup> The decision was made to run the wind turbine at one-half power (300 KW) based on a recommendation from Vestas.
- Jan 30<sup>th</sup> After Vestas was unable to determine why the RCC failed, TCL&P contracted with Broadwind Services to inspect and troubleshoot the wind turbine. The cost for this service was \$8,036. Broadwind Services inspected the generator and determined that it should last at least another six years. They determined that they strongly suspected that the RCC needed repairing.
- April 16<sup>th</sup> Following a lengthy search, Vestas sent TCL&P a replacement RCC at no charge.
- April 19<sup>th</sup> The replacement RCC failed. The part was sent to Broadwind for investigation/repairs.
- May 31<sup>st</sup> TCL&P received the repaired RCC from Broadwind at a cost of \$3,443.34
- June 6<sup>th</sup> Installed repaired RCC from Broadwind.
- June 15<sup>th</sup> RCC failed again.
- July 8<sup>th</sup> Sent failed RCC back to Broadwind Services. Technician feels that since it lasted for a week or so, it must be another burned out component in the board. Cost: not to exceed \$800.

FOR THE LIGHT & POWER BOARD MEETING OF DECEMBER 10, 2013

- Aug 26<sup>th</sup> Received repaired RCC from Broadwind Services
- Sept 6<sup>th</sup> Installed repaired RCC from Broadwind but discovered that one of the two yaw motors would not operate. The yaw motors are responsible for positioning the turbine blades into the current direction of the wind for maximum generating efficiency.
- Nov 20<sup>th</sup> After an exhaustive search for a replacement yaw motor (they are obsolete), TCL&P installed a motor that was sent from Vestas. One motor turned out to rotate at a different speed than the original causing the second original motor to fail as well. TCL&P then ordered two motors which turned out to be the wrong voltage. Also, in the middle of testing the yaw motors the RCC failed again. Finally, during lifting and lowering the yaw motors at various times, the hoist at the wind turbine failed. It has failed in the past and has been repaired but Grand Traverse Crane inspected the hoist and said that it is no longer feasible to repair it.
- Nov 25<sup>th</sup> The RCC remains failed and inoperable. Staff strongly suspects that the generator itself has an electrical problem that is causing every RCC installed to fail. It will cost at least \$2,000 to purchase two yaw motors and \$5,000 to replace the failed hoist.

It will cost TCL&P at least \$7,000 to get the wind turbine back up and running at one-half power with a generator that has an electrical problem that neither Broadwind nor Vestas have been able to repair. The only alternative we have for full power is to employ a third wind turbine repair company to do an on-site inspection, which would cost approximately an additional \$10,000.

**Bottom line: it will cost TCL&P \$7,000 to get the wind turbine back to running at half power and \$17,000 to restore it to full power- with a very strong possibility of additional failures in the future.**

**Traverse City Light & Power Department**  
**M-72 Wind Turbine Statistics - (In Service 18 Years)**  
**June 30, 2013**

Asset Value:	1995-96 \$ 763,860.19	Original cost
	2009-10 \$ 21,756.08	Trico TC Wind/Elmer's (refurbishment)
	\$ 785,616.27	
Accumulated Depreciation	\$ (403,313.97)	33.3 year straight line method
Book Value 6/30/2013	\$ 382,302.30	

Fiscal Year	Operation Expenses	Depreciation Expense	Total Operating Expenses	kWh Generated (net of station use):	Cost Per kWh	Estimated Green Rate Revenues	Node Reference	Node Average Annual \$/kWh	Avoided Cost	Net Operational Expense
1995-96 (Online June 1996)	\$ 218.46	\$ 11,457.90	\$ 11,676.36	26,800	\$ 0.4357	\$ 7,750.00	MPPA Power Pool	\$ 0.0250	\$ 670.00	\$ (8,201.54)
1996-97	\$ 28,831.77	\$ 22,915.81	\$ 51,747.58	326,927	\$ 0.1583	\$ 7,750.00	MPPA Power Pool	\$ 0.0280	\$ 9,153.96	\$ 11,927.81
1997-98	\$ 16,006.24	\$ 22,915.81	\$ 38,922.05	822,729	\$ 0.0473	\$ 7,750.00	MPPA Power Pool	\$ 0.0240	\$ 19,745.50	\$ (11,489.26)
1998-99	\$ 13,511.12	\$ 22,915.81	\$ 36,426.93	764,939	\$ 0.0476	\$ 7,750.00	MPPA Power Pool	\$ 0.0275	\$ 21,035.82	\$ (15,274.70)
1999-00	\$ 17,443.12	\$ 22,915.81	\$ 40,358.93	833,215	\$ 0.0484	\$ 7,750.00	MPPA Power Pool	\$ 0.0310	\$ 25,829.67	\$ (16,136.55)
2000-01	\$ 40,894.41	\$ 22,915.81	\$ 63,810.22	754,457	\$ 0.0846	\$ 7,750.00	MPPA Power Pool	\$ 0.0305	\$ 23,010.94	\$ 10,133.47
2001-02	\$ 8,255.90	\$ 22,915.81	\$ 31,171.71	737,659	\$ 0.0423	\$ 7,750.00	MPPA Power Pool	\$ 0.0300	\$ 22,129.77	\$ (21,623.87)
2002-03	\$ 6,764.85	\$ 22,915.81	\$ 29,680.66	853,769	\$ 0.0348	\$ 7,750.00	MPPA Power Pool	\$ 0.0280	\$ 23,905.53	\$ (24,890.68)
2003-04	\$ 6,157.81	\$ 22,915.81	\$ 29,073.62	760,968	\$ 0.0382	\$ 7,750.00	MPPA Power Pool	\$ 0.0230	\$ 17,502.26	\$ (19,094.45)
2004-05	\$ 2,822.71	\$ 22,915.81	\$ 25,738.52	706,714	\$ 0.0364	\$ 7,750.00	MPPA Power Pool	\$ 0.0340	\$ 24,028.28	\$ (28,955.57)
2005-06	\$ 2,283.52	\$ 22,915.81	\$ 25,199.33	635,548	\$ 0.0396	\$ 7,750.00	MPPA Power Pool	\$ 0.0340	\$ 21,608.63	\$ (27,075.11)
2006-07	\$ 12,482.12	\$ 22,915.81	\$ 35,397.93	760,646	\$ 0.0465	\$ 7,750.00	MPPA Power Pool	\$ 0.0340	\$ 25,861.96	\$ (21,129.84)
2007-08	\$ 37,940.67	\$ 22,915.81	\$ 60,856.48	815,745	\$ 0.0746	\$ 7,750.00	MISO LMP	\$ 0.0480	\$ 39,155.76	\$ (8,965.09)
2008-09	\$ 37,201.88	\$ 22,915.81	\$ 60,117.69	761,276	\$ 0.0790	\$ 6,450.00	MISO LMP	\$ 0.0510	\$ 38,825.08	\$ (8,073.20)
2009-10	\$ 38,318.21	\$ 23,245.13	\$ 61,563.34	318,515	\$ 0.1933	\$ -	MISO LMP	\$ 0.0310	\$ 9,873.97	\$ 28,444.25
2010-11	\$ 13,633.30	\$ 23,568.49	\$ 37,201.79	766,147	\$ 0.0486	\$ -	MISO LMP	\$ 0.0370	\$ 28,347.44	\$ (14,714.14)
2011-12	\$ 18,157.29	\$ 23,568.49	\$ 41,725.78	650,704	\$ 0.0641	\$ -	MISO LMP	\$ 0.0360	\$ 23,425.34	\$ (5,268.05)
2012-13	\$ 95,354.43	\$ 23,568.49	\$ 118,922.92	336,974	\$ 0.3529	\$ -	MISO LMP	\$ 0.0360	\$ 12,131.06	\$ 83,223.37
<b>Totals</b>	\$ 396,277.81	\$ 403,313.97	\$ 799,591.78	11,633,732	\$ 1.0687	\$ 107,200.00	avg:	\$ 0.0327	\$ 386,240.96	\$ (97,163.15)

Balance Due on Land Lease:  
(6/1/1995 to 6/1/2019)  
\$ 1,998.37

2009-10 down 5 months  
2011-12 down 2 months  
2012-13 10 months down or at 1/2 power

Total Capital Investment	\$ 785,616.27
Operation Expenses	\$ 396,277.81
Green Rate Revenues	\$ (107,200.00)
Avoided Purch. Power Costs	\$ (386,240.96)
Net Cost of Investment to-date	\$ 688,453.12



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director  
**Date:** December 2, 2013  
**Subject:** Discovery Center Use of Coal Dock Presentation

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Attached are details of a proposal from Discovery Center Great Lakes (“DCGL”) related to their request of TCL&P to utilize the coal dock and coal dock storage area for future community public benefits.

As you will see from the timeline outlined in the details, this request of use has been discussed for many years; however, no formal decisions on the future of the coal dock have been made by TCL&P or the City.

Mr. Mike Wills of DCGL will be in attendance at your December 10<sup>th</sup> meeting to present the specifics of their proposal to the Board. While the document does call for the Board to adopt a resolution of support to further explore DCGL’s request, I believe the Board has mentioned on several occasions that it would like to have general discussions with the City on the coal dock’s future as a city/TCL&P asset.

Therefore, staff is suggesting that the Board direct the Executive Director to work with the City Manager in convening a join study session in the near future between the TCL&P Board and City Commission to discuss the coal dock and specifically this concept as proposed by DCGL.

If after Board discussion you agree with staff’s recommendation the following motion would be appropriate:

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

**THAT THE BOARD DIRECTS THE EXECUTIVE DIRECTOR TO WORK WITH THE CITY MANAGER IN CONVENING A STUDY SESSION WITH THE CITY COMMISSION TO DISCUSS THE FUTURE OF THE COAL DOCK, ITS OWNERSHIP, AND SPECIFICALLY THE DISCOVERY CENTER’S PROPOSAL.**



## DISCOVERY CENTER ~ GREAT LAKES TCLP DOCK USAGE PROPOSAL

November 6, 2013

### Request for Public Access to a Public Asset

#### BACKGROUND

The Discovery Center ~ Great Lakes is a property of Rotary Camps and Services, donated by Michael Dow in 2006 as a home for educational non-profits that serve our community and the public interest as it relates to water.

The Discovery Center ~ Great Lakes (DCGL) is a nonprofit tax-exempt organization to whom Elmwood Township has granted an exemption from real estate property taxes. There are currently four members of the Discovery Center:

- The **Maritime Heritage Alliance** supports an active workshop for historic boat building as well as a sailing mentoring program for youth, and provides free "heritage" sailing opportunities to the community.
- The eco-friendly offices of the **Watershed Center Grand Traverse Bay** offer opportunities for involvement with watershed protection including the Adopt-a-Stream program and volunteer water quality monitoring in the Grand Traverse Bay area.
- The **Great Lakes Children's Museum**, serves 30,000 visitors per year, with galleries of hands-on, water-related exhibits for children and their families, as well as various programs throughout the year, at the Museum and out in the community.
- **Traverse Area Community Sailing** has future plans to use the Bay front for intermediate sailing instruction and a fleet of keelboats for community membership use. Currently they offer beginning sailing instruction for youth ages 8-17 and adults on Boardman Lake.

**The Mission of the Discovery Center ~ Great Lakes:** "to create and maintain a collaborative educational facility where children, youth, and adults can learn the value of historic preservation, the importance of environmental stewardship, the joy of discovery, and the pleasure of water-based recreation as well as to provide support to the member water-related charitable organizations for their respective operations and missions."

The Discovery Center is working to create a regional educational center that will awaken a sense of wonder by encouraging understanding and stewardship of the Grand Traverse Bay. In the process, Discovery Center intends to become one of the area's leading cultural, educational, and recreational attractions.

## **HISTORY**

Michael Dow, in giving the Discovery Center property to Rotary, sought to enhance and preserve public access to the Bay. To that end, DCGL and its neighbors, Traverse City Light & Power and Elmwood Township, have worked together to establish connections and linkages between our properties for the benefit of the general public. (See Relationship Map, Attachment #1)

The former coal dock and coal storage lot once served the now-demolished Bayside Power Plant. At the time of its de-commissioning ten years ago in November 2003, then-chair of the TCLP Board Fred Nelson said “Our ability to do this [grant access] is an added benefit of the Bayside Plant removal, and it also represents another way that we are investing our resources in the community. A permanent education center located on West Bay will help cultivate respect for this community’s maritime heritage while providing an opportunity for hands-on education” (Attachment #6).

TCLP led the way with the landscaping and a pathway across the frontage of the TCLP Dock. In August 2010, Elmwood dedicated the beautiful and immediately successful Greilickville Harbor Park, and subsequently constructed public restrooms at the southern pavilion of the park. The Discovery Center has renovated and upgraded all the buildings on site, and added signage and landscaping along the highway.

More exciting things are underway. The Township engaged JJR, a renowned, award-winning planning and design firm, to develop an innovative Sub-Area Master Plan to upgrade the Township Marina and M-22 Waterfront district, including the critical elements of parking, traffic, TART Trail linkages and safe pedestrian crossings. The Plan was adopted by Elmwood Township on August 20, 2013 (Attachment #5). The Grand Vision named this segment of M-22 a regional “corridor of significance” and awarded Elmwood a transportation planning grant that will augment JJR’s work. The Discovery Center completed an intensive long-range facilities planning study with the help of Rotary, NorthSky Nonprofit Network, and Cornerstone Architects. The Discovery Center is also working on plans for replacing our aging docks with an expanded community-oriented harbor and marina.

