

A REGULAR MEETING

Of The

TRAVERSE CITY LIGHT AND POWER BOARD

Will Be Held On

WEDNESDAY, October 23, 2013

At

5:15 p.m.

In The

COMMISSION CHAMBERS
(2nd 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.

Stephanie Tvardek
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) 922-4940

Posting Date: 10-18-13
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 October 8, 2013. (p. 3)
- b. Consideration of authorizing an agreement with RTD Consulting, LLC. (Arends) (p. 7)

5. Appointments

None.

6. Reports and Communications

- a. From Legal Counsel.
- b. From Staff.
 1. Announcement of the Fall Clean Up Green Up event scheduled for November 3, 2013. (Wheaton - Verbal)
 2. Strategic Planning presentation. (TCL&P staff/Hometown Connections)
- c. From Board.

7. Public Comment

The TCL&P Board will adjourn into a Study Session immediately following the Regular Meeting

/st

**TRAVERSE CITY
LIGHT AND POWER BOARD**

Minutes of Regular Meeting
Held at 5:15 p.m., Commission Chambers, Governmental Center
Tuesday, October 8, 2013

Board Members -

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

Ex Officio Member -

Present: Jered Ottenwess, City Manager

Others: Tim Arends, Scott Menhart, Karla Myers-Beman, Tom Olney, Stephanie Tvardek, Blake Wilson

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

With the consent of the Board, Chairman McGuire allowed public comment prior to the consideration of the consent calendar from Jim Dulzò, MLUI, 556 Case Rd. commending TCL&P for continuing participation with the TCSaves Program.

As requested by Geht, Agenda Item 2(c) was removed from the Consent Calendar for full discussion.

Item 2 on the Agenda being Consent Calendar

Moved by Carruthers, seconded by Budros, that the following actions, as recommended on the Consent Calendar portion of the Agenda, be approved as amended:

- a. Minutes of the Regular Meeting of September 24, 2013.
- b. Traffic Signal Maintenance Agreement between TCL&P and City of Traverse City.
- c. *Removed from the Consent Calendar.*
- d. Repeal the following policies:
 - a. Bayside Power Plant Roof Access Policy
 - b. Cogeneration Facilities Policy
 - c. Electric Utility Customer Credit Policy
- e. Customer refund request.

CARRIED unanimously.

Items removed from the Consent Calendar

- a. Consideration of authorizing an Amendment to the Dark Fiber Services Agreement with Grand Traverse County.

The following individuals addressed the Board:

Tim Arends, Executive Director
Scott Menhart, Manager of Telecom & Technology

Moved by Spence, seconded by Budros, that the Board authorizes the Chairman and Secretary to enter into Amendment One for the Grand Traverse County Dark Fiber Services Agreement, subject to approval as to substance by the Executive Director and as to form by General Counsel.

CARRIED unanimously.

Item 3 on the Agenda being Unfinished Business

None.

Item 4 on the Agenda being New Business

Geht announced he would recuse himself from the discussion and vote regarding agenda item 4(a).

4(a). Pine Street Overhead to Underground Distribution Conversion project re-authorization.

The following individuals addressed the Board:

Tim Arends, Executive Director
Michael McGeehan, GRP Engineering, Inc.
Tim Lodge, City Engineer
Blake Wilson, System Engineer

Jean Derenzy, Deputy Planner, Grand Traverse County, and Mike Wills, Midtown Development Inc., presented the Uptown Project to the Board.

Budros requested the sentence in the fourth paragraph of the "Critical Items" section be left as "...to be provided by others" and not be changed to read "...to be determined."

Moved by Budros, seconded by Spence, that the Light and Power Board re-authorizes the Pine Street – Overhead to Underground Distribution Project as amended to include undergrounding an existing overhead distribution circuit through the Uptown Development and under the Boardman River to Hannah Park.

Roll Call:

Yes – Budros, Carruthers, Palisin, Spence, Taylor

No – McGuire

Abstained – Geht

CARRIED.

6:27 p.m. Taylor departed the meeting.

4(b). Consideration of awarding bid for the Parsons to Airport Transmission Line Project.

The following individuals addressed the Board:

Tim Arends, Executive Director

Michael McGeehan, GRP Engineering, Inc.

