



Annual REPORT

FISCAL YEAR 2022

JULY 1, 2021 - JUNE 30, 2022



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TCLP

OUR MESSAGE

TCLP takes pride in delivering safe, reliable, and competitively priced electric service to our community through the efforts of our dedicated employees – 24 hours a day, 365 days a year. TCLP remains committed to moving forward with the implementation of its numerous initiatives. Of particular importance is the utility's energy goal to be 100% renewable on or before 2040. In addition to this goal, TCLP intends to help reduce the impacts of climate change by being a part of the solution. We plan to do this through the implementation of an Integrated Resource Plan that will assist in developing solutions beyond typical purchase power agreements, utilizing demand response, distributed generation, and migration to electrification to reduce greenhouse gas emissions. Also known as our Climate Action Plan. Not only are we on track with our environmental sustainability initiatives, but the 2021-2022 Fiscal Year saw success in a variety of ways including the following:

- Out of 524 municipalities, TCLP is among the 199 to have received national recognition from APPA (American Public Power Association) for achieving exceptional electric reliability in 2021.
- We continued to offer low interest on-bill financing for residential energy efficiency improvements, including installing solar and EV charging stations.
- Launched a Customer Portal for TCLP customers.
- TCLP*fiber* serviced 753 active customers while continuing to maintain a high level of reliability with no large-scale system outages.

I am grateful to our excellent staff and the service of my fellow board members for making this another successful and productive year. As we look ahead, I hope that you will join me in my excitement for TCLP's future as we continue to honor our values as a community-owned, community-focused municipal utility.

Paul Heiberger
Board Chair

GOVERNANCE

Traverse City Light & Power (TCLP) is a municipally owned electric and telecom utility governed by a seven-member board appointed by the City Commission. The Board is responsible for establishing policy and rates for the community-owned utility. In addition, the City Manager serves as an ex-officio member without voting authority.

TCLP operates as a separate unit of the City Government with exclusive jurisdiction, control, and management of its operations. The Board appoints the Executive to operate the utility and execute its strategic direction.



PAUL HEIBERGER
BOARD CHAIR



ELYSHA DAVILA
BOARD VICE- CHAIR



JOHN TAYLOR
BOARD MEMBER



ROSS HAMMERSLEY
BOARD MEMBER



MAURA BRENNAN
BOARD MEMBER



AMY SHAMROE
CITY COMMISSIONER



TIM WERNER
CITY COMMISSIONER



MARTY COLBURN
CITY MANAGER



OUR TEAM

LEADERSHIP

BRANDIE EKREN

Executive Director

KARLA MYERS-BEMAN

Chief Financial Officer

DAREN DIXON

Operations Manager

SCOTT MENHART

*Chief Technology &
Information Officer*

JACOB HARDY

*Sustainability & Key
Accounts Manager*

KELLI SCHROEDER

*Customer & Employee
Relations Manager*

TONY CHARTRAND

Engineering Manager

ADMINISTRATION

ADAM LANSDALL

Business/Planning Analyst

ANDY BOTT

Line Superintendent

HANNAH DUELL

Communications Specialist

JENNIFER ST. AMOUR

Executive Assistant

KIMBERLY RITCHIE

Accountant

KRISTEN KIDA

Customer Service Representative

LAURA BARRETT

Utility Billing Specialist

MARK WATSON

Fiber Superintendent

STEPHANIE TVARDEK

Scheduling & Operations Coordinator

SHERI PILATE

Collections/Customer Service

TJ WAYBRANT

Engineer Technician

TOM SMITH

System Network Administrator

LINE DEPARTMENT

BRANDEN WHEATON

JAKE HAMILTON

JAMES JOHNSON

JAY WEBER

JOE LAVANTURE

JOSH PATZER

KEVIN BOLZ

KYLE MASON

MCKENZIE DOMINE

NATHANIEL JENKINS

RANDY GUSLER

FIBER

COREY GRUEBER

GABE VASQUEZ

FACILITIES

JEFF CONRAD

METERING

ANDREW ELLIOTT

TOM CAIRNS

LOGISTICS

KEVIN BARTZ

TODD BROWN

COMBUSTION TURBINE OPERATIONS

JACOB LAMBLE

MIKE HELFERICH

ROB HIPPI

ELECTRIC SYSTEM OPERATORS

DAN HESS

JOSH TAYLOR

LINUS DARGA

*Staff as of February 2023.

HEALTH & SAFETY

TCLP employees are the key to success. Their dedication to safe, reliable and affordable service is evident on a daily basis.

SAFETY HIGHLIGHTS

- Zero OSHA recordable incidents (1,106 # of days since loss time incident).
- Operations began to align practices with the Rural Electric Safety Achievement Program (RESAP). Staff will use an extensive list of items to determine if TCLP is following safety codes, laws and best practices in its everyday operations and will be audited in 2023 by a team of industry peers as well as Michigan Electric Cooperative Association.
- Monthly all-employee safety meetings.
- Utilize approximately 30 additional hours of online safety training.
- TCLP Operations has been involved with the City's current Master Plan project, the Active Transportation Advisory Committee, and meeting with stakeholders as a beginning effort to create a Lighting Master Plan for the City.

