

**A REGULAR MEETING**

Of The

**TRAVERSE CITY LIGHT AND POWER BOARD**

Will Be Held On

**TUESDAY, March 14, 2017**

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.

Jennifer J. St. Amour  
Administrative Assistant  
1131 Hastings Street  
Traverse City, MI 49686  
(231) 922-4940 ext. 201

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

Posting Date: March 10, 2017  
3:00 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.*

- a. Consideration of approving the minutes of the Regular Meeting of February 14, 2017. (Approval recommended) (p.4)
- b. Consideration of conceptual approval of 60 month Lease Agreement with Third Coast Bakery, LLC. (Approval recommended) (Myers-Beman) (p.7)
- c. Consideration of approving an Organizational Chart. (Approval recommended) (Arends) (p.12)

#### **Items Removed From Consent Calendar**

a.

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

- a. Consideration of an Amended Six Year Capital Improvements Plan – 2017. (Schimpke) (p.14)
- b. Consideration of Awarding Bids for BW-31 Rebuild. (GRP Engineering/Schimpke)
  1. BW-31 Distribution Rebuild Project: Construction Bids. (GRP Engineering/Schimpke) (p.18)
  2. BW-31 Distribution Rebuild Project: Conductor & Materials Bids. (GRP Engineering/Schimpke) (p.21)
  3. BW-31 Distribution Rebuild Project: Wood Poles Bids. (GRP Engineering/Schimpke) (p.24)

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

- a. Consideration of Amending Board Rule No. 1- Regular Meetings. (Arends) (p.27)

#### **5. Appointments**

None.

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

- a. From Legal Counsel.

From Staff.

1. Presentation of Franklin Energy Proposal. (Arends) (p.30)
2. Presentation of the Electric and Fiber Fund Budgets. (Myers-Beman) (p.53 & 66)
3. Presentation of the Rate Study. (Myers-Beman) (p.69)
4. Presentation of the December 31, 2016 Financial Statements. (Myers-Beman) (p.74)

From Board.

1. Executive Director Review Process. (Geht – Verbal)

## **7. Public Comment**

/js

**TRAVERSE CITY  
LIGHT AND POWER BOARD**

Minutes of Regular Meeting  
Held at 5:15 p.m., Commission Chambers, Governmental Center  
Tuesday, February 14, 2017

**Board Members -**

Present: Jan Geht, Pat McGuire, Jeff Palisin, Amy Shamroe,  
John Taylor, Tim Werner

Absent: Bob Spence

**Ex Officio Member -**

Present: Marty Colburn, City Manager

**Others:** Tim Arends, Karla Myers-Beman, W. Peter Doren, Kelli Schroeder, Pete Schimpke, Scott Menhart, Tony Chartrand, Gabe Talaga, Jennifer St. Amour

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

Chairman Geht requested item 4a be removed from New Business.

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

Moved by McGuire, seconded by Shamroe, that the following actions, as recommended on the Consent Calendar portion of the Agenda, be approved:

- a. Minutes of the Regular Meeting of January 24, 2017.
- b. Approving Board Policies.
  1. Equal Employment Opportunity Policy.
  2. Social Security Number Private Policy.

CARRIED unanimously. (Spence absent)

**Items Removed from the Consent Calendar**

None.

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

None.

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

- a. Removed.

**Item 5 on the Agenda being Appointments**

None.

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

- a. From Legal Counsel.
- b. From Staff.
  1. Presentation on Energy Efficiency Revolving Loan Fund Annual Report by Venture North.

The following individuals addressed the Board:

Tim Arends, Executive Director  
Laura Galbraith, Executive Director, Venture North

2. Presentation on the Fiber to the Premise Feasibility Report.

The following individuals addressed the Board:

Tim Arends, Executive Director  
Scott Menhart, Manager of Telecom & Technology  
Randy Klindt, Conexon partner (via phone)  
Jonathan Chambers, Conexon partner  
W. Peter Doren, General Counsel  
Tony Chartrand, System Engineer/Key Accounts

6:30 p.m. Jeff Palisin left the meeting.

The following individuals from the Public addressed the Board:

Russell Schindler, TC New Tech, President, 1123 W. Front St., ratepayer  
Mark Nixon, 224 E. 8<sup>th</sup> St., ratepayer  
Deanna Cannon, Northern Michigan Angels, Executive Director, non-ratepayer  
Mike Naughton, North Coast Legal, Co-Owner, 800 Cottageview, Ste. 1080,  
ratepayer  
Gary Brooks, non-ratepayer  
Marilyn Passmore, State Director for Gov't Affairs Charter Communications, non-  
ratepayer  
Rob Newling, Frontier Computer IT, non-ratepayer  
Derek Smith, CEO, Naveego, Inc., non-ratepayer  
Josh Lotan, non-ratepayer  
Jim Selby, Aspen Wireless, President, non-ratepayer

7:28 p.m. W. Peter Doren left the meeting.

7:33 p.m. John Taylor left the meeting.

Chairman Geht removed items 6b (3) and 6b (4) from the agenda.

3. Removed.

4. Removed.

c. From Board.

Amy Shamroe commends the staff of TCL&P on being good representatives to the community.

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

There being no objection, Chairman Geht declared the meeting adjourned at 7.51 p.m.

/js

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Tim Arends, Secretary  
LIGHT AND POWER BOARD

DRAFT



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**To:** Light and Power Board  
**From:** Tim Arends, Executive Director  
**Date:** March 2, 2017  
**Subject:** Hall Street Tenant Lease Agreement

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Staff is requesting to receive conceptual approval of a draft lease agreement between Traverse City Light & Power and Third Coast Bakery, LLC for the tenant space at 130 Hall Street.

Third Coast Bakery, LLC is a local company that has been in business in the region for many years. They plan to continue to bake and offer their allergy free and lifestyle friendly baked gourmet goods at this location. Their website is [www.thirdcoastbakedgoods.com](http://www.thirdcoastbakedgoods.com) and additionally, a reference sheet is included in your packet on the bakery.

There are terms related to parking that still need to be finalized, but the potential tenant would like assurance the lease will be approved, to allow them to provide proper time notification regarding termination of the lease with their current landlord. It is tentatively planned they will commence the lease the middle of April 2017, with an opening in May 2017, with the final lease brought before the Board at the April meeting for approval. This will include additional information on the parking details yet to be finalized.

Staff recommends conceptual approval of a 60 month lease at \$15 per square foot per month, which equates to a first year monthly lease amount of \$1,937.50 or first year annual amount of \$23,250 with an annual escalation rate of 1.75%. The total lease revenue over the next five years will be \$130,643.19. The brokerage fee for placing this tenant is \$6,532.16, or 5% of the total lease revenue. The lease's monthly rental rate reflects current market rate in the area and allows for inflationary increases on an annual basis.

This item is on the Consent Calendar as it is deemed non-controversial. Approval of this item on the Consent Calendar means you agree with staff's recommendations.

If any member of the Board or the public wishes to discuss this matter, other than clarifying questions, it should be placed on the "Items Removed from the Consent Calendar" portion of the agenda for full discussion. If after Board discussion you agree with staff's recommendation the following motion would be appropriate:

**(MOTION ON NEXT PAGE)**

FOR THE LIGHT & POWER BOARD MEETING OF MARCH 14, 2017

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

**THAT THE LIGHT AND POWER BOARD AUTHORIZE CONCEPTUAL APPROVAL OF THE DRAFT LEASE AGREEMENT FOR THE PURPOSE OF THIRD COAST BAKERY, LLC TO PROVIDE NOTIFICATION TO THEIR CURRENT LANDLORD REGARDING TERMINATION OF LEASE. THE EXECUTIVE DIRECTOR WILL BRING BACK A FINAL LEASE AGREEMENT WITH THIRD COAST BAKERY, LLC. AT THE APRIL BOARD MEETING FOR THE TENANT SPACE AT 130 HALL STREET FOR A PERIOD OF 60 MONTHS SUBJECT TO APPROVAL AS TO FORM BY COUNSEL.**



# THIRD COAST BAKERY

Gluten-Free | Dairy-Free | Soy-Free | Vegan | 100% Delicious!

## What We Bake:

Every recipe hand crafted in the kitchen of Third Coast Bakery features premium non-GMO ingredients, ancient grains, dairy-free milk alternatives, raw & organic sweeteners, pure chocolate, fresh fruits, and healthy fats. Our menu is 100% gluten-free, dairy-free, soy-free and vegan. Corn-free and grain-free options are coming soon!

## Our Menu

Breads & Biscuits  
Savory and Sweet Rolls  
Crackers  
Deep Dish Pies  
Cheesecakes (yes, vegan!)  
Donuts  
Scones  
Cookies  
Bars  
Brownies  
Muffins  
Sweet Loaves  
Granola Bars  
Cakes & Cupcakes  
Wedding Cakes  
Special Occasion Cakes  
Custom Orders  
Gift Baskets... and more!



## Full of Flavor, Free of Worry

Third Coast Bakery is the **only** full-service allergen-safe bakery in Northern Michigan. Started in 2010 by Heather Burson, the bakery now supplies area restaurants, grocery stores, cafes, farmers' markets and even several branches of Munson Medical Center.

"This bakery was born from one simple recipe out of my home kitchen. The idea was simple - to provide delicious, allergen-free food to a largely underserved population. With plenty of grassroots support, the idea flourished. Four years later, we're proud to be setting the bar for top-quality, allergen-safe baking in Northern Michigan. Our customers drive from all corners of the state to purchase our products and every day our phone rings

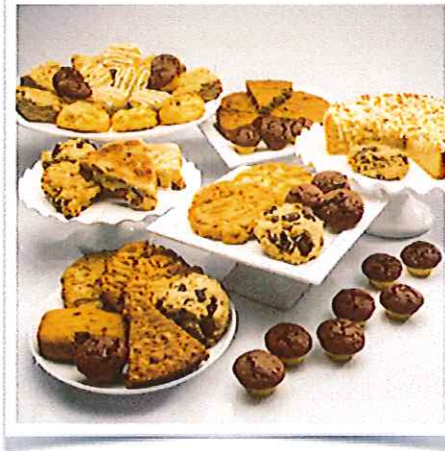




## Where to Buy Our Products:

*Acoustic Mead Tap Room*  
*The Inn at Black Star Farms*  
*Burritt's Fresh Markets*  
*Cavallino Cafe at Hagerty Center*  
*Centre Street Cafe*  
*Cornerstone Coffee*  
*Cuppa Joe Cafe*  
*Cuppa Joe Drive Thru*  
*Edson Farms*  
*Espresso Bay*  
*Harpo's Coffee Cafe*  
*Hearth & Vine Cafe*  
*Leland Mercantile*  
*Munson Community Health Ctr*  
*Munson Cowell Family Cancer Ctr*  
*Munson Hospital Cafeteria*  
*Munson Patient Room Service*  
*Notably Natural*  
*Oryana Natural Foods Market*  
*Potter's Bakery*  
*Red Door Coffee*  
*Suttons Bay Farmer's Market*  
*The Indoor Farmer's Market*  
*Traverse City Farmer's Market*  
*Yen Yoga & Fitness*  
And Online By Visiting:  
[www.thirdcoastbakedgoods.com](http://www.thirdcoastbakedgoods.com)

with customers asking where to find our storefront," explains Heather. "Business has exploded and it's time for a retail space."



Third Coast Bakery is unique in that other commercial food establishments cannot, according to FDA laws, safely produce allergen-free products in their mixed-use kitchens. Cross-contamination risks and rigorous

controls prevent them from doing so. Third Coast has extensively trained and set up controlled facilities to safely produce its products.

"Our customers include celiacs, vegans, vegetarians, cancer patients, the autistic, parents of children with ADD/ADHD, those with anaphylactic allergies, autoimmune diseases and chronic dietary restrictions; most of all, anyone who simply wants to follow a healthy diet. We're here to help meet that demand," emphasizes Heather. "Everyone is welcome at our table, regardless of food allergies or dietary restrictions."

Currently operating out of a commercial kitchen in the heart of Leelanau County, the bakery has far outgrown the space, with a waitlist for additional wholesale accounts. A new location in Traverse City that would not only continue to house its wholesale baking operations, but also provide a retail center for customers, while allowing for future growth.

The relocation into Traverse City will bring an estimated 8-10 additional positions in baking, packaging, delivery, customer service and sales. "We love our community! The local support has helped us thrive in our first four years. We give back by sourcing local, supplying local and hiring local. The need is overwhelming and we're ready to meet it."



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**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Timothy Arends, Executive Director  
**Date:** March 8, 2017  
**Subject:** Organizational Chart

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Included in your packet is a revised Organizational Chart with the following recommended changes:

- The Metering Department will no longer report directly to the Manager of Operations & Engineering. These employees will now report to Tony Chartrand, System Engineer/Key Accounts.
- The Scheduling & Operations Coordinator will report directly to Rod Solak, Line Superintendent, with indirect reporting to remain with the Controller.

These changes will not affect current staffing levels.

This is being brought before you per the language in the Charter that requires amendments to the organizational structure be approved by the Board.

This item is appearing on the Consent Calendar as it is deemed by staff to be a non-controversial item. Approval of the item on the Consent Calendar means you agree with staff's recommendation.

If any member of the Board or the public wishes to discuss this matter, other than clarifying questions, the item should be placed on the "Items Removed from the Consent Calendar" portion of the agenda for full discussion.

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

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

**THAT THE BOARD APPROVES THE CHANGES TO THE ORGANIZATIONAL CHART,  
AS PRESENTED.**

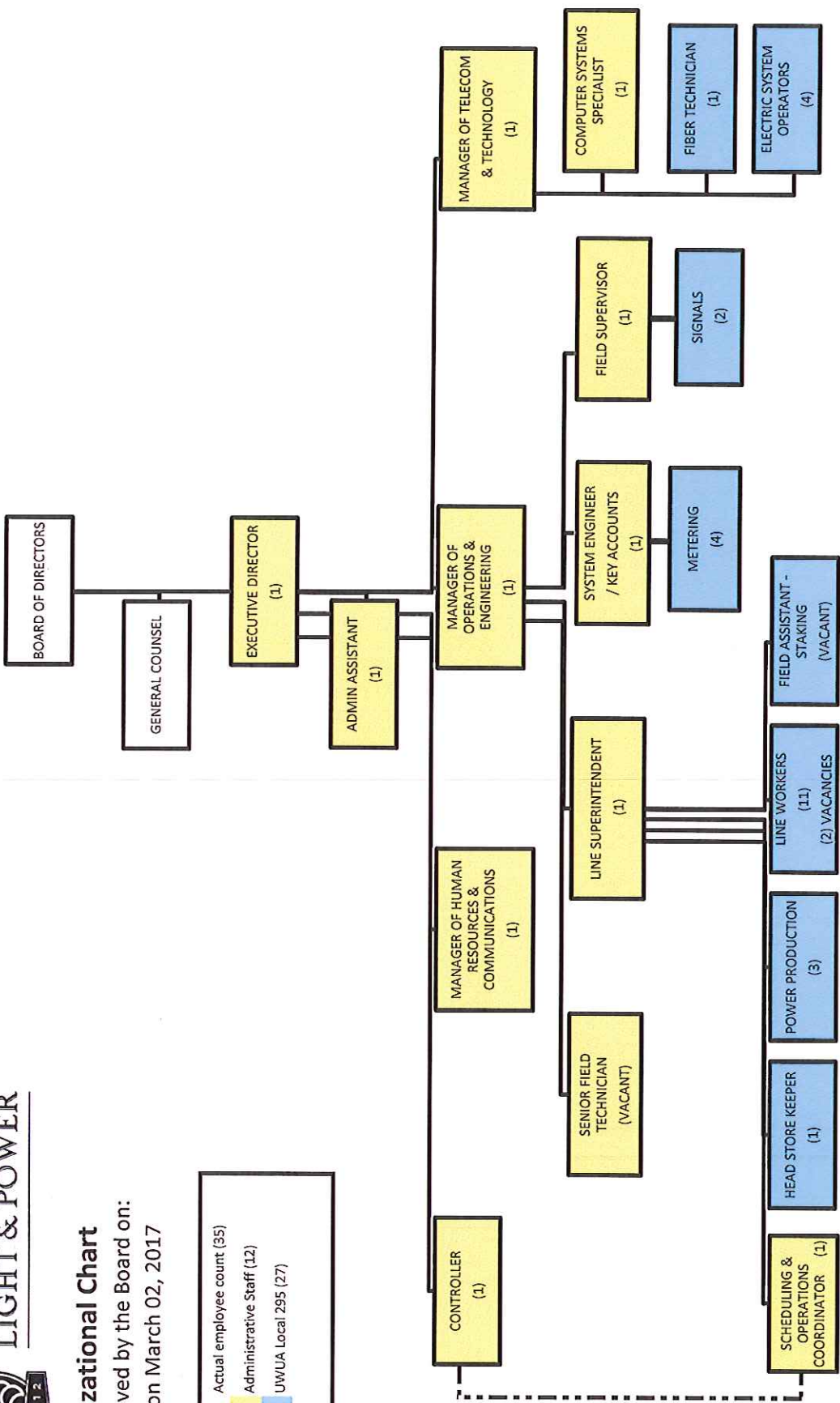


### Organizational Chart

As approved by the Board on:  
Revised on March 02, 2017

**Legend:**

- Actual employee count (35)
- Administrative Staff (12)
- UWUA Local 295 (27)





**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Pete Schimpke, Manager of Operations and Engineering  
**Date:** March 7, 2017  
**Subject:** Six Year Capital Improvements Plan - AMENDMENT

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When the original Six Year Capital Improvements Plan - 2017 was developed and finalized earlier this year care was taken to properly prioritize projects on a calendar year basis. On February 13<sup>th</sup>, the load tap changer (LTC) of the Barlow #1 substation malfunctioned as the LTC incorrectly reduced the transformer output voltage by the maximum ten (10) percent. TCLP staff noticed this voltage change and responded very quickly and manually adjusted the output voltage. No customer complaints were received as is sometimes the case when improper voltage is supplied into an electric system. TCLP has had issues for the last few years with this LTC but not to this extent.

Based on the above, Staff recommends amending the Six Year Capital Improvement Plan as follows:

- Move the replacement of Barlow transformer #1 from 2018/19 to 2017/18. Budgetary cost is \$750,000.
- Move the replacement of Barlow transformer #2 from 2018/19 to 2017/18. Budgetary cost is \$750,000. Moving transformer #2 to the same year as transformer #1 will allow TCLP to get a better prices for the transformers and installation as was the original plan.

In addition, Staff proposes delaying the following projects:

- Move the replacement of Cass Rd. transformer #1 from 2017/18 to 2018/19. Budgetary cost \$750,000.
- Move replacement of the Cass Rd. substation exits (# 21, 23, 30 and 31) from 2017/18 to 2018/19. Budgetary cost is \$215,000.
- Move replacement of the Barlow substation exits (# 22, 23, 30 and 31) from 2017/18 to 2018/19. Budgetary cost is \$200,000.
- Move the rebuilding of Parsons circuit PC-32 from 2017/18 to 2018/19. Budgetary cost is \$350,000.

Summarizing, the above actions would delay budgetary dollars of \$1,515,000 from 2017/2018 to 2018/19 and move up \$1,500,000 from 2018/19 to 2017/18—essentially a net change of zero.

If you agree with Staff's recommendation the following motion would be appropriate:

FOR THE LIGHT & POWER BOARD MEETING OF MARCH 14, 2017

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

**THAT THE BOARD AUTHORIZES AN AMENDMENT TO THE SIX YEAR CAPITAL PLAN TO DELAY CERTAIN CAPITAL PROJECTS IN THE AMOUNT OF \$1,515,000 FROM 2017/18 TO 2018/19 AND MOVE FROM 2018/19 TO 2017/18 THE REPLACEMENT OF BOTH BARLOW SUBSTATION TRANSFORMERS IN THE AMOUNT OF \$1,500,000.**

**TRAVERSE CITY LIGHT & POWER**  
**AMENDED CAPITAL IMPROVEMENTS PLAN 2017**

ELECTRIC FUND							
Sum of Amount Row Labels	FISCAL YEARS						Grand Total
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
<b>Transmission</b>			\$ 475,000.00	\$ 475,000.00	\$ 430,000.00	\$ 615,000.00	\$ 1,995,000.00
<b>Transmission Line Reconstruction</b>			475,000.00	475,000.00	430,000.00	615,000.00	1,995,000.00
Cass Road Substation to Barlow Junction 1.3 Miles rebuild						615,000.00	615,000.00
Barlow Substation to Parsons Substation 2.7 Miles rebuild			475,000.00	475,000.00		615,000.00	950,000.00
Hall Street Substation to Cass Road Substation 2.8 Miles rebuild					430,000.00		430,000.00
<b>Substation</b>	1,500,000.00	1,310,000.00	1,560,000.00	1,610,000.00			5,980,000.00
<b>Substation Transformer Upgrades</b>	1,500,000.00	750,000.00					2,250,000.00
Barlow #1 Transformer	750,000.00						750,000.00
Cass Road #1 Transformer		750,000.00					750,000.00
Barlow #2 Transformer	750,000.00						750,000.00
<b>Substation Switching Stations</b>			1,560,000.00	1,610,000.00			3,170,000.00
Parsons Substation			1,560,000.00				1,560,000.00
Barlow Substation				1,610,000.00			1,610,000.00
<b>Substation Circuit Exits (New)</b>		560,000.00					560,000.00
Parsons Substation		145,000.00					145,000.00
Barlow Substation		200,000.00					200,000.00
Cass Road Substation		215,000.00					215,000.00
<b>Distribution</b>	1,601,591.00	4,155,591.00	3,731,591.00	4,136,591.00	3,423,591.00	4,196,591.00	21,245,546.00
<b>Distribution Circuit Rebuild</b>		1,189,000.00	650,000.00	980,000.00	1,117,000.00	1,815,000.00	5,751,000.00
Grandview Parkway Install new 750 MCM CU URG & Padmount Equipment along Grandview Pkwy & Behind Bldgs North of Front St - 2.0 Miles		650,000.00	650,000.00				1,300,000.00
PC-32 Circuit OH 8th St/Hastings St Area East to Munson Avenue		350,000.00				400,000.00	750,000.00
OH East Bay Blvd & East Ave						400,000.00	400,000.00
BW-30 & PC-32 Circuits OH Parsons St & Airport Access to Munson Avenue - 1.72 Miles		350,000.00					350,000.00
HL-33 Circuit 69 KV Underbuild along Wadsworth St from 5th to 13th St - .78 Miles		189,000.00					189,000.00
SS-32 Circuit LaFranier Rd from South Sub to Hammond Road - .82 Miles		189,000.00					189,000.00
BW-30 Circuit OH Hastings St & Carver St from Parsons St to Woodmere Avenue - 1.09 Miles				400,000.00	725,000.00	725,000.00	1,850,000.00
CD-21 Circuit OH Cass St & 8th to 14th Street - .49 Miles				400,000.00	725,000.00	725,000.00	1,850,000.00
CD-31 Circuit Replace Poles & Install Additional Poles on CD31 along US31 from 14th St South and on Franke Rd from Silver Lake Rd South to US 31 to improve clearance				200,000.00			200,000.00
HL-22 Circuit OH alley north of 8th St from Lake Ave East to Railroad Ave - .45 Miles				285,000.00			285,000.00
PC-22 Circuit OH in back lot area from Parsons Rd to Munson Ave - .48 Miles				285,000.00			285,000.00
OH Munson Avenue from Davis Street to 3 Mile Road - 1.43 Mile				95,000.00			95,000.00
				95,000.00			95,000.00
					125,000.00		125,000.00
					125,000.00		125,000.00
					185,000.00		185,000.00
					185,000.00		185,000.00
					82,000.00	370,000.00	452,000.00
					82,000.00		82,000.00
						370,000.00	370,000.00



**TRAVERSE CITY LIGHT & POWER  
AMENDED CAPITAL IMPROVEMENTS PLAN 2017**

ELECTRIC FUND							
Sum of Amount Row Labels	FISCAL YEARS						Grand Total
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
PC-23 Circuit						320,000.00	320,000.00
OH Along Munson Avenue from Davis Street to Three Mile Road - 1.19 Miles						320,000.00	320,000.00
<b>Overhead to Underground Conversion Projects</b>		700,000.00	725,000.00	750,000.00	775,000.00	800,000.00	3,750,000.00
<b>Line Improvements, Extensions and New Services</b>	1,000,000.00	1,050,000.00	1,100,000.00	1,150,000.00	1,200,000.00	1,250,000.00	6,750,000.00
Critical and Large Customers (New)	270,000.00	410,000.00	925,000.00	925,000.00			2,530,000.00
Hartman Road Overhead Tie (New)		475,000.00					475,000.00
High Pressure Sodium to LED System Replacements	331,591.00	331,591.00	331,591.00	331,591.00	331,591.00	331,591.00	1,989,546.00
<b>Facilities and Other</b>	150,000.00	100,000.00					250,000.00
Hastings Service Center Facility Improvements (New)	150,000.00	100,000.00					250,000.00
Parking Lot		100,000.00					100,000.00
Datacenter Upgrades	150,000.00						150,000.00
<b>Joint TCL&amp;P, City of Traverse City and DDA Projects</b>	2,375,000.00	75,000.00			1,340,000.00	-	3,790,000.00
Automated Metering Infrastructure (AMI)	1,900,000.00						1,900,000.00
Upgrade Front Street Lighting Circuits and Receptacles					1,340,000.00		1,340,000.00
Financial Software (New)	25,000.00	75,000.00					100,000.00
Park Street Streetscapes Lighting	100,000.00						100,000.00
Eighth Street Streetscapes Lighting (New)							-
Division Street Streetscapes Lighting (New)							-
Cass & Lake Street Streetscapes Lighting	350,000.00						350,000.00
West Front Streetscapes Lighting (New)							-
<b>Grand Total</b>	<b>\$ 5,626,591.00</b>	<b>\$ 5,640,591.00</b>	<b>\$ 5,766,591.00</b>	<b>\$ 6,221,591.00</b>	<b>\$ 5,193,591.00</b>	<b>\$ 4,811,591.00</b>	<b>\$ 33,260,546.00</b>
<b>NOTES:</b>							
1) THIS WORKSHEET IS FOR ILLUSTRATION PURPOSES AND ONLY IS SUPPLEMENTAL TO THE PLAN.							
2) ACTUAL FISCAL YEAR THAT A PROJECT MAY BE UNDERTAKEN MAY DIFFER FROM THE FISCAL YEAR DEPICTED IN THIS SPREADSHEET. DOLLAR AMOUNTS ARE ESTIMATES FOR INFORMATION ONLY AND ARE NOT A PART OF THE OFFICIAL PLAN.							
3) STREET LIGHTING PROJECTS ARE SUBJECT TO FUNDING REQUIREMENTS PER THE DECORATIVE LIGHTING POLICY AND STREET LIGHTING OPERATIONS AND MAINTENANCE POLICY.							