Moved by Budros, seconded by Palisin, that the Board authorizes the Chairman and Secretary to execute a contract with Kent Power, Inc. for the Parsons Road Transmission Line Project in the amount of \$200,038.75; subject to approval as to substance by the Executive Director and as to form by General Counsel; and further authorizes the Executive Director to administer amendments and change orders that are in the best interest of Traverse City Light & Power.

CARRIED unanimously. (Taylor absent)

4(c). Consideration of awarding bid for the East Transmission Line Project.

The following individuals addressed the Board:

Tim Arends, Executive Director
Michael McGeehan, GRP Engineering, Inc.

Moved by Spence, seconded by Palisin, that the Board authorizes the Chairman and Secretary to execute a contract with Kent Power, Inc. for the East Hammond Substation 69kV Line Project in the amount of \$484,356.20; subject to approval as to substance by the Executive Director and as to form by General Counsel; and further authorizes the Executive Director to administer amendments and change orders that are in the best interest of Traverse City Light & Power.

CARRIED unanimously. (Taylor 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. Tim Arends spoke re: Bob Dyer's proposal for consulting services.

C. From Board.

1. Barbara Budros requested the Board schedule a closed session for the next meeting to speak re: attorney opinions on dark fiber services.
2. Jim Carruthers confirmed the next regular board meeting has been rescheduled for **Wednesday** October 23, 2013.

Item 7 on the Agenda being Public Comment

No one from the public commented.

There being no objection, Chairman McGuire declared the meeting adjourned at 6:58 p.m.

/st

Tim Arends, Secretary
LIGHT AND POWER BOARD

DRAFT



To: Light and Power Board
From: Tim Arends, Executive Director
Date: October 18, 2013
Subject: Energy Supply

As discussed at previous board meetings, Bob Dyer from RTD Consulting, LLC has proposed Task Order #2, which includes four phases out of a six phase program to assist Board and Staff in the decision making process regarding energy supply. Specifically this program will assist the board in answering the questions, local generation – to pursue it or be a power purchaser? If a power purchaser, what type of contracts to purchase? Long-term, short-term, small or large quantities, renewable energy – how much?

In addition with the above, the attached task order and action steps from RTD Consulting, LLC will allow the Board to develop an energy supply plan on future power supply resources in time for the expiration of the Lansing Board of Water and Light purchase power agreement due to expire in December 31, 2015. This agreement has a required one year notification of termination as of December 31, 2014.

The first four phases of the program are:

1. Transmission issues (understanding MISO)
2. Energy Services Agreement (understanding the current agreement and issuing a request for proposal to evaluate other entities, which can provide the same service)
3. Board Education and Goals Development (multiple education sessions on important topics of energy supply)
4. Long Term Plan Development (identify the types and quantities of generation required by TCL&P for the next twenty to thirty years)

More detailed information on the four phases is included in the packet for your review. The last two phases are Bridging Contracts for Interim Power Supplies and Longer term Contracts and Assets.

An experienced company with industry experts such as RTD Consulting, LLC will assist the Board and Staff in developing an energy supply plan that will be successful, while developing a tool for staff to be used in the future in evaluating energy supply projects for the Board.

Based on the above reasons, staff recommends that the Board approve issuance of an amendment to RTD Consulting, LLC contract for energy supply services as detailed in the task order number two. (This is in amendment to the original contracted entered into by TCL&P for the Lansing Board of Water and Light contract analysis presented at the September 24, 2013 board meeting. The original contract was within the Executive Director's spending authority.)

(RECOMMENDED MOTION ON FOLLOWING PAGE)

FOR LIGHT AND POWER BOARD MEETING OF OCTOBER 23, 2013

If the Board agrees with staff's recommendation, the following motion would be appropriate:

MOVED BY _____, SECONDED BY _____,

THAT THE BOARD AUTHORIZES AN AMENDMENT TO THE RTD CONSULTING, LLC CONTRACT IN THE AMOUNT OF \$109,200, PLUS ANY OUT OF POCKET EXPENSES FOR CONSULTING SERVICES PRESENTED.



RTD CONSULTING, LLC

October 17, 2013

Timothy J. Arends
Traverse City Light & Power
Executive Director
1131 Hastings St.
Traverse City MI 49686

Subject: Task Order #2

Dear Tim,

I have enclosed a new scope of services for the work we discussed on September 24th. Under the TCLP Department Consultant Agreement of July 11, 2013, paragraph 1, we can incorporate this Task order into that agreement with our mutual agreement. In addition, to the new scope, I have included one additional document which is an outline of the topics to be covered with the Board under Phase 3. While we briefly talked about this item, I've developed a more encompassing outline. I felt you may want to circulate this to the Board.