TCLP has generously allowed the Maritime Heritage Alliance (MHA) to use the inner harbor as a docking facility for their historic vessels in support of maritime history preservation. And, while TCLP thoughtfully installed guard railings around the dock some time ago, the gates have been closed to the public.

In July 2011, when the Tall Ship *Manitou*, a Traverse City icon for the last quarter century, lost its berth and likely would have been put out of business, TCLP stepped up and permitted the ship to dock on the outer wall of the TCLP dock. The Discovery Center assisted in accommodating their land-based operations, ticket office, and parking. This arrangement allows the tall ship *Manitou* to remain in our community—an important educational resource, vital area attraction, and spectacular sight on the Bay.

## **OUR PROPOSAL**

Rotary Camps and Services and the Discovery Center ~ Great Lakes fully support the continued, perpetual preservation of the Dock by TCLP as the region's only deep-water port, to serve whatever unforeseen needs might arise in the future. The dock is a valuable community asset. Yet, that the property lies idle, and until that unforeseen need arises, could serve a greater public good by providing public access to the water and Grand Traverse Bay.

In keeping with our objective of enhancing and expanding public access to the waterfront, we ask the TCLP Board to grant public access to the former coal dock and the former coal storage facility, whether by management agreement, license, lease, or otherwise. With this public access, the community will be able to view MHA's historic vessels, stroll on the pier and enjoy the water, fish from the dock, and benefit from educational and recreational programs. This access would leave the dock available for use as a deep-water port whenever necessary.

In the belief that considerable public benefit can be realized from the use of TCLP's idle assets (without expense to TCLP), we now come to the TCLP Board to request an arrangement with DCGL to:

- Open the TCLP Dock property to the public for viewing MHA's historic vessels, as well as fishing, picnicking, and other activities and events.
- Establish a Community Harbor & Marina encompassing the current harbor and properties to the south, including those owned by Stephen Kozelko, DDS and the Masonic Lodge, who have committed to this project. DCGL has developed a comprehensive business plan that will be made available.
- Utilize the Coal Storage Lot for public parking to serve the Greilickville Harbor Park, TCLP Dock, and proposed Community Harbor & Marina. In the initial phase of the development, the TCLP Dock will be used for parking. Because this is not the highest and best use of this asset, the subsequent phase will include parking on the storage lot and other properties on the west side of M-22.

We believe there is value to TCLP in having DCGL, whose focus is the public interest, assume responsibility for the oversight and management of our contiguous properties for public use and activities, with the Discovery Community Harbor & Marina. This arrangement would:

- Relieve TCLP staff of the burden of managing the property
- Provide on-site monitoring and control of activities, gates, hours of operation
- Provide TCLP additional insurance and liability buffers
- Relieve TCLP of the expenses of landscape maintenance, lights, etc.
- Maintain property tax-exemption status, since DCGL is a tax-exempt nonprofit
- Continue to preserve necessary dock use by TCLP or the City, including fireworks staging or other needs that may arise



- Recognize TCLP for its community-minded effort to expand public access to the waterfront and better utilize a public asset
- Recognize TCLP for saving the tall ship *Manitou*

Revenues from the Marina would enable DCGL to cover the expenses of management and maintenance and any surplus would help sustain the mission of the Community Harbor, where DCGL will expand and maintain its water-based experiential learning programs for families and other community groups, provide more waterfront access and affordable or free activities, and nurture a community-wide attitude of stewardship of the Great Lakes.

DCGL will be responsible for any and all costs of improvement to the properties necessary for its needs and no significant changes will be made that would interfere with future use of the dock as a deep-water port. The DCGL board and management are dedicated and experienced, with the expertise to manage the facility in a professional, responsible manner. A similar arrangement, as a Management Agreement, currently exists between the City of Traverse City and Traverse Area Community Sailing regarding facilities at Hull Park. We could use that as a model for this project, or model an agreement after the lease between Rotary Camps & Services and DCGL.

The Community Harbor & Marina will be the first phase of a long-range expansion at the Discovery Center, which will eventually include an energy-efficient, green-design facility that will provide shared space for the partner organizations to collaborate in fulfilling their individual and collective missions. Please see the attachments for detailed artist renderings of the imagined facility. An agreement between TCLP and the Discovery Center is a key first step in developing this valuable community resource.

## **CONCLUSION**

We are confident that there will be tremendous community support and public benefit in this proposal to increase public access to this important public asset by developing the Discovery Community Harbor & Marina. It would also provide greater oversight and monitoring of the TCLP Dock property, while reducing TCLP staff time in overseeing its day-to-day management and buffering liability with an additional insured party on site. Working with the Discovery Center will provide a significant and positive PR opportunity for TCLP. We see some cost savings for TCLP and expect no financial support. Finally, it would do nothing to interfere with the future potential use of the TCLP Dock as a deep-water port.

## **REQUEST**

The Discovery Center ~ Great Lakes requests that the Traverse City Light & Power Board:

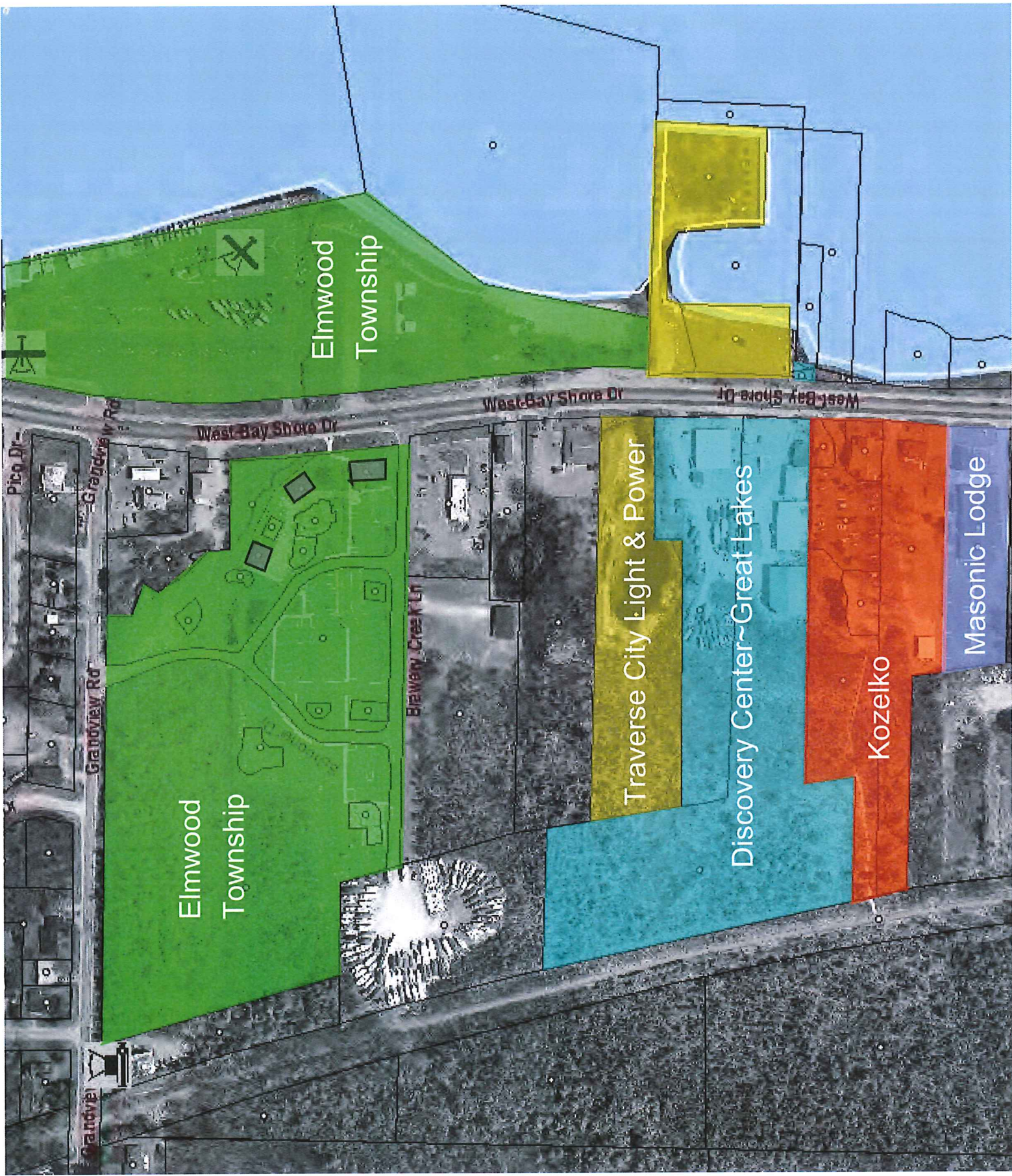
- a. Adopt a resolution in support of further exploration of the concept, and
- b. Refer the matter to staff and/or appoint a sub-committee to work on the details.



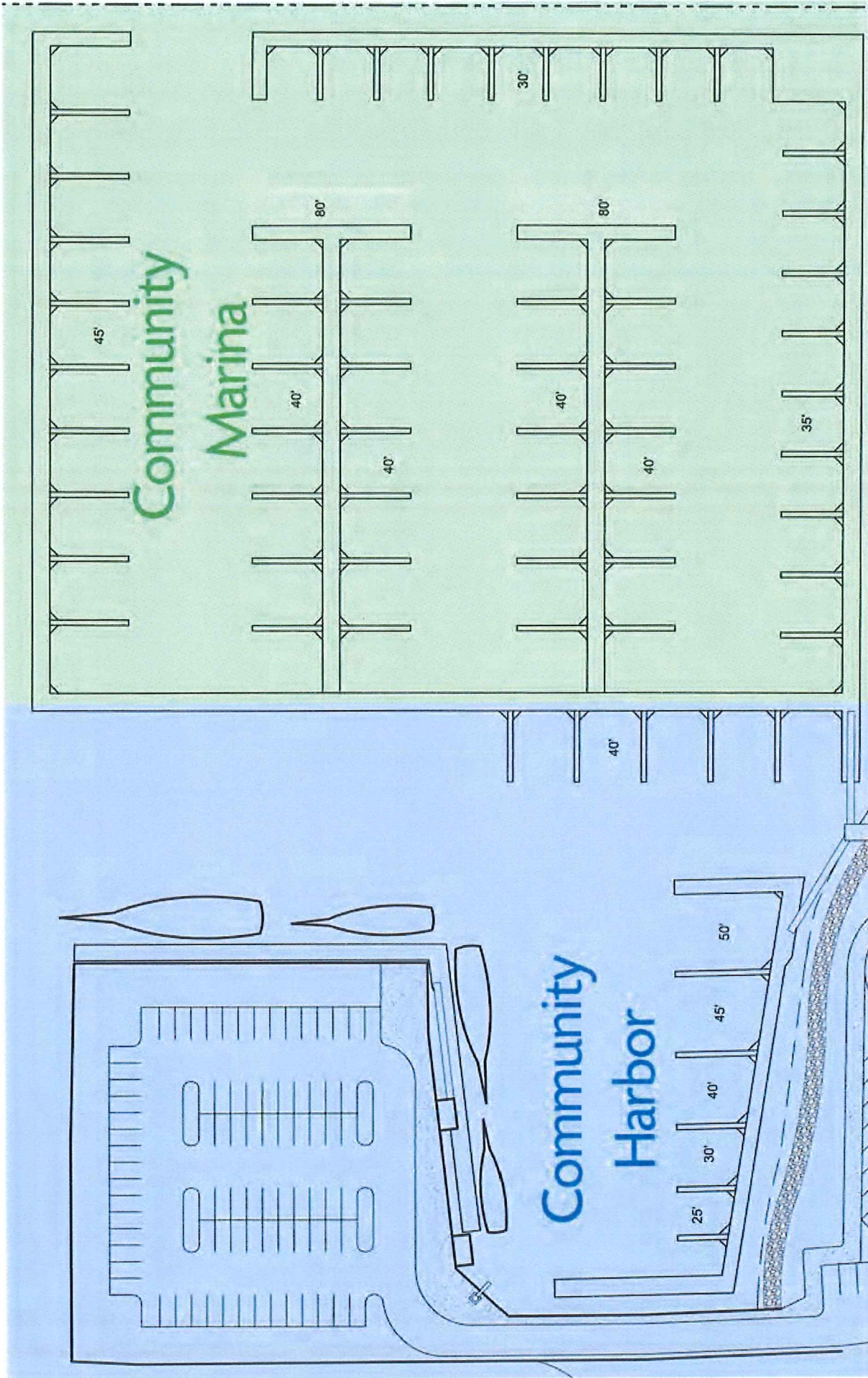
## DISCOVERY CENTER ~ GREAT LAKES TCLP DOCK USAGE PROPOSAL

### ATTACHMENTS

1. Relationship Map – outlines relationships between relevant properties.
2. Aerial Photograph – shows relevant properties from the air.
3. Community Harbor & Marina – breaks out the distinction between the Community Harbor and Community Marina.
4. Site Plan – Harbor & Marina in context with future facilities improvements at the Discovery Center.
5. Sub-area Master Plan – Elmwood Township’s plan and vision for the Greilickville Corridor.
6. Press Release – Former TCLP Board Chair talks about the opportunities the former coal dock can provide for the community.
7. Long-Range Facilities Drawings
  - a. Entrance from south
  - b. Coming in entrance
  - c. View from rear
  - d. Bridge over M-22