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Pete Schimpke, Manager of Operations & Engineering *PS*  
**Date:** March 8, 2017  
**Subject:** BW-31 Distribution Rebuild Project: Construction Bids

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On Tuesday, March 7, 2017, three bids were received for construction for the BW-31 Distribution Rebuild Project and one contractor did not bid. The bid prices are:

Contractor

CC Power	\$1,195,166.50
Kent Power	\$1,392,261.95
Newkirk Electric	\$1,454,779.70
Hydaker-Wheatlake	No Bid

For your review, attached is GRP's letter recommending CC Power along with a bid tabulation. Staff concurs with GRP's recommendation to accept the bid from CC Power in the amount of \$1,195,166.50, and recommends the Board authorize the issuance of a construction agreement for their construction services.

If after Board discussion you agree with staff's recommendation then the following motion would be appropriate.

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

**THAT THE BOARD AUTHORIZES THE CHAIRMAN AND SECRETARY TO EXECUTE A CONSTRUCTION AGREEMENT IN THE AMOUNT OF \$1,195,166.50 WITH CC POWER, LLC FOR THE BW-31 DISTRIBUTION LINE REBUILD PROJECT; SUBJECT TO APPROVAL AS TO SUBSTANCE BY THE EXECUTIVE DIRECTOR AND AS TO FORM BY GENERAL COUNSEL; AND FURTHER AUTHORIZES THE EXECUTIVE DIRECTOR TO APPROVE CHANGE ORDERS IN THE BEST INTERESTS OF THE UTILITY.**

March 7, 2017

16-0831.01

Mr. Pete Schimpke  
Traverse City Light & Power  
1131 Hastings Street  
Traverse City, MI 49686

**RE: BW31 Circuit Rebuild  
Contractor Bid Evaluation & Recommendation**

Dear Pete:

GRP Engineering, Inc. has completed reviewing the bids submitted on March 7, 2017 for construction of the BW31 Circuit Rebuild project. Of the four contractors solicited for bids, three (3) bids were received. CC Power, LLC submitted the low bid for the project in the amount of \$1,195,166.50. A complete bid tabulation is attached to this letter.

CC Power, LLC has submitted a complete and conforming bid including the subcontractor list. The list of subcontractors has been reviewed by TCL&P staff and no exceptions were noted. CC Power's bid is significantly above the original project cost estimate which was based on replacement of 192 poles. Final project design included replacement of 324 poles and associated hardware and conductor. This nearly 70% increase in project scope is the likely explanation for bids being over the estimate.

GRP Engineering, Inc. sees no reason not to accept their bid in the full amount for this project. Please contact me should you have any questions regarding this evaluation.

Sincerely,  
**GRP Engineering, Inc.**



Michael P. McGeehan, P.E.  
Project Manager

## BID TABULATION

**OWNER:**  
**TRAVERSE CITY LIGHT & POWER**  
 1131 HASTINGS STREET  
 TRAVERSE CITY, MI 49686

**BW31 CIRCUIT REBUILD**

**ENGINEER:**  
**GRP ENGINEERING, INC.**  
 459 BAY STREET  
 PETOSKEY, MI 49770

BIDDERS	BID SECURITY	TOTAL CONTRACTOR BASE BID PRICE	ADDENDUM #1 & #2		REMARKS
CC Power P.O. Box 2028 Kalkaska, MI 49646	10% Bond	\$1,195,166.50	Yes		Low Bid
The Hydaker-Wheatlake Company 420 N. Roth Street Reed City, MI 49677					No Bid
Kent Power 90 Spring St Kent City, MI 49330	10% Bond	\$1,392,261.95	Yes		
Newkirk Electric, Inc. 1875 Roberts Street Muskegon, MI 49442	10% Bond	\$1,454,779.70	Yes		

This is to certify that at 11:00a m., local time on Tuesday, March 7, 2017, the bids tabulated herein were publicly opened and read.

GRP Engineering, Inc.

By:   
 Michael P. McGeehan, P.E.



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Pete Schimpke, Manager of Operations & Engineering *POS*  
**Date:** March 8, 2017  
**Subject:** BW-31 Distribution Rebuild Project: Conductor & Material Bids

---

On Tuesday, March 7, 2017, three bids were received for conductor and material the BW-31 Distribution Rebuild Project and two vendors did not bid. The bid prices are:

Vendor

Power Line Supply	\$202,077.95
RESCO	\$221,596.68
WESCO	incomplete bid

For your review, attached is GRP's letter recommending Power Line Supply along with a bid tabulation. Staff concurs with GRP's recommendation to accept the bid from Power Line Supply in the amount of \$202,077.95, and recommends the Board authorize the issuance of a purchase order for the purchase of conductor and material for the BW-31 Distribution Rebuild Project.

If after Board discussion you agree with staff's recommendation then the following motion would be appropriate.

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

**THAT THE BOARD AUTHORIZES THE EXECUTIVE DIRECTOR TO ISSUE A PURCHASE ORDER TO POWER LINE SUPPLY IN THE AMOUNT OF \$202,077.95 FOR CONDUCTOR AND MATERIAL FOR THE BW-31 DISTRIBUTION LINE REBUILD PROJECT.**

March 7, 2017  
16-0831.01

Mr. Pete Schimpke  
Traverse City Light & Power  
1131 Hastings Street  
Traverse City, MI 49686

**RE: BW31 Circuit Rebuild  
Conductor/Material Bid Evaluation & Recommendation**

Dear Pete:

GRP Engineering, Inc. has completed our evaluation of the Conductor & Line Hardware bids received for the BW31 Circuit Rebuild project. Of the five vendors invited to submit bids for purchase of this material, three bids were received. Although WESCO's bid appears low, there bid was incomplete as multiple items were not bid. Power Line Supply (PLS) submitted the lowest price bid with delivery meeting the project deadlines. List of total bid prices from all vendors is shown below.

<u>Vendor</u>	<u>Total</u>	
Power Line Supply	\$202,077.95	
RESCO	\$221,596.68	
WESCO	\$158,495.21	<i>(Incomplete bid)</i>

GRP Engineering, Inc. sees no reason for TCL&P to not accept the bid from Power Line Supply. Please contact me should you have any additional questions regarding this evaluation and recommendation.

Sincerely,  
**GRP Engineering, Inc.**



Michael P. McGeehan, P.E.  
Project Manager

## BID TABULATION

**OWNER:**  
**TRAVERSE CITY LIGHT & POWER**  
 1131 HASTINGS STREET  
 TRAVERSE CITY, MI 49686

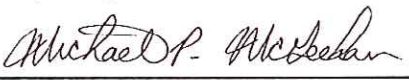
**BW31 CIRCUIT REBUILD  
 CONDUCTOR & LINE HARDWARE**

**ENGINEER:**  
**GRP ENGINEERING, INC.**  
 459 BAY STREET  
 PETOSKEY, MI 49770

BIDDERS		BID PRICE			REMARKS
Anlxter 1100 Old State Rd Mattoon, IL 61938					No Bid
lrby 5846 Venture Way Mt. Pleasant, MI 48858					No Bid
Power Line Supply 420 Roth Street Reed City, MI 49677		\$202,077.95			
RESCO 2250 Pinehurst Dr Middleton, WI 53562		\$221,596.68			
WESCO 3440 Dunckel Rd Lansing, MI 48911		\$158,495.21			Incomplete bid.

This is to certify that at 11:00a.m., local time on Tuesday, March 7, 2017, the bids tabulated herein were publicly opened and read.

GRP Engineering, Inc.

By:   
 Michael P. McGeehan, P.E.



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Pete Schimpke, Manager of Operations & Engineering *PS*  
**Date:** March 8, 2017  
**Subject:** BW-31 Distribution Rebuild Project: Wood Pole Bids

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On Tuesday, March 7, 2017, five bids were received for wood poles for the BW-31 Distribution Rebuild Project. All vendors submitted a bid. The bid prices are:

<u>Vendor</u>	
Power Line Supply	\$109,473.00
RESCO	\$ 95,340.00
Bell Lumber	\$104,295.00
Bridgewell Resources	\$ 99,786.00
Thomasson Company	\$ 98,586.50

For your review, attached is GRP's letter recommending Thomasson along with a bid tabulation. Note the discussion regarding delivery time for poles if purchased from RESCO. We believe the very long delivery time is not acceptable to TCLP as this is a major construction project and a delay of 2-4 months is not acceptable—especially since the delay is in the construction season time period. Therefore, Staff concurs with GRP's recommendation to accept the bid from Thomasson in the amount of \$98,586.50 and recommends the Board authorize the issuance of a purchase order for the purchase of wood distribution poles for the BW-31 Distribution Rebuild Project.

If after Board discussion you agree with staff's recommendation then the following motion would be appropriate.

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

**THAT THE BOARD AUTHORIZES THE EXECUTIVE DIRECTOR TO ISSUE A PURCHASE ORDER TO THOMASSON COMPANY IN THE AMOUNT OF \$98,586.50 FOR WOOD DISTRIBUTION POLES FOR THE BW-31 DISTRIBUTION LINE REBUILD PROJECT.**



March 8, 2017  
16-0831.01

Mr. Pete Schimpke  
Traverse City Light & Power  
1131 Hastings Street  
Traverse City, MI 49686

**RE: BW31 Circuit Rebuild  
Wood Pole Bid Evaluation & Recommendation**

Dear Pete:

GRP Engineering, Inc. has completed our evaluation of the wood distribution pole bids received for the BW31 Circuit Rebuild project. Of the five vendors invited to submit bids for purchase of these poles, all responded with complete bids. Although RESCO submitted the lowest total price, their initial delivery of poles would not occur for a minimum of 8 weeks after receiving order. Due to the time constraints of this project, pole delivery is required by April 1<sup>st</sup>. Thomasson Company, the second low bid, can start delivery within 7 – 14 days after receiving the order. List of total bid prices from all vendors is shown below.

<u>Vendor</u>	<u>Total</u>
Bell Lumber	\$104,295.00
Bridgewell Resources	\$99,786.00
Power Line Supply	\$109,473.00
RESCO	\$95,340.00
Thomasson Company	\$98,586.50

GRP Engineering, Inc. recommends for TCL&P to accept the bid from Thomasson Company as they are second low bid and meet required delivery time. Please contact me should you have any additional questions regarding this evaluation and recommendation.

Sincerely,  
GRP Engineering, Inc.



Michael P. McGeehan, P.E.  
Project Manager

## BID TABULATION

**OWNER:**  
 TRAVERSE CITY LIGHT & POWER  
 1131 HASTINGS STREET  
 TRAVERSE CITY, MI 49686


**BW31 CIRCUIT REBUILD  
 WOOD DISTRIBUTION POLES**

**ENGINEER:**  
 GRP ENGINEERING, INC.  
 459 BAY STREET  
 PETOSKEY, MI 49770

BIDDERS	BID PRICE	REMARKS
Bell Lumber P.O. Box 120786 New Brighton, MN 55112	\$104,295.00	
Bridgewell Resources 333 S. State St. Reed City, MI 49677	\$99,786.00	
Hydrolake/Power Line Supply 420 Roth Street Reed City, MI 49677	\$109,473.00	
RESCO 2250 Pinehurst Dr Middleton, WI 53562	\$95,340.00	Low Bid Minimum 8 weeks for initial delivery.
Thomasson Company P.O. Box 490 Philadelphia, MS	\$98,586.50	7 - 14 days for initial delivery

This is to certify that at 11:00a.m., local time on Tuesday, March 7, 2017, the bids tabulated herein were publicly opened and read.

GRP Engineering, Inc.

By:   
 Michael P. McGeehan, P.E.

FOR THE LIGHT & POWER BOARD MEETING OF MARCH 14, 2017



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director  
**Date:** February 28, 2017  
**Subject:** Board Rules Amendment

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At the request of the Board Chairman, staff is proposing to amend Board Rule #1 – Regular Meetings. A copy of the Board Rules is included in the packet where it is stated, “Regular meetings of the Light and Power Board shall be held on the second and fourth Tuesdays of every month at 5:15 P.M in the Commission Chambers of the Governmental Center, 400 Boardman Avenue, Traverse City.” The Charter only requires that the Board shall establish a regular monthly schedule of meetings.

The proposed amendment would be to reduce the number of meetings from two to one leaving the discretion to the Board of what day of the month it would be subject to availability of the commission room. A calendar showing availability is included in your packet.

The benefits of amending this rule include:

1. Staff at times is challenged in finding justifiable board meeting agenda items and has had to cancel board meetings in the past because of lack of substantive issues. By reducing the number of meetings, it eliminates the necessity for staff to find acceptable agenda items for board meetings, but rather provides the ability for staff to bring before the board for consideration agenda items leading to more productive and efficient use of both staff and the board’s time. If additional meetings are needed in a month, as done in the past, staff can call a special meeting with proper notice to the Board members.
2. Staff will have more time to dedicate towards ongoing operations and strategic plan initiatives by reducing the amount of time spent on agenda items for board consideration that include preparing memos, reviewing information, preparing packets, posting of materials along with delivery of board packets.
3. One issue to consider with only having one board meeting each month, meetings may take longer than those in the past because the amount of items for consideration will likely increase. However, the benefit is the volunteer board will have their time commitment reduced from two nights a month to one night.

Staff recommends the Board to amend the Board Rule #1 and reduce the number of regular meetings from two to one per month. If the Board agrees with staff’s recommendation, the following motion is appropriate:

(MOTION ON NEXT PAGE)

FOR THE LIGHT & POWER BOARD MEETING OF MARCH 14, 2017

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

THAT THE BOARD AUTHORIZES THE AMENDMENT OF BOARD RULE #1 – REGULAR MEETINGS TO READ, “REGULAR MEETINGS OF THE LIGHT AND POWER BOARD SHALL BE HELD ON THE \_\_\_\_\_ IN THE COMMISSION CHAMBERS OF THE GOVERNMENTAL CENTER, 400 BOARDMAN AVENUE, TRAVERSE CITY,” EFFECTIVE IMMEDIATELY.

Sun	Mon	Tue	Wed	Thu	Fri	Sat
26	27	28	1	2	3	4
		2:30pm - Alt	5:30pm - Board of	7:30am - EDC 2:30pm - Alt 6:30pm - City Parks		
5	6	7	8	9	10	11
10am - Alt Wedding 4pm - City	4pm - City Planning	4pm - City Planning	5:30pm - BOC Study	4:30pm - Pension		
12	13	14	15	16	17	18
Daylight Saving	4pm - City	4pm - TCL&P	5:30pm - Board of	8am - LEPC (Local 9am - 911 - Central 11:30am - Executive 1:30pm - Boardman 6pm - Parks &		
19	20	21	22	23	24	25
8:30am - Building 4pm - City	2:30pm - County 5:30pm - City	2:30pm - County 5:30pm - City	5:30pm - SPECIAL	8am - Brownfield	4pm - Alt Wedding	
26	27	28	29	30	31	1
4pm - City	4pm - City	4pm - TCL&P	5:30pm - GT BOC		4pm - Alt Wedding	



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director  
**Date:** February 28, 2017  
**Subject:** Franklin Energy Proposal

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A few meetings ago the board directed staff to come up with a long-term solution for the Energy Waste Reduction Program required by the new energy law passed by the State of Michigan (formerly known as Energy Optimization Program), staff has solicited a direct proposal from Franklin Energy of Michigan, LLC ("Franklin Energy") to continue operating the TCL&P Energy Smart Program from 2018 through 2022.

Financially, the proposal keeps the 2018 fee flat with calendar year 2017 following with a 2.32% increase for the calendar years 2019 through 2022. The total potential that can be earned by Franklin Energy is \$187,712 in 2018, \$192,060 in 2019, \$196,518 in 2020, \$201,087 in 2021 and \$205,771 in year 2022. Franklin Energy only earns 100% of the fixed fee component when the kWh savings are achieved. If the kWh's are not achieved there is a 10% hold back. The performance fee component is based on the pro rata share of kWh savings achieved, in other words, if they only achieve 75% of the kWh's saved they only earn 75% of the performance fee component. A breakdown of the fixed and performance fee components is in the proposal included for your review.

The benefits of this proposal include the following:

1. Franklin Energy has operated this program for the last six years and has obtained an understanding of the local market through creation of business relationships with local contractors and customers. This leads to operating efficiencies over creating a new business relationship with another organization. Franklin Energy also has a local presence.
2. They will continue to work with staff in providing the most cost effective rebate programs for both the customer and TCL&P, based on recommendations from the Navigant Study.
3. The proposal provides for an a la carte option, which allows for the utility to choose on an annual basis the programs they would like Franklin Energy to operate giving the utility the ability to bring programs in house in the future.
4. Staff learned from Michigan Public Power Agency they went out for bids for this service last year and Franklin Energy was the low bidder providing sufficient information to TCL&P that staff deemed it unnecessary to do a formal solicitation of bids.

Staff from Franklin Energy will be in attendance at the meeting to answer any technical questions you may have and staff will be looking for direction from the Board of how they would like to proceed with the Energy Waste Reduction Program.



February 21, 2017

Tim Arends  
Executive Director  
Traverse City Light & Power  
1131 Hastings Street  
Traverse City, Michigan 49686

Dear Mr. Arends:

On behalf of Franklin Energy, I would like to thank you for requesting that we present a direct proposal to implement the Traverse City Light & Power Energy Smart Program for 2018-2022 and to continue to improve the delivery of the Energy Smart Program.

We have greatly appreciated the support of the Traverse City Light & Power Board and staff over the past six years. Together, we have successfully built a portfolio of energy savings programs that are achieving their highest annual energy savings to date this year.

The TCL&P 2017 Business Program Savings goal is 2,614,499 kWh. Franklin Energy already has recruited projects to be paid this year that total over 911,426 kWh and we are still receiving many applications and calls for incentive projects to be completed in 2017.

Franklin Energy has established dynamic relationships with customers and contractors in the Traverse City area. We at Franklin Energy look forward to continuing to deliver our efficiency program expertise and innovation to the community of Traverse City over the next three years and beyond.

Sincerely,

A handwritten signature in black ink that reads "Eric Hatton". The signature is written in a cursive, flowing style.

Eric Hatton  
Regional Vice President

## INTRODUCTION

Franklin Energy has valued our relationship with Traverse City Light & Power (TCL&P) through the delivery of Energy Optimization programs over the past six years. During this time, Franklin Energy has gained valuable insight to maximizing program participation for TCL&P's business and residential customers. Our goal during this period has been to successfully deliver high customer satisfaction, meet energy savings goals, and bring innovative solutions to the programs. Franklin Energy's current contract to perform services for TCL&P is through the Michigan Public Power Association (MPPA).

TCL&P has requested that Franklin Energy present an individual proposal directly to TCL&P for performing Energy Optimization services for three years with an option to extend annually for the following two years. The purpose of this proposal is to request a direct services contract for the Energy Smart Program for 2018-2022 and to continue to improve the delivery of the Energy Smart Program. We will leverage our experience and existing relationships to continue delivering excellent service to TCL&P's customers.

Over the past few months, Program Manager Kevin Salatrik and Program Outreach Lead Jennifer Alvarado have met individually with TCL&P staff to review the Energy Smart Business and Residential Program performance. These discussions were beneficial as a way for Franklin Energy to identify adjustments to the Energy Smart Program for the upcoming years. One improvement we are proposing is to lower the project incentive caps to ensure there are funds for more businesses to participate. We describe this approach and others in the following document.

## STAFFING: STABLE TEAM WITH MICHIGAN ROOTS

Franklin Energy offers TCL&P a differentiator in implementing your Energy Optimization programs because we have local staff already based in Traverse City. Jacob Hardy, our local energy advisor, responds to customer requests and continues to develop his local contractor relationship. He is supported by our Energy Smart program team of Kevin Salatrik, Jennifer Alvarado, Energy Engineer Zack Heideman, and Project Coordinator Dawn Berry. They are based in the Lansing area and bring in-depth expertise to the TCL&P Energy Smart Business and Residential programs. Each member of our team is passionate about energy efficiency and the Energy Smart program.

Additionally, Franklin Energy -- as a company -- is also dedicated to Michigan. Since January 2014, Franklin Energy has been registered as a Michigan company under the name Franklin Energy of Michigan, LLC. We currently have offices in Traverse City, Grand Rapids, East Lansing, Okemos (two), and Detroit, where 180 employees provide energy efficiency services to Michigan's residential and commercial customers.



Franklin Energy’s program team, shown in Figure 1, understands the importance of a positive experience for each customer. We understand the customer’s perception is based on the sum of all interactions with the Energy Smart team. That is why our program staff works especially hard to ensure each interaction with a TCL&P customer is a positive experience. This is shown in such aspects as quick turnaround time for incentive checks, full accessibility to customers, prompt return of emails and calls, and thoroughly updating customers on their incentives.