These first fourth Phases, require a significant amount of work. Within each Phase there is an estimate of the time required. It is expressed as "minimum" "expected" and "maximum" hours. Normally the "not to exceed" amount of the contract would be based upon the hourly rate times the "maximum" hours expected. Using the hourly rate of all of the previous work I have done for TCLP of \$250 per hour this would result in a "not to exceed amount" of \$133,750. Below is the estimated cost for the work of these four Phases based on my previous rate.

	<u>Minimum</u>	<u>Expected</u>	<u>Maximum</u>
Professional Hours:	421	485	535
Cost @ \$250/Hr.	\$105,250	\$121,250	\$133,750

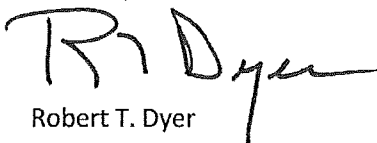
Given the magnitude of the scope and time required to accomplish this work and your desire to hold cost down and insulate TCLP from overruns, I would propose a flat fee of \$109,200 that would be paid at a rate of \$9,100 per month for twelve months starting in November 2013 through October 2014. These payments would extend three months beyond the expected completion date for all of the work required to insure that the work was provided before the payments are made. This would result an 18.4% savings to TCLP over the Maximum Hours and the higher hourly rate. I have included this pricing structure in Task Order #2.

2771 Monument Road, Jacksonville, FL 32225
(904) 607-1875
BobD@RTDConsultingllc.com | RTDConsultingLLC.com

The last item I wanted to bring to your attention is I will be working with Howard Axelrod. Howard's Bio is attached to the Task Order. He has extensive experience and will also act as a back-up for me in the event I am unable to fulfill any of the work. His billing rates are the same as mine and all work he would provide is included in the fees as quoted. We have worked together on a number of projects over the years and he brings a great deal of expertise to this work.

If there is any additional information you require, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Dyer". The signature is fluid and cursive, with the first letter of each name being significantly larger and more stylized.

Robert T. Dyer

Attachment #1- Scope of Service for Task Order #2

Attachment #2-Outline of Topics to be discussed with the Board

Task Order #2

Scope of services shall include but not be limited to the following:

Background:

TCLP has a power purchase agreement with Lansing Board of Water and Light (LBWL) which will expire on December 31, 2015. When this agreement was entered into, it was anticipated additional power supply resources would be developed and in place by the end of the LBWL contract. There are many inputs, i.e. fuel prices, regulations, green energy requirements, etc. that have changed or been added which has significantly affected power supply plans. These factors have not been incorporated into the current power supply planning process and likely will result in the need to add some new power supply arrangements prior to the expiration of the LBWL contract.

It is necessary to revisit all of these inputs, assumptions and factors associated with power supply planning to factor in these changes and develop a current plan which is applicable to the current circumstances of TCLP. In addition, a clearer understanding is needed how to handle the termination of the LBWL contract and identify suitable replacements or a vehicle to extend this contract, if necessary. To accomplish this objective a six Phase program is delineated below which will culminate in a plan for and short-term agreements to accomplish the long-term objectives of TCL P.

1. Transmission issues
2. Energy Services Agreement
3. Board Education and Goals Development
4. Long Term Plan Development
5. Bridging Contracts for Interim Power Supplies
6. Longer term Contracts and Assets

This Task Order addresses the first four Phases of the six Phase plan. The latter two Phases require the completion of Phase 4 in order to identify what action is required. It is anticipated by the completion of Phase 4 short-term bridging agreements will be identified and available to accomplish the objective of Phase 5. Phase 6 will be a longer-term target for acquiring suitable resources for TCLP to replace the agreements entered into in Phase 5.

Work to Be accomplished:

Phase #1-Transmission Issues:

Purpose:

A clear understanding is required of the transmission issues that may affect new generation. These issues may vary based on the location of the generation and is even more significant if this generation is located outside of the Traverse City area. To identify and understand these issues the planning process of the Midwest ISO (MISO) must be understood. This understanding is necessary as any future generation will need to comply with the transmission owners and operator to insure adequate capacity will be available. Under current rules with MISO, TCLP may be exposed to varying financial penalties for utilization of the transmission system if adequate capacity is not provided. The purpose of this step is to understand these requirements, how to develop alternatives, if available, and evaluate the financial impacts on future power supply plans.