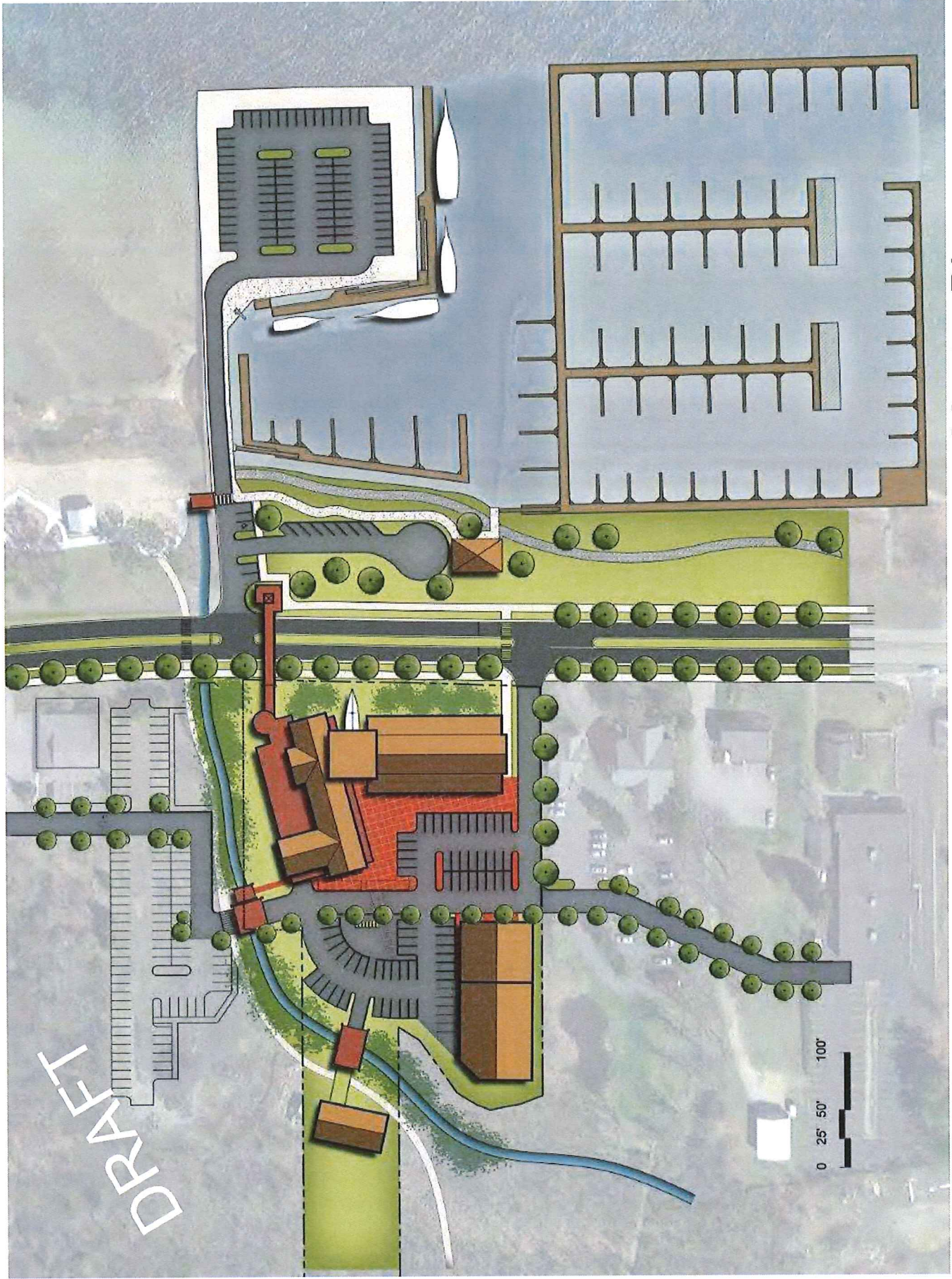


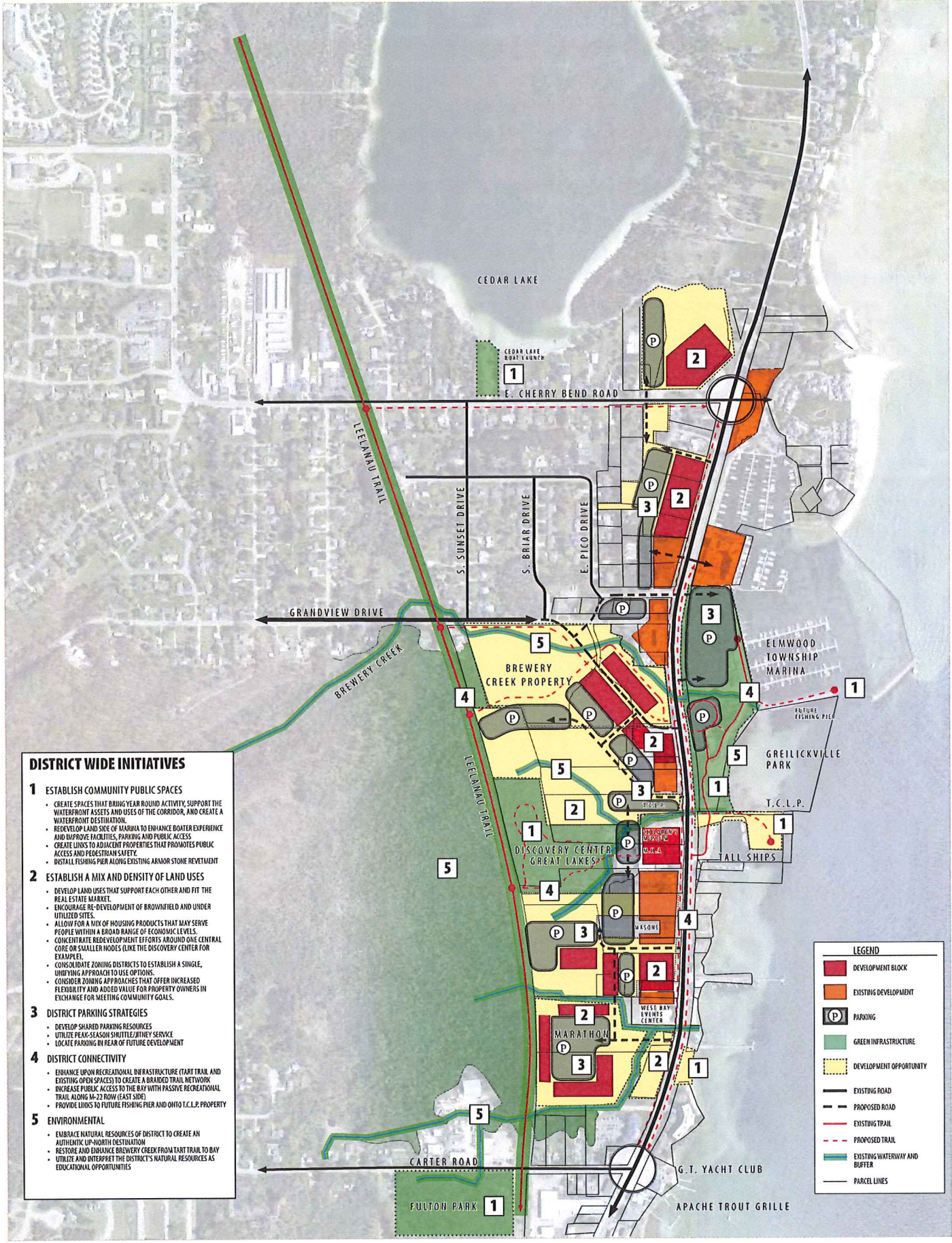




**Harbor is public—displaying boats of educational interest, as well as sailing, fishing, and dive charters**

**Marina is private—providing seasonal slips for recreational boats and generating revenue for nonprofits**





- DISTRICT WIDE INITIATIVES**
- 1 ESTABLISH COMMUNITY PUBLIC SPACES**
    - CREATE SPACES THAT BRING YEAR ROUND ACTIVITY, SUPPORT THE WATERFRONT ASSETS AND USES OF THE CORRIDOR, AND CREATE A WATERFRONT DESTINATION.
    - REDEVELOP LAND SIDE OF MARINA TO ENHANCE BOATER EXPERIENCE AND IMPROVE FACILITIES, PARKING AND PUBLIC ACCESS
    - CREATE LINKS TO ADJACENT PROPERTIES THAT PROMOTES PUBLIC ACCESS AND PEDESTRIAN SAFETY.
    - INSTALL FISHING PIER ALONG EXISTING ABANDON STONE REVETMENT
  - 2 ESTABLISH A MIX AND DENSITY OF LAND USES**
    - DEVELOP LAND USES THAT SUPPORT EACH OTHER AND FIT THE REAL ESTATE MARKET.
    - ENCOURAGE RE-DEVELOPMENT OF BROWNFIELD AND UNDER UTILIZED SITES.
    - ALLOW FOR A MIX OF HOUSING PRODUCTS THAT MAY SERVE PEOPLE WITHIN A BROAD RANGE OF ECONOMIC LEVELS.
    - CONCENTRATE REDEVELOPMENT EFFORTS AROUND ONE CENTRAL CORE OR SMALLER NODES (LIKE THE DISCOVERY CENTER FOR EXAMPLES).
    - CONSOLIDATE ZONING DISTRICTS TO ESTABLISH A SINGLE, UNIFYING APPROACH TO USE OPTIONS.
    - CONSIDER ZONING APPROACHES THAT OFFER INCREASED FLEXIBILITY AND ADDED VALUE FOR PROPERTY OWNERS IN EXCHANGE FOR MEETING COMMUNITY GOALS.
  - 3 DISTRICT PARKING STRATEGIES**
    - DEVELOP SHARED PARKING RESOURCES
    - UTILIZE PEAK SEASON SHUTTLE/JITTERY SERVICE
    - LOCATE PARKING IN REAR OF FUTURE DEVELOPMENT
  - 4 DISTRICT CONNECTIVITY**
    - ENHANCE UPON RECREATIONAL INFRASTRUCTURE (TRAIL AND EXISTING OPEN SPACES) TO CREATE A BRANDED TRAIL NETWORK
    - INCREASE PUBLIC ACCESS TO THE BAY WITH PASSIVE RECREATIONAL TRAIL ALONG M-22 ROW (EAST SIDE)
    - PROVIDE LINKS TO FUTURE FISHING PIER AND ONTO T.C.L.P. PROPERTY
  - 5 ENVIRONMENTAL**
    - ENHANCE NATURAL RESOURCES OF DISTRICT TO CREATE AN AUTHENTIC UP-NORTH DESTINATION
    - RESTORE AND ENHANCE BREWERY CREEK FROM TART TRAIL TO BAY
    - UTILIZE AND INTERPRET THE DISTRICT'S NATURAL RESOURCES AS EDUCATIONAL OPPORTUNITIES

**LEGEND**

[Red Box]	DEVELOPMENT BLOCK
[Orange Box]	EXISTING DEVELOPMENT
[P in Circle]	PARKING
[Green Box]	GREEN INFRASTRUCTURE
[Yellow Box]	DEVELOPMENT OPPORTUNITY
[Solid Line]	EXISTING ROAD
[Dashed Line]	PROPOSED ROAD
[Red Dashed Line]	EXISTING TRAIL
[Green Dashed Line]	PROPOSED TRAIL
[Blue Dashed Line]	EXISTING WATERWAY AND BUFFER
[Thin Black Line]	PARCEL LINES

## Appendix 5 – Press Release



### MARITIME HERITAGE ALLIANCE

IMMEDIATE RELEASE CONTACT: Richard Brauer  
November 13, 2003 Maritime Heritage Alliance  
(231) 941-0850

Jim Cooper  
Light & Power  
(231) 932-4560

Maritime Heritage Alliance  
to develop waterfront history center

TRAVERSE CITY, MI – The Maritime Heritage Alliance (MHA) of Traverse City, MI, is taking the first steps toward establishing a permanent education center on the shore of West Grand Traverse Bay.

The shoreline property borders M-22, adjacent to the Light & Power deep-water dock and the Elmwood Township Park. The MHA released preliminary development plans at the Traverse City Light & Power board meeting on November 11. In October, Light & Power granted the MHA a 20-year lease on the land for \$1 per year, opening the way for this unprecedented community project. The scheduled decommissioning of the coal-fired Bayside Power Plant in 2003 will allow for alternate uses of the Light & Power dock area that in the past was used primarily for offloading of coal for the plant.