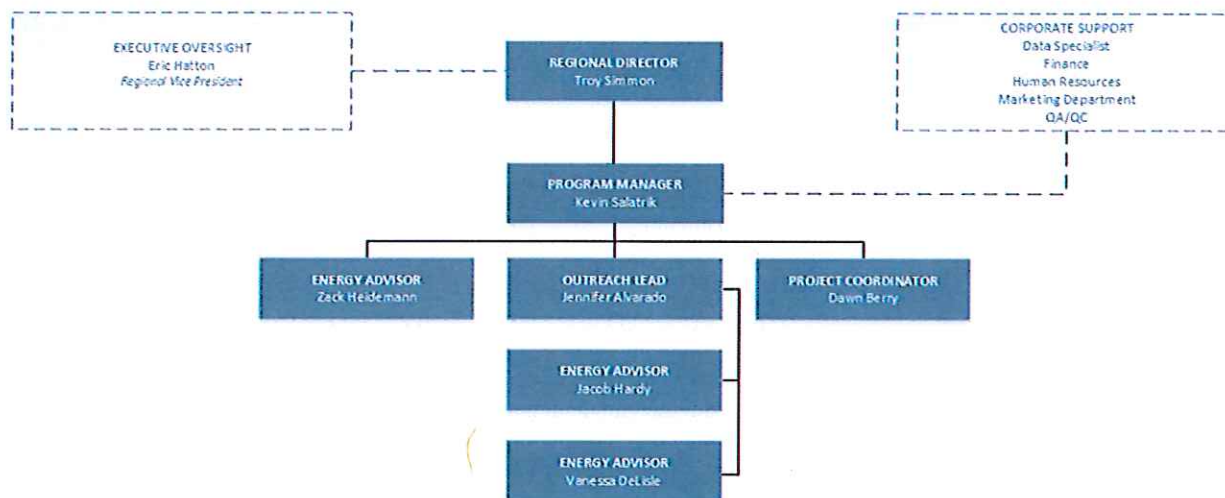


Figure 1. Program Team. Franklin Energy’s program staff of professionals is based in Traverse City and the Lansing area.

Technology is another differentiator that sets Franklin Energy apart. Efficiency Manager, which is our program management system built on the Salesforce.com CRM platform, is used to manage a wide variety of energy efficiency programs across North America. Efficiency Manager integrates marketing metrics and customer contact information with traditional energy efficiency program data management. Our software provides complete transparency of program progress, allowing for close monitoring of the activity pipeline to ensure appropriate steps are taken to achieve set goals on time and within budget and to accurately forecast participation. Using Efficiency Manager, we can track many metrics and generate reports on key indicators including participant data, budget spent and remaining funds, and energy savings compared to targeted goals.

## PROGRAM DESIGN: INNOVATIVE IDEAS FOR THE FUTURE

We feel it is important for our company to bring additional value to the TCL&P Energy Smart program through innovation. Franklin Energy’s functional departments and product managers are continually looking for opportunities to improve the transactions between the customers, trade allies, and the implementation team.

### Promoting the Traverse City Area Chamber Energy Efficiency Fund

Franklin Energy began promoting the Traverse City Area Chamber Energy Efficiency Fund this year to business customers who may have been looking for additional financing for their efficiency projects. We completed two audits at the Radio Center buildings and assisted in identifying opportunities for energy savings projects.

Heading into 2017, Franklin Energy plans to add the financing program to all TCL&P Business Program marketing materials and ensure that Jacob Hardy is leaving behind information on the program and application process with contractors and customers. Franklin Energy plans to offer audit support to at least five customers per year to assist with their application process in the loan program and to help them identify projects.

## New Construction

Over the past year, Franklin Energy has offered a standard way to include New Construction projects into the Energy Smart Commercial and Industrial (C&I) Program. We analyze the proposed new construction project measures against the current code, ASHRAE 90.1 2007, and offer incentives at the custom rate of \$0.08 kWh. We will continue to offer this element of the custom program in the upcoming years, based on the customer interest and successful implementation outcomes.

## Expanding Portfolio of Programs Offered to TCL&P

After having conversations with TCL&P, Franklin Energy is proposing to continue new programs from our portfolio. Figure 2 reviews all programs Franklin Energy proposes to offer in 2018-2022. The proposed programs are the current 2017 program offerings.

	RESIDENTIAL	LOW-INCOME SERVICES	LIGHTING	HIGH EFFICIENCY APPLIANCES	EFFICIENT HVAC EQUIPMENT	APPLIANCE RECYCLING	HOME ENERGY	H2O KITS	MULTI-FAMILY SERVICES	EDUCATIONAL SERVICES	PILOT PROGRAMS	COMMERCIAL & INDUSTRIAL	PRESCRIPTIVE PROGRAM	CUSTOM PROGRAM	SMALL BUSINESS DIRECT INSTALL	EDUCATIONAL SERVICES	PILOT/EMERGING TECHNOLOGY PROGRAMS
Traverse City	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓		✓	✓

Figure 2. Franklin Energy Offerings. This chart shows recommended programs from our current Program Portfolio.

## C&I AND RESIDENTIAL EDUCATIONAL SERVICES

Franklin Energy will work with TCL&P to discuss the scope of the utility's energy efficiency education services. Together, we will determine the number of educational events and ability to print educational materials based on budget and target goals. We will work with TCL&P to market the events at local community locations, such as the library, community center, or other similar venues. These events will be tailored to educate customers on ways to save energy, which may be outside of the Energy Smart program, or how customers can better utilize the program to save energy. Examples of topics may include: adjusting thermostats by season, checking air filters on furnaces, borrowing available kWh meters from TCL&P for home monitoring, and others. Additional services, if budget allows, may include seminars and webinars.

## PILOT PROGRAMS

Franklin Energy is proposing to work with TCL&P to investigate upcoming and leading technologies and advanced concepts of saving energy for residential and commercial properties. We will work with TCL&P to develop a written plan by the beginning of the 2018 program year to utilize budget and goals to address these pilots. Examples of potential pilot efforts may include:

- New or emerging technologies (i.e. LEDs, trending thermostats, etc.)
- A different delivery approach (i.e. audit program, behavioral program, etc.)
- Or a demonstration project at a home or business within Traverse City.

## RESIDENTIAL LOW-INCOME

Franklin Energy will continue to work with TCL&P to deliver the low-income energy efficiency program. Items that may be included: LEDs, power strips, pipe insulation (electric heat only), thermostats (electric heat only), new refrigerators, and other items.

## PROGRAM DELIVERY: MOVING INTO THE 2018 PROGRAM YEAR

Franklin Energy's six years of experience with TCL&P programs will support an expedient launch of the new program year and eliminate any downtime and costs associated with program transition. Franklin Energy has a clear understanding of the market from our past program delivery. We continually analyze the programs' market penetration and participation rates year after year to effectively design and deliver the Business Program, New Construction Program, and the portfolio of residential programs. We can review which segment of customers are participating and then target our launch strategies to encourage lower-participating segments to become involved with the program.

We have established key relationships with stakeholders, such as membership in the Traverse City Chamber of Commerce, and we know the history of program participants and customers who are considering future projects. In addition, TCL&P customers and trade allies are comfortable with our processes and appreciate the help we provide them in navigating the system to receive incentives for their energy saving projects. Franklin Energy already has an infrastructure developed to maintain the momentum of program delivery and support TCL&P's requirements regarding reviewing and revising the implementation plan as needed, reporting on program metrics and operational milestones, and establishing performance metrics. Our approach to these requirements is outlined in the following pages.

## Implementation Plan Annual Review

Franklin Energy's experience in energy efficiency programs across the U.S. and Canada has allowed our company to develop best practices for strategies and tactics needed to deliver a successful energy efficiency program. Franklin Energy's implementation plan includes the implementation timeline, the marketing plan, the outreach plan, the application and incentive process, and the evaluation process. This plan is created with at least a 12-month outlook and is updated regularly through performance monitoring and internal weekly meetings.

Our program managers assess risks, forecasts, team metrics, communication, and service-level agreements.

In the third quarter of each year, we begin to review the program and implementation plan documents with TCL&P and ramp up to full speed by the beginning of the fourth quarter. This review includes but is not limited to:

- Savings goals
- Budgets
- Measures offered – MEMD changes, market offerings, changes in cost of technology
- Application forms – ease of application/program participation, information availability, and clarity
- New marketing plan for year to come
- Existing marketing materials
- EM&V results, as they become available, and feedback from EM&V contractor
- Reporting needs
- Customer feedback

The quality of an energy efficiency program is ultimately a function of the program staff's ability to deliver results on time and within budget, properly track customers, and achieve trade ally participation. Creating the proper quality assurance processes upfront eliminates the potential for error and ultimately ensures customer satisfaction. There are five main quality assurance and verification areas we have identified as critical to the delivery of the TCL&P Energy Smart programs. These areas are:

1. Proactive Monitoring of Performance
2. Measurement Verification Process
3. Time Delivery of Services
4. Project and Data Quality
5. Customer Service.

The following outline provides a framework for the tasks and responsibilities of each area:

## PROACTIVE MONITORING OF PERFORMANCE

Franklin Energy's program team meets internally weekly to review TCL&P's Energy Smart program performance for kWh savings, incentives, marketing, and outreach. This allows Franklin Energy to be proactive, foresee possible problems and to recommend solutions, exceptions, or program bonuses. TCL&P will receive a performance report monthly to review its portfolio of program savings and incentive budgets. All marketing materials are sent out to clients ahead of time with requests for review and approval. Franklin Energy strives to remain flexible with our program framework to meet the needs of the TCL&P, their customers, and the contractors in the field.

## MEASUREMENT VERIFICATION PROCESS

When a pre-approval application is received, the energy advisor compares the measures selected for incentive on the application to the quote submitted for the project. Franklin Energy requires that the contractors and distributors provide specification sheets with the application. The energy advisor determines if the quote, the specification sheets, and the selected measures on the application correlate, including the quantities on the estimate and the incentive amount on the application.

At this point, the energy advisor can choose to perform a pre-inspection to verify the measures will indeed be new efficiency measures at the facility. While Franklin Energy internally has a standard of conducting pre-inspections on at least 10 percent of the business projects, Franklin Energy has been conducting inspections on at least 30 percent of the pre-approval applications received for the TCL&P Energy Smart Program. Projects requesting a reservation of an incentive of \$3,000 or higher will require

a peer review. As the incentive level increases, so does Franklin Energy's technical review of the project, including engineering reviews and technical manager reviews. The program manager also reviews every pre-approval application before the reservation letter is sent to the customer for our program.

Franklin Energy also has a similar process for when payment request forms are turned in for the pre-approved projects. When a payment request form is received, the energy advisor reviews the measures on the invoice, the matching requested reservation of incentive amount, and the amount requested for payment. The energy advisor determines if the invoice make and model number, the specification sheets, and the selected measures on the payment request form correspond to one another, including the quantities on the invoice and the incentive amount on the payment request form. Projects requesting a payment of an incentive of \$3,000 or higher will require a peer review. As the incentive level payment increases, so does Franklin's technical review of the project, including engineering reviews and technical manager reviews.

If the project falls within the guidelines mentioned above, it will automatically receive a post-inspection or the energy advisor can choose to perform a post-inspection to verify that the measures were indeed installed at the facility. While Franklin Energy internally has a standard of conducting a post-inspection on at least 10 percent of the business projects, Franklin Energy has been conducting inspections on at least 30 percent of the applications received for payment for the TCL&P Energy Smart Program.

## TIME DELIVERY OF SERVICES

Internal deadlines have been established to aid in managing the timeframe for the application process. There is an initial review period of five business days with an allowance of 10 days if the application is incomplete and missing the required documents. Within those 10 days, we ensure the customer has received, signed, and dated the reservation letter and returns it to our staff.

Customers have 90 days to complete their projects from the time they receive their reservation letter. To ensure projects are moving along, 30, 60 and 80-day Efficiency Manager tasks are sent to the energy advisors. When the energy advisors receive these tasks, they are responsible for following up with the customer to see how the project is progressing. The initial 30-day task allows us to get an idea of when the project will be completed. The 60-day task allows us to follow up to see if the project completion time is still in place and to remind the customer they have 30 days to complete the project. The last follow-up task of 80 days allows us to let the customer know they should be nearing completion of their project and preparing their final paperwork. A record of the calls or e-mails are recorded in Efficiency Manager to ensure accuracy of tracking the project completion.

## PROJECT AND DATA QUALITY

Franklin Energy's approach for ensuring project and data quality includes:

- For each project, a hard file is created along with a database account utilizing Efficiency Manager for customer and project information recording.
- Each file contains a checklist for all components required in the file. (A sample of this checklist is provided in the Appendix A – Project Compliance Checklist.)
- Clearly communicated approval procedures and sign-off responsibility for various sized projects documented as a comprehensive approval process
- 10 percent minimum inspections of all projects and 100 percent of all custom projects greater than \$3,000 and 100 percent of all prescriptive projects greater than \$7,500 in incentives, with added inspections as deemed necessary (such as: de-lamping, air compressor audits, adding VFD's to existing motors, and all custom applications)

- Periodic pre-inspections as appropriate to secure installation scheduling information and create customer interaction and trade ally relationships
- Franklin Energy program manager's inspection of jobs in the field and files to ensure quality
- Internal audit of processes and hard files (documented)

## CUSTOMER SERVICE

We pride ourselves on meeting high customer service standards for TCL&P commercial customers. Our program delivery processes, along with our experienced and knowledgeable staff, help to ensure a positive interaction throughout a customer's experience with the program. Despite our careful planning and execution, our programs receive occasional complaints.

Our goals are to resolve issues promptly, minimize customer inconvenience, and ensure customer satisfaction. For the TCL&P Energy Smart Program, we direct any complaints, disputes, and disagreements directly to our energy advisors who have relationships with the customers and TCL&P staff.

When a customer dispute arises, we address the issue immediately and resolve it as quickly as possible. All customer complaints and issues receive a first response within 24 hours. The energy advisor reviews all necessary background and consults the program application's terms and conditions, the MEMD, and program guidelines -- as needed -- to assess the situation. Disputes can vary from simple misunderstandings, which are easily corrected through discussion, to more complex situations. Depending on the urgency and severity of the situation, the energy advisor involves the program manager in the resolution.

If a solution cannot be resolved to the customer's satisfaction within 48 hours, the program manager contacts the client to review the situation. Documentation is gathered as necessary, including written emails, process support, and customer request for the solution sought. Franklin Energy strives to offer the customer a satisfactory solution and resolve all complaints within five business days. Franklin Energy understands the TCL&P has individual goals for customer satisfaction and participates in dispute resolution as needed to uphold the principles of the TCL&P Energy Smart Business Program. Together, Franklin Energy and the TCL&P will decide how to handle each situation to best ensure a good long-term relationship with member utility customers.

## Marketing and Outreach

For the TCL&P Energy Smart Programs, Franklin Energy's approach will build on the successful processes and plans we already have in place with Traverse City. Regional Marketing Manager Tina Saboury will coordinate with program staff and TCL&P on updating the annual marketing plan. The TCL&P Energy Smart program marketing will brand each marketing piece individually and coordinate efforts with current TCL&P branding. This plan analyzes the current program status and energy-saving goals, defines the marketing goals and objectives for the year, details planned strategies and tactics, and establishes timelines for specific campaigns. During the year, we monitor program progress and adjust deployment of the tactics and campaigns accordingly. The flexibility built into our annual marketing plan has allowed us to quickly adapt to market changes and program results by ramping up or down our marketing efforts. A proposed 2018 Marketing Plan is included in the Appendix B – Marketing Plan.

Our marketing goals include growing C&I customer participation, identifying more custom savings opportunities in process equipment with past participants, pushing innovative tactics for residential marketing, and continuing to strengthen our relationships with trade allies. Our overall approach

reaches out to customers who have been past participants and those who have opportunities for new or larger participation in the program.

For customers with greater opportunity for savings, we direct our efforts toward making the program offerings relevant to their business types. Franklin Energy's experience with the program and established relationships with customers helps us cultivate additional projects. Efforts to increase energy efficiency are in alignment with continuous improvement efforts, financial performance, and operational competitiveness. The following business segments are most important for meeting the program goals and will be a focus when developing marketing pieces:

- **Schools:** This segment is made up of large buildings with opportunities for lighting and HVAC upgrades. Schools have done a great deal of projects in the past and will continue to be an important segment for the future.
- **Local government:** Since this segment has had little involvement in the program thus far, it leaves a lot of opportunity for future projects.
- **Non-profits:** Focus on this segment provides non-profit organizations with opportunities to lower energy bills and save energy through bonus incentives.
- **Manufacturing/Industrial:** These facilities provide opportunity for large complex custom projects, which significantly help to reach savings goals each year.
- **Commercial properties:** A priority will be given to educating the owners of property and parking lots. This segment has a growing participation rate in the program and is a good candidate for outreach and marketing.
- **Grocery/Hospitality:** There has been a high rate of participation from this segment in past years. This provides an opportunity to dig deeper for projects that have not been completed and market a specific measure.
- **Healthcare:** This segment includes a large range of facilities from hospitals to small doctors' offices, providing opportunity for a range of energy efficiency projects.

A central part of the marketing effort for the commercial and industrial customers will continue to be the stepped brochure. This brochure presents the TCL&P energy efficiency programs as a unified and comprehensive package and sets the look and feel for all the other marketing materials. Last year, Franklin Energy initiated efforts to cross-market TCL&P's programs. This initiative resulted in the creation of the short-form residential application and the development of the LED coupon, which are included in the residential lighting kits and distributed by bill insert to the TCL&P customers. This year, we updated the stepped brochure to include a new construction section.

## OUTREACH PLAN

Franklin Energy will review our existing outreach plan with TCL&P in the third quarter of every year and ensure it is updated prior to the start of the annual program. Through our outreach efforts, Franklin Energy will strive to promote the local, community-driven aspect of the program and the TCL&P's reputation as a partner in energy efficiency for its commercial customers. By leveraging existing association relationships and vendor networks, Franklin Energy will keep ahead of market changes that might affect the program.

## Engaging Trade Allies

We will continue to launch each program year in December of the prior year with an informational contractor seminar to review upcoming program enhancements. In the first quarter of every program year, Franklin Energy also will conduct one-on-one meetings with area distributors and contractors to

inform them of product acceptance guidelines and the application process. Franklin Energy will keep active trade allies informed on program progress and incentive status/budget availability.

For 2018-2022, our approach to engage and motivate trade allies will be built on our years of experience in the market and our existing relationships, as well as best practices we have used in similar programs. Franklin energy advisors have strong relationships with each of TCL&P’s largest customers and most of the contractors that serve them. Most of the customers have already participated in the past, and we continue to develop the necessary relationships to encourage continued participation.

Our staff began the year on pace to achieve 50 outreach visits. As the program continues to grow, staff focus has changed from recruiting trade allies and generating participation to maintaining relationships with trade allies and sustaining their interest in the program.

Looking ahead to the launch of the 2018 program year, our approach will shift to creating program awareness within the trade ally community and renewing participation. We will educate distributors on the product qualifications and incentives for the program to encourage sale of qualifying products to trade allies. For trade allies familiar with the program, we will focus on refreshing their interest and communicating any changes for 2018. We also will reach out to trade allies who are not participating in the program to explain the program requirements, application process, and the benefit of energy efficient measures. Successful tactics have included:

- Kick-off events and first quarter meetings to introduce new applications
- Expo visits
- Email blasts about bonus measures and deadlines
- Counter displays
- One-on-one meetings
- Program Marketing Materials
- Listings on website

## PERFORMANCE METRICS

Our current performance metric for TCL&P programs is 90 percent fixed with a 10 percent holdback, paid when we achieve the savings goal. Franklin Energy is always open to working with TCL&P to review our performance against current metrics. In the event aspects of the program need to be enhanced, Franklin Energy is ready to define and agree upon new performance metrics.

## VALUE-ADDED SERVICES

Following in Figure 3 are value-added services Franklin Energy provides to TCL&P:

SERVICE PROVIDED TO TCL&P	EXPLANATION OF SERVICES
Tools and equipment, data analysis	<ul style="list-style-type: none"> <li>• Installation of data-logging equipment to assist customers with equipment replacement decisions</li> <li>• Technical information and studies for customers to be used in lighting designs to ensure appropriate lighting levels based on foot-candles</li> <li>• Equipment comparisons to aid in decision making</li> </ul>



SERVICE PROVIDED TO TCL&P	EXPLANATION OF SERVICES
Greenhouse gas emissions/carbon footprint	<ul style="list-style-type: none"> <li>• Direction in sustainability initiatives/strategic alliances</li> <li>• Education in and assistance with ISO standards and LEED certification; our staff is well-versed on multiple certification requirements and often works with customers who are interested or required to attain the certifications</li> <li>• Contact information, references, and efficiency information and calculations to help the customer attain certifications of complete initiatives.</li> </ul>
Special presentations and education	<ul style="list-style-type: none"> <li>• Energy Smart Presentations for residential customers and C&amp;I customers</li> <li>• Webinars for trade allies</li> <li>• Energy Efficiency education for students</li> <li>• Community presentations at local fairs, trade shows, etc.</li> </ul>
Tariffs/rates, charges, and exemptions	<ul style="list-style-type: none"> <li>• Explanation of different charges on utility bills during customer visits</li> <li>• Energy charges (on and off-peak), demand charges (customer and billed demand), power factor, facilities charges, taxes and tax exemptions, etc. education so customers understand how energy charges affect their operations and how we calculate energy savings for recommended projects</li> </ul>
Additional funding and grants available	<ul style="list-style-type: none"> <li>• Find and recommend grants, tax credits, and other programs that can be beneficial for customers to participate in such as federal and state tax credits</li> </ul>
Utility representation	<ul style="list-style-type: none"> <li>• Customers often express gratitude for having a utility representative show concern for their business and offer assistance to help them be more successful; TCL&amp;P is able to improve public relations by having courteous and professional representatives serving their customers through Franklin Energy</li> <li>• Community and face-to-face interaction with customers that do not otherwise have much contact with the utility</li> </ul>
Programmable T-stats	<ul style="list-style-type: none"> <li>• Physically programming thermostats for customers</li> </ul>
Customer relations support	<ul style="list-style-type: none"> <li>• Representation of TCL&amp;P at Energy Efficiency and environmental sustainability public and private events</li> </ul>

Figure 3. Value-Added Services. Franklin Energy's expertise strengthens TCL&P's impact across the industry and in the eyes of customers.

## PRICING

Franklin Energy understands that current MPSC filing savings end in 2017. We will support TCL&P to redefine future goals as needed. For illustration purposes, Franklin Energy has assumed 2017 goals for 2018 and 2019. Billing will occur monthly at 90 percent of the fixed cost with 10 percent being held back until each business and residential program goal is reached. The remaining 10 percent of the fixed cost category will be invoiced when 100 percent of the energy savings goals are fulfilled, the program is within budget, and customer satisfaction measures are met. The performance cost is billed monthly according to the percentage of kWh goal achieved for each program. Adjustments to percent of goal billed are made for evaluation results.

	FIXED	PERFORMANCE	INCENTIVE	TOTAL	KWH
2018	\$99,664	\$42,713	\$208,941	\$ 351,318	2,614,499
2019	\$102,155	\$43,780	\$208,941	\$ 354,876	2,614,499
2020	\$104,709	\$44,875	\$208,941	\$ 358,525	2,614,499
2021	\$107,327	\$45,997	\$208,941	\$362,265	2,614,499
2022	\$110,010	\$47,147	\$208,941	\$366,098	2,614,499

Figure 4. Business Program

	FIXED	PERFORMANCE	INCENTIVE	TOTAL	KWH
2018	\$2,328	\$ -	\$ 5,798	\$8,126	49,768
2019	\$2,328	\$ -	\$ 5,798	\$8,126	49,768
2020	\$2,328	\$ -	\$ 5,798	\$8,126	49,768
2021	\$2,328	\$ -	\$ 5,798	\$8,126	49,768
2022	\$2,328	\$ -	\$ 5,798	\$8,126	49,768

Figure 5. Business Educational Services.