Action Steps:

1. History-Meetings with MPPA staff to gain an understanding of all the transmission issues relating to existing generation and how current transmission agreements apply within MISO.
2. Current requirements-Meetings with MISO to develop a detailed understanding of the planning process that must be followed for the addition of or acquisition of new generation requirements outside of the Traverse City area by TCLP. Also, through discussions with MPPA an understanding of how transmission is handled within MPPA for its members for future generations additions.
3. Plans for future additions-Analyze all the information obtained from steps one and two above to ensure all issues are identified and known and understood so that they can be properly accounted for when the planning phase is undertaken to ensure economic and timely delivery of new generation for TCLP.

Schedule:

<u>Item</u>	<u>Start Date</u>	<u>Completion Date</u>
1. Step #1	10/23/2013	11/15/2013
2. Step #2	11/15/2013	12/ 1/2013
3. Step #3	12/ 1/2013	12/31/2013

Budget (Professional Hours):

<u>Item</u>	<u>Minimum</u>	<u>Expected</u>	<u>Maximum</u>
1. Step #1	8	10	12
2. Step #2	8	10	12
3. <u>Step #3</u>	<u>6</u>	<u>8</u>	<u>10</u>
Total	22	28	34

The budget will also include out-of-pocket expense for travel. These expenses will be incurred in conjunction with other travel related to the Board education Phase #3. These incremental expenses are estimated to be two hotel nights plus a rental car for three days -\$500.

Phase #2-Energy Services Agreement:

Purpose:

TCLP currently has an Energy Services Agreement (ESA) with Lansing Board of Water and Light (LBWL). This agreement is scheduled to terminate December 31, 2015 unless extended by mutual agreement. Therefore, alternatives need to be developed to: (1) determine if the current agreement is the most cost effective for TCLP, (2) Have alternatives available well in advance of the October 1, 2014 notice date to LBWL, if this notice is given and (3) Determine what other suitable arrangements are available in the event LBWL chooses not to renew the agreement. This needs to be done with sufficient time to avoid any conflicts with MISO if a change is made by either party. In order to avoid these conflicts these changes should be made 6 to 9 months prior to the effective implementation of the new agreement.

Action Steps:

1. Develop RFP: Develop the scope of services required for the energy services agreement. The scope will be based on the current LBWL contract as that current contract appears to meet all the TCLPs minimum requirements.
2. Meeting with potential suppliers: A meeting will be held with all parties better known to possess the expertise to meet TCLP's minimum requirements. This will assist in identifying any items that should be included in the RFP that would increase the level of service and for the cost-effectiveness of the services. It will also provide assistance to all of the potential suppliers for a clearer understanding of TCLP's needs before the RFP is an issued.
3. RFP issuance and evaluation: The RFP will be issued and the responses evaluated. Consultations will be held with TCLP's management on the evaluation and RFP's

responses with a recommendation being made to TCLPs management on the most cost effective and responsive proposal.

4. Award and development of contract: After selection the consultant will assist management in the negotiation of an appropriate contract for approval by the TCLP Board.

Schedule:

<u>Item</u>	<u>Start Date</u>	<u>Completion Date</u>
1. Step #1	11/1/2013	12/31/2013
2. Step #2	1/1/2014	2/28/2014
3. Step #3	3/1/2014	4/30/2014
4. Step #4	6/1/2014	8/31/2014

Budget (Professional Hours):

<u>Item</u>	<u>Minimum</u>	<u>Expected</u>	<u>Maximum</u>
1. Step #1	15	16	20
2. Step #2	22	24	26
3. Step #3	12	16	20
4. Step #4	30	36	40
Total	79	92	106

The budget will also include out-of-pocket expenses for travel. These expenses will be incurred in conjunction with other travel related to the Board education Phase #3. These incremental expenses are estimated to be two hotel nights plus three days rental car-\$500.