"Light and Power has provided the MHA with a tremendous opportunity to serve the Grand Traverse area with a waterfront site to display Great Lakes history where it belongs, on the water," said Rich Brauer, MHA president.

The MHA is a non-profit organization founded in 1982 on the principle of preserving Great Lakes nautical history for current and future generations. The group is owner and steward of both official State of Michigan tall ships: the 92 foot schooner MADELINE, a replica of an 1845 trading vessel that was Traverse City's first non-Indian school, and the 1755 sloop of war WELCOME, a replica of the British ship that carried the stones across the turbulent straits to build the walls of Fort Mackinac on Mackinac Island.

"Our ability to do this is an added benefit of the Bayside Plant removal, and it also represents another way that we are investing our resources in the community," said Light & Power Board Chair Fred Nelson. "A permanent education center located on West Bay will help cultivate respect for this community's maritime heritage while providing an opportunity for hands-on education. We have had a history of support for MHA, and this new community resource is the culmination of that relationship."

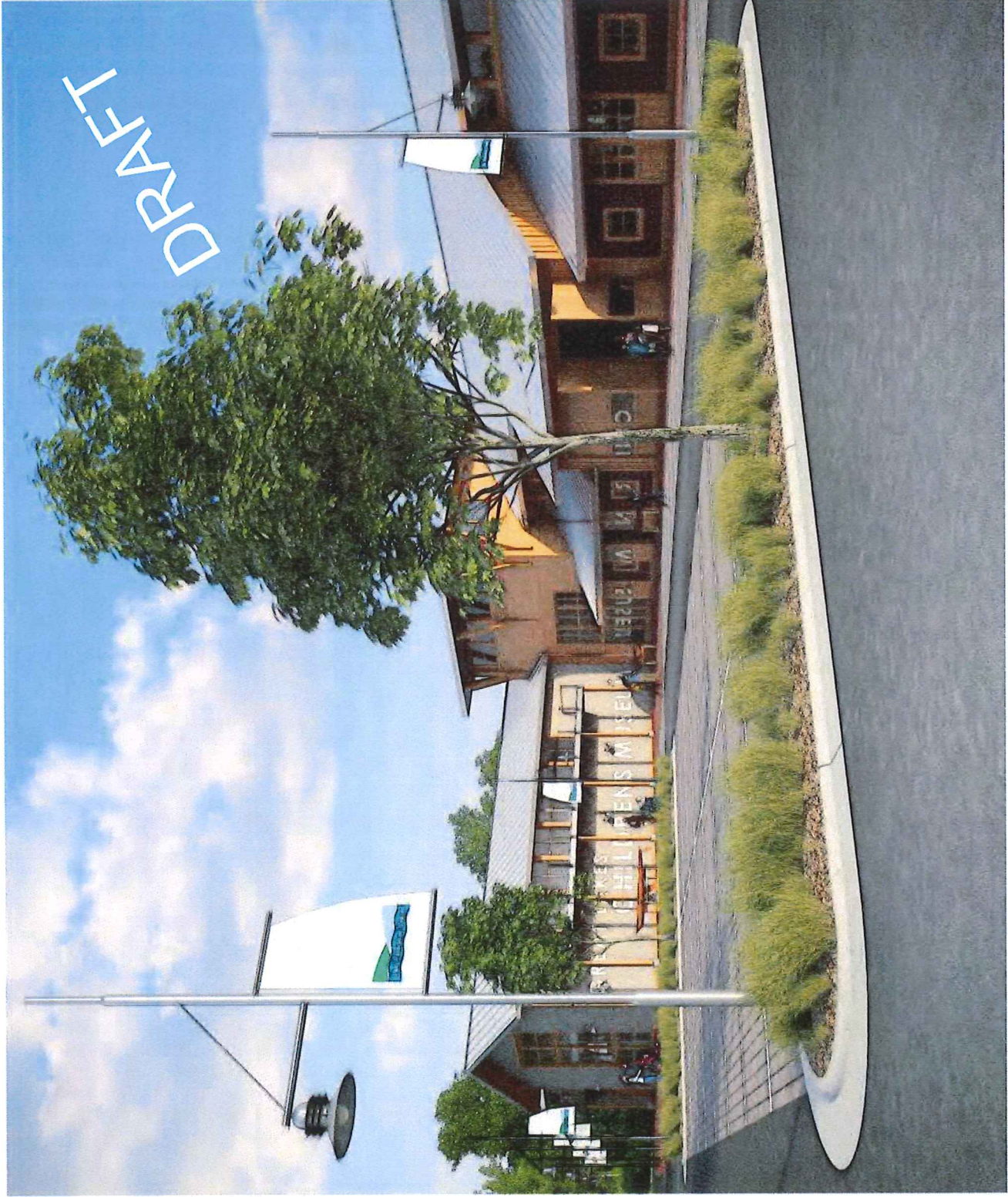


In 1995, Light & Power supported MHA plans to receive a state grant to build floating docks attached to the coal dock to serve as a year-round mooring for the MADELINE. For several years, Light & Power has also allowed the MHA to store boats prior to the maritime group's annual spring auction. Light & Power has also provided cranes and trucks to help transport MHA equipment.

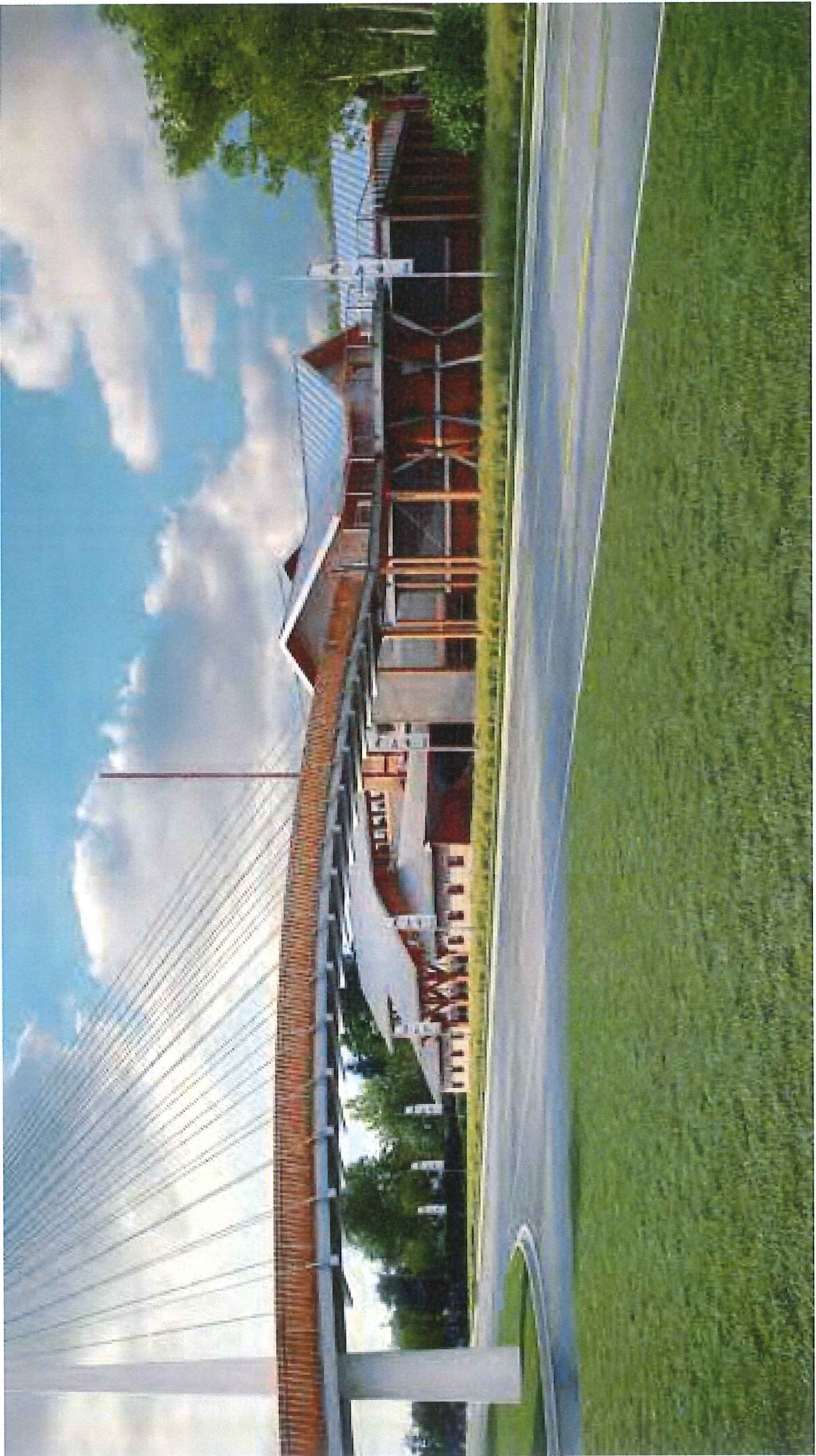
Traverse City Light & Power provides municipal electric service to over 10,000 residential, commercial and industrial customers in Traverse City, and parts of Blair, East Bay, Elmwood, Garfield, Peninsula and Paradise townships.

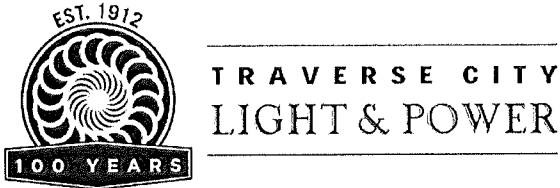
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**To: Light & Power Board**  
**From: W. Peter Doren, General Counsel**  
**Date: November 27, 2013**  
**Subject: Eminent Domain – 743 Boyd Avenue**

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The Traverse City Light and Power Department and the City of Traverse City have entered into a Purchase and Sale Agreement dated November 26, 2013, for the exchange of certain property including 743 Boyd Avenue which is to be transferred by the City to TCL&P. As shown on the City Assessor's card attached, this address is for Lot 6 and the north 2 feet of Lot 7, Block N, Hannah, Lay & Co's 7<sup>th</sup> Addition. Title examination has shown a cloud on a small portion of this property.

In the early 1900s this land, together with lots to the north reaching Eighth Street, were owned by William Brown and Floyd S. Smith. Eventually they sold the south 29 feet of Lot 6 which was a 35 foot wide lot. They also sold Lot 5 lying just north of Lot 6. There is no record that they ever sold the north 6 feet of Lot 6. For many, many years the City considered that it owned all of Lot 6, and the property tax records in the City Assessor's office indicate that the City is the owner.

Lot 6 is undeveloped and unoccupied. There is no readily available evidence that it has ever been developed. Historical research on this site has not been conducted.

It does appear that TCL&P has an overhead electric line in the approximate location of this property. The supporting power poles appear to be off of the property in question.

TCL&P wishes this property either for an electric switching station or to serve another circuit exiting the Barlow substation.

Several options are open to TCL&P and the City if you wish to clear title to this land. The quickest, but most expensive, would be a condemnation action. Under the Uniform Condemnation Act, title would vest in the City once we file the complaint. If, as we suspect, we cannot find the heirs of William Brown and Floyd S. Smith, then we would ask for a substituted service through publication, and eventually we would expect a default judgment. The City Attorney and I would work together on this matter.

FOR THE LIGHT & POWER BOARD MEETING OF DECEMBER 10, 2013

If you decide to pursue the option of eminent domain, we would need to prepare the necessary Resolutions for the TCL&P Board and for the City Commission. Under Charter Section 179(e), TCL&P may recommend to the City that it use its power of eminent domain. TCL&P does not itself have authority under the Charter to condemn property.

Another option is to visibly and adversely take possession through the construction of signage or other structures identifiable with the City and then wait the 15 year period for adverse possession. This process, however, would not result in anything we could record to satisfy a potential buyer or lender that title was in the City without going through a quiet title action following roughly the same process as the eminent domain action.

A third option would be to have the City specifically convey this property to TCL&P, record that deed and wait 40 years. Under the 40-year Marketability of Title Act, title would then be in TCL&P even if the City had questionable ownership at the time of the conveyance. This would probably satisfy a title insurance company, but one cannot be absolutely sure. If the title insurance company was not satisfied in relying on the 40-year Marketability of Title Act, a quiet title action would have to be pursued.

If you have questions or thoughts regarding this, please feel free to contact Lauren or myself. Please be aware that I have not done much research on any of these options. Additional issues may arise after you decide the preferred course of action and further research is done.

c w/encls (via email):

Tim Arends

Lauren Tribble-Laucht, Esq.

Grantor: 743 BOYD AVE  
 Sale Price: 0  
 Sale Date: 08/01/13  
 Inst. Type: 03  
 Terms of Sale: 03  
 Liber & Page: 03  
 Verified By: 03  
 Pchnt. Trans: 03

Property Address: 743 BOYD AVE  
 Owner's Name/Address: TRAVERSE CITY LAND CORP, CITY CLERK, 400 BOARDMAN AVE, TRAVERSE CITY MI 49684

Class: 703 City County E (Zoning: C-3) Building Permit(s):  
 School: T.C.  
 P.R.E. 06  
 MAP #: 2014 Est TCY Tentative

Land Value Estimates for Land Table 2990.2990 C990.WOODMERE & E BOARDMAN LK  
 Improved: X Vacant: Public

Description	Frontage	Depth	Rate	Depth	Rate	Adj.	Reason	Value
FF \$1,500	94.00	134.36	1.0000	0.0000	1500	50+		0
RATE TABLE 2.00/SQ FT	12632	SGFT	2.00000	100				25,263
* denotes lines that do not contribute to the total acreage calculation.								
94 Actual Front Feet, 0.29 Total Acres Total Est. Land Value = 25,263								

- Improvements:
  - Dirt Road
  - Gravel Road
  - Paved Road
  - Storm Sewer
  - Sidewalk
  - Water
  - Sewer
  - Electric
  - Gas
  - Curb
  - Street Lights
  - Standard Utilities
  - Underground Utils.