	FIXED	PERFORMANCE	INCENTIVE	TOTAL	KWH
2018	\$3,880	\$ -	\$9,663	\$ 13,543	82,947
2019	\$3,880	\$ -	\$9,663	\$ 13,543	82,947
2020	\$3,880	\$ -	\$9,663	\$ 13,543	82,947
2021	\$3,880	\$ -	\$9,663	\$ 13,543	82,947
2022	\$3,880	\$ -	\$9,663	\$ 13,543	82,947

Figure 6. Business Pilot Services.

	FIXED	PERFORMANCE	INCENTIVE	TOTAL	KWH
2018	\$28,620	\$2,967	\$ 59,674	\$ 91,261	415,135
2019	\$29,336	\$3,041	\$ 59,674	\$ 92,051	415,135
2020	\$30,069	\$3,117	\$ 59,674	\$ 92,860	415,135
2021	\$30,820	\$3,195	\$ 59,674	\$93,689	415,135
2022	\$31,591	\$3,275	\$ 59,674	\$94,540	415,135

Figure 7. Residential Program.

	FIXED	PERFORMANCE	INCENTIVE	TOTAL	KWH
2018	\$1,332	\$ -	\$3,316	\$4,648	22,827
2019	\$1,332	\$ -	\$3,316	\$4,648	22,827
2020	\$1,332	\$ -	\$3,316	\$4,648	22,827
2021	\$1,332	\$ -	\$3,316	\$4,648	22,827
2022	\$1,332	\$ -	\$3,316	\$4,648	22,827

Figure 8. Residential Low Income.

	FIXED	PERFORMANCE	INCENTIVE	TOTAL	KWH
2018	\$2,328	\$ -	\$5,798	\$8,126	49,768
2019	\$2,328	\$ -	\$5,798	\$8,126	49,768
2020	\$2,328	\$ -	\$5,798	\$8,126	49,768
2021	\$2,328	\$ -	\$5,798	\$8,126	49,768
2022	\$2,328	\$ -	\$5,798	\$8,126	49,768

Figure 9. Residential Education Services.

	FIXED	PERFORMANCE	INCENTIVE	TOTAL	KWH
2018	\$ 3,880	\$ -	\$ 9,663	\$ 13,543	82,947
2019	\$ 3,880	\$ -	\$ 9,663	\$ 13,543	82,947
2020	\$ 3,880	\$ -	\$ 9,663	\$ 13,543	82,947
2021	\$ 3,880	\$ -	\$ 9,663	\$ 13,543	82,947
2022	\$ 3,880	\$ -	\$ 9,663	\$ 13,543	82,947

Figure 10. Residential Pilot.

## Invoicing Methodology

For 2018-2022, Franklin Energy is proposing the following invoicing methodology:

The fixed cost category will be invoiced monthly at the beginning of each month. The fixed cost figure in the tables above - for each program - would be divided evenly across all 12 months for each year with 10 percent being held back based on reaching the overall Residential and Business goal for TCL&P.

The total fixed budgets for each program in the Business and the Residential programs would be summed together and not individually billed. The remaining 10 percent of the fixed cost category would be invoiced when 100 percent of the energy savings goals are fulfilled, the program is within budget, and customer satisfaction measures are met.

The performance cost category would be invoiced up to 90 percent on a pro-rated basis against percentage to goal and would be based on the total performance for Business and Residential. Each program that makes up Business and Residential would not be billed individually. To calculate the performance payment rate (\$/kWh), the performance cost total by program would be divided by the program energy savings goals to provide a cost per kWh rate. The remaining 10 percent of the performance cost category would be invoiced when 100 percent of the energy savings goals are fulfilled, program is within budget, and customer satisfaction measures are met.

Franklin Energy will be billing according to products installed, purchased, and recycled for the following programs implemented by Franklin Energy:

- Residential Lighting
- Low Income
- Appliance Recycling

To provide the most flexible offering, Franklin Energy will work with TCL&P to determine the best measure mix for each category to provide the highest level of savings balanced with the most current technology based on budgets within each category. The customer incentive price for each service is outlined in the following table:

INCENTIVE ITEMIZED BILLING	\$	KWH	\$/KWH
Residential Lighting Kit (CFL Only 2-9W, 2-13W, 2-23W)	\$17.00	183.8	\$0.09
Residential Lighting Kit (4-13W CFL, 2 11-W LED, 1 LED NL)	\$42.00	356.80	\$0.12
Residential Lighting Kit (LED 4-6W 2-9.5W, LED NL)	\$75.00	412.00	\$0.18

Figure 11. Incentive Itemized Billing.

## Contract Amendment

The program year will begin December 1<sup>st</sup> of every year and will run through November 30<sup>th</sup> of the following year. In the event that either party would want to add or remove services that are agreed upon in the contract, they must provide documentation no later than 120 days before the beginning of the next program year. Both parties must agree upon the requested change to contract terms in writing in order to proceed with the implementation of the program in the following year.

## APPENDIX A – PROJECT COMPLIANCE CHECKLIST

To ensure project and data quality, Franklin Energy’s approach includes creating a hard file along with a database account for recording of customer and project information. Each file contains a Project Compliance Checklist as shown here.

Electric Prescriptive Coversheet		Program/Utility Name:				
Customer Information	Project Number: _____		Administrative	Requested Commitment Amount	Final Approved Amount	
	Account Name: _____	Final Incentive				
	Site Address: _____	Final kWh				
	Account Number - Elec: _____	Capped Incentive				
	Customer Email Address: _____	Prescriptive Electric Incentive				
	Payment Contact: _____	Prescriptive kWh				
	Project Type: _____	kWh Savings				
	Trade Ally Name: _____	\$/kWh				
	TA contact info: _____	Custom Project Number				
		Additional Project numbers				
	Pre-Approval Project Cost					
	Final Project Cost					
Admin	Initials	Date	Coordinator Review	Comments		
			Application Received			
			Name of EA/EE providing Tech Review			
			Acceptance Letter Sent			
		Signed Acceptance Letter Received				
Technical Review	PRE-APPROVAL		Reservation Review	Comments		
	Initials	Date	Application Complete			
			Expected project completion date determined			
			Information Needed Letter Sent/Contact Made			
			Billing Statement Received (All programs but LBWL)			
			Quote, Spec Sheets Received			
			Trade Ally Information is collected and entered in Bensight			
			Pre-Approval Application scanned & attached in Bensight			
			Submitted to Technical Manager (if applicable)			
			Acceptance Letter-7 day follow-up if signed letter not received			
	PRE-APPROVAL		TECHNICAL CHECKLIST		FINAL APPLICATION	
	Initials	Date	Initials	Date	Comments	
			Incentive worksheet completed for all measures			
			Requested amount matches measures indicated			
			Specs provided and complete			
		Itemized quote provided and complete				
		Itemized invoice provided and complete				
		Peer Review Complete				
		If approved and amount 10% +/- different than Incentive				
		Copies of supplemental documentation in the file				
		50% Project cap & Program cap applied				
		Verify Additional projects for caps				
		Payment approval application scanned & attached in Bensight				
INSPECTION CHECKLIST		REVIEW CHECKLIST		Comments		
Initials	Date	Initials	Date	Comments		
		Pre-Inspection Complete - Yes No				
		Post-Inspection Complete - Yes No				
		Inspection Results Recorded & in the File - Yes / No				
		Utility Incentive Cap Applied				
		30 Day In Progress-Follow-up with Customer				
		60 Day In Progress-Follow-up with Customer				
		80 Day In Progress-Follow-up with Customer				
		Actual Project Completion Date Provided				
Administrative	MANAGEMENT APPROVALS		Initials	Date	Comments	
			Technical Manager Sign-off			
			Program Manager Sign-off			
			Regional Manager Sign-off			
			Headquarters Review Sign-off			
			Regional Vice President Review Sign-off			
	PAYMENT CHECKLIST		Comments		Comments	
			Batch Number			
		Payment Release Authorization (Optional)				
		Payment date				
		Check number				
		File Complete Application scanned and attached in Bensight				

## APPENDIX B – MARKETING PLAN

**TCL&P *Energy Smart***<sup>®</sup>

2017 Tactical Marketing Plan

1

## Executive Summary

The 2017 marketing plan for the Traverse City Light and Power (TCL&P) *Energy Smart*® program is based on maximizing program efficiency and effectiveness through the measurement of ROI and the application of integrated campaigns to most effectively and economically achieve program goals. Key focus points for 2017 are segmentation, seasonality and technology shifts. This plan utilizes tactics proven to drive program savings (targeted direct mail, website support, email blasts, newspaper, and online campaigns). These tactics will be constantly monitored and restructured when needed in order to meet program goals.

## Tactical Marketing Plan: TCL&P *Energy Smart*

### PROGRAM OVERVIEW

**Campaign Name:** TCL&P *Energy Smart*®  
**Program Manager:** Kevin Salatrik  
**Marketing Contacts:** Tina Saboury  
**For the Period of:** January 2017 - December 2017

The Traverse City Light & Power *Energy Smart*® Program is a suite of energy efficiency programs designed to assist the residential, commercial and industrial customers of Traverse City Light & Power in increasing their energy efficiency. In partnership with the Michigan Public Power Agency (TCL&P), the *Energy Smart* programs provide technical assistance, assessment services, rebates, and financial incentives designed to encourage the implementation of energy efficient projects and the adoption of efficient behaviors. Those programs can include: Residential Lighting, Residential Appliance Turn-In, Residential HVAC, Residential Efficient Appliance, Business Incentives, New Construction

### MARKET SITUATION

The passage of Public Act 295 in October 2008, mandated that all rate-regulated utilities file energy optimization (efficiency) programs with the Michigan Public Service Commission (MPSC).

The act stipulates that utilities dedicate a graduated percentage of gross revenue to the programs. The percentages are outlined below:

2009	0.30%
2010	0.50%
2011	0.75%
2012 - 2017	1.00%



**PROGRAM OBJECTIVES**

Program Type	2017 kWh Goals
Residential Program Services	415,135
Residential Low-Income	22,827
Residential Educational Services	49,768
Residential Pilot	82,947
<b>Subtotal Residential</b>	<b>570,677</b>
Business Program	2,614,499
Business Educational Services	49,768
Business Pilot	82,947
<b>Subtotal C&amp;I</b>	<b>2,747,214</b>
<b>Total kWh Goal for All Programs</b>	<b>3,317,891</b>

**COMMUNICATIONS OBJECTIVE**

Similar to years past, the communications objective in 2017 is multi-faceted, comprised of C&I as well as residential outreach. The portfolio objective is to raise awareness of program availability and participation requirements to the trade allies, closely followed by promotional and awareness efforts in the business and consumer markets.

For both C&I and residential an additional communications objective is to increase awareness of the program in low-participating utilities, while also continuing to target past program participants by educating them about new measures and incentives available in the 2017 program year.

**TARGET MARKET**

	RESIDENTIAL CUSTOMERS	BUSINESS CUSTOMERS
Traverse City	8,267	4,573

*Note: Residential customer data is based on 2010 actual utility data. Business customer data is based on 2010 Census data.*

**RESIDENTIAL CUSTOMERS**

The TCL&P Energy Smart program serves approximately 8,267 residential customers. However, this market can be hard to reach due to the seasonal nature of residents in some of the residents. Many residential homeowners utilize their homes for rental or vacation purposes and are not reachable at all times of the year. Communication will be tailored to reach the most customers for TCL&P. For seasonal residents, marketing campaigns will run in-season (June through August). Also taken into consideration will be lower-income or rental heavily areas, where communication will focus on affordable changes to save energy.

#### BUSINESS CUSTOMERS

The Business Customers served by TCL&P are successfully rebounding from the impact of a challenged economy. Michigan has recently made positive strides with business tax cuts and simplification, efforts to increase energy efficiency are directly impacted by other business improvement efforts, improved financial performance, and operational competitiveness.

Overall, communications need to emphasize the financial benefits of efficient behaviors (potential energy savings, receipt of valuable measures), as well as focus on the low-maintenance and high durability qualities of energy-efficient products. Emphasis on walk throughs by the Energy Advisor, Jacob Hardy, will help customers successfully engage in energy savings measures. The Energy Efficiency Loan Fund will also be promoted and included in all business focused marketing materials.

#### TRADE ALLIES

Product distribution networks and local Trade Allies of the TCL&P EnergySmart program are key to the success of reaching high volumes of the TCL&P business customers. Jacob Hardy will continue to target them through new program year kick-off activities, one-on-one meetings and networking through the chamber and other business activities.

#### MESSAGING

##### RESIDENTIAL

The TCL&P EnergySmart residential program makes it easy for you to save energy, lower your energy costs, and earn valuable cash incentives.

##### COMMERCIAL

The Energy Smart Commercial & Industrial programs make it easy for you to save energy, lower your energy costs, and earn valuable cash incentives.

##### TRADE ALLIES

Educating your customers and encouraging your customers to participate in the *Energy Smart* program is a great way to grow your business and retain loyal customers.

.....

## 2017 STRATEGY & TACTICS

### Application Development & Revisions

Applications are an integral part of any energy efficiency program. Making sure they are completely accurate, easy-to-navigate, consistent, and easy-to-access is imperative. Program applications will be revised from previous versions to enhance usability and to match brand standards. This will be continued to be used in 2017 and will be placed at the point of sale with prepaid envelopes to simplify the process of applying for rebates.

Tactic	Est. Quantity	Est. Timing (Month)	Description
<b>Program Applications</b>			
Business Application	100	January	2017 Update
Residential Application	NA	January	Online Only
Residential POS Slim Jim	1000	January	Point of Sale App.

### Program Overview Materials

Due to its extensive and wide-spanning nature of use, the Business Overview Sell Sheet and Business Stepped Brochure will be updated and continued to be used in 2017.

Tactic	Est. Quantity	Est. Timing (Month)	Description
<b>Program Materials</b>			
Business Stepped Brochure	100	January	2017 Update
Business Overview Sell Sheet	100	January	2017 Update
Case Studies	100	June	Based on performance

### NEW: Program Participation Materials

A program participation plaque can be given to customers who complete (or have completed) large-scale projects resulting in more than 1,000,000 kWh of savings. In 2017 the participation window clings will also continue to be used. These tactics will help raise awareness about the program and the potential for savings through high visibility, which can further drive participation from other customers.

Tactic	Est. Quantity	Est. Timing (Month)	Description
<b>Participation Materials</b>			
Window Cling	100	March	Reprint
kWh Plaques	5	November	2017 Update

### Community Events

Having a presence at community events will allow program staff to promote the program and build awareness of available measures and incentives. Significant lead time is required to register and gather the necessary materials.

Tactic	Est. Quantity	Est. Timing (Month)	Description
<b>Event Materials</b>			
Events	5	TBD	Residential Outreach
Giveaway Items	400	February	Bags

**Website Maintenance & Refresh**

The goal this program year is to use the website as a selling tool (through launching various URL redirects to be used with tactics and campaigns throughout the year) and to further engage customers once on the website (through fillable PDF C&I applications, a Trade Ally Directory, and more useful page copy). Program marketing will analyze website reporting on a routine basis to gain insight into usage and make website adjustments based on knowledge gained.

Tactic	Est. Quantity	Est. Timing (Month)	Description
<b>mienergysmart.com</b>			
Domain Renewal	NA	January	
Trade Ally Directory Page	NA	March	Trade Ally Listing
URL redirects	NA	January	
Updates	NA	April	2017 Updates



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Karla Myers-Beman, Controller  
**Date:** March 8, 2017  
**Subject:** Electric Fund Budget

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Enclosed for your review is the proposed 2017-18 Electric Fund budget with a supplemental payroll spreadsheet and six year forecasted cash flow that will be discussed at the Regular Meeting scheduled for March 14, 2017.

**ELECTRIC FUND BUDGET**

Overall the fund remained relatively status quo with a few exceptions described below.

**REVENUES**

**Utility Sales**

Currently, there is no proposed base rate increase in revenues for the upcoming budget year; however, in May staff will bring before the board a cost of service increase/decrease based on the different rate class for the purpose of eliminating subsidizations between them along with a proposal to simplify the rate structure.

The amount of kWh's used for projected 2016-17 retail sales were calculated by taking actual sales through January 31, 2017 and averaging past years billing consumption from February 1 through June 30 and increasing it by one percent (based on historical trends). The retail sales for the 2017-18 fiscal year was forecasted at one percent over projected sales to account for annual load growth while taking into consideration energy savings gained through the utility's energy efficiency program over the 2016-17 and prior fiscal years. In the current year, there were no separate additions for significant load to the system.

The retail sales kWh consumption was then compared to the modeling performed by Michigan Public Power Agency ("MPPA") which takes into consideration weather patterns (heating and cooling days), economy, population characteristics, and past history consumption. Staff analyzed the retail sales kWh consumption to MPPA's forecasted wholesale purchases; it provided a 2.5% line loss for projected and 5.4% for budget, both within electric utility industry standards.

## FOR THE LIGHT & POWER BOARD MEETING OF MARCH 14, 2017

Utility sales increased primarily from projected to budget because of load increase and the power service cost recovery in the budget year increased approximately \$.00362 per kWh due to higher per kWh power costs through conservative estimates.

### **EXPENSES**

#### **Generation Expense**

Generation expense on a per kWh increased approximately \$.00176 per kWh or \$600,000 primarily because of a higher load purchase resulting in more energy being purchased off the market at an expected higher rate than the current year. The load increase attributes to \$900,000 increase from projected to budget.

The new Wolverine Plant located in Gaylord has not yet affected the overall run times for the Kalkaska Combustion Turbine since MISO seems to be running it because of reliability purposes. However staff, continually monitors this as it could significantly increase generation costs because of loss generation revenue in recovering fixed costs and increases to the per kwh rate because of less kWh's to spread over fixed costs.

Additionally staff is reclassifying all sales to the Purchased Power account instead of the individual projects account where it was possible to provide a more clearly transparent picture of how much the actual generation costs for each generator. Net amounts will be available but no longer presented.

#### **Payroll**

Staff continues to provide transparent information on salaries and wages/fringe benefits by providing a supplemental sheet showing the actual salaries and wages/fringe benefits by department and the reclassifications that are made in/out of that department along with the full time equivalents (FTE). The amount of salaries and wages/fringe benefits shown on the budget statements is the net amount reflected in the payroll supplemental sheet as Net Wages/Fringe Benefits Reported. There are many reclassifications that occur during the year that include salaries and wages/fringe benefits being transferred to the Kalkaska Combustion Turbine, Energy Optimization, employees working for other departments or work orders that are capital in nature, and GASB 68 and GASB 75 adjustments (new OPEB standard).

Staff is continuing with the Board direction on the 9 year amortization (was 10 year last year) schedule to increase our funding percentage towards the Defined Benefit Pension Plan. Staff cannot provide the impact this has had on our actuarial value as the last actuarial report was as of December 31, 2015 not encompassing any of the accelerated payments while adopting new assumptions and incurring an investment loss for the year. As of that report the utility was 57% funded. Going forward the 9-year amortization will be an additional \$1.2M in cash outlay beyond the normal contribution requirement. In May/June 2017 the new December 31, 2016 actuarial report will be published including the six months of accelerated payments.

## FOR THE LIGHT & POWER BOARD MEETING OF MARCH 14, 2017

The pension expense calculation has driven the cost of fringe benefits. In 2015-16, 2016-17 projected and 2017-18 pension expense calculated in accordance with GASB 68, which coincidentally matched the 10 year amortization funding schedule, resulted in approximately \$2,000,000 while normal contributions pre GASB 68 would range from \$900,000 to \$1,000,000. This expense will eventually decrease as the investment portion of assets held in trust increase through higher contributions and the fall off in 3 to 4 years of amortization expense relating to the assumption changes and investment loss that occurred in the 2015 year.

On the payroll statement there are several deviations from current year budget to current year projection to 2017-18 recommended budget, which mostly consist of changes and timing related to retirements, terminations of employment causing vacancies along with the corresponding benefits attributed based on a percentage of payroll. Additionally, the change in actuarial contributions and electing the 10 year amortization funding schedule as the GASB 68 pension expense is classified under reclassifications.

### **Operating Income**

The utility's target operating income should cover the depreciation expense and the inflationary cost to replace those assets often referred to as the rate of return on investment. This calculation is taking the net book value times the calculated rate of return and should be approximately \$3,000,000. Currently the operating income is below the target operating income. This provides information that the utility will need to do a rate increase in the future when the cash balances decrease as presented in the cash flow.

### **CASH FLOW**

Overall cash flow shows the utility being in compliance with the utility's cash reserve policy.