Phase #3-Board Education program:

Purpose:

Meetings will be held with the Board of Directors for a broad and high level education on the issues, activities and process affecting power supply planning. This process will conclude with input from the Board on issues and goals that are important to the board, community leaders and local community. This will allow management a means to incorporate these issues and goals in its planning process. However, providing this information without some context may not be effective and may facilitate the establishment of unattainable goals or expectations. Likewise, this high level overview will be of value to the Board in understanding the “how and why” of the inevitable need for compromise between goals where there is conflict.

Action Steps:

1. **The operating environment:** What is the Midwest ISO (MISO) and how does it affect the current operating environment of TCLP?
 - a. Why does MISO exist?
 - b. Are there advantages to TCLP for participating in the MISO?
 - c. Are there disadvantages?
2. **Transmission:** How are future generation decisions affected by the transmission system and location of generation?
 - a. History of transmission system development.
 - b. Effects of this history on TCLP.
 - c. How generation works within MISO and it is affected by transmission.
3. **The need for new generation:** What factors go into the decision to add new generation?
 - a. Growth in demand and energy requirements
 - b. Retirement of existing generation equipment
 - c. Federal and State requirements
 - d. Economics
 - e. Flexibility
4. **Environmental requirements and local issues:**
 - a. Local impacts of generation.
 - i. Visual impact
 - ii. Emission impacts
 - iii. Land use impacts
 - b. Economic impacts i.e. Tax base impacts, jobs, reliability
 - c. Compliance with Federal and State conservation requirements
5. **Financial, cost, revenue requirements and other related issues:**
 - a. Need for Debt financing
 - b. What is the most important to determine best plan i.e. NPV, Levelized cost, lowest annual revenue requirement, etc.
 - c. Flexibility
6. **The generation planning process:** How are all of the pieces brought together?
 - a. Use of Deterministic vs. Stochastic models
 - b. Advantages vs. Disadvantages
7. **Independent vs. participation with others:** An overview of advantages and disadvantages of joint action, joint participation and independent action is required.
 - a. What are they and how do they differ?
 - b. What are the advantages and disadvantages?
 - c. How do these options affect TCLP?

8. The development of goals and guidelines:

- a. In each section above, important input parameters were discussed. These parameters form the basis for many of the input assumptions used to develop and evaluate the plans. Many of these parameters reflect the desires and wishes of the local community. One of the lessons learned will be that not all goals will be compatible with one another; in short, many of the desired goals will work contrary to other desired goals. Management needs to know the goals and how to balance between conflicting goals.
- b. What are the local issues and Goals the Board wants factored into the future resource plan for Traverse City?

Schedule:

<u>Item</u>	<u>Start Date</u>	<u>Completion Date</u>
1. Step #1	10/24/2013	11/19/2013
2. Step #2	10/24/2013	11/19/2013
3. Step #3	11/19/2013	12/17/2013
4. Step #4	12/18/2013	1/28/2014
5. Step #5	1/29/2014	2/25/2014
6. Step #6	2/26/2014	3/25/2013
7. Step #7	3/26/2014	4/22/2014
8. Step #8	4/23/2014	5/27/2014

Budget (Professional Hours):

<u>Item</u>	<u>Minimum</u>	<u>Expected</u>	<u>Maximum</u>
1. Step #1	14	17	18
2. Step #2	14	16	19
3. Step #3	9	11	12
4. Step #4	9	11	12
5. Step #5	18	21	24
6. Step #6	18	21	24
7. Step #7	18	21	24
8. Step #8	9	11	12
Total	109	129	145

The budget will also include out-of-pocket expenses for travel. There are scheduled 8 trips to TCLP with each trip requiring a two day stay. It is estimated that each trip will cost \$1200.

Phase #4-Long term Plan Development:

Purpose:

With the results of the information developed in the first three steps above a long term planning process will be developed. The results will be used to identify the types and quantities of generation required by TCLP over the next 20-30 years that best meets the goals that have been established. This will specifically address the need for and replacement strategy for the LBWL PPA which is required by October 31, 2014. The target for completion would be to provide this plan to the board no later than September 1, 2014.