Year	Land Value	Building Value	Assessed Value	Board of Review	Tribunal/Other	Taxable Value
2014	EXEMPT	EXEMPT	EXEMPT	EXEMPT		EXEMPT
2013	EXEMPT	EXEMPT	EXEMPT	EXEMPT		EXEMPT
2012	0	0	0			0
2011	0	0	0			0

Topography of Site:  
 Level, Rolling, Low, High, Landscaped, Swamp, Wooded, Pond, Waterfront, Pavire, Wetland, Flood Plain

Who: When: What: PC 12/14/2011 DATA ENTER

Comments/Influences: LOT 5 & THE N 2 FT OF LOT 7, BLK N, HARRAH LAY & CO'S 7TH ADDITION AND THE ADJOINING E 1/2 OF VACATED VALLEY ST

BOYD AVE  
 292-00, 293-00, 294-00, 300-00

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\*\*\* Information herein deemed reliable but not guaranteed\*\*\*





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**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director  
**Date:** December 2, 2013  
**Subject:** Strategic Planning Board Update – Focus Groups

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On October 24<sup>th</sup> Hometown Connections facilitated the residential and commercial and industrial focus groups to gain insights for the development of TCL&P's Strategic Plan. The focus groups were comprised of very engaged and knowledgeable customers of the utility that were able to offer positive feedback on the utility's past and future initiatives/direction.

Please see the attached summary comments from each of the groups as compiled by Hometown Connections. It is the hope that this input will assist utility staff and the board with developing its Strategic Plan to help guide the future direction of TCL&P.

Staff will be reviewing the voice recorded sessions and incorporating any ideas that may have been overlooked in previous development sessions, based on this input.

Traverse City Light and Power Residential Focus Group  
October 24, 2013

Attendees: Elizabeth Whelan, Shauna Treter, Mike Powers, Andrew Williamson, Mike Gaines, Seamus Shinnars, Rod Wood

- ❖ Some concern about a Board member's view of the value of talking with neighborhood association officials (as interpreted from the September 10 board meeting with me on the phone)
- ❖ First Three Words
  - Mike: Community Asset, Opportunity, Liability/Risk
  - Seamus: Community/locally owned, public perception there is an ongoing fight between the city commission and board over who runs it, disconnect between positive PR and L&P: e.g. vine growing up a power pole to hide it. More trimming trees than planting trees.
  - Andrew: service oriented (e.g. energy audit), V-Trees: pruning around wires,
  - Rod: Future energy solutions: where will it come from? Responsive, good to him
  - Elizabeth: locally owned, board isn't friendly and at times manipulative, among the lowest rates in the state
  - Mike: Electricity, contention, possibility/opportunity (e.g. through good strategic planning and effort to come through a difficult period), lamenting Ed Rice's departure, but understands he doesn't have the full story. Biomass plant process was bungled on a lot of levels.
  - Shauna: Utility/necessary/vital needing involvement of the community. Energy: its different forms (clean vs. dirty). Community: locally owned, opportunity for our utility to be a model across the state and country
- ❖ Energy Future: where should TCLP be?
  - Biomass was on the heels of a sewage treatment plant, which was a disaster.
  - Community outreach wasn't looking for input, but trying to manipulate the outcome. Lost the trust of the people in the city
  - Local generation versus secure energy future:
  - Reliable source within the city's own grid in face of natural disaster, or do we have highly reliable power now? Utility sold us the local control angle
  - People prefer a secure safe consistent source, local generation would be preferable and renewable for the local.
  - Generally people willing to pay more for renewable, although perhaps not the business customers.
  - Is wind delivering the energy that was initially expected?
  - Northern Michiganders desire to be self-sufficient
  - Community views itself as unique and innovative, adds to the character of the region and builds on the community pride
  - Non-renewable energy sources are going to "spike" with no mechanism for transitioning to renewable. People feel safer if there is some diversity of energy sources.
  - Not enough fresh water for the world
- ❖ Role of the utility in the community: stick to your knitting versus being a broad community resource

- Wondered for years why L&P was doing this and that. Should be lowest rates.
- Rate implications of being more involved.
- PILOT burns me up every year when they hand over that oversized check. Giving our money back to us and making a production out of it
- Paying for Xmas lights downtown, but we should be more stick to the knitting.
- As a community owned utility, can try to accomplish things that are not otherwise economically prudent. The sweet spot is in between stick to the knitting and being a community resource
- Used to do a community giving program with small grants. Things they funded weren't really in line with the things that are aligned with the utility. Bathhouse was misappropriated funds. Should be focused more on investment in jobs and education.
- Don't see the utility sponsoring flag football teams, but should be investing in the future, e.g. renewable energy sources, focus on getting kids educated
- Need to go green
- Would like to see TCLP allow online payment for bills. You can pay online but there is a fee.
- ❖ What should be the main priority for the Board
  - Diversifying portfolio of energy sources
  - Optimize energy usage, how can the utility build economic opportunity working with the business community and realizing how energy is utilized is part of the competitiveness
  - Board should respect the owners of TCLP, instead of trying to manipulate the direction they want to go
  - Establish an ombudsperson to facilitate dialogue between community and utility
  - TCLP needs to recognize that it is increasingly in a competitive environment
  - Working with local students to educate on energy saving ideas
  - Keep the utility and keep it healthy
  - Diversification of production sources. Need to find the sweet spot between residential customers and the low rates they enjoy now, and utilizing power sources that have long term sustainability.

Traverse City Light and Power C&I Focus Group  
October 24, 2013

Attendees: Paul Clark (Hillshire Brands), Vicki Cook (NMC), Pete Ostrowski (Cone Drive Gears), Mike Novik (Clark Manufacturing), Paul Soma (TCAPS), Doug Luciani (Chamber), Jack Burns (Budget Luxury Inns of TC), Scott Sodini (National Vacuum Equipment), Larry Tiefenbach (Boride Engineered Abrasives)

❖ First three words that come to mind:

- Scott
  - Cooperative, relative to energy savings
  - Pricey? How do their rates compare to others?
  - ?
- Paul
  - Reliable: power source fairly reliable compared to other places
  - Sourcing: don't generate so have to buy on market. A variable that is a concern
  - Cost: what are future costs going to be
- Doug
  - Dependable: when there is a problem they get right on it
  - Approachable
  - Political: sitting within the city and confusion about who is governing what
- Paul
  - Electricity
  - Board
  - Future? Where is it going re: public entity versus selling. Local generation vs. buying off the grid, which could be a problem
- Mike
  - Power cost recovery: fees and bills and its future. What is involved in the fee and what the costs are.
- Larry
  - Squirrel
  - Helpful: been extremely helpful with programs they handle, IR, rebates
  - Future costs
- Vicki
  - Electric provider
  - Partnership: willing to sit at the table
  - Changing
- Jack
  - Helpful
  - Reasonable compared to prior provider downstate
  - Reliable
- Pete
  - Service

- Cost: Plant in Ludington under Consumers that they pay more at
- Efficiency
- ❖ Rates:
  - Competitive? Generally lower compared to other Michigan places, but Michigan is higher than other places in the U.S. Ohio, Indiana and Illinois seem to have lower rates in general than Michigan.
  - Future costs: Recent discussions with the board. Ties into local generation discussion. “Control your own destiny.” Reliability is also an issue in future costs. Perception that transmission network is getting old, paying for a lot of power that never gets to TCLP. Questions about its long term reliability.
- ❖ Generation: TCLP today is a distributor. Compare to generation business model. Question is whether TCLP’s lack of experience makes building local generation a “boondoggle.”
- ❖ Continuing efficiency efforts
- ❖ Distinction between municipal, cooperative, IOU:
  - Don’t care who owns as long as getting power, service and rate they need.
  - Reliability: concerns with cooperative
  - Satisfaction: would put TCLP first. Willing to work with us, reliable, connected to what we want, and price
  - Local control: some ownership in the utility
  - Political factors: workings between board and city: is that a wise business decision or a feel good thing for the residential customers. C/I makes up 80% of revenue but residential have lots more voting power. E.g. power cost recovery and PA 295. From business perspective it’s factored into costs. Everyone pays into it. Is it a rebate or a refund of something you’ve already paid into?
  - How nimble is the utility is doing what it needs to do? Local political process versus boards and PSC. Local governance provides a greater level of “inspection” in utility decisions.
  - What is in the perceived best interests of the voters (e.g. local generation).
  - What is in the best interest of the utility versus the best interest of the voters.
- ❖ Who does the utility exist to benefit: City of TC or Customers of TCLP.
  - Business model: You help the most those that are paying the most
  - Question of fairness. Need a balance. If TCLP does a great job taking care of all its customers, it is going to benefit the city. City Commissioners put more weight on the 10 people in the room than all the customers.
- ❖ Governance: is it clear how the utility is governed? Fair? Redundancy?
  - Lot of confusion/distortion. Lots of negative. No resolution in sight.
  - Reference to past ballot initiative. Ever since then some question about who really has the final say on TCLP operations. Has been incremental shift to the city commission. E.g. coal dock. L&P wants one thing, Mayor wants another. Should be the utility’s decision.
  - There is a contest of wills going on.
  - City commission appoints the board
- ❖ Role of the utility
  - Could be more of a resource, e.g. bringing broadband into downtown

- Utility specific improvements or broader civic improvements (e.g. bath house on the waterfront)
- School district: broadband partnership. Person with a vision ran into politics and person was gone. Politics have stopped projects from moving forward. Might be safer to continue focusing on energy improvement in order to avoid politics
- Don't have stamina (political) to stay with a project. Could see some benefits to helping with the civic leadership.
- Doing more sounds nice on paper. Structure and turnover on board, no one has any skin in the game.
- ❖ Advice to TCLP Board of Directors
  - Make sure I have reliable power and driving toward more efficiency
  - Getting reliability and sourcing figured out
  - Develop the vision. Make it visible so people understand and buy in. Be guided by that and don't give in to the daily politics. Let your people be the experts.
  - C/I users: even a nominal increase in cost can cost my business tens of thousands of dollars. Can keep us from adding employees.
- ❖ What should main priority of the utility be?
  - Become as efficient as possible and maintain future reliability at a competitive cost
  - How will the utility get its power?
  - Get the buy-in from the majority of the people. Don't overreact to the five people who show up at a board meeting.
- ❖ Technology and Smartgrid
  - Negative and positive connotations, mostly positive, but don't really understand it.
  - For negative, what is the issue? Residential perspective: as a user they are not going to do the things that will be made possible through smartgrid.
- ❖ Last interaction with TCLP staff
  - Technician was phenomenal
  - All very positive: rebates getting processed, very prompt, reliable
  - Projects in last six months
- ❖ Question on Staffing: Moving away from people with electrical engineering expertise. We need folks with those kinds of backgrounds.

# **Board Information and Goals Development For Traverse City Light and Power**

**December 10, 2013**

**Robert T. Dyer, P.E.  
RTD Consulting, LLC  
2771 Monument Rd.  
Suite 29, Box 337  
Jacksonville, FL 32225**



**TRAVERSE CITY  
LIGHT & POWER**

# Program Overview

- Six to eight month process
- Approximately one hour per month
- Interactive format
- Four different presenters on various topics are planned
- Guidelines to management for resource planning



# Topics to be Covered

- The Operating Environment-11/12/2013
- Transmission-11/12/2013
- The need for new Generation
- Environmental Requirements and Local issues
- Financial, cost, revenue requirements and other related issues
- The Generation planning process
- Independent vs. participation with others
- The development of goals and guidelines

# Presenters of Topics

- The Operating Environment-Bob Dyer, President RTD Consulting.
- Transmission-Bob Dyer, President RTD Consulting.
- The need for new Generation-Bob Dyer, President RTD Consulting.
- Environmental Requirements and Local issues-Bob Dyer, President RTD Consulting.
- Financial, cost, revenue requirements and other related issues- Mark Beauchamp, President of Utility Financial Solutions.
- The Generation planning process-Howard Axelrod, PhD, President of Energy Strategies.
- Independent vs. participation with others-Dave Walters, General Manager MPPA
- The development of goals and guidelines- Bob Dyer and Howard Axelrod.

# What is the expected outcome from this process?

- A better understanding of the various issues that will have to be considered in resource planning.
- What issues the Board needs to address.
- What issues are out of the influence of the Board.
- Identify any specific goals that should be incorporated into the planning process.
- A high level overview to facilitate conceptual understanding.