City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER DEPARTMENT**  
2017-18 Budgeted Revenues and Expenses Summary

	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Budget	FY 16/17 Projected	FY 17/18 Recommended
<b>Operating Income:</b>	\$ 37,143,589	\$ 35,530,044	\$ 37,091,900	\$ 34,536,200	\$ 36,065,200
<b>Operating Expenses:</b>					
<b>Generation Expenses:</b>					
Capacity	\$ 12,000	\$ 465,421	\$ 745,000	\$ 733,000	\$ 810,000
Purchased Power - MISO	(358,421)	3,766,366	1,401,000	740,000	2,640,000
Purchased Power - Lansing BWL	5,675,258	2,898,085	-	-	-
Stoney Corners - Wind Energy	2,819,687	2,940,041	3,170,000	3,025,000	3,170,000
Combustion Turbine Power Cost	3,364,832	3,338,292	4,272,000	4,375,000	4,500,000
Campbell #3 Power Cost	4,850,934	3,793,717	4,412,000	4,075,000	4,522,500
Belle River #1 Power Cost	5,349,402	3,749,902	4,187,000	4,050,000	3,800,000
Landfill Gas - Granger Project	494,766	567,834	1,118,000	900,000	980,000
M-72 Wind Turbine	8,890	35,056	37,000	47,500	48,000
Bilateral Contracts	292,322	1,100,866	4,286,000	4,350,000	3,300,000
Other Generation Expenses	345,503	414,424	449,650	491,250	329,050
<b>Total Generation Expenses</b>	<b>22,855,173</b>	<b>23,070,004</b>	<b>24,077,650</b>	<b>22,786,750</b>	<b>24,099,550</b>
<b>Distribution Expenses:</b>					
Operations & Maintenance	3,530,929	4,424,951	3,886,250	3,821,100	4,261,500
<b>Transmission Expenses:</b>					
Operations & Maintenance	406,584	421,135	437,000	504,900	525,100
<b>Other Operating Expenses:</b>					
Metering & Customer Accounting	568,692	577,278	559,350	562,000	561,550
Conservation & Public Services	513,302	671,545	486,000	564,500	593,000
Administrative & General	834,938	986,037	1,187,800	1,295,300	1,276,100
Insurance	57,875	62,001	65,500	68,000	70,720
Depreciation Expense	2,157,940	2,254,188	2,525,000	2,525,000	2,605,000
City Fee	1,863,259	1,784,900	1,870,000	1,739,000	1,820,000
<b>Total Other Operating Expenses</b>	<b>5,996,006</b>	<b>6,335,949</b>	<b>6,693,650</b>	<b>6,753,800</b>	<b>6,926,370</b>
<b>Total Operating Expenses</b>	<b>32,788,692</b>	<b>34,252,039</b>	<b>35,094,550</b>	<b>33,866,550</b>	<b>35,812,520</b>
<b>Operating Income</b>	<b>\$ 4,354,897</b>	<b>\$ 1,278,005</b>	<b>\$ 1,997,350</b>	<b>\$ 669,650</b>	<b>\$ 252,680</b>
<b>Non Operating Revenues/(Expenses):</b>					
Non Operating Revenues	544,543	737,684	369,200	613,000	555,800
Non Operating Expenses	(428,620)	(355,965)	-	-	-
<b>Total Non Operating Revenue</b>	<b>115,923</b>	<b>381,719</b>	<b>369,200</b>	<b>613,000</b>	<b>555,800</b>
<b>OTHER FINANCING SOURCES:</b>					
Transfers in	-	175,000	175,000	125,000	125,000
<b>Change in Net Position</b>	<b>\$ 4,470,820</b>	<b>\$ 1,834,724</b>	<b>\$ 2,541,550</b>	<b>\$ 1,407,650</b>	<b>\$ 933,480</b>



City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER**  
 2017-18 Budgeted Revenues and Expenses

	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Budget	FY 16/17 Projected	FY 17/18 Recommended
<b><u>OPERATING REVENUES:</u></b>					
Residential Sales	\$ 6,612,011	\$ 6,090,231	\$ 6,375,000	\$ 6,130,000	\$ 6,400,000
Commercial Sales	16,392,293	15,348,675	16,150,000	14,900,000	15,560,000
Industrial Sales	10,788,926	9,615,567	10,770,000	9,500,000	10,050,000
Public Authority Sales	317,521	309,162	315,000	300,000	300,000
Street Lighting Sales	199,517	203,949	195,000	200,000	225,000
Yard Light Sales	86,531	98,529	82,000	115,000	155,000
Forfeited Discounts	73,522	60,777	70,000	60,000	60,000
Merchandise and Jobbing	115,918	231,826	64,200	81,000	70,000
Recovery of Bad Debts	30	26	200	200	200
Sale of Scrap	30,804	41,792	35,000	40,000	35,000
Miscellaneous Income	42,535	41,663	33,000	39,500	39,500
Refunds and Rebates	2,481	4,795	2,500	500	500
MISO Revenue	2,481,500	3,483,052	3,000,000	3,170,000	3,170,000
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 37,143,589</b>	<b>\$ 35,530,044</b>	<b>\$ 37,091,900</b>	<b>\$ 34,536,200</b>	<b>\$ 36,065,200</b>
<b><u>OPERATING EXPENSES:</u></b>					
<b><u>GENERATION-OPERATING &amp; MAINTENANCE:</u></b>					
Salaries and Wages	\$ 104,905	\$ 123,124	\$ 152,100	\$ 136,300	\$ 62,000
Fringe Benefits	96,876	192,648	148,800	239,200	142,700
Wind Generation - Traverse	60	-	-	-	-
Trap and Transfer	95	-	250	250	250
Union Street Fish Ladder	-	-	250	250	250
Kalkaska Combustion Turbine	-	-	-	-	-
Operation Supplies	470	-	1,000	-	1,000
Capacity Purchases	12,000	465,421	745,000	733,000	810,000
Purchased Power - MISO	(358,421)	3,766,366	1,401,000	740,000	2,640,000
Purchased Power - LBWL	5,675,258	2,898,085	-	-	-
Stoney Corners - Wind Energy	2,819,687	2,940,041	3,170,000	3,025,000	3,170,000
Combustion Turbine Power Cost	3,364,832	3,338,292	4,272,000	4,375,000	4,500,000
Campbell #3 Power Cost	4,850,934	3,793,717	4,412,000	4,075,000	4,522,500
Belle River #1 Power Cost	5,349,402	3,749,902	4,187,000	4,050,000	3,800,000
Landfill Gas - NANR & Granger Project	494,766	567,834	1,118,000	900,000	980,000
M72 Wind Turbine	8,890	35,056	37,000	47,500	48,000
Bilateral Contracts	292,322	1,100,866	4,286,000	4,350,000	3,300,000
<i>Total Purchased Power</i>	<i>22,509,670</i>	<i>22,655,580</i>	<i>23,628,000</i>	<i>22,295,500</i>	<i>23,770,500</i>
<i>Purchased Power Cost as % of Sales</i>	<i>65.44%</i>	<i>71.55%</i>	<i>69.73%</i>	<i>71.59%</i>	<i>72.71%</i>
Coal Dock	9,367	2,842	-	-	-
Communications	1,084	170	250	250	250
Meal Payments	80	-	200	-	200
Safety	2,201	2,994	3,500	3,500	3,500
Tools	-	-	500	500	500
Professional and Contractual	113,124	85,029	110,000	86,200	96,000
Transportation	9,618	6,316	9,800	7,000	7,000
Professional Development	-	-	2,000	500	500
Uniforms	2,156	3,456	3,500	4,500	3,500
Vehicle Rentals	8,243	(3,308)	17,500	12,800	11,400
Miscellaneous	(2,776)	1,153	-	-	-
<b>Total Generation O &amp; M</b>	<b>22,855,173</b>	<b>23,070,004</b>	<b>24,077,650</b>	<b>22,786,750</b>	<b>24,099,550</b>
<b><u>DISTRIBUTION OPERATION &amp; MAINTENANCE:</u></b>					
Salaries and Wages	1,223,372	1,226,717	1,247,000	1,044,000	1,213,000
Fringe Benefits	1,077,958	1,611,956	1,200,650	1,560,600	1,616,000
Office Supplies	2,176	3,160	4,000	5,000	4,000
Operation Supplies	38,101	51,121	40,000	40,000	40,000

City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER**  
 2017-18 Budgeted Revenues and Expenses

	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Budget	FY 16/17 Projected	FY 17/18 Recommended
Utilities	54,372	44,244	63,000	50,400	51,000
Meals and Payments	3,609	3,231	6,000	3,500	5,000
Communications	27,217	33,987	64,000	22,200	61,500
Software and Hardware	66,827	74,618	158,000	146,500	191,400
Substation	219,685	70,618	119,900	72,300	120,000
Overhead Lines	160,495	170,363	181,000	202,000	205,000
Load and Dispatching	-	25,000	30,600	31,500	31,500
Storm Damage Contingency	-	448,383	100,000	-	50,000
Underground Lines	33,519	97,922	40,000	30,000	30,000
Electric Meters	7,509	2,624	8,000	4,000	6,000
Street Lighting	250,383	217,587	204,000	210,000	230,000
Traffic Signal Oper. & Maint.	4,120	1,767	10,000	5,000	5,000
Radio Equipment	10,390	3,244	5,000	5,000	5,000
Plant & Structures	68,965	94,302	96,700	81,000	82,000
Safety	34,205	27,538	38,000	38,000	38,000
Tools	13,599	14,969	20,000	16,000	31,000
Uniforms	18,318	22,218	23,000	25,000	25,000
Professional and Contractual	122,274	139,050	93,500	90,000	94,000
Rent Expense	1,688	1,757	2,000	2,000	2,000
Professional Development	35,788	28,861	60,000	52,000	65,000
Printing and Publishing	2,601	4,110	3,500	4,000	4,000
Transportation	29,496	23,796	29,000	25,000	28,000
Vehicle Rentals	11,036	(23,539)	28,900	4,600	16,600
Miscellaneous	539	1,673	500	1,500	1,500
Inventory Adjustments	12,687	3,674	10,000	50,000	10,000
<b>Total Distribution O &amp; M</b>	<b>3,530,929</b>	<b>4,424,951</b>	<b>3,886,250</b>	<b>3,821,100</b>	<b>4,261,500</b>
<b>TRANSMISSION OPERATIONS &amp; MAINTENANCE:</b>					
Salaries and Wages	287,792	232,813	279,000	287,000	294,100
Fringe Benefits	952	409	4,000	3,500	3,500
Substation	13,725	14,496	16,000	47,500	50,000
Overhead Lines	10,364	76,567	21,000	23,000	23,000
Load and Dispatching	-	-	-	13,500	13,500
MISO Transmission	24,481	32,494	36,000	35,000	36,000
Tools	-	-	3,000	1,000	9,000
Professional and Contractual	-	-	15,000	15,000	15,000
Vehicle Rentals	-	223	1,000	3,000	3,000
Miscellaneous-MPPA Transmission Project	69,270	64,133	62,000	76,400	78,000
<b>Total Transmission O &amp; M</b>	<b>406,584</b>	<b>421,135</b>	<b>437,000</b>	<b>504,900</b>	<b>525,100</b>
<b>METERING &amp; CUSTOMER ACCOUNTING:</b>					
Salaries and Wages	279,959	273,710	268,200	274,200	263,700
Fringe Benefits	162,424	190,106	134,700	169,450	164,600
Office Supplies	2,110	3,610	4,150	4,200	4,200
Communications	173	110	400	250	250
Hardware/Software	-	22	-	500	8,000
Meal Payments	20	-	200	200	200
Safety	2,979	4,990	3,500	3,500	3,500
Uniforms	1,638	1,826	3,000	3,000	3,000
Professional and Contractual	17,764	23,893	14,000	12,000	13,000
Postage	27,799	28,185	33,000	30,000	33,000
Uncollectable Accounts	37,912	1,739	38,000	10,000	10,000
Collection Costs	2,595	4,118	6,000	5,000	5,000
Data Processing	16,509	20,197	25,000	25,000	25,000
Transportation	3,055	2,344	8,500	4,500	4,500
Professional Development	320	1,124	2,500	3,500	5,000
Printing and Publishing	482	684	4,000	3,500	4,000

City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER**  
 2017-18 Budgeted Revenues and Expenses

	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Budget	FY 16/17 Projected	FY 17/18 Recommended
Vehicle Rentals	11,455	19,666	12,600	12,600	14,000
Miscellaneous	1,498	954	1,600	600	600
<b>Total Customer Accounting</b>	<b>568,692</b>	<b>577,278</b>	<b>559,350</b>	<b>562,000</b>	<b>561,550</b>
<b>CONSERVATION &amp; PUBLIC SERVICES:</b>					
Salaries and Wages	39,575	22,481	15,100	13,300	13,300
Fringe Benefits	28,427	34,637	11,100	9,700	9,700
Professional and Contractual	25,000	4,011	6,500	22,000	1,500
Contract Labor - Energy Optimization	(65,443)	30,948	-	-	-
Public Service & Communications	12,439	32,653	30,800	21,000	22,000
Community Services	1,866	32,240	34,000	33,000	35,000
Professional Development	102	-	3,000	-	-
Printing and Publishing	892	-	-	-	-
Vehicle Rentals	7,419	3,943	5,000	6,500	6,500
PA295 Energy Optimization Compliance	463,025	510,632	380,500	459,000	505,000
<b>Total Conservation &amp; Public Services</b>	<b>513,302</b>	<b>671,545</b>	<b>486,000</b>	<b>564,500</b>	<b>593,000</b>
<b>ADMINISTRATIVE AND GENERAL:</b>					
Salaries and Wages	362,235	386,497	521,000	500,300	515,700
Fringe Benefits	195,384	322,167	361,300	513,800	474,100
Office Supplies	5,207	5,973	5,200	6,000	6,000
Communications	5,030	3,909	3,500	4,400	4,400
Software and Hardware	16,350	18,579	22,500	12,200	15,000
Fees and Per Diem	57,668	67,613	66,300	68,000	70,000
Board Related Expenses	3,308	3,872	15,000	15,000	15,000
Professional & Contractual	101,647	82,759	83,300	77,100	67,400
Legal Services	49,631	57,950	63,200	58,000	65,000
Employee Appreciation	11,813	7,073	9,000	7,000	7,000
City Fee	1,863,259	1,784,900	1,870,000	1,739,000	1,820,000
Transportation	1,267	619	1,500	1,500	1,500
Professional Development	21,303	15,985	25,000	22,000	25,000
Printing & Publishing	3,436	4,682	6,000	5,000	5,000
Insurance and Bonds	57,875	62,001	65,500	68,000	70,720
Miscellaneous	659	8,359	5,000	5,000	5,000
Depreciation Expense	2,157,940	2,254,188	2,525,000	2,525,000	2,605,000
<b>Total Administrative and General</b>	<b>4,914,012</b>	<b>5,087,126</b>	<b>5,648,300</b>	<b>5,627,300</b>	<b>5,771,820</b>
<b>Total Operating Expenses</b>	<b>32,788,692</b>	<b>34,252,039</b>	<b>35,094,550</b>	<b>33,866,550</b>	<b>35,812,520</b>
<b>Operating Income</b>	<b>\$ 4,354,897</b>	<b>\$ 1,278,005</b>	<b>\$ 1,997,350</b>	<b>\$ 669,650</b>	<b>\$ 252,680</b>
<b>NON OPERATING REVENUES/(EXPENSES):</b>					
Rents and Royalties	\$ 49,046	\$ 44,387	\$ 40,700	\$ 40,000	\$ 46,500
Pole Rentals	42,180	48,860	36,500	68,000	68,000
Reimbursements	143,048	296,244	72,000	147,000	91,300
Interest & Dividend Earnings	310,269	348,193	170,000	350,000	350,000
Gain/(Loss) on Sale of Fixed Assets	(428,620)	(355,965)	50,000	8,000	-
<b>Total Non Operating Revenue/(Expenses)</b>	<b>115,923</b>	<b>381,719</b>	<b>369,200</b>	<b>613,000</b>	<b>555,800</b>
<b>Change in Net Position before Transfers</b>	<b>\$ 4,470,820</b>	<b>\$ 1,659,724</b>	<b>\$ 2,366,550</b>	<b>\$ 1,282,650</b>	<b>\$ 808,480</b>

City of Traverse City, Michigan  
**TRAVERSE CITY LIGHT & POWER**  
 2017-18 Budgeted Revenues and Expenses

	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Budget	FY 16/17 Projected	FY 17/18 Recommended
<b><u>OTHER FINANCING SOURCES:</u></b>					
Operating Transfers In	-	175,000	175,000	125,000	125,000
Change in Net Position	<u>\$ 4,470,820</u>	<u>\$ 1,834,724</u>	<u>\$ 2,541,550</u>	<u>\$ 1,407,650</u>	<u>\$ 933,480</u>

## Traverse City Light & Power - Electric Fund

### Cash Flow Forecast - Market Value of Assets - 9 year amortization MERS and 2.5% rate increase in 2018-19 & 2020-21 & 2022-23

Fiscal Year:	Actual 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22	Estimate 2022/23
<b>Receipts</b>								
Charges for Services	31,666,113	31,145,000	32,690,000	34,161,050	34,844,271	36,412,263	37,140,508	38,811,831
Other Operating Revenues	3,863,931	3,391,200	3,375,200	3,442,704	3,511,558	3,581,789	3,653,425	3,726,494
Non Operating Revenues	630,842	613,000	555,800	566,916	578,254	589,819	601,616	613,648
Transfers in	175,000	125,000	125,000	125,000	100,000	100,000	100,000	100,000
<b>Total Receipts</b>	<b>36,335,886</b>	<b>35,274,200</b>	<b>36,746,000</b>	<b>38,295,670</b>	<b>39,034,083</b>	<b>40,683,872</b>	<b>41,495,549</b>	<b>43,251,973</b>
<b>Payments</b>								
Generation Expense	23,069,158	22,786,750	24,099,550	24,581,541	25,073,172	25,574,635	26,086,128	26,607,851
Distribution Expense	4,387,363	3,821,100	4,261,500	4,346,730	4,433,665	4,522,338	4,612,785	4,705,040
Transmission Expense	451,739	504,900	525,100	535,602	546,314	557,240	568,385	579,753
Metering & Customer Accounting	560,770	562,000	561,550	472,781	482,237	491,881	501,719	511,753
Conservation & Public Service	671,545	564,500	593,000	604,860	616,957	629,296	641,882	654,720
Administrative & General	985,174	1,295,300	1,276,100	1,301,622	1,327,654	1,354,208	1,381,292	1,408,918
Insurance	62,001	68,000	70,720	72,134	73,577	75,049	76,550	78,081
City Fee	1,784,900	1,739,000	1,820,000	1,856,400	1,893,528	1,931,399	1,970,027	2,009,427
GASB 68 Adjustment	(1,096,888)	(181,426)	161,522	164,752	168,047	171,408	174,837	178,333
Capital Investments	8,407,374	5,695,500	5,776,591	5,640,591	5,766,591	6,221,591	5,193,591	4,811,591
<b>Total Payments</b>	<b>39,283,136</b>	<b>36,855,624</b>	<b>39,145,633</b>	<b>39,577,014</b>	<b>40,381,742</b>	<b>41,529,045</b>	<b>41,207,194</b>	<b>41,545,466</b>
<b>Cashflow Surplus/Deficit (-)</b>	<b>(2,947,250)</b>	<b>(1,581,424)</b>	<b>(2,399,633)</b>	<b>(1,281,344)</b>	<b>(1,347,659)</b>	<b>(845,173)</b>	<b>288,355</b>	<b>1,706,506</b>
<b>Opening Cash &amp; Investments Balance</b>	<b>22,318,405</b>	<b>19,371,155</b>	<b>17,789,731</b>	<b>15,390,098</b>	<b>14,108,754</b>	<b>12,761,095</b>	<b>11,915,922</b>	<b>12,204,276</b>
<b>Closing Cash &amp; Investments Balance</b>	<b>19,371,155</b>	<b>17,789,731</b>	<b>15,390,098</b>	<b>14,108,754</b>	<b>12,761,095</b>	<b>11,915,922</b>	<b>12,204,276</b>	<b>13,910,783</b>
<b>Reserved Cash &amp; Investment Balance</b>	<b>9,350,000</b>	<b>9,405,000</b>	<b>9,700,000</b>	<b>9,800,000</b>	<b>9,900,000</b>	<b>10,000,000</b>	<b>10,400,000</b>	<b>10,550,000</b>
<b>Unreserved &amp; Undesignated Cash &amp; Investment</b>	<b>10,021,155</b>	<b>8,384,731</b>	<b>5,690,098</b>	<b>4,308,754</b>	<b>2,861,095</b>	<b>1,915,922</b>	<b>1,804,276</b>	<b>3,360,783</b>

Traverse City Light and Power  
Payroll Supplemental Spreadsheet  
March 2017

	2015	2016	2017		2018
	Actual	Actual	Budget	Projected	Budget
<b>Generation Department</b>					
Wages	253,450.55	291,524.48	272,415.20	272,415.20	276,406.69
Fringe Benefits	139,797.29	171,766.62	228,830.89	306,146.36	347,492.50
<b>Subtotal</b>	<b>393,247.84</b>	<b>463,291.10</b>	<b>501,246.09</b>	<b>578,561.56</b>	<b>623,899.19</b>
Reclassifications	(191,466.36)	(147,519.17)	(199,396.20)	(204,192.43)	(419,311.35)
<b>Net Wages/Fringe Benefits Reported</b>	<b>201,781.48</b>	<b>315,771.93</b>	<b>301,849.89</b>	<b>374,369.13</b>	<b>204,587.84</b>
<b>TCLP FTE's</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>
<b>Distribution Department</b>					
Wages	1,970,582.71	1,925,399.17	1,960,657.00	1,672,141.05	1,958,301.03
Fringe Benefits	1,148,436.06	1,182,241.80	1,612,909.93	1,838,395.16	2,166,927.45
<b>Subtotal</b>	<b>3,119,018.77</b>	<b>3,107,640.97</b>	<b>3,573,566.93</b>	<b>3,510,536.21</b>	<b>4,125,228.48</b>
Reclassifications	(817,688.62)	(299,800.95)	(1,130,513.23)	(968,562.00)	(1,306,217.05)
<b>Net Wages/Fringe Benefits Reported</b>	<b>2,301,330.15</b>	<b>2,807,840.02</b>	<b>2,443,053.70</b>	<b>2,541,974.21</b>	<b>2,819,011.43</b>
<b>TCLP FTE's</b>	<b>24.15</b>	<b>24.15</b>	<b>24.25</b>	<b>21.66</b>	<b>24.25</b>
<b>Transmission Department</b>					
Reclassifications	288,743.79	263,826.04	282,107.15	290,600.00	297,600.00

Traverse City Light and Power  
 Payroll Supplemental Spreadsheet  
 March 2017

	2015	2016		2017		2018
	Actual	Actual	Budget	Projected	Budget	Budget
<b>Customer Service/Metering Department</b>						
Wages	306,632.12	288,124.42	298,223.26	278,270.66	267,622.87	
Fringe Benefits	149,345.36	134,258.79	154,897.87	162,544.03	176,436.68	
<b>Subtotal</b>	<b>455,977.48</b>	<b>422,383.21</b>	<b>453,121.13</b>	<b>440,814.69</b>	<b>444,059.55</b>	
Reclassifications	(13,595.20)	41,433.24	(57,785.02)	2,353.32	(16,681.17)	
<b>Net Wages/Fringe Benefits Reported</b>	<b>442,382.28</b>	<b>463,816.45</b>	<b>395,336.11</b>	<b>443,168.01</b>	<b>427,378.38</b>	
TCLP FTE's	2.50	2.50	2.50	2.00	2.00	
<b>Total City FTE's</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>2.90</b>	
<b>Energy Optimization/Public Service</b>						
Wages	54,698.34	35,129.17	-	-	-	
Fringe Benefits	25,037.87	15,141.68	-	-	-	
<b>Subtotal</b>	<b>79,736.21</b>	<b>50,270.85</b>	-	-	-	
Reclassifications	(11,734.38)	6,848.14	26,097.84	23,000.00	23,000.00	
<b>Net Wages/Fringe Benefits Reported</b>	<b>68,001.83</b>	<b>57,118.99</b>	<b>26,097.84</b>	<b>23,000.00</b>	<b>23,000.00</b>	
TCLP FTE's	1.00	0.50	-	-	-	

Traverse City Light and Power  
 Payroll Supplemental Spreadsheet  
 March 2017

	2015	2016	2017		2018
	Actual	Actual	Budget	Projected	Budget
<b>Administration Departments</b>					
Wages	366,890.72	386,497.05	520,907.94	530,356.13	548,223.32
Fringe Benefits	158,756.56	192,266.65	369,126.44	482,126.22	495,379.87
<b>Subtotal</b>	<b>525,647.28</b>	<b>578,763.70</b>	<b>890,034.38</b>	<b>1,012,482.35</b>	<b>1,043,603.19</b>
Reclassifications	31,971.63	129,900.57	(8,415.72)	(1,156.70)	(56,037.42)
<b>Net Wages/Fringe Benefits Reported</b>	<b>557,618.91</b>	<b>708,664.27</b>	<b>881,618.66</b>	<b>1,011,325.65</b>	<b>987,565.77</b>
TCLP FTE's	4.00	4.00	5.90	5.90	5.90
<b>Fiber Fund</b>					
Wages	8,728.96	11,008.61	81,006.27	81,006.27	81,614.82
Fringe Benefits	1,877.52	5,061.29	66,704.14	88,873.30	99,210.00
<b>Subtotal</b>	<b>10,606.48</b>	<b>16,069.90</b>	<b>147,710.41</b>	<b>169,879.57</b>	<b>180,824.82</b>
Reclassifications	73,725.26	63,843.11	(1,639.34)	1,534.07	(5,303.93)
<b>Net Wages/Fringe Benefits Reported</b>	<b>84,331.74</b>	<b>79,913.01</b>	<b>146,071.07</b>	<b>171,413.64</b>	<b>175,520.89</b>
TCLP FTE's	0.10	0.10	1.10	1.10	1.10



Traverse City Light and Power  
 Payroll Supplemental Spreadsheet  
 March 2017

	2015	2016	2017		2018
	Actual	Actual	Budget	Projected	Budget
<b>Reclassifications:</b>					
Kalkaska Combustion Turbine	184,510.12	196,620.93	173,746.50	178,800.00	350,000.00
GASB 68 & GASB 75	(383,350.00)	(1,096,128.06)	53,974.70	(181,426.35)	159,781.57
Energy Optimization	56,301.84	19,221.46	53,218.32	9,950.09	24,400.00
Capitalization of wages	782,581.92	821,754.69	808,605.00	849,100.00	948,769.35
<b>Total</b>	<b>(0.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>(0.00)</b>	<b>0.00</b>
<b>Total Wages/Fringe Benefits</b>	<b>4,584,234.06</b>	<b>4,638,419.73</b>	<b>5,565,678.94</b>	<b>5,712,274.38</b>	<b>6,417,615.23</b>
<b>Total TCL&amp;P FTE's</b>	<b>34.75</b>	<b>34.25</b>	<b>36.75</b>	<b>33.66</b>	<b>36.25</b>
<b>Total City FTE's</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>2.90</b>
<b>Total FTE's</b>	<b>37.75</b>	<b>37.25</b>	<b>39.75</b>	<b>36.66</b>	<b>39.15</b>

**Note:** Amounts may not agree exactly to the budget statement because of rounding amounts for budgeting purposes.



**TRAVERSE CITY  
LIGHT & POWER**

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**To:** Light & Power Board  
**From:** Tim Arends, Executive Director  
**Date:** February 21, 2017  
**Subject:** Presentation of the Fiber Fund 2017-18 Budget

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Enclosed is the Fiber Fund and related cash flow for the fiscal year end June 30, 2018.