Action Steps:

1. Data Requirements and Data Preparation.
2. Long term Model and Scenarios Development.
3. Meetings with Management for validation of assumptions and scenarios selection.
4. Perform simulations and analysis
5. Development of a draft report of findings and recommendations.
6. Meeting with TCLP management and presentation draft report with results and recommendations.
7. Develop Final report and presentation for Management and Board.
8. Presentation of Final report

Schedule:

<u>Item</u>	<u>Start Date</u>	<u>Completion Date</u>
1. Step #1	5/1/2014	5/22/2014
2. Step #2	5/15/2014	5/29/2014
3. Step #3	6/10/2014	6/10/2014
4. Step #4	6/11/2014	6/25/2014
5. Step #5	6/26/2014	7/8/2014
6. Step #6	7/21/2014	7/21/2014
7. Step #7	7/22/2014	7/30/2014
8. Step #8	8/12/2014	8/12/2014

Budget (Professional Hours):

<u>Item</u>	<u>Minimum</u>	<u>Expected</u>	<u>Maximum</u>
1. Step #1	41	56	64
2. Step #2	50	55	60
3. Step #3	10	10	10
4. Step #4	45	50	55
5. Step #5	24	24	29
6. Step #6	10	10	10
7. Step #7	10	10	10
8. Step #8	10	10	10
Total	200	225	250

The budget will also include out-of-pocket expense for travel. There are expected to be up to three trips for two people on each trip. It is estimated that \$1000/per person for an estimated total of \$6000.

Compensation, Travel and Out of Pocket cost:

1. The total compensation for this Task Order will not exceed \$109,200.00 plus any out of pocket expense.
2. The compensation will be paid based on twelve equal payment (\$9100.00/mo.) starting November 2013 and ending in October 2014.
3. Travel expenses will be at cost and will be based upon receipts presented for travel and cost associated with such travel. Total travel costs are estimated to be \$16,600 for all four Phases.
4. Other out of pocket necessary for the project will be reimbursed at actual cost supported by receipts for such cost.

Project Management Team:

The project will be accomplished under the direction of Robert T. Dyer. He will also use Howard J. Axelrod. Biographies for both are attached.

Schedule:

The overall schedule for the completion is August 31, 2014. Each Phase will be completed as shown below:

<u>Phase</u>	<u>Completion Date</u>
#1	12/31/2013
#2	8/31/2014
#3	5/27/2014
#4	8/12/2014

IN WITNESS WHEREOF, the parties hereto have executed this Task Order #2 on this Date October __, 2013.

WITNESS:

TRAVERSE CITY LIGHT AND POWER
DEPARTMENT

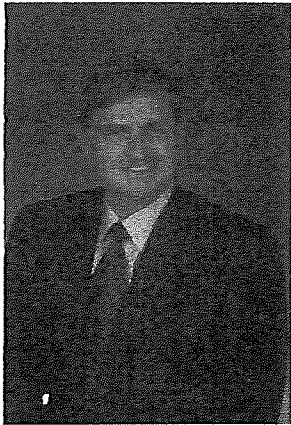
Timothy J. Arends, Executive
Director

CONSULTANT

Robert T. Dyer, Consultant

Robert T. "Bob" Dyer
2771 Monument Rd. Ste.29 Box 337
Jacksonville, FL 32225

After retiring as President and CEO of The Energy Authority (TEA) on December 31, 2010 he has formed RTD Consulting, LLC and is actively involved with a number of projects drawing on his wide range of expertise. His focus is on markets and organizational issues that arise when adapting to competitive environments and resulting organizational changes.



Mr. Dyer began his broad and extensive management career directing system planning activities for Jacksonville Electric Authority (JEA). After leaving, JEA he went to Plains Electric Generation and Transmission Cooperative (PGT) in Albuquerque, NM. Plains had made the strategic decision to become generation self-sufficient forcing the organization to grow from 40 to 300 employees. By the time of his departure, he was Vice President responsible for finance and accounting, purchasing, planning, power contracts and rates. With the implementation of new federal laws, the co-generation and non-utility segment of the industry emerged and Mr. Dyer went to the Midland Cogeneration Venture (MCV) as Vice President of Bulk Power Sales and Industrial Development. At that time, MCV was the largest co-generation plant in the United States. The continued changes in the deregulation arena brought Mr. Dyer to Cinergy as investor owned utilities were entering the non regulated markets.

These competitive markets put significant economic pressure on the municipal segment. Three southeastern public power systems responded by forming TEA. As TEA's President and CEO, Mr. Dyer was responsible for leading the organization, interfacing with board members and serving as its spokesperson. Under Mr. Dyer's leadership, TEA has helped some of the nation's largest public power systems operate more efficiently, successfully manage energy risk, and expand their market reach. TEA's members collectively represent more than 25,000 MW of generating assets and TEA's trading partners now span much of the nation. During this time TEA grew from serving three public power systems with 30 employees to serving 40 systems with 160 employees. In addition, TEA expanded to the west coast adding public power systems with hydro-based generation and extensive wind energy systems.