# Question on the Process?

## Questions from last Presentation

- Generation behind the meter:
  - Does not reduce your reserve requirements for MISO.
  - Can not sell into the market.
  - Local issues of reliability and economics.

## **The need for New Generation: The reasons for adding new generation vary:**

These are some but there may be others:

- Load Growth
- Cost of operation
- Environmental Rules and regulations
- Obsolescence
- Reliability
- Need for fuel diversity
- A combination of some or all of the above

# Load Growth-Growth in Demand (Mw)

A utility is expected to ensure there is sufficient capacity to meet its Load(Mw) and reserve obligations:

- The most traditional reason for adding new generation –demand and energy growth as a community and local economy grows.
- Most often the need for new capacity appears before new energy requirements.
- Historically, economy of scale generally drove average cost down as new more efficient generation was added.
- Capacity reduction programs i.e. Demand control/Reduction and higher energy cost has influenced and in some cases shifted the traditional model.

## Increasing Cost to operate existing capacity

- Retiring older more inefficient units.
- Retro fitting existing units may subject the units to new environmental permit requirements making the changes uneconomical.
- Typical older units were smaller and have higher heat rates.
- Changing fuel cost.
  - Availability of Natural Gas- Changing drilling technology.
  - Natural gas used to be principally a summer fuel for peaking unit-Used interruptible non-firm pipeline capacity. This is changing as more energy is being produced from natural gas.
  - Environmental taxes on emissions NO<sub>x</sub>, SO<sub>2</sub>



# Environmental Rules and Regulations

- Changes to existing laws without grandfathering
  - When generation equipment is designed and manufactured, existing rules and regulations are used to set the design parameters. If they change, it can have an effect on the ability to economically comply with the change.
  - This is especially true for smaller units.
  - These effects are being seen on Campbell and Belle River.
    - Best Available Technology is being added to Campbell.
      - Added cost to energy cost from Belle River
      - Extended the life of the debt
    - Belle River limited work at this time
      - Making some investment to remove Hg
      - Waiting for further action before making any additional improvements.
  
- Limitations on operating hours
  - Present issues with Kalkaska CT
    - <1500 hours/year in operation.

# Obsolescence

- Equipment is simply no longer efficient/cost effective to maintain and operate. These units are typically-40-50 years old.
  - As Generation equipment ages it may cost more to maintain vs. replacement by efficiency of new equipment.
  - Difficulty in obtaining new or replacement parts to maintain older generation equipment.
- Generation built 40-50 years ago in remote areas is often now in the middle of business and housing.
- The size is such that the retro fitting would not be economical- not possible to recover cost!

# Reliability

- Generation equipment may be added to relieve congestion or voltage(VAR) support.
- Kaskaska CT is often dispatched by MISO to fulfill this role.
  - The unit was not built with this requirement in mind but changing circumstances has exposed this need.

# Fuel Diversity

- Multiple sources of fuel is often viewed as a natural hedge against unpredictable pricing and availability of fuel supplies and changing circumstances.
- Changing Circumstances-History:
  - 1973 Fuel Use Act:
    - Excluded the use of Natural gas as a fuel to be used by electric utilities due the increasing reduction in availability of this fuel!
    - Coal and Nuclear were the fuels of choice for Electric utilities.
- Typical sources seen today:
  - Coal
  - Nuclear
  - Oil
  - Natural Gas
  - Hydro
  - Wind
  - Solar
  - Landfill Gas
  - Biomass

## Combination of a number of different drivers

- Most often there are multiple factors that in combination lead to an economic conclusion.
- Requires a complex process to analyze and sort out the economics of the different drivers.
- Often there may be conflicting drivers.

# Existing Generation

- **Belle River**
  - In-Service Year -1983
  - Type of Agreement-PPA w/MPPA
  - Term-Life of Plant
  - TCLP entitlement-10.5MW
  - Type-Steam Turbine
  - Fuel-Coal
  
- **Campbell Unit 3**
  - In-Service Year -1980
  - Type of Agreement-PPA w/MPPA
  - Term-Life of Plant
  - TCLP entitlement -10.4MW
  - Type-Steam Turbine
  - Fuel-Coal
  
- **Kaskaska**
  - In-Service Year -2003
  - Type of Agreement-PPA w/MPPA
  - Term-Life of Plant
  - TCLP entitlement -36.9MW
  - Type-Combustion Turbine
  - Fuel -Natural Gas

## Existing Generation Continued

- **Granger**
  - In-Service -2011
  - Type of Agreement-PPA w/MPPA
  - Term-20 years for each segment added.
  - TCLP entitlement -2MW Max.
  - Type-Internal Combustion engines
  - Fuel -Landfill Methane Gas
  
- **NANR**
  - In-Service Date -2011
  - Type of Agreement-PPA w/MPPA
  - Term-20 years for each segment added.
  - TCLP entitlement -.65Mw Max.
  - Type-Internal Combustion engines
  - Fuel-Landfill Methane Gas
  
- **TCLP Wind Energy System**
  - In-Service Date -1996
  - Type of Agreement-Owned by TCLP
  - Term-not defined
  - Output - .6MW
  - Type-Wind Turbine
  - Fuel-Wind

## Existing Generation Continued

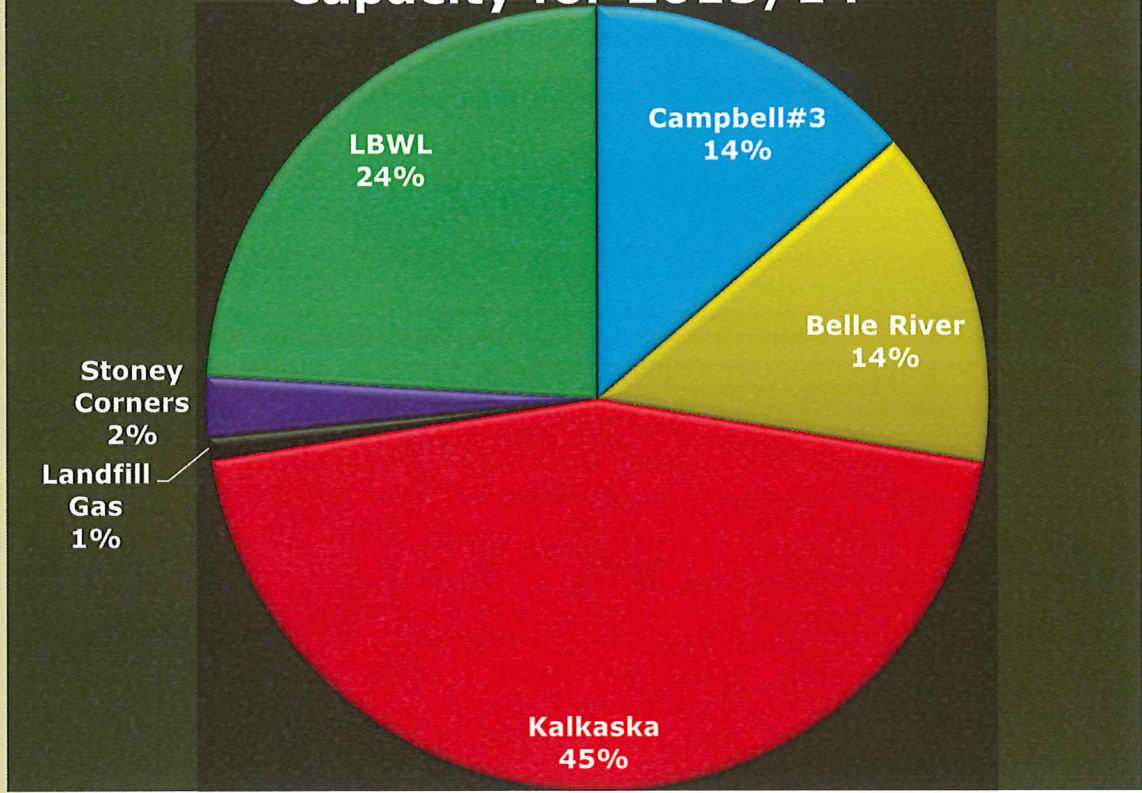
- Heritage-Stoney Corners
  - In-Service Year -2010
  - Term-20 years
  - TCLP entitlement - 10MW
  - Type-Wind Turbine
  - Fuel-Wind



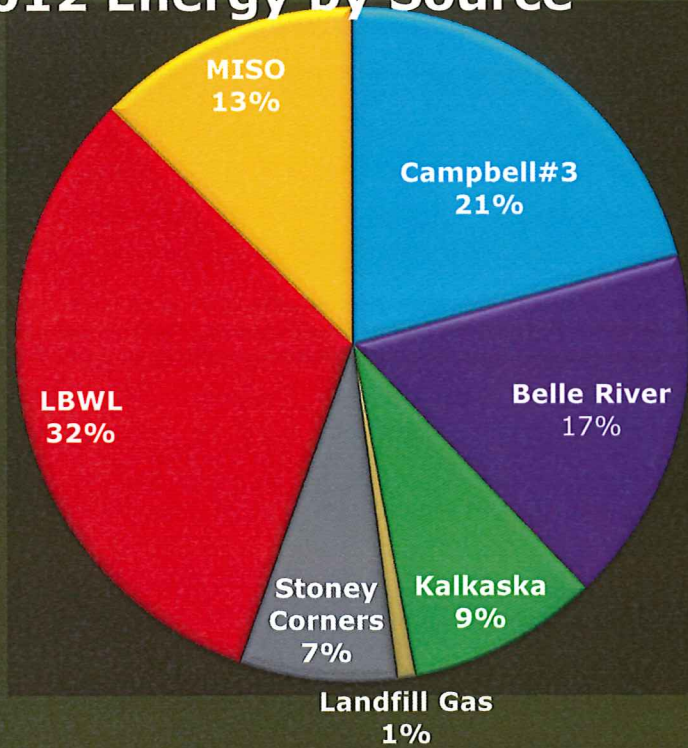
# Purchase Power Contracts

- LBWL PPA
  - Term of Contract – 2011-2015
  - Base Block-10 to 20MW/year –all hours
  - Peaking Block 7-15MW 5 days a week 16 hrs./day
  - Peaking Option Block 0-10MW 5 days a week 16 hrs./day
  - Fuel -coal

### Capacity for 2013/14



## 2012 Energy by Source



## Some Observations

- Age of Base load capacity is 30+ years.
- TCLP has a high dependence on coal.
- TCLP has a higher level of peaking capacity than normal.
- There is high dependence on LBWL.
  - Old small coal units.

## How do these assets get used to meet TCLP's requirements?

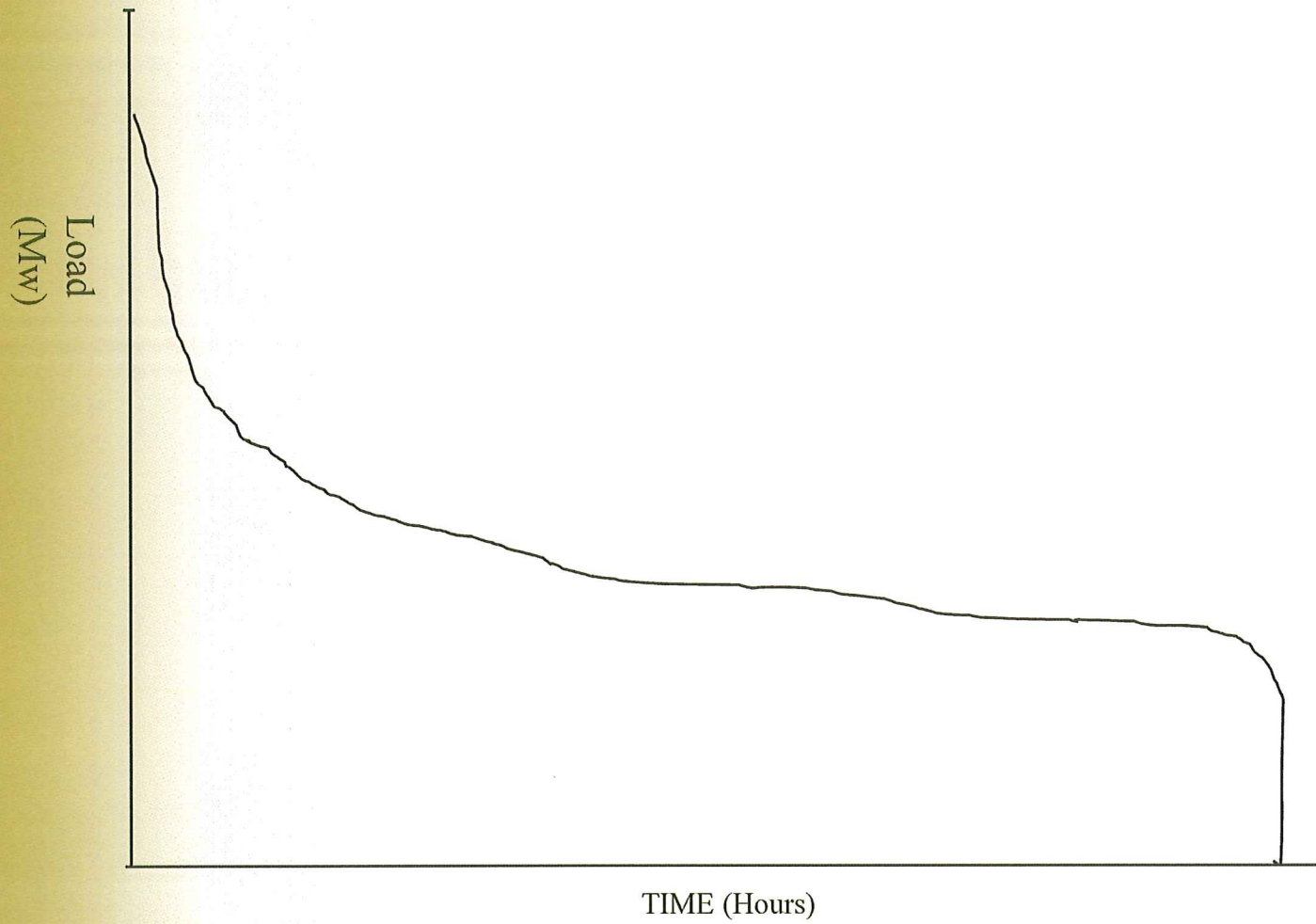
- We are going to look at a simple way to see how all of the assets are used to meet the requirements.
- This is prelude to the generation planning process.
- We are going to use some basic pictures to explain the process.
- We are going to start by defining some terms.