**BUDGET**

This year the budget is relatively status quo to the last year's presented budget with a few exceptions noted below.

**Fringe benefits** increased related to pension expense being underestimated in the prior year budget. It was caused by the not incorporating the impact of the assumption changes (interest rate, mortality, and amortization policy) and the effect of the investment loss for the 2015 calendar year.

**Professional services** decreased relating to the Fiber to the Premise Feasibility Study being completed in the current fiscal year.

**Repairs and maintenance and Reimbursements** accounts increased relating to a fiber relocation costs being incurred and reimbursed by the property owner.

The **Transfer out** decreased related to maintaining adequate cash flow in the fund while continuing with the repayment to the Electric Fund for the initial investment of the Fiber Fund.

This budget does not reflect any activity relating to the Fiber to the Premise Project. If the Board decides to move forward after the presentation of the feasibility study and board discussion, all of the initial activity (construction phase) would be reflected in the balance sheet primarily through bonds payable, cash and fixed assets.

**CASH FLOW**

The projected six year cash flow represents inflationary increases in fiber revenue and related expenses, except for one time expenses such as the professional services related to the fiber business plan and one time fiber relocations costs and corresponding reimbursement. Additionally, staff has continued to include planned repayments to the Electric Fund for the initial investments into the Fiber Fund.

**Traverse City Light & Power  
Fiber Optics Fund  
2017-18 Budgeted Revenues and Expenses**

	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Budgeted	FY 16/17 Projected	FY 17/18 Recommended
<b><u>Operating revenues:</u></b>					
Charges for services	\$ 255,752	\$ 278,376	\$ 326,316	\$ 279,000	\$ 319,000
Other	-	129	-	-	-
<b>Total Operating Revenues</b>	<b>255,752</b>	<b>278,505</b>	<b>326,316</b>	<b>279,000</b>	<b>319,000</b>
<b><u>Operating expenses:</u></b>					
Salaries and wages	49,165	44,601	72,072	78,500	81,500
Fringe benefits	35,167	35,081	57,632	91,660	99,210
Office & operation supplies	331	1,829	1,000	1,500	1,000
WIFI operations and maintenance	23,225	28,678	32,000	32,000	29,800
Hardware and software	-	-	4,000	5,400	5,400
Professional services	-	1,727	54,200	24,500	-
Legal services	-	2,475	2,700	2,000	1,500
City fee	12,788	13,932	16,400	13,975	15,975
Professional development	-	-	2,500	-	2,500
Insurance	1,161	-	1,400	1,000	1,000
Repair and maintenance	-	11,171	5,000	9,000	20,000
Vehicle rental	12,461	8,974	13,000	13,000	13,000
Miscellaneous	-	-	-	-	-
Depreciation expense	116,606	143,383	145,000	145,000	145,000
<b>Total operating expenses</b>	<b>250,904</b>	<b>291,851</b>	<b>406,904</b>	<b>417,535</b>	<b>415,885</b>
<b>Operating income (loss)</b>	<b>4,848</b>	<b>(13,346)</b>	<b>(80,588)</b>	<b>(138,535)</b>	<b>(96,885)</b>
<b><u>Non-operating revenues:</u></b>					
Reimbursements	296,122	54,127	38,400	42,400	53,400
Interest revenue	4	125	500	500	500
<b>Total non operating revenues</b>	<b>296,126</b>	<b>54,252</b>	<b>38,900</b>	<b>42,900</b>	<b>53,900</b>
<b><u>Other financing transfers:</u></b>					
Transfer out	-	(175,000)	(175,000)	(125,000)	(125,000)
<b>Change in net position</b>	<b>\$ 300,974</b>	<b>\$ (134,094)</b>	<b>\$ (216,688)</b>	<b>\$ (220,635)</b>	<b>\$ (167,985)</b>

**Traverse City Light & Power - Fiber Fund**

Fiscal Year:	Actual 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2020/22
<b>Receipts</b>							
Charges for services - Fiber	\$ 281,076	\$ 279,000	\$ 319,000	\$ 325,380	\$ 331,888	\$ 338,525	\$ 345,296
Non Operating Revenues - Reimbursements	54,127	42,400	53,400	38,400	39,168	39,951	40,750
Non Operating Revenues - Other	500	500	500	500	500	500	500
Timing of receivables (DDA WIFI Project)	275,000	-	-	-	-	-	-
Interfund cash deficit loan	(19,441)	-	-	-	-	-	-
<b>Total Receipts</b>	<b>591,262</b>	<b>321,900</b>	<b>372,900</b>	<b>364,280</b>	<b>371,556</b>	<b>378,977</b>	<b>386,546</b>
<b>Payments</b>							
Fiber Expense	145,578	240,535	241,085	230,607	235,219	239,923	244,722
WIFI Expense	33,500	32,000	29,800	30,396	31,004	31,624	32,256
Capital Investments	28,086	-	-	-	-	-	-
Transfer to Electric Fund	175,000	125,000	125,000	125,000	100,000	100,000	100,000
<b>Total Payments</b>	<b>382,164</b>	<b>397,535</b>	<b>395,885</b>	<b>386,003</b>	<b>366,223</b>	<b>371,547</b>	<b>376,978</b>
<b>Cashflow Surplus/Deficit (-)</b>	<b>209,098</b>	<b>(75,635)</b>	<b>(22,985)</b>	<b>(21,723)</b>	<b>5,333</b>	<b>7,430</b>	<b>9,568</b>
<b>Opening Cash &amp; Investments Balance</b>	<b>\$ -</b>	<b>\$ 209,098</b>	<b>\$ 133,463</b>	<b>\$ 110,478</b>	<b>\$ 88,755</b>	<b>\$ 94,088</b>	<b>\$ 101,518</b>
<b>Closing Cash &amp; Investments Balance</b>	<b>\$ 209,098</b>	<b>\$ 133,463</b>	<b>\$ 110,478</b>	<b>\$ 88,755</b>	<b>\$ 94,088</b>	<b>\$ 101,518</b>	<b>\$ 111,086</b>

FOR THE LIGHT & POWER BOARD MEETING OF MARCH 14, 2017



TRAVERSE CITY  
LIGHT & POWER

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**To:** Light & Power Board  
**From:** Karla Myers-Beman, Controller  
**Date:** February 21, 2017  
**Subject:** Rate Comparison

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A strategic plan goal under Customer Satisfaction is to maintain customer rates lower than other utilities in the area. As a part of measuring whether the utility is successful, staff completes a rate survey every two years of the utilities throughout the state.

Included with this memo you will find the rate survey of Residential Rate with consumption levels at 500 kWh and 1000 kWh, Small Commercial Rate with consumption level at 1,200 kWh and Large Commercial Rate with demand level at 30 kW and consumption level 11,000 kWh. The consumption amounts for the Small and Large Commercial Rates were obtained by averaging TCL&P's actual billing data from the past fiscal year.

The data for this rate survey was obtained from utility websites, telephone calls/emails to respective entities and is for the time period for rates effective as of December 2016.

Compared to the last rate survey completed in December 2014 residential is ranked 4<sup>th</sup> up from 7<sup>th</sup> and 11<sup>th</sup>, respectively, for the 500 kWh and 1000 kWh consumption level. Small commercial is at the top of the mid-range with being ranked at 14<sup>th</sup> up from 23<sup>rd</sup>, less expensive than Consumers Energy, but more expensive than Cherryland Electric Cooperative. Large commercial is better than small commercial ranked at 3<sup>rd</sup> up from 11<sup>th</sup>, less expensive than both Consumers Energy and Cherryland Electric Cooperative.

The movement upward in each rate comparison is primarily caused from the change in the utility's power service cost recovery rate. In December 2014 this rate was \$.00860 and it has decreased to \$(.00144) in the current rate survey.

Traverse City Light & Power													
Michigan Electric Rate Survey - December 2016													
500 KWH													
RESIDENTIAL													
	Energy	PA 295	PSCR	Availability	Tax	Total	Rank	Energy Rate	PA 295 Per kWh Rate	PA 295 Monthly Rate	PSCR Rate	Availability	
m	Zeeland BPW	\$ 34.05	\$ 1.00	\$ 3.00	\$ 6.50	\$ 1.78	\$ 46.33	1	\$ 0.06810	\$ -	1.00	\$ 0.005997	\$ 6.50
m	Harbor Springs	\$ 37.10	\$ 0.62	\$ 6.50	\$ 4.00	\$ 1.93	\$ 50.15	2	\$ 0.07420	\$ 0.001240	-	\$ 0.013	\$ 4.00
m	Chelsea Light & Power	\$ 38.10	\$ 1.00	\$ 3.00	\$ 6.70	\$ 1.95	\$ 50.75	3	\$ 0.07620	\$ -	1.00	\$ 0.00600	\$ 6.70
m	Traverse City Light & Power	\$ 47.00	\$ -	\$ (0.72)	\$ 6.00	\$ 2.09	\$ 54.37	4	\$ 0.09400	\$ -	-	\$ (0.00144)	\$ 6.00
m	Charlevoix	\$ 40.85	\$ 0.89	\$ 10.70	\$ 5.25	\$ 2.31	\$ 59.99	5	\$ 0.08170	\$ 0.001780	-	\$ 0.02139	\$ 5.25
i	American Electric Power/Indiana Michigan	\$ 44.11	\$ 3.70	\$ 4.45	\$ 7.25	\$ 2.38	\$ 61.87	6	\$ 0.08821	\$ 0.001390	3.00	\$ 0.00889	\$ 7.25
m	Holland Board of Public Works	\$ 49.85	\$ 3.87	\$ -	\$ 7.26	\$ 2.44	\$ 63.42	7	\$ 0.09970	\$ 0.001745	3.00	\$ -	\$ 7.26
m	Bay City Electric L&P	\$ 50.90	\$ 0.41	\$ (1.62)	\$ 11.75	\$ 2.46	\$ 63.91	8	\$ 0.10180	\$ 0.000825	-	\$ (0.00323)	\$ 11.75
m	Coldwater Board of Public Utilities	\$ 49.75	\$ 1.26	\$ 3.87	\$ 7.50	\$ 2.50	\$ 64.88	9	\$ 0.09950	\$ 0.002520	-	\$ 0.0077486	\$ 7.50
i	Wisconsin Public Service (Menominee)	\$ 51.06	\$ 1.10	\$ (0.95)	\$ 12.00	\$ 2.53	\$ 65.73	10	\$ 0.10211	\$ 0.002200	-	\$ (0.00190)	\$ 12.00
i	Northern States Power Company / Xcel	\$ 56.50	\$ 1.10	\$ (2.19)	\$ 8.75	\$ 2.57	\$ 66.73	11	\$ 0.11300	\$ 0.002200	-	\$ (0.00438)	\$ 8.75
m	St Louis	\$ 57.13	\$ 1.13	\$ -	\$ 6.70	\$ 2.60	\$ 67.55	12	\$ 0.11426	\$ 0.002250	-	\$ -	\$ 6.70
m	Niles Utilities Department	\$ 47.00	\$ -	\$ 3.35	\$ 15.00	\$ 2.61	\$ 67.96	13	\$ 0.09400	\$ -	-	\$ 0.0066937	\$ 15.00
i	Alpena Power Company	\$ 59.11	\$ 1.35	\$ -	\$ 5.00	\$ 2.62	\$ 68.07	14	\$ 0.11821	\$ 0.002690	-	\$ -	\$ 5.00
m	Lowell Light & Power	\$ 39.30	\$ 3.81	\$ 11.95	\$ 10.80	\$ 2.63	\$ 68.50	15	\$ 0.07860	\$ 0.001627	3.00	\$ 0.02390	\$ 10.80
m	Marshall	\$ 57.05	\$ -	\$ 2.45	\$ 7.25	\$ 2.67	\$ 69.42	16	\$ 0.11410	\$ -	-	\$ 0.00490	\$ 7.25
m	Hillsdale Board of Public Works	\$ 57.62	\$ 1.15	\$ -	\$ 8.16	\$ 2.68	\$ 69.60	17	\$ 0.11523	\$ 0.002300	-	\$ -	\$ 8.16
m	Gladstone	\$ 60.05	\$ 0.80	\$ (1.80)	\$ 8.00	\$ 2.68	\$ 69.73	18	\$ 0.12010	\$ 0.001600	-	\$ (0.00360)	\$ 8.00
m	Sturgis	\$ 50.59	\$ 0.96	\$ 1.90	\$ 15.00	\$ 2.74	\$ 71.18	19	\$ 0.10118	\$ 0.001910	-	\$ 0.00380	\$ 15.00
c	Thumb Electric	\$ 60.68	\$ 1.08	\$ (5.04)	\$ 12.00	\$ 2.75	\$ 71.47	20	\$ 0.12136	\$ 0.002160	-	\$ (0.01008)	\$ 12.00
m	L'Anse	\$ 60.55	\$ 1.30	\$ (2.75)	\$ 10.00	\$ 2.76	\$ 71.86	21	\$ 0.12110	\$ 0.002600	-	\$ (0.00550)	\$ 10.00
m	Dowagiac	\$ 52.30	\$ 1.10	\$ 3.48	\$ 12.37	\$ 2.77	\$ 72.01	22	\$ 0.10459	\$ 0.00220	-	\$ 0.00696	\$ 12.37
m	Lansing Board of Water & Light	\$ 59.85	\$ 1.68	\$ 0.94	\$ 10.00	\$ 2.90	\$ 75.36	23	\$ 0.11970	\$ 0.001853	0.75	\$ 0.001873	\$ 10.00
i	Consumers Energy	\$ 68.10	\$ 1.44	\$ (3.44)	\$ 7.00	\$ 2.92	\$ 76.03	24	\$ 0.13620	\$ 0.002889	-	\$ (0.00688)	\$ 7.00
m	Grand Haven Board of Light & Power	\$ 60.95	\$ -	\$ 2.60	\$ 10.00	\$ 2.94	\$ 76.49	25	\$ 0.12190	\$ -	-	\$ 0.00520	\$ 10.00
c	Cloverland Electric Coopertive	\$ 59.43	\$ 0.99	\$ 4.14	\$ 9.00	\$ 2.94	\$ 76.50	26	\$ 0.11886	\$ 0.001970	-	\$ 0.00828	\$ 9.00
c	Cherryland Electric Cooperative	\$ 54.90	\$ 0.72	\$ 4.00	\$ 15.00	\$ 2.98	\$ 77.60	27	\$ 0.10980	\$ 0.001430	-	\$ 0.00800	\$ 15.00
i	Detroit Edison Company	\$ 67.77	\$ 1.20	\$ (0.10)	\$ 6.00	\$ 2.99	\$ 77.86	28	\$ 0.13554	\$ -	1.20	\$ (0.00020)	\$ 6.00
c	Presque Isle Electric & Gas	\$ 56.87	\$ 1.15	\$ (0.66)	\$ 18.00	\$ 3.01	\$ 78.37	29	\$ 0.11373	\$ 0.002290	-	\$ (0.00131)	\$ 18.00
m	Wyandotte	\$ 69.88	\$ 2.30	\$ -	\$ 5.50	\$ 3.11	\$ 80.79	30	\$ 0.13975	\$ 0.001968	1.32	\$ -	\$ 5.50
m	Crystal Falls	\$ 64.50	\$ 1.35	\$ -	\$ 12.73	\$ 3.14	\$ 81.72	31	\$ 0.12900	\$ 0.002700	-	\$ -	\$ 12.73
c	Midwest Energy Cooperative	\$ 57.20	\$ 0.99	\$ 2.70	\$ 18.00	\$ 3.16	\$ 82.05	32	\$ 0.114408	\$ 0.001980	-	\$ 0.00540	\$ 18.00
i	Wisconsin Electric (Western U.P.)	\$ 68.86	\$ 2.92	\$ (2.04)	\$ 9.47	\$ 3.17	\$ 82.37	33	\$ 0.13771	\$ 0.003470	1.18	\$ (0.00408)	\$ 9.47
c	Homeworks Tri-County Electric	\$ 61.40	\$ 0.87	\$ 2.01	\$ 17.50	\$ 3.27	\$ 85.04	34	\$ 0.12280	\$ 0.001730	-	\$ 0.00401	\$ 17.50
m	Marquette Light & Power	\$ 67.50	\$ 0.89	\$ (0.83)	\$ 16.50	\$ 3.36	\$ 87.42	35	\$ 0.13500	\$ 0.001771	-	\$ (0.00165)	\$ 16.50
c	Great Lakes Energy	\$ 43.20	\$ 0.99	\$ 8.25	\$ 32.21	\$ 3.39	\$ 88.04	36	\$ 0.08640	\$ 0.001980	-	\$ 0.01650	\$ 32.21
m	Norway	\$ 65.45	\$ 1.24	\$ 5.00	\$ 13.00	\$ 3.39	\$ 88.08	37	\$ 0.13090	\$ 0.002480	-	\$ 0.01000	\$ 13.00
m	Negaunee	\$ 69.60	\$ 1.50	\$ 2.50	\$ 14.40	\$ 3.52	\$ 91.52	38	\$ 0.13920	\$ 0.003000	-	\$ 0.00500	\$ 14.40
c	Alger Delta Electric	\$ 74.50	\$ 1.31	\$ -	\$ 25.00	\$ 4.03	\$ 104.84	39	\$ 0.14900	\$ 0.002620	-	\$ -	\$ 25.00
i	Upper Peninsula Power (Central U.P.)	\$ 104.64	\$ 2.40	\$ -	\$ 15.00	\$ 4.88	\$ 126.92	40	\$ 0.20927	\$ 0.004800	-	\$ -	\$ 15.00
c	Ontonagon County REA	\$ 93.50	\$ 1.38	\$ 8.25	\$ 20.00	\$ 4.93	\$ 128.05	41	\$ 0.18700	\$ 0.002750	-	\$ 0.01650	\$ 20.00
<p>Note: Prepared by TCL&amp;P for internal use only. Rate information obtained from utility websites and telephone calls/e-mail's to respective billing departments. Some rate information may contain estimates and judgment was used for selection of the best rate to be used in comparison. Based on winter/fall of 2016 billing information. Analysis does not include low income surcharge because of it being a pass through to the State of Michigan.</p>													
c	Cooperatives												
m	Municipals												
i	Investor Owned												