Mr. Dyer holds a Bachelor of Science degree in Electrical Engineering from the University of Florida, and a Master of Business Administration from the University of North Florida. Mr. Dyer is a registered Professional Engineer in the state of Florida.

Howard J. Axelrod, PhD
1820 Peachtree RD NW
Unit 601
Atlanta, GA 30309

Howard J. Axelrod has more than 40 years of experience in management consulting, strategic planning and marketing for the electric and gas industry. He is founder of Energy Strategies, Inc. and serves as the firm's President and Chief Executive Officer. He is also the acting Chief Risk Officer for a New England based municipal wholesale electric company. With proficiencies in economics, marketing, and power systems planning, he provides a multi-disciplinary approach to resolving complex business and regulatory issues. He has performed numerous studies and led in the development of strategies addressing such issues as competitive restructuring, strategic business and market planning, organizational development, and business risk analysis.



Howard has also managed best practice assessments relating to strategic and business planning, utility outage preparedness and enterprise risk management. He has testified before numerous state regulatory agencies and FERC on such topics as resource planning, power contract management, utility operations and management and productivity.

Howard has also been actively involved in the development and continuous improvement of competitive wholesale electric markets. He has been retained by the New York Independent System Operator and has participated in market development activities at the ISO-NE, PJM, MISO and CAISO.

Howard had served as the Executive Director of CCAS (Coalition for the Commercial Application of Superconductors) a technology-based trade organization.

Howard was awarded his Doctorate in Managerial Economics from Rensselaer Polytechnic Institute, an MBA from SUNY Albany and MSEE and BSEE degrees in Power Systems from Northeastern University. He also completed General Electric's 3-year Application Engineering Training Program. Howard has over 25 publication and presentation citations and has testified in over 40 regulatory proceedings.

His professional associations include Senior Membership in the Institute of Electrical and Electronic Engineering, Senior Membership in the Power and Energy Society, Member of the Profession Risk Managers Association and Professional Engineer (retired license in New York).

Topics to Be Covered with Board

1. **The operating environment:** What is the Midwest ISO (MISO) and how does it affect the current operating environment of TCLP?
 - a. Why does MISO exist?
 - b. Are there advantages to TCLP for participating in the MISO
 - c. Are there disadvantages?

2. **Transmission:** How are future generation decisions affected by the transmission system and location of generation?
 - a. History of transmission system development
 - b. Effects of this history on TCLP
 - c. How generation works within MISO and it is affected by transmission.

3. **The need for new generation:** What factors go into the decision to add new generation?
 - a. Growth in demand and energy requirements?
 - b. Retirement of existing generation equipment?
 - c. Federal and State requirements?
 - d. Economics?
 - e. Flexibility?

4. **Environmental requirements and local issues:**
 - a. Local impacts of generation.
 - i. Visual impact
 - ii. Emission impacts
 - iii. Land use impacts
 - b. Economic impacts i.e. Tax base impacts, jobs, reliability
 - c. Compliance with Federal and State conservation requirements

5. **Financial, cost, revenue requirements and other related issues:**
 - a. Need for Debt financing
 - b. What is the most important to determine best plan i.e. NPV, Levelized cost, lowest annual revenue requirement, etc.
 - c. Flexibility

6. **The generation planning process:** How are all of the pieces brought together?
 - a. Use of Deterministic vs. Stochastic models
 - b. Advantages vs. Disadvantages

7. **Independent vs. participation with others:** An overview of advantages and disadvantages of joint action, joint participation and independent action is required.
 - a. What are they and how do they differ?
 - b. What are the advantages and disadvantages?
 - c. How do these options affect TCLP?

8. **The development of goals and guidelines:**
 - a. In each section above, important input parameters were discussed. These parameters form the basis for many of the input assumptions used to develop and evaluate the plans. Many of these parameters reflect the desires and wishes of the local community. We also learned that many of the assumptions work contrary to other desired goals. Management needs to know the goals and how to balance between conflicting goals.
 - b. What are the local issues and Goals the Board wants factored into the future resource plan for Traverse City?