"Coming together is a beginning...Keeping together is progress...Working together is a success." - Henry Ford



Apprentice Lineworker Jay Weber

EMPLOYEE HIGHLIGHTS

- Regular customer recognition and appreciation.
- Recruitment of a new Executive Director
- 8.18% turnover rate
- Organization restructure journey for alignment of current and future industry changes.
- Growth of workforce
- ACT compensation study
- Additional 457 retirement benefit option

RELIABILITY & RESILIENCE

Providing reliable electric and telecommunication service to customers is one of TCLP's strategic priorities. This requires monitoring outage frequency, duration, and the number of customers impacted and using that information to identify and complete system upgrade projects of varying sizes. Despite supply chain challenges, TCLP completed smaller reliability projects and performed site inspections utilizing in-house labor.



Electric System Operators: Linus Darga and Dan Hess

TCLP Continues to be recognized by American Public Power Association (APPA) as a RP3 Designee, which acknowledges a utility's dedication to operation an efficient, safe and reliable distribution system. A commitment to employees, customers and community.

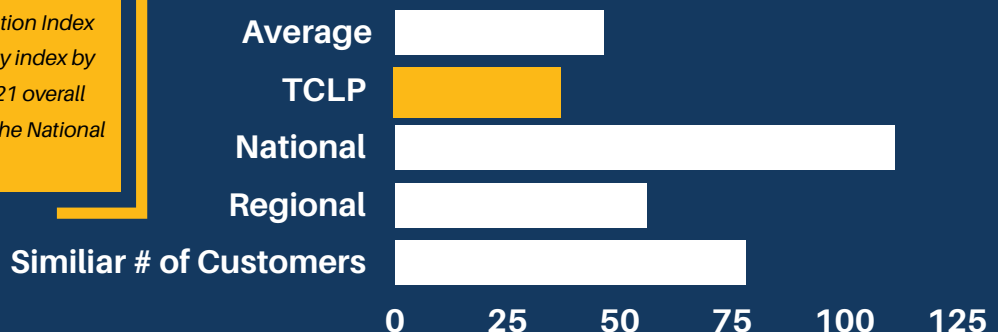
HIGHLIGHTS

Fiscal Year 2022 SAIDI (System Average Interruption Duration Index): 46 Minutes/Annual Average

- Average annual minutes of outage experienced for each customer served.
- 7% better than the goal (<49.8 minutes).
- Field inspections for 1/5th of the TCLP transmission and distribution facilities per year.

- Completion of an electric system study that provides guidance for 6 years of capital planning.
- Manage supply chain challenges by engaging other utilities to build a supply hub for transformers.
- Invested roughly \$60 k to replace aging poles and wires.
- TCLPfiber provided reliable active service to 753 customers.

The System Average Interruption Duration Index (SAIDI) is commonly used as a reliability index by electric power utilities. TCLP's CY 2021 overall SAIDI was 35.28 minutes compared to the National average of 111.1.



RENEWABLE PORTFOLIO & CLIMATE INNOVATION

TCLP committed to environmental sustainability, planet health and innovation. The goal of 100% renewable energy by or before 2040 continues to be a strategic priority. The launch of TCLP's Climate Action Plan development will outline a road map for strategically accomplishing that 100% renewable energy goal, while integrating the proven strategies of beneficial electrification, energy efficiency, demand response, decarbonization and distributed energy resources into TCLP's future strategic planning.

HIGHLIGHTS

- Electric Vehicle (EV) Network & Fleet
 - Addition of EV chargers to public parking
 - Acquired 2 electric trucks for fleet with 4 more ordered and expected in 2023.
- Smart Energy Provider (SEP) Designation: This “best practices designation” provides TCLP with national recognition as a utility that is focused on clean energy solutions and environmental initiatives:
 - ✓ Smart Energy Information
 - ✓ Energy Efficiency and Distribution Energy Resources
 - ✓ Environmental and Sustainability Programs/Initiatives
 - ✓ Communication/ Education and Customer Experience



TRAVERSE CITY
LIGHT & POWER

Climate Action Plan (CAP) logo



EV charging station at Clinch Park

GRID MODERIZATION & TELECOMMUNICATION



Fiber Optic Technician Corey Grueber from TCLPfiber

Technological advancements play a pivotal role in achieving the TCLP's strategic priorities. In addition to enhancing operational efficiencies, technology remains instrumental to TCLP future.

TCLPfiber HIGHLIGHTS

- Expanded Munson's fiber portfolio by bringing a new fiber site online.
- Commissioned a third-party system study for TCLP's future operational technology.
- Updated TCLPfiber's marketing plans in preparation for Phase 2 deployment.
- TCLPfiber's all fiber network continues to deliver affordable and reliable broadband speeds and services that the community can depend on.
- TCLPfiber's customer oriented service was built upon the same great service that TCLP's electrical customers have experienced for the last 111 years.
- TCLP continues to analyze and utilize TCLPfiber for electrical grid modernization projects that ensure future utility sustainability.

TECHNOLOGY HIGHLIGHTS

- Updated Milsoft Migration Tool for increased electrical model effectiveness.
- Linked TCLP's AMI system with TCLP's OMS system to allow for automatic electrical outage reporting.
- Prepared the launch of TCLP's Customer Online Portal, which will give customers access to near real-time power usage.
- The City of TC and TCLP