Traverse City Light & Power													
Michigan Electric Rate Survey - December 2016													
1,000 KWH													
RESIDENTIAL	Energy	PA 295	PSCR	Availability	Tax	Total	Rank	Energy Rate	PA 295 Per kWh Rate	PA 295 Monthly Rate	PSCR Rate	Availability	
m	Zeeland BPW	\$ 68.10	\$ 1.00	\$ 6.00	\$ 6.50	\$ 3.26	\$ 84.86	1	\$ 0.06810	\$ -	1.00	\$ 0.005997	\$ 6.50
m	Chelsea Light & Power	\$ 76.20	\$ 1.00	\$ 6.00	\$ 6.70	\$ 3.60	\$ 93.50	2	\$ 0.07620	\$ -	1.00	\$ 0.006000	\$ 6.70
m	Harbor Springs	\$ 74.20	\$ 1.24	\$ 13.00	\$ 4.00	\$ 3.70	\$ 96.14	3	\$ 0.07420	\$ 0.001240	\$ -	\$ 0.013	\$ 4.00
m	<b>Traverse City Light &amp; Power</b>	\$ <b>94.00</b>	\$ <b>-</b>	\$ <b>(1.44)</b>	\$ <b>6.00</b>	\$ <b>3.94</b>	\$ <b>102.50</b>	<b>4</b>	\$ <b>0.09400</b>	\$ <b>-</b>	\$ <b>-</b>	\$ <b>(0.00144)</b>	\$ <b>6.00</b>
i	American Electric Power/Indiana Michigan	\$ 88.21	\$ 4.39	\$ 8.89	\$ 7.25	\$ 4.35	\$ 113.09	5	\$ 0.08821	\$ 0.001390	3.00	\$ 0.00889	\$ 7.25
m	Charlevoix	\$ 81.70	\$ 1.78	\$ 21.39	\$ 5.25	\$ 4.40	\$ 114.52	6	\$ 0.08170	\$ 0.001780	\$ -	\$ 0.02139	\$ 5.25
m	Bay City Electric L&P	\$ 101.80	\$ 0.83	\$ (3.23)	\$ 11.75	\$ 4.45	\$ 115.59	7	\$ 0.10180	\$ 0.000825	\$ -	\$ (0.00323)	\$ 11.75
m	Holland Board of Public Works	\$ 99.70	\$ 4.75	\$ -	\$ 7.26	\$ 4.47	\$ 116.17	8	\$ 0.09970	\$ 0.001745	3.00	\$ -	\$ 7.26
i	Wisconsin Public Service (Menominee)	\$ 102.11	\$ 2.20	\$ (1.90)	\$ 12.00	\$ 4.58	\$ 118.99	9	\$ 0.10211	\$ 0.002200	\$ -	\$ (0.00190)	\$ 12.00
m	Niles Utilities Department	\$ 94.00	\$ -	\$ 6.69	\$ 15.00	\$ 4.63	\$ 120.32	10	\$ 0.09400	\$ -	\$ -	\$ 0.0066937	\$ 15.00
m	Coldwater Board of Public Utilities	\$ 99.50	\$ 2.52	\$ 7.75	\$ 7.50	\$ 4.69	\$ 121.96	11	\$ 0.09950	\$ 0.002520	\$ -	\$ 0.0077486	\$ 7.50
m	Lowell Light & Power	\$ 78.60	\$ 4.63	\$ 23.90	\$ 10.80	\$ 4.72	\$ 122.64	12	\$ 0.07860	\$ 0.001627	3.00	\$ 0.02390	\$ 10.80
i	Northern States Power Company / Xcel	\$ 113.00	\$ 2.20	\$ (4.38)	\$ 8.75	\$ 4.78	\$ 124.35	13	\$ 0.11300	\$ 0.002200	\$ -	\$ (0.00438)	\$ 8.75
m	Sturgis	\$ 101.18	\$ 1.91	\$ 3.80	\$ 15.00	\$ 4.88	\$ 126.77	14	\$ 0.10118	\$ 0.001910	\$ -	\$ 0.00380	\$ 15.00
m	St Louis	\$ 114.26	\$ 2.25	\$ -	\$ 6.70	\$ 4.93	\$ 128.14	15	\$ 0.11426	\$ 0.002250	\$ -	\$ -	\$ 6.70
c	Thumb Electric	\$ 121.36	\$ 2.16	\$ (10.08)	\$ 12.00	\$ 5.02	\$ 130.46	16	\$ 0.12136	\$ 0.002160	\$ -	\$ (0.01008)	\$ 12.00
m	Hillsdale Board of Public Works	\$ 115.23	\$ 2.30	\$ -	\$ 8.16	\$ 5.03	\$ 130.72	17	\$ 0.11523	\$ 0.002300	\$ -	\$ -	\$ 8.16
i	Alpena Power Company	\$ 118.21	\$ 2.69	\$ -	\$ 5.00	\$ 5.04	\$ 130.94	18	\$ 0.11821	\$ 0.002690	\$ -	\$ -	\$ 5.00
m	Gladstone	\$ 120.10	\$ 1.60	\$ (3.60)	\$ 8.00	\$ 5.04	\$ 131.14	19	\$ 0.12010	\$ 0.001600	\$ -	\$ (0.00360)	\$ 8.00
m	Dowagiac	\$ 104.59	\$ 2.20	\$ 6.96	\$ 12.37	\$ 5.04	\$ 131.16	20	\$ 0.10459	\$ 0.00220	\$ -	\$ 0.00696	\$ 12.37
m	Marshall	\$ 114.10	\$ -	\$ 4.90	\$ 7.25	\$ 5.05	\$ 131.30	21	\$ 0.11410	\$ -	\$ -	\$ 0.00490	\$ 7.25
m	L'Anse	\$ 121.10	\$ 2.60	\$ (5.50)	\$ 10.00	\$ 5.13	\$ 133.33	22	\$ 0.12110	\$ 0.002600	\$ -	\$ (0.00550)	\$ 10.00
c	Presque Isle Electric & Gas	\$ 113.73	\$ 2.29	\$ (1.31)	\$ 18.00	\$ 5.31	\$ 138.02	23	\$ 0.11373	\$ 0.002290	\$ -	\$ (0.00131)	\$ 18.00
m	Lansing Board of Water & Light	\$ 119.70	\$ 2.60	\$ 1.87	\$ 10.00	\$ 5.37	\$ 139.54	24	\$ 0.11970	\$ 0.001853	0.75	\$ 0.001873	\$ 10.00
c	Cherryland Electric Cooperative	\$ 109.80	\$ 1.43	\$ 8.00	\$ 15.00	\$ 5.37	\$ 139.60	25	\$ 0.10980	\$ 0.001430	\$ -	\$ 0.00800	\$ 15.00
c	Great Lakes Energy	\$ 86.40	\$ 1.98	\$ 16.50	\$ 32.21	\$ 5.48	\$ 142.57	26	\$ 0.08640	\$ 0.001980	\$ -	\$ 0.01650	\$ 32.21
m	Grand Haven Board of Light & Power	\$ 121.90	\$ -	\$ 5.20	\$ 10.00	\$ 5.48	\$ 142.58	27	\$ 0.12190	\$ -	\$ -	\$ 0.00520	\$ 10.00
c	Cloverland Electric Cooperative	\$ 118.86	\$ 1.97	\$ 8.28	\$ 9.00	\$ 5.52	\$ 143.63	28	\$ 0.11886	\$ 0.001970	\$ -	\$ 0.00828	\$ 9.00
i	Consumers Energy	\$ 136.20	\$ 2.89	\$ (6.88)	\$ 7.00	\$ 5.57	\$ 144.78	29	\$ 0.13620	\$ 0.002889	\$ -	\$ (0.00688)	\$ 7.00
c	Midwest Energy Cooperative	\$ 114.41	\$ 1.98	\$ 5.40	\$ 18.00	\$ 5.59	\$ 145.38	30	\$ 0.114408	\$ 0.001980	\$ -	\$ 0.00540	\$ 18.00
m	Crystal Falls	\$ 129.00	\$ 2.70	\$ -	\$ 12.73	\$ 5.78	\$ 150.21	31	\$ 0.12900	\$ 0.002700	\$ -	\$ -	\$ 12.73
c	Homeworks Tri-County Electric	\$ 122.80	\$ 1.73	\$ 4.01	\$ 17.50	\$ 5.84	\$ 151.88	32	\$ 0.12280	\$ 0.001730	\$ -	\$ 0.00401	\$ 17.50
i	Wisconsin Electric (Western U.P.)	\$ 137.71	\$ 4.65	\$ (4.08)	\$ 9.47	\$ 5.91	\$ 153.66	33	\$ 0.13771	\$ 0.003470	1.18	\$ (0.00408)	\$ 9.47
i	Detroit Edison Company	\$ 135.54	\$ 7.19	\$ (0.20)	\$ 6.00	\$ 5.94	\$ 154.47	34	\$ 0.13554	\$ -	7.19	\$ (0.00020)	\$ 6.00
m	Wyandotte	\$ 139.75	\$ 3.29	\$ -	\$ 5.50	\$ 5.94	\$ 154.48	35	\$ 0.13975	\$ 0.001968	1.32	\$ -	\$ 5.50
m	Marquette Light & Power	\$ 135.00	\$ 1.77	\$ (1.65)	\$ 16.50	\$ 6.06	\$ 157.69	36	\$ 0.13500	\$ 0.001771	\$ -	\$ (0.00165)	\$ 16.50
m	Norway	\$ 130.90	\$ 2.48	\$ 10.00	\$ 13.00	\$ 6.26	\$ 162.64	37	\$ 0.13090	\$ 0.002480	\$ -	\$ 0.01000	\$ 13.00
m	Negaunee	\$ 139.20	\$ 3.00	\$ 5.00	\$ 14.40	\$ 6.46	\$ 168.06	38	\$ 0.13920	\$ 0.003000	\$ -	\$ 0.00500	\$ 14.40
c	Alger Delta Electric	\$ 149.00	\$ 2.62	\$ -	\$ 25.00	\$ 7.06	\$ 183.68	39	\$ 0.14900	\$ 0.002620	\$ -	\$ -	\$ 25.00
c	Ontonagon County REA	\$ 187.00	\$ 2.75	\$ 16.50	\$ 20.00	\$ 9.05	\$ 235.30	40	\$ 0.18700	\$ 0.002750	\$ -	\$ 0.01650	\$ 20.00
i	Upper Peninsula Power (Central U.P.)	\$ 209.27	\$ 4.80	\$ -	\$ 15.00	\$ 9.16	\$ 238.23	41	\$ 0.20927	\$ 0.004800	\$ -	\$ -	\$ 15.00
<p>Note: Prepared by TCL&amp;P for internal use only. Rate information obtained from utility websites and telephone calls/e-mail's to respective billing departments. Some rate information may contain estimates and judgment was used for selection of the best rate to be used in comparison. Based on winter/fall of 2016 billing information. Analysis does not include low income surcharge because of it being a pass through to the State of Michigan.</p>													
c	Cooperatives												
m	Municipals												
i	Investor Owned												

Traverse City Light & Power													
Michigan Electric Rate Survey - December 2016													
1,200 KWH													
SMALL COMMERCIAL													
	Energy	PA 295	PSCR	Availability	Tax	Total	Rank	Energy Rate	PA 295 Per kWh Rate	PA 295 Monthly Rate	PSCR	Availability	
c	Presque Isle Electric & Gas	\$ 94.86	\$ 3.10	\$ (1.57)	\$ 16.00	\$ 6.74	\$ 119.13	1	\$ 0.07905	\$ -	\$ 3.10	\$ (0.00131)	\$ 16.00
m	Zeeland BPW	\$ 97.68	\$ 7.00	\$ 7.20	\$ 14.50	\$ 7.58	\$ 133.96	2	\$ 0.08140	\$ -	\$ 7.00	\$ 0.005997	\$ 14.50
m	Chelsea Light & Power	\$ 112.68	\$ 1.00	\$ 7.20	\$ 20.25	\$ 8.47	\$ 149.60	3	\$ 0.09390	\$ -	\$ 1.00	\$ 0.00600	\$ 20.25
m	Harbor Springs	\$ 114.60	\$ 2.86	\$ 15.60	\$ 8.36	\$ 8.49	\$ 149.91	4	\$ 0.09550	\$ -	\$ 2.86	\$ 0.013	\$ 8.36
i	Northern States Power Company / Xcel	\$ 135.60	\$ 0.57	\$ (5.26)	\$ 11.50	\$ 8.54	\$ 150.96	5	\$ 0.11300	\$ -	\$ 0.57	\$ (0.00438)	\$ 11.50
c	Cherryland Electric Cooperative	\$ 116.36	\$ 1.64	\$ 9.60	\$ 17.50	\$ 8.71	\$ 153.81	6	\$ 0.09697	\$ -	\$ 1.64	\$ 0.00800	\$ 17.50
i	Detroit Edison Company	\$ 133.63	\$ 7.19	\$ (0.24)	\$ 8.78	\$ 8.96	\$ 158.32	7	\$ 0.11136	\$ -	\$ 7.19	\$ (0.00020)	\$ 8.78
c	Thumb Electric	\$ 144.20	\$ 3.57	\$ (12.10)	\$ 13.75	\$ 8.97	\$ 158.39	8	\$ 0.12017	\$ -	\$ 3.57	\$ (0.01008)	\$ 13.75
m	Charlevoix	\$ 110.04	\$ 3.68	\$ 25.67	\$ 12.00	\$ 9.08	\$ 160.47	9	\$ 0.09170	\$ -	\$ 3.68	\$ 0.02139	\$ 12.00
i	American Electric Power/Indiana Michigan	\$ 114.24	\$ 20.68	\$ 10.67	\$ 6.25	\$ 9.11	\$ 160.95	10	\$ 0.09520	\$ -	\$ 20.68	\$ 0.00889	\$ 6.25
i	Alpena Power Company	\$ 143.18	\$ 2.67	\$ -	\$ 7.00	\$ 9.17	\$ 162.03	11	\$ 0.11932	\$ -	\$ 2.67	\$ -	\$ 7.00
m	Gladstone	\$ 146.04	\$ 5.54	\$ (4.32)	\$ 8.00	\$ 9.32	\$ 164.58	12	\$ 0.12170	\$ -	\$ 5.54	\$ (0.00360)	\$ 8.00
m	Marshall	\$ 134.88	\$ -	\$ 5.88	\$ 15.50	\$ 9.38	\$ 165.64	13	\$ 0.11240	\$ -	\$ -	\$ 0.00490	\$ 15.50
m	Traverse City Light & Power	\$ 145.32	\$ -	\$ (1.73)	\$ 13.00	\$ 9.40	\$ 165.99	14	\$ 0.12110	\$ -	\$ -	\$ (0.00144)	\$ 13.00
m	Hillsdale Board of Public Works	\$ 135.18	\$ 8.21	\$ -	\$ 13.26	\$ 9.40	\$ 166.05	15	\$ 0.11265	\$ -	\$ 8.21	\$ -	\$ 13.26
i	Wisconsin Public Service (Menominee)	\$ 128.40	\$ 6.44	\$ (2.28)	\$ 25.00	\$ 9.45	\$ 167.01	16	\$ 0.10700	\$ -	\$ 6.44	\$ (0.00190)	\$ 25.00
c	Great Lakes Energy	\$ 103.68	\$ 4.76	\$ 19.80	\$ 32.21	\$ 9.63	\$ 170.08	17	\$ 0.08640	\$ -	\$ 4.76	\$ 0.01650	\$ 32.21
m	Coldwater Board of Public Utilities	\$ 141.96	\$ 3.76	\$ 9.30	\$ 11.00	\$ 9.96	\$ 175.98	18	\$ 0.11830	\$ -	\$ 3.76	\$ 0.0077486	\$ 11.00
c	Cloverland Electric Coopertive	\$ 146.57	\$ 3.37	\$ 9.94	\$ 10.00	\$ 10.19	\$ 180.07	19	\$ 0.12214	\$ -	\$ 3.37	\$ 0.00828	\$ 10.00
m	L'Anse	\$ 161.64	\$ 6.80	\$ (6.60)	\$ 10.00	\$ 10.31	\$ 182.15	20	\$ 0.13470	\$ -	\$ 6.80	\$ (0.00550)	\$ 10.00
m	Bay City Electric L&P	\$ 146.04	\$ 2.61	\$ (3.88)	\$ 27.50	\$ 10.34	\$ 182.61	21	\$ 0.12170	\$ -	\$ 2.61	\$ (0.00323)	\$ 27.50
c	Midwest Energy Cooperative	\$ 142.90	\$ 1.76	\$ 6.48	\$ 22.00	\$ 10.39	\$ 183.53	22	\$ 0.11908	\$ -	\$ 1.76	\$ 0.00540	\$ 22.00
c	Homeworks Tri-County Electric	\$ 144.00	\$ 1.31	\$ 4.81	\$ 24.00	\$ 10.45	\$ 184.57	23	\$ 0.12000	\$ -	\$ 1.31	\$ 0.00401	\$ 24.00
m	Crystal Falls	\$ 160.08	\$ 3.24	\$ -	\$ 12.73	\$ 10.56	\$ 186.61	24	\$ 0.13340	\$ 0.0027	\$ -	\$ -	\$ 12.73
m	Niles Utilities Department	\$ 147.60	\$ -	\$ 8.03	\$ 21.00	\$ 10.60	\$ 187.23	25	\$ 0.12300	\$ -	\$ -	\$ 0.0066937	\$ 21.00
i	Consumers Energy	\$ 159.63	\$ 9.45	\$ (8.26)	\$ 20.00	\$ 10.85	\$ 191.68	26	\$ 0.13303	\$ -	\$ 9.45	\$ (0.00688)	\$ 20.00
m	Holland Board of Public Works	\$ 138.12	\$ 25.50	\$ -	\$ 22.46	\$ 11.16	\$ 197.24	27	\$ 0.11510	\$ 0.02	\$ 1.50	\$ -	\$ 22.46
m	St Louis	\$ 167.72	\$ 4.09	\$ -	\$ 15.44	\$ 11.24	\$ 198.49	28	\$ 0.13977	\$ -	\$ 4.09	\$ -	\$ 15.44
m	Lowell Light & Power	\$ 122.40	\$ 15.80	\$ 28.68	\$ 21.75	\$ 11.32	\$ 199.95	29	\$ 0.10200	\$ -	\$ 15.80	\$ 0.02390	\$ 21.75
m	Lansing Board of Water & Light	\$ 156.36	\$ 9.46	\$ 2.25	\$ 24.00	\$ 11.52	\$ 203.59	30	\$ 0.13030	\$ 0.0024	\$ 6.5800	\$ 0.001873	\$ 24.00
i	Wisconsin Electric (Western U.P.)	\$ 172.97	\$ 14.11	\$ (4.90)	\$ 14.79	\$ 11.82	\$ 208.80	31	\$ 0.14414	\$ -	\$ 14.11	\$ (0.00408)	\$ 14.79
m	Wyandotte	\$ 170.95	\$ 9.65	\$ -	\$ 17.67	\$ 11.90	\$ 210.17	32	\$ 0.14246	\$ 0.001968	\$ 7.290000	\$ -	\$ 17.67
m	Dowagiac	\$ 158.72	\$ 17.23	\$ 8.35	\$ 19.18	\$ 12.21	\$ 215.69	33	\$ 0.13227	\$ -	\$ 17.23	\$ 0.00696	\$ 19.18
c	Alger Delta Electric	\$ 176.40	\$ 2.48	\$ -	\$ 25.00	\$ 12.23	\$ 216.11	34	\$ 0.14700	\$ -	\$ 2.48	\$ -	\$ 25.00
m	Negaunee	\$ 167.04	\$ 11.13	\$ 6.00	\$ 20.80	\$ 12.30	\$ 217.27	35	\$ 0.13920	\$ -	\$ 11.13	\$ 0.00500	\$ 20.80
m	Norway	\$ 157.08	\$ 10.66	\$ 12.00	\$ 35.00	\$ 12.88	\$ 227.62	36	\$ 0.13090	\$ -	\$ 10.66	\$ 0.01000	\$ 35.00
m	Sturgis	\$ 166.85	\$ 12.44	\$ 4.56	\$ 31.00	\$ 12.89	\$ 227.74	37	\$ 0.13904	\$ -	\$ 12.44	\$ 0.00380	\$ 31.00
m	Grand Haven Board of Light & Power	\$ 160.32	\$ -	\$ 6.24	\$ 50.00	\$ 12.99	\$ 229.55	38	\$ 0.13360	\$ -	\$ -	\$ 0.00520	\$ 50.00
i	Upper Peninsula Power (Central U.P.)	\$ 202.38	\$ 8.24	\$ -	\$ 17.00	\$ 13.66	\$ 241.28	39	\$ 0.16865	\$ -	\$ 8.24	\$ -	\$ 17.00
m	Marquette Light & Power	\$ 186.00	\$ 1.94	\$ (1.98)	\$ 45.00	\$ 13.86	\$ 244.82	40	\$ 0.15500	\$ 0.0016	\$ -	\$ (0.00165)	\$ 45.00
c	Ontonagon County REA	\$ 205.20	\$ 1.85	\$ 19.80	\$ 28.00	\$ 15.29	\$ 270.14	41	\$ 0.17100	\$ -	\$ 1.85	\$ 0.01650	\$ 28.00
<p>Note: Prepared by TCL&amp;P for internal use only. Rate information obtained from utility websites and telephone calls/e-mail's to respective billing departments. Some rate information may contain estimates and judgment was used for selection of the best rate to be used in comparison. Based on winter/fall of 2016 billing information. Analysis does not include low income surcharge because of it being a pass through to the State of Michigan.</p>													
c	Cooperatives												
m	Municipals												
i	Investor Owned												



Traverse City Light & Power															
Michigan Electric Rate Survey - December 2016															
11,000 KWH															
LARGE COMMERCIAL															
	Energy	Demand	PA 295	PSCR	Availability	Tax	Total	Rank	Energy Rate	Demand	PA 295 Per kWh Rate	PA 295 Monthly Rate	PCR Rate	Availability	
c	Presque Isle Electric & Gas	\$ 874.61	\$ -	\$ 3.10	\$ (14.41)	\$ 35.00	\$ 53.90	\$ 952.20	1	\$ 0.0795	\$ -	\$ -	\$ 3.10	\$ (0.00131)	\$ 35.00
m	Zeeland BPW	\$ 474.10	\$ -	\$ 65.00	\$ 65.97	\$ -	\$ 36.30	\$ 641.37	2	\$ 0.0431	\$ 11.00	\$ -	\$ 65.00	\$ 0.005997	\$ -
m	<b>Traverse City Light &amp; Power</b>	<b>\$ 649.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (15.83)</b>	<b>\$ 15.00</b>	<b>\$ 38.89</b>	<b>\$ 687.06</b>	<b>3</b>	<b>\$ 0.0590</b>	<b>\$ 12.95</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0.00144)</b>	<b>\$ 15.00</b>
i	American Electric Power/Indiana Michigan	\$ 705.65	\$ -	\$ 20.68	\$ 97.79	\$ 17.45	\$ 50.49	\$ 892.06	4	\$ 0.0642	\$ 6.64	\$ -	\$ 20.68	\$ 0.00889	\$ 17.45
m	Harbor Springs	\$ 555.50	\$ -	\$ 2.86	\$ 143.00	\$ 13.11	\$ 42.87	\$ 757.34	5	\$ 0.0505	\$ 12.00	\$ -	\$ 2.86	\$ 0.013	\$ 13.11
m	Holland Board of Public Works	\$ 646.80	\$ -	\$ 47.95	\$ -	\$ 22.46	\$ 43.03	\$ 760.24	6	\$ 0.0588	\$ 12.19	\$ -	\$ 47.95	\$ -	\$ 22.46
m	Coldwater Board of Public Utilities	\$ 591.80	\$ -	\$ 27.44	\$ 85.23	\$ 18.00	\$ 43.35	\$ 765.82	7	\$ 0.0538	\$ 13.00	\$ -	\$ 27.44	\$ 0.0077486	\$ 18.00
m	Chelsea Light & Power	\$ 1,038.40	\$ -	\$ 1.00	\$ 66.00	\$ 40.00	\$ 68.72	\$ 1,214.12	8	\$ 0.0944	\$ -	\$ -	\$ 1.00	\$ 0.00600	\$ 40.00
m	Niles Utilities Department	\$ 638.00	\$ -	\$ -	\$ 73.63	\$ -	\$ 42.70	\$ 754.33	9	\$ 0.0580	\$ 14.50	\$ -	\$ -	\$ 0.0066937	\$ -
m	Bay City Electric L&P	\$ 708.40	\$ -	\$ 2.61	\$ (35.53)	\$ 49.50	\$ 43.50	\$ 768.48	10	\$ 0.0644	\$ 14.60	\$ -	\$ 2.61	\$ (0.00323)	\$ 49.50
m	Charlevoix	\$ 555.50	\$ -	\$ 3.68	\$ 235.29	\$ 42.00	\$ 50.19	\$ 886.66	11	\$ 0.0505	\$ 10.90	\$ -	\$ 3.68	\$ 0.02139	\$ 42.00
m	Hillsdale Board of Public Works	\$ 772.75	\$ -	\$ 8.21	\$ -	\$ 51.00	\$ 49.92	\$ 881.88	12	\$ 0.0703	\$ 11.06	\$ -	\$ 8.21	\$ -	\$ 51.00
m	Marshall	\$ 776.60	\$ -	\$ -	\$ 53.90	\$ 15.50	\$ 50.76	\$ 896.76	13	\$ 0.0706	\$ 10.87	\$ -	\$ -	\$ 0.00490	\$ 15.50
i	Detroit Edison Company	\$ 487.41	\$ -	\$ 30.39	\$ (2.20)	\$ 13.67	\$ 31.76	\$ 561.03	14	\$ 0.0443	\$ 21.89	\$ -	\$ 30.39	\$ (0.00020)	\$ 13.67
i	Wisconsin Public Service (Menominee)	\$ 1,177.00	\$ -	\$ 6.44	\$ (20.90)	\$ 25.00	\$ 71.25	\$ 1,258.79	15	\$ 0.1070	\$ -	\$ -	\$ 6.44	\$ (0.00190)	\$ 25.00
c	Cherryland Electric Cooperative	\$ 1,066.67	\$ -	\$ 1.64	\$ 88.00	\$ 34.50	\$ 71.45	\$ 1,262.26	16	\$ 0.0970	\$ -	\$ -	\$ 1.64	\$ 0.00800	\$ 34.50
i	Alpena Power Company	\$ 811.80	\$ -	\$ 42.17	\$ -	\$ 30.00	\$ 53.04	\$ 937.01	17	\$ 0.0738	\$ 10.30	\$ -	\$ 42.17	\$ -	\$ 30.00
i	Northern States Power Company / Xcel	\$ 1,243.00	\$ -	\$ 0.57	\$ (48.18)	\$ 18.25	\$ 72.82	\$ 1,286.46	18	\$ 0.1130	\$ -	\$ -	\$ 0.57	\$ (0.00438)	\$ 18.25
c	Thumb Electric	\$ 1,321.87	\$ -	\$ 3.57	\$ (110.88)	\$ 13.75	\$ 73.70	\$ 1,302.01	19	\$ 0.1202	\$ -	\$ -	\$ 3.57	\$ (0.01008)	\$ 13.75
c	Great Lakes Energy	\$ 717.09	\$ -	\$ 4.76	\$ 259.38	\$ 80.00	\$ 63.67	\$ 1,124.90	20	\$ 0.0652	\$ 7.00	\$ -	\$ 4.76	\$ 0.02358	\$ 80.00
c	Homeworks Tri-County Electric	\$ 770.00	\$ -	\$ 42.73	\$ 44.11	\$ 78.50	\$ 56.12	\$ 991.46	21	\$ 0.0700	\$ 12.00	\$ -	\$ 42.73	\$ 0.00401	\$ 78.50
m	Gladstone	\$ 1,338.70	\$ -	\$ 5.54	\$ (39.60)	\$ 9.00	\$ 78.82	\$ 1,392.46	22	\$ 0.1217	\$ -	\$ -	\$ 5.54	\$ (0.00360)	\$ 9.00
i	Consumers Energy	\$ 1,054.28	\$ -	\$ 55.38	\$ (75.68)	\$ 30.00	\$ 63.84	\$ 1,127.82	23	\$ 0.0958	\$ 9.15	\$ -	\$ 55.38	\$ (0.00688)	\$ 30.00
m	St Louis	\$ 892.10	\$ -	\$ 70.20	\$ -	\$ 32.20	\$ 59.67	\$ 1,054.17	24	\$ 0.0811	\$ 12.37	\$ -	\$ 70.20	\$ -	\$ 32.20
m	Sturgis	\$ 756.80	\$ -	\$ 12.44	\$ 41.80	\$ 90.00	\$ 54.06	\$ 955.10	25	\$ 0.0688	\$ 16.75	\$ -	\$ 12.44	\$ 0.00380	\$ 90.00
m	Negaunee	\$ 988.90	\$ -	\$ 11.13	\$ 55.00	\$ 66.78	\$ 67.31	\$ 1,189.12	26	\$ 0.0899	\$ 9.55	\$ -	\$ 11.13	\$ 0.00500	\$ 66.78
m	Grand Haven Board of Light & Power	\$ 863.50	\$ -	\$ -	\$ 57.20	\$ 50.00	\$ 58.24	\$ 1,028.94	27	\$ 0.0785	\$ 15.00	\$ -	\$ -	\$ 0.00520	\$ 50.00
m	Lowell Light & Power	\$ 1,122.00	\$ -	\$ 15.80	\$ 262.90	\$ 21.75	\$ 85.35	\$ 1,507.80	28	\$ 0.1020	\$ -	\$ -	\$ 15.80	\$ 0.02390	\$ 21.75
m	Lansing Board of Water & Light	\$ 915.20	\$ -	\$ 92.18	\$ 20.60	\$ 50.00	\$ 64.68	\$ 1,142.66	29	\$ 0.0832	\$ 11.76	\$ 0.0024	\$ 65.78	\$ 0.001873	\$ 50.00
c	Midwest Energy Cooperative	\$ 1,337.01	\$ -	\$ 1.76	\$ 59.40	\$ 39.00	\$ 86.23	\$ 1,523.40	30	\$ 0.1215	\$ -	\$ -	\$ 1.76	\$ 0.00540	\$ 39.00
m	L'Anse	\$ 1,481.70	\$ -	\$ 6.80	\$ (60.50)	\$ 10.00	\$ 86.28	\$ 1,524.28	31	\$ 0.1347	\$ -	\$ -	\$ 6.80	\$ (0.00550)	\$ 10.00
c	Cloverland Electric Coopertive	\$ 1,343.54	\$ -	\$ 3.37	\$ 91.08	\$ 25.00	\$ 87.78	\$ 1,550.77	32	\$ 0.1221	\$ -	\$ -	\$ 3.37	\$ 0.00828	\$ 25.00
m	Wyandotte	\$ 990.00	\$ -	\$ 28.94	\$ -	\$ 41.58	\$ 63.63	\$ 1,124.15	33	\$ 0.0900	\$ 14.00	\$ 0.001968	\$ 7.29	\$ -	\$ 41.58
m	Crystal Falls	\$ 750.20	\$ -	\$ 60.09	\$ -	\$ 166.26	\$ 58.59	\$ 1,035.14	34	\$ 0.0682	\$ 18.41	\$ 0.0027	\$ 30.39	\$ -	\$ 166.26
m	Dowagiac	\$ 1,454.97	\$ -	\$ 17.23	\$ 76.54	\$ 19.18	\$ 94.08	\$ 1,661.99	35	\$ 0.1323	\$ -	\$ -	\$ 17.23	\$ 0.00696	\$ 19.18
i	Wisconsin Electric (Western U.P.)	\$ 1,585.54	\$ -	\$ 14.11	\$ (44.88)	\$ 29.10	\$ 95.03	\$ 1,678.90	36	\$ 0.1441	\$ -	\$ -	\$ 14.11	\$ (0.00408)	\$ 29.10
m	Norway	\$ 1,439.90	\$ -	\$ 10.66	\$ 110.00	\$ 35.00	\$ 95.73	\$ 1,691.29	37	\$ 0.1309	\$ -	\$ -	\$ 10.66	\$ 0.01000	\$ 35.00
c	Alger Delta Electric	\$ 1,287.00	\$ -	\$ 48.26	\$ -	\$ -	\$ 80.12	\$ 1,415.38	38	\$ 0.1170	\$ 11.00	\$ -	\$ 48.26	\$ -	\$ -
i	Upper Peninsula Power (Central U.P.)	\$ 1,130.36	\$ -	\$ 83.21	\$ -	\$ 69.52	\$ 76.99	\$ 1,360.08	39	\$ 0.1028	\$ 13.19	\$ -	\$ 83.21	\$ -	\$ 69.52
m	Marquette Light & Power	\$ 1,155.00	\$ -	\$ 17.82	\$ (18.15)	\$ -	\$ 69.28	\$ 1,223.95	40	\$ 0.1050	\$ 20.00	\$ 0.0016	\$ -	\$ (0.00165)	\$ -
c	Ontonagon County REA	\$ 1,199.00	\$ -	\$ 19.25	\$ 181.50	\$ -	\$ 83.99	\$ 1,483.74	41	\$ 0.1090	\$ 16.40	\$ -	\$ 19.25	\$ 0.01650	\$ -
<p>Note: Prepared by TCL&amp;P for internal use only. Rate information obtained from utility websites and telephone calls/e-mail's to respective billing departments. Some rate information may contain estimates and judgment was used for selection of the best rate to be used in comparison. Based on winter/fall of 2016 billing information. Analysis does not include low income surcharge because of it being a pass through to the State of Michigan.</p>															
c	Cooperatives														
m	Municipals														
i	Investor Owned														