# Typical Capacity and Energy Cost

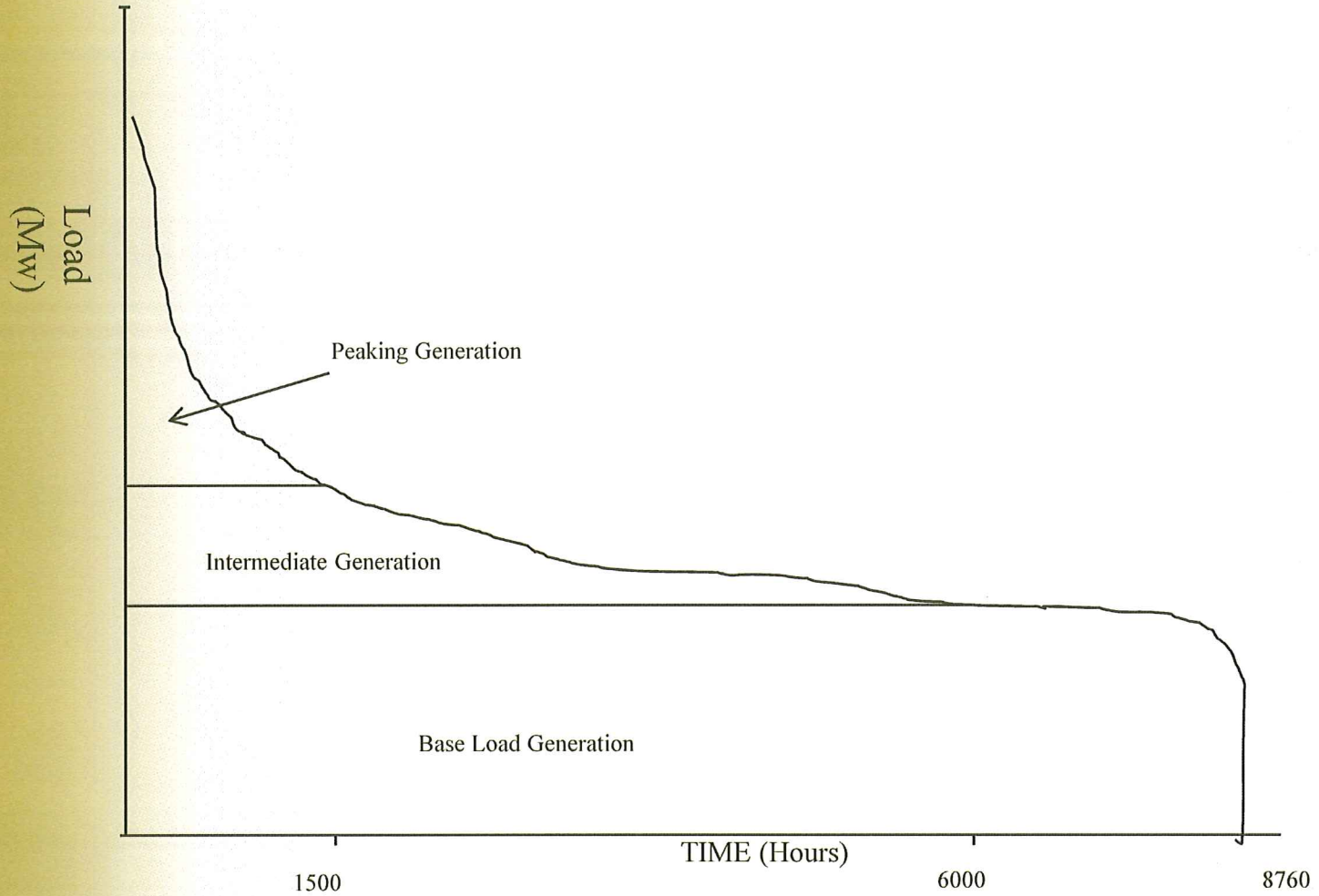
(New Generation)

- Base:
  - Capital Cost-\$3000-5000/KW
  - Energy Cost-\$20-30/MWh
  
- Intermediate:
  - Capital Cost-\$900-1200/KW
  - Energy Cost-\$25-45/MWh
  
- Peaking:
  - Capital Cost-\$600-800/KW
  - Energy Cost-\$45-65/MWh

# Load Duration Curve

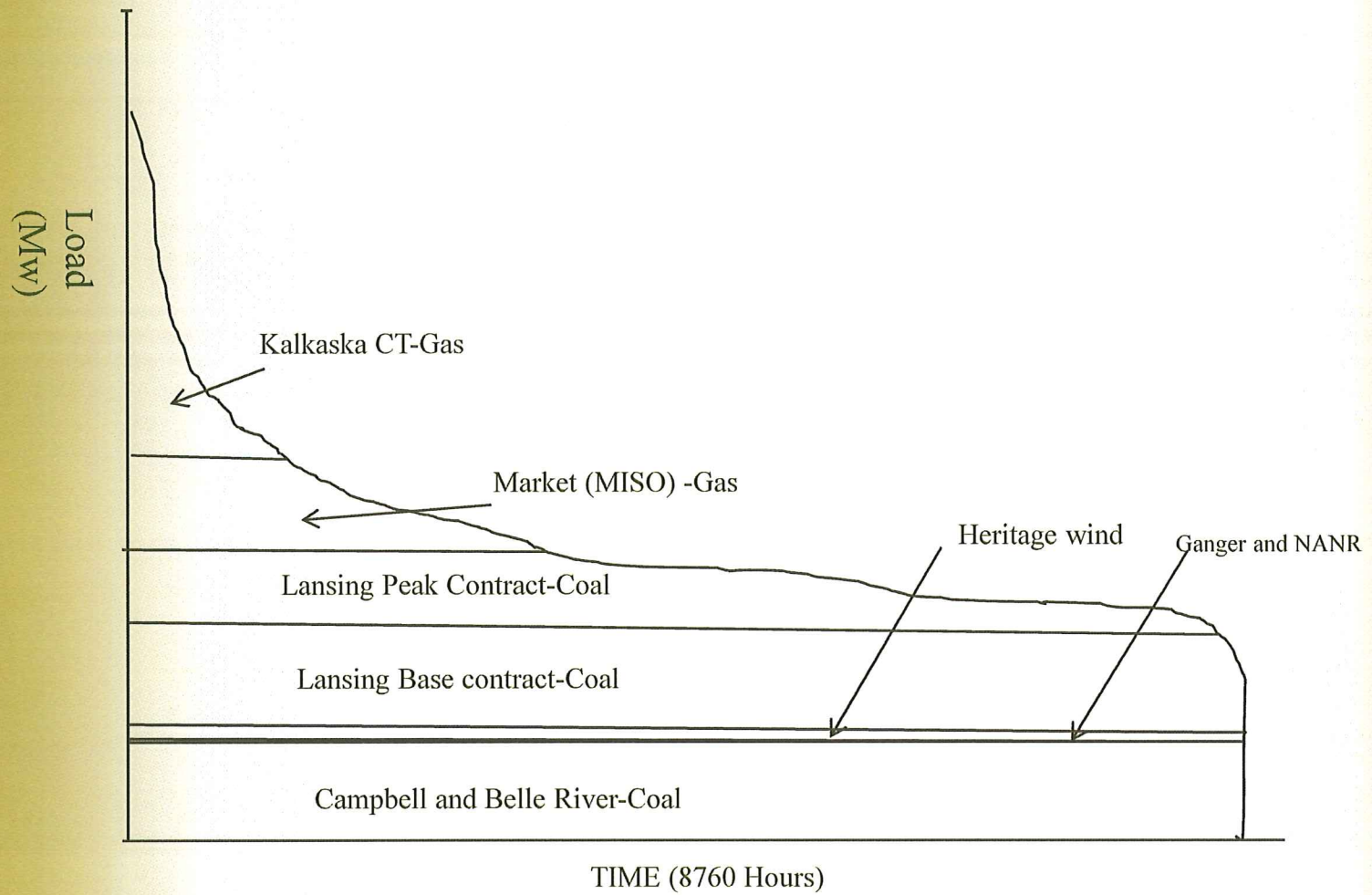


# Typical Resource Allocation





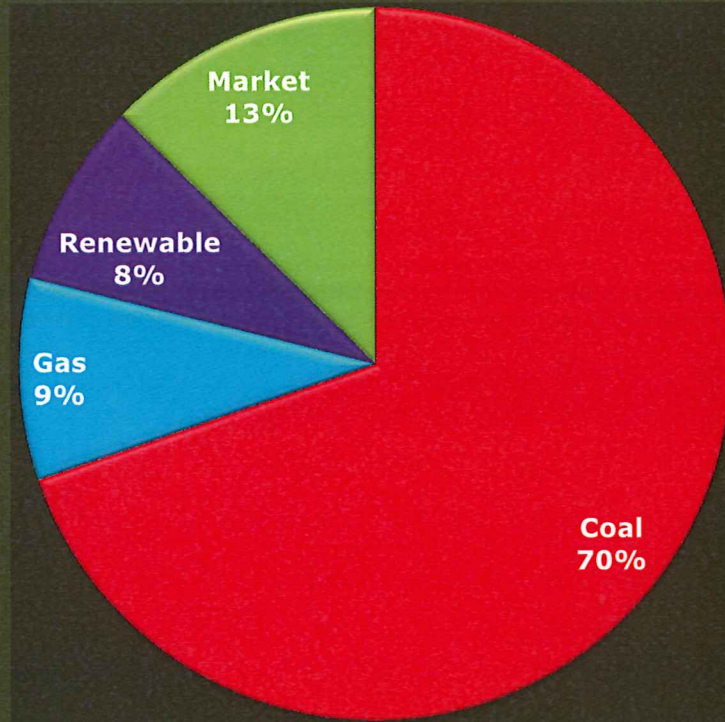
# TCLP Resource Stack



## 2014 Resources for TCLP

- Base Load-Coal:
  - Belle River
  - Campbell
  - LBWL Base
  
- Base Load-Renewables
  - Heritage
  - NANR
  - Granger
  
- Intermediate-Market
  - LBWL Peaking
  
- Peaking-Natural Gas:
  - Kalkaska CT

## Fuel Source of TCLP Energy



## Observation

- TCLP appears to need additional Base Load Capacity.
- TCLP may want to reduce dependence on coal.
- TCLP has more than adequate peaking capacity.
- TCLP needs Intermediate energy.
- TCLP may want to reduce market exposure.

# Questions / Discussion

# Environmental

- This is not to address the Permit process.
- It is assumed that if a local generation option is pursued it will have to meet all established Federal, State and Local environmental rules and regulations.
- The purpose of this discussion is to address the local operating environment and concerns of local issues that would be over and above the Federal, State and Local permit process.

## Local Issues

- Is local generation an option?
  - If so are there any conditions?
- Would environmental friendly Generation i.e. Bio-mass be acceptable?
- Would natural gas generation be acceptable?
- Any other types of generation?

# Questions / Discussion





TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Karla Myers-Beman, Controller  
**Date:** December 5, 2013  
**Subject:** 2012-2013 Fourth Quarter Financial Report

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Enclosed in your packet are the fourth quarter financial statements for the Electric and Fiber Funds. These numbers reflect what will be presented to you in the audited financial statements in January 2014.

**Electric Utility Fund:**

As of June 30, 2013 overall operating revenues are 101% of budgeted operating revenues. Total revenues have decreased 2.8% over prior year primarily because of the decrease in interest and dividend earnings. The decrease of the market value occurred because the portfolio is primarily composed of bonds in a rising interest rate environment. The Board's action to freeze the Power Cost Recover Rate (PCR) for 2012-13 has resulted in reduced customer bills in the amount of \$1,938,020.