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**To:** Light and Power Board  
**From:** Karla Myers-Beman, Controller  
**Date:** March 7, 2017  
**Subject:** Quarterly Financial Report

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Enclosed in your packet are the second quarter financial statements for the Electric and Fiber Funds.

**Electric Utility Fund**

As of December 31, 2016 (50% through the fiscal year) operating revenues – sales are at 46.02% of budgeted operating revenues. Overall revenues have decreased compared to the prior year relating to the decrease in PCR rate over the prior year (in December 2015 the rate was \$.001957 and in December 2016 the rate was \$(.001439)) along with higher kWh consumption in the residential class causing that revenue line item to increase.

Total operating expenses are at 47.99% of budget year-to-date, or very nearly on-budget, with purchase power costs at 48.01% with all expense line items within 5% threshold of an expected 50% of expenses incurred.

Net income through the second quarter is \$846,291, which is approximately a \$321,000 decrease over the prior year.

Cash flows shows approximately \$1.6M expended in capital assets, primarily for LaFranier Transmission Line Replacement Project, Pole Replacement Project, Orchard Heights Overhead to Underground Conversion Project and normal line extension and improvements.

**Fiber Fund**

Revenues in the Fiber Fund are 36.59% of budgeted operating revenues while expenses are 49.82% of budget year-to-date. Budgeted revenues are less than anticipated because of reimbursements relating to the WIFI System invoiced near fiscal year end and revenues from the endpoints needed for the AMI System postponed until the subsequent fiscal year. WIFI operations and maintenance is at 78.75% of budget relating to Merit Network expense incurred relating to internet feed for the WIFI system, a primary expense of this line item. The Fund has a net loss or change in net position of \$(83,329).

# TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

## ELECTRIC FUND STATEMENT OF NET POSITION DECEMBER 31, 2016

### LIABILITIES AND NET POSITION

ASSETS		LIABILITIES AND NET POSITION	
<b>Current assets</b>		<b>Current liabilities</b>	
Cash and cash equivalents	\$ 7,091,364	Accounts payable	\$ 1,406,170
Investments	13,099,930	Accrued expenses and other liabilities	453,711
Receivables		Customer deposits	104,741
Customer, less allowances of \$279,103	2,771,965	Unearned revenue	-
for uncollectible accounts (Light and Power Fund)		Compensated absences	-
Accrued interest	34,124	Due to primary government	123,699
Taxes	10,784		
Other	1,594,979		
Inventories	1,560,976	<b>Total current liabilities</b>	<b>2,088,321</b>
Prepaid expenses	56,235		
<b>Total current assets</b>	<b>26,220,356</b>	<b>Long-term liabilities</b>	
<b>Non-current assets</b>		Compensated absences	199,154
Other postemployment benefit asset	1,382,770	Net pension liability	14,076,449
Long-term advances - due from primary government	689	<b>Total long term liabilities</b>	<b>14,275,603</b>
Land and land improvements	1,079,419		
Construction in progress	3,009,095	<b>Total liabilities</b>	<b>16,363,924</b>
Capital assets being depreciated, net	52,537,921		
<b>Total non-current assets</b>	<b>58,009,894</b>		
<b>Total assets</b>	<b>84,230,250</b>	<b>Net position</b>	
Deferred outflow	3,190,964	Invested in capital assets	56,626,435
		Unrestricted	14,430,856
<b>Total cash and investments</b>	<b>\$ 20,191,294</b>	<b>Total net position</b>	<b>\$ 71,057,291</b>

TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

ELECTRIC FUND  
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (UNAUDITED)  
FOR THE PERIOD ENDED DECEMBER 31, 2016

	Month to Month Comparison			Year to Year Comparison			Budget to Year to date Comparison				
	Month to date	Month to date	Month to date	Year to date	Year to date	Year to date	Amended Budget	Year to date	Favorable (Unfavorable)	% of budget	
	Actual	Prior Year	Difference	Actual	Prior Year	Difference	Budget	Actual			
<b>Operating revenues - sales</b>											
Residential	\$ 566,875	\$ 569,414	\$ (2,539)	\$ 3,067,149	\$ 3,018,745	\$ 48,404	\$ 6,375,000	\$ 3,067,149	\$ (3,307,851)	48.11%	
Commercial	1,221,336	1,261,019	(39,683)	7,261,093	7,537,166	(276,074)	16,150,000	7,261,093	(8,888,907)	44.96%	
Industrial	774,390	744,984	29,406	4,959,694	4,971,790	(12,097)	10,770,000	4,959,694	(5,810,306)	46.05%	
Public authority	10,734	17,390	(6,656)	165,296	177,532	(12,236)	315,000	165,296	(149,704)	52.48%	
Street lighting	16,695	16,695	-	95,149	98,763	(3,614)	195,000	95,149	(99,851)	48.79%	
Yard lights	7,998	8,014	(16)	45,838	47,763	(1,924)	82,000	45,838	(36,162)	55.90%	
<b>Total operating revenues - sales</b>	<b>2,598,028</b>	<b>2,617,515</b>	<b>(19,487)</b>	<b>15,594,219</b>	<b>15,851,759</b>	<b>(257,540)</b>	<b>33,887,000</b>	<b>15,594,219</b>	<b>(18,292,781)</b>	<b>46.02%</b>	
<b>Other operating revenues</b>											
Forfeited discounts	5,019	4,166	853	26,937	33,001	(6,065)	70,000	26,937	(43,063)	38.48%	
Merchandise and jobbing	1,818	3,486	(1,668)	43,033	35,181	7,852	64,200	43,033	(21,167)	67.03%	
Sale of scrap	5,061	4,648	412	13,118	26,637	(13,519)	35,000	13,118	(21,882)	37.48%	
Recovery of bad debts	38	-	38	42	26	15	200	42	(158)	20.90%	
MISO income	224,486	249,625	(25,139)	1,799,643	1,881,152	(81,509)	3,000,000	1,799,643	(1,200,357)	59.99%	
Miscellaneous	3,128	2,568	560	18,905	23,026	(4,121)	35,500	18,905	(16,595)	53.25%	
<b>Total other operating revenues</b>	<b>239,549</b>	<b>264,493</b>	<b>(24,943)</b>	<b>1,901,677</b>	<b>1,999,024</b>	<b>(97,347)</b>	<b>3,204,900</b>	<b>1,901,677</b>	<b>(1,303,223)</b>	<b>59.34%</b>	
<b>Nonoperating revenues</b>											
Rental income	1,475	1,476	(1)	31,820	35,537	(3,717)	40,700	31,820	(8,880)	78.18%	
Pole rental income	-	-	-	4,420	4,388	33	36,500	4,420	(32,080)	12.11%	
Reimbursements	18,352	139,283	(120,931)	94,895	216,247	(121,352)	72,000	94,895	22,895	131.80%	
Interest income	242	(9,473)	9,715	50,153	84,981	(34,828)	170,000	50,153	(119,847)	29.50%	
Gain/loss on sale of assets	-	5	(5)	11,051	564	10,487	50,000	11,051	(38,949)	22.10%	
<b>Total nonoperating revenues</b>	<b>20,068</b>	<b>131,291</b>	<b>(111,223)</b>	<b>192,340</b>	<b>341,717</b>	<b>(149,377)</b>	<b>369,200</b>	<b>192,340</b>	<b>(176,860)</b>	<b>52.10%</b>	
<b>Total revenues</b>	<b>2,857,646</b>	<b>3,013,299</b>	<b>(155,653)</b>	<b>17,688,236</b>	<b>18,192,500</b>	<b>(504,264)</b>	<b>37,461,100</b>	<b>17,688,236</b>	<b>(19,772,864)</b>	<b>47.22%</b>	
<b>Generation expense</b>											
Non purchase power expenses	33,708	44,831	(11,123)	226,546	110,918	115,628	449,650	226,546	223,104	50.38%	
Capacity costs	70,520	24,000	46,520	421,972	72,000	349,972	745,000	421,972	323,028	56.64%	
MISO	346,212	(119,147)	465,360	3,204,336	58,445	3,145,890	1,401,000	3,204,336	(1,803,336)	228.72%	
Lansing Bridge	-	524,171	(524,171)	-	3,038,085	(3,038,085)	-	-	-	#DIV/0!	
Stoney Corners	378,309	311,001	67,307	1,492,926	1,551,399	(58,473)	3,170,000	1,492,926	1,677,074	47.10%	
M-72 Wind Turbine	3,637	4,319	(682)	12,930	18,736	(5,806)	37,000	12,930	24,070	34.95%	
Combustion Turbine	155,138	230,546	(75,408)	1,499,463	1,690,081	(190,619)	4,272,000	1,499,463	2,772,537	35.10%	
Campbell Coal Plant	338,978	394,680	(55,702)	1,957,116	2,611,006	(653,889)	4,412,000	1,957,116	2,454,884	44.36%	
Belle River Coal Plant	322,396	388,881	(66,485)	2,123,390	2,587,965	(464,575)	4,187,000	2,123,390	2,063,610	50.71%	
Landfill Gas	50,665	46,035	4,630	271,103	271,386	(283)	1,118,000	271,103	846,897	24.25%	
Bilateral contracts	44,175	3,740	40,435	359,826	151,259	208,568	4,286,000	359,826	3,926,174	8.40%	
Purchase power expenses	1,710,030	1,808,227	(98,197)	11,343,062	12,030,362	(707,299)	23,628,000	11,343,062	12,284,938	48.01%	

TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

ELECTRIC FUND  
 SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (UNAUDITED)  
 FOR THE PERIOD ENDED DECEMBER 31, 2016

	Month to Month Comparison			Year to Year Comparison			Budget to Year to date Comparison			% of budget
	Month to date Actual	Month to date Prior Year	Month to date Difference	Year to date Actual	Year to date Prior Year	Year to date Difference	Amended Budget	Year to date Actual	Favorable (Unfavorable)	
Distribution	\$ 427,143	\$ 420,396	\$ 6,747	\$ 1,911,542	\$ 1,949,109	\$ (37,567)	\$ 3,886,250	\$ 1,911,542	\$ 1,974,708	49.19%
Transmission	48,045	29,623	18,422	212,546	185,178	27,369	437,000	212,546	224,454	48.64%
Customer accounting	55,098	42,725	12,373	254,413	243,129	11,284	559,350	254,413	304,937	45.48%
Public service	72,185	58,383	13,801	238,000	264,452	(26,451)	486,000	238,000	248,000	48.97%
General administration expense	140,563	83,470	57,094	596,203	361,488	234,715	1,187,800	596,203	591,597	50.19%
Other expenses										
Insurance	5,176	5,099	77	33,328	30,686	2,643	65,500	33,328	32,172	50.88%
City fee	125,000	125,000	-	873,699	750,000	123,699	1,870,000	873,699	996,301	46.72%
Depreciation	192,101	179,828	12,272	1,152,605	1,078,970	73,635	2,525,000	1,152,605	1,372,396	45.65%
<b>Total expenses</b>	<b>2,809,049</b>	<b>2,797,582</b>	<b>11,466</b>	<b>16,841,946</b>	<b>17,024,291</b>	<b>(182,345)</b>	<b>35,094,550</b>	<b>16,841,946</b>	<b>18,252,604</b>	<b>47.99%</b>
Income before transfers	48,597	215,717	(167,120)	846,291	1,168,210	(321,919)	2,366,550	846,291	1,520,259	0
Transfers in	-	-	-	-	-	-	175,000	-	175,000	#DIV/0!
<b>Change in net position</b>	<b>\$ 48,597</b>	<b>\$ 215,717</b>	<b>\$ (167,120)</b>	<b>\$ 846,291</b>	<b>\$ 1,168,210</b>	<b>\$ (321,919)</b>	<b>\$ 2,541,550</b>	<b>\$ 846,291</b>	<b>\$ 1,695,259</b>	

**TRAVERSE CITY LIGHT AND POWER**  
(A Component Unit of the City of Traverse City, Michigan)

**ELECTRIC FUND**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE PERIOD ENDED DECEMBER 31, 2016**

SALES	KWH month	KWH year to date	Monthly revenue	Year to date revenue	Current month	Prior year month	Revenue/Sales monthly variance	Year to date	Prior year to date	Revenue/Sales year to date variance
Residential Sales	4,819,757	28,978,808	\$ 510,888	\$ 3,064,494	\$ 0.1060	\$ 0.1074	\$ (0.0014)	\$ 0.1057	\$ 0.1097	\$ (0.0039)
Commercial Sales	11,670,719	73,519,861	1,219,053	7,636,049	0.1045	0.1089	(0.0044)	0.1039	0.1082	(0.0043)
Industrial Sales	10,546,270	65,029,860	793,560	5,054,535	0.0752	0.0825	(0.0072)	0.0777	0.0816	(0.0038)
Yard and Street Lights	125,148	742,932	24,702	146,708	0.1974	0.1913	0.0061	0.1975	0.1973	0.0002
<b>Total Sales</b>	<b>27,161,874</b>	<b>168,271,461</b>	<b>\$ 2,548,203</b>	<b>\$ 15,901,786</b>						
<b>Note: Revenues do not agree to income statement because of monthly accruals.</b>										
PURCHASED POWER	KWH month	KWH year to date	Monthly cost	Year to date cost	Cost per kWh for the month	Cost per kWh for the year to date				
MISO Account										
MISO	(4,874,762)	13,172,005	330,901.07	3,232,246.92	(0.068)	0.245				
Wolverine	not applicable	not applicable	2,060.85	12,164.77	not applicable	not applicable				
Transmission	not applicable	not applicable	13,250.35	(39,947.09)	not applicable	not applicable				
Subtotal	(4,874,762)	13,172,005	346,212.27	3,204,464.60	(0.071)	0.243				
Bilateral Contract	10,128,000	60,416,000	44,174.93	359,826.37	0.004	0.006				
Campbell #3	7,306,381	31,997,000	338,978.47	1,957,116.24	0.046	0.061				
Belle River	5,198,086	34,163,179	322,395.71	2,123,390.31	0.062	0.062				
Combustion Turbine	3,626,816	14,283,514	155,137.70	1,499,462.83	0.043	0.105				
Landfill Gas	834,939	4,638,173	50,664.96	271,103.22	0.061	0.058				
Stoney Corners	3,263,531	12,878,930	378,308.51	1,492,925.56	0.116	0.116				
M-72 Wind Turbine	51,961	184,712	3,637.27	12,929.84	0.070	0.070				
MEPPA Capacity Costs (market)	not applicable	not applicable	70,520.00	421,972.14	not applicable	not applicable				
<b>Total</b>	<b>25,534,952</b>	<b>171,733,513</b>	<b>\$ 1,710,029.82</b>	<b>\$ 11,343,191.11</b>	<b>\$ 0.067</b>	<b>\$ 0.066</b>				

# TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

## ELECTRIC FUND STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED DECEMBER 31, 2016

<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 18,517,558
Cash payments to employees	(2,103,858)
Cash payments to suppliers for goods and services	(13,111,920)
Cash payments of City fee	(1,034,901)
	<hr/>
<b>Net cash provided by operating activities</b>	<b>2,266,879</b>
	<hr/>
<b>Cash flows from noncapital financing activities</b>	
Customer deposits paid	(3,191)
Rental income received	36,240
Reimbursements received	94,895
	<hr/>
<b>Net cash provided by noncapital financing activities</b>	<b>127,945</b>
	<hr/>
<b>Cash flows from capital and related financing activities</b>	
Purchase of capital assets	(1,624,838)
	<hr/>
<b>Cash flows from investing activities</b>	
Purchase of investments	(2,250,274)
Interest and dividends	50,153
	<hr/>
<b>Net cash used in investing activities</b>	<b>(2,200,121)</b>
	<hr/>
Net decrease in cash and cash equivalents	(1,430,135)
Cash and cash equivalents, beginning of year	8,521,499
	<hr/>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 7,091,364</b>

# TRAVERSE CITY LIGHT AND POWER

(A Component Unit of the City of Traverse City, Michigan)

## FIBER FUND STATEMENT OF NET POSITION DECEMBER 31, 2016

ASSETS	LIABILITIES AND NET POSITION	
<b>Current assets</b>		
Cash and cash equivalents	\$ 172,326	\$ 857
Accounts receivable	6,371	3,692
Inventory	5,956	14,270
Prepaid expenses	358	-
<b>Total current assets</b>	<b>185,011</b>	<b>18,819</b>
<b>Non-current assets</b>		
Construction in progress	16,455	2,597
Capital assets being depreciated, net	1,494,753	38,427
<b>Total non-current assets</b>	<b>1,511,208</b>	<b>59,843</b>
<b>Total assets</b>	<b>1,696,219</b>	<b>1,511,208</b>
Deferred outflow	9,965	135,132.61
		<b>\$ 1,646,341</b>



**TRAVERSE CITY LIGHT AND POWER**

(A Component Unit of the City of Traverse City, Michigan)

**FIBER FUND**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE PERIOD ENDED DECEMBER 31, 2016**

	Amended Budget	Year to date Actual	Favorable (Unfavorable)	Percentage of Budget
<b>Operating revenues</b>				
Charges for services	\$ 326,316	\$ 119,388	\$ (206,928)	36.59%
Merchandising and jobbing	-	-	-	#DIV/0!
<b>Total operating revenues</b>	<b>326,316</b>	<b>119,388</b>	<b>(206,928)</b>	<b>#DIV/0!</b>
<b>Operating expenses</b>				
Salaries and wages	72,072	28,303	43,769	39.27%
Fringe benefits	57,632	39,877	17,755	69.19%
Supplies	1,000	1,269	(269)	126.89%
Software and hardware	4,000	3,150	850	78.75%
WiFi Operations and maintenance	32,000	26,423	5,577	82.57%
Professional and contractual	56,900	24,495	32,405	43.05%
Professional development	2,500	-	2,500	0.00%
Insurance	1,400	435	965	31.08%
Repairs and maintenance	5,000	2,999	2,001	59.98%
Vehicle Rental	13,000	4,271	8,729	32.85%
City fee	16,400	-	16,400	0.00%
Depreciation	145,000	71,496	73,504	49.31%
<b>Total operating expenses</b>	<b>406,904</b>	<b>202,717</b>	<b>204,187</b>	<b>49.82%</b>
<b>Operating loss</b>	<b>(80,588)</b>	<b>(83,329)</b>	<b>(2,741)</b>	
<b>Nonoperating revenues</b>				
Reimbursements	38,400	-	(38,400)	0.00%
Interest revenue	500	-	(500)	0.00%
<b>Total nonoperating revenues</b>	<b>38,900</b>	<b>-</b>	<b>(38,900)</b>	<b>-</b>
<b>Change in net position before transfers</b>	<b>(41,688)</b>	<b>(83,329)</b>	<b>(41,641)</b>	
<b>Transfers out</b>	<b>(175,000)</b>	<b>-</b>	<b>(175,000)</b>	<b>#DIV/0!</b>
Change in net position	(216,688)	(83,329)	133,359	
Net position, beginning of year	1,729,670	1,729,670	-	
<b>Net position, end of year</b>	<b>\$ 1,512,982</b>	<b>\$ 1,646,341</b>	<b>\$ 133,359</b>	