Total operating expenses are 105.8% of budget year-to-date which is higher than budget by approximately \$1,900,000. This increase is related primarily to increase in purchase power supply costs. These expenditures have increased 6.9% over prior year. Overall this increase is related to increase in KWH sold over prior year and unscheduled periodic plant shutdowns at Belle and Campbell for maintenance. Other expense categories that fluctuated are transmission expenses that are higher than budget due to a change in accounting for MISO reimbursable expenses as explained in a previous budget study session. Conservation and public sources are lower than budget because of unexpended program funds at year end. General Administration is under budget due to decreased wages and benefits. All other expense categories are either on-budget or running close to budget estimates.

Net loss through the fourth quarter is (\$2,595,156). The budgeted anticipated a fiscal year deficit of \$604,500 primarily due to the Board's action to freeze the PCR cap, and the legacy contribution to the Clinch Park Revitalization Project. The increase in the deficit was primarily attributed to the power supply costs over budget and the loss in fair market value of investments.

**Fiber Fund:**

Revenues in the Fiber Fund are ahead of budget while expenses are significantly under budget (favorable). Net income of \$84K has exceeded budget projections due to lower maintenance activity of the fiber backbone and no expenses associated with Wi-Fi as originally budgeted. TCL&P and the DDA have renewed discussions regarding Wi-Fi services provided by the utility; it is expected this will be presented to the Board in January 2014.

**TRAVERSE CITY LIGHT & POWER**  
**Schedule of Revenues & Expenses - Budget and Actual**  
**For the Month Ended June 30, 2013**

	Current Month	Y-T-D Actual	Annual Budget	% of Budget
Operating revenues - sales	\$ 2,076,318	\$ 29,254,414	\$ 29,208,500	100.2%
Other operating revenues	181,613	2,555,250	2,299,500	111.1%
<b>Total operating revenues</b>	<b>2,257,931</b>	<b>31,809,664</b>	<b>31,508,000</b>	<b>101.0%</b>
<b><u>Generation expense:</u></b>				
Purchased power	619,649	7,239,774	6,160,000	117.5%
Stoney corners-wind energy	137,585	2,782,535	2,900,000	95.9%
Combustion turbine	183,860	3,401,473	4,500,000	75.6%
Campbell #3/belle river	800,085	9,853,143	7,700,000	128.0%
Landfill gas	(22,312)	327,617	160,000	204.8%
Other operations & maintenance	7,525	178,884	84,750	211.1%
<b>Total generation expenses</b>	<b>1,726,392</b>	<b>23,783,426</b>	<b>21,504,750</b>	<b>110.6%</b>
<b><u>Distribution expense:</u></b>				
Operations & maintenance	352,803	3,493,024	3,505,100	99.7%
<b><u>Transmission expense:</u></b>				
Operations & maintenance	23,867	366,978	198,350	185.0%
<b><u>Other operating expense:</u></b>				
Metering & customer accounting	70,761	516,919	550,000	94.0%
Conservation & public services	90,927	1,689,992	2,049,350	82.5%
General administration	29,839	959,602	1,145,250	83.8%
Insurance	5,428	55,453	66,500	83.4%
Depreciation expense	150,682	1,878,890	1,875,000	100.2%
City fee	279,866	1,599,866	1,578,200	101.4%
<b>Total other operating expenses</b>	<b>627,503</b>	<b>6,700,722</b>	<b>7,264,300</b>	<b>92.2%</b>
<b>Total operating expenses</b>	<b>2,730,565</b>	<b>34,344,150</b>	<b>32,472,500</b>	<b>105.8%</b>
<b>Operating income/(loss)</b>	<b>(472,634)</b>	<b>(2,534,486)</b>	<b>(964,500)</b>	<b>262.8%</b>
<b><u>Other revenues/(expenses):</u></b>				
Non-operating revenues	36,220	436,484	360,000	121.2%
Non-operating expenses	(465,914)	(497,154)	0	---
<b>Net income</b>	<b>\$ (902,328)</b>	<b>\$ (2,595,156)</b>	<b>\$ (604,500)</b>	<b>429.3%</b>

**TRAVERSE CITY LIGHT & POWER**

**Balance Sheet**

**June 30, 2013**

<b>ASSETS</b>		<b>LIABILITIES AND NET ASSETS</b>	
<b>Current assets</b>		<b>Current liabilities</b>	
Cash and cash equivalents	\$672,795	Accounts payable	\$2,107,846
Investments	21,174,273	Customer deposits & credits	120,919
Receivables		Accrued expenses & other liabilities	437,070
Customer (net of allowance)	3,378,096	Due to primary government	159,866
Accrued interest	66,398		
Taxes	0	<b>Total current liabilities</b>	<b>2,825,701</b>
Other	145,806		
Inventories	1,748,872	<b>Long-term liabilities</b>	
Prepaid expenses	8,467	Compensated absences	230,349
<b>Total current assets</b>	<b>27,194,707</b>	<b>Total liabilities</b>	<b>3,056,050</b>
<b>Long-term assets</b>		<b>Net assets</b>	
Long-term advances & OPEB assets	1,105,674	Invested in capital assets	44,041,363
Land and land improvements	1,309,431	Unrestricted	25,244,331
Construction in progress	4,453,223		
Capital assets, net	38,278,709	<b>Total net assets</b>	<b>69,285,694</b>
<b>Total long-term assets</b>	<b>45,147,037</b>		
		<b>Total liabilities and net assets</b>	<b>\$72,341,744</b>
<b>Total assets</b>	<b>\$72,341,744</b>		
		<b>Total Cash &amp; Investments</b>	<b>\$ 21,847,068.00</b>
		<b>Difference</b>	<b>\$ -</b>

TRAVERSE CITY LIGHT & POWER  
Revenue & Expenses Compared

	June 2013	June 2012	Increase/Decrease	%	Y-T-D 6/30/2013	Y-T-D 6/30/2012	Increase/Decrease	%
	\$	\$	\$	#DIV/0!	\$	\$	\$	#DIV/0!
Federal Grants								
State Grant - Other								
Residential Sales	238,591.00	333,700.62	(95,109.62)	(28.5)	5,543,163.00	5,407,313.00	135,850.00	2.5
Commercial Sales	951,407.00	1,054,799.00	(103,392.00)	(9.8)	14,143,935.00	14,236,306.00	(92,471.00)	(0.6)
Industrial Sales	821,726.00	921,875.16	(100,149.16)	(10.9)	9,020,921.00	9,219,732.00	(198,811.00)	(2.2)
Public Authority Sales	28,679.00	35,524.57	(6,845.57)	(19.3)	274,590.00	278,640.00	(4,050.00)	(1.5)
Street Lighting Sales	16,140.00	11,387.93	4,752.07	41.7	194,708.00	189,823.00	4,885.00	2.6
Yard Light Sales	5,365.00	5,498.85	(133.85)	(2.4)	77,197.00	78,753.00	(1,556.00)	(2.0)
Forfeited Discounts	3,457.00	5,075.87	(1,618.87)	(31.9)	56,978.00	43,823.00	13,155.00	30.0
Merchandise & Jobbing	10,954.00	9,426.94	1,527.06	16.2	40,647.00	56,637.00	(15,990.00)	(28.2)
Interest & Dividend Earnings	(465,914.00)	182,871.66	(648,785.66)	(354.8)	(285,545.00)	420,646.00	(706,191.00)	(167.9)
Rents & Royalties	1,475.00	18,700.00	(17,225.00)	(92.1)	23,635.00	21,235.00	2,400.00	11.3
Sale of Fixed Assets								
Reimbursements	30,001.00	44,621.61	(14,620.61)	(32.8)	163,980.00	354,909.00	(190,929.00)	(53.8)
Recovery of Bad Debts	46.00		46.00		109.00	80.00	29.00	36.3
Sales of Scrap	671.00	12,004.01	(11,333.01)	(94.4)	50,958.00	28,240.00	22,718.00	80.4
Miscellaneous Income	4,027.00	2,817.60	1,209.40	42.9	51,047.00	16,462.00	34,585.00	210.1
Refunds & Rebates		0.00			2,223.00	12,589.00	(10,366.00)	(82.3)
Pole Rentals					41,593.00	31,773.00	9,820.00	30.9
MISO Revenues	181,611.00	210,622.98	(29,011.98)	(13.8)	2,353,289.00	2,266,084.00	87,205.00	3.8
<b>Total Revenues</b>	<b>\$ 1,828,236.00</b>	<b>\$ 2,848,926.80</b>	<b>\$ (1,020,690.80)</b>	<b>(35.8)</b>	<b>\$ 31,753,328.00</b>	<b>\$ 32,663,045.00</b>	<b>\$ (909,717.00)</b>	<b>(2.8)</b>
<b>Expenses:</b>								
Generation Operations & Maint	\$ 1,726,392.00	\$ 1,518,602.25	\$ 207,789.75	13.7	\$ 23,783,427.00	\$ 22,250,681.00	\$ 1,532,746.00	6.9
Distribution Operations & Maint	352,803.00	427,728.81	(74,925.81)	(17.5)	3,493,024.00	3,595,508.00	(102,484.00)	(2.9)
Transmission Operations & Maint	23,867.00	22,952.89	914.11	4.0	366,978.00	179,975.00	187,003.00	103.9
Metering & Customer Accounting	70,760.00	79,456.80	(8,696.80)	(10.9)	516,919.00	500,426.00	16,493.00	3.3
Conservation & Public Services	90,927.00	97,523.60	(6,596.60)	(6.8)	1,689,992.00	676,733.00	1,013,259.00	149.7
Administration	29,839.00	182,962.16	(153,123.16)	(83.7)	959,602.00	1,112,653.00	(153,051.00)	(13.8)
Other	435,976.00	505,171.14	(69,195.14)	(13.7)	3,538,543.00	3,631,717.00	(93,174.00)	(2.6)
<b>Total Expenses</b>	<b>\$ 2,730,564.00</b>	<b>\$ 2,834,397.65</b>	<b>\$ (103,833.65)</b>	<b>(3.7)</b>	<b>\$ 34,348,485.00</b>	<b>\$ 31,947,693.00</b>	<b>\$ 2,400,792.00</b>	<b>7.5</b>
<b>Net Income</b>	<b>\$ (902,328.00)</b>	<b>\$ 14,529.15</b>	<b>\$ (916,857.15)</b>	<b>(6,310.5)</b>	<b>\$ (2,595,157.00)</b>	<b>\$ 715,352.00</b>	<b>\$ (3,310,509.00)</b>	<b>(462.8)</b>
	\$ (0)	\$	\$	(1)				

**TRAVERSE CITY LIGHT & POWER  
FIBER FUND**  
Schedule of Revenues & Expenses - Budget and Actual  
For the Month Ended June 30, 2013

	Current Month	Y-T-D Actual	Annual Budget	% of Budget
<b>Operating revenues:</b>				
Charges for services	\$ 16,500	\$ 208,030	\$ 186,500	111.5%
Wi-fi Service Fee - DDA	-	-	65,000	0.0%
<b>Total operating revenues</b>	<b>16,500</b>	<b>208,030</b>	<b>251,500</b>	<b>82.7%</b>
<b>Operating expenses:</b>				
Office & operating supplies	2,264	-	3,250	0.0%
Supervision & maintenance	-	13,858	66,150	20.9%
Overhead & underground lines	868	8,926	6,000	148.8%
Customer installations	-	1,762	5,600	31.5%
Wi-Fi Operations & Maintenance	-	-	45,000	0.0%
Termination boxes	-	5,096	35,400	14.4%
Safety	-	-	-	---
City fee	10,402	10,402	12,600	82.6%
Professional development	-	2,238	500	447.7%
Insurance	93	925	1,450	63.8%
Repairs and Maintenance	-	-	500	0.0%
Miscellaneous	-	35	150	23.3%
Depreciation expense	7,920	87,222	99,800	87.4%
<b>Total operating expenses</b>	<b>21,547</b>	<b>130,464</b>	<b>276,400</b>	<b>47.2%</b>
<b>Operating income/(loss)</b>	<b>(5,047)</b>	<b>77,566</b>	<b>(24,900)</b>	<b>-311.5%</b>
<b>Non-operating revenues:</b>				
Reimbursements	-	6,431	75,900	8.5%
<b>Net income</b>	<b>\$ (5,047)</b>	<b>\$ 83,997</b>	<b>\$ 51,000</b>	<b>164.7%</b>

**TRAVERSE CITY LIGHT & POWER  
FIBER FUND  
Balance Sheet  
June 30, 2013**

<b>ASSETS</b>		<b>LIABILITIES AND NET ASSETS</b>	
<b>Current assets</b>		<b>Current liabilities</b>	
Cash and cash equivalents	\$226,597	Accounts payable	\$285
Accounts receivable	0	Due to primary government	10,402
Prepaid Insurance	0	Deferred revenue	13,200
<b>Total current assets</b>	<b>226,597</b>	<b>Total liabilities</b>	<b>23,887</b>
<b>Long-term assets</b>		<b>Net assets</b>	
Construction in progress	68,654	Contribution from other funds	1,357,087
Capital assets, net	1,288,433	Unrestricted fund balance	202,710
<b>Total long-term assets</b>	<b>1,357,087</b>	<b>Total net assets</b>	<b>1,559,797</b>
<b>Total assets</b>	<b>\$1,583,684</b>	<b>Total liabilities and net assets</b>	<b>\$1,583,684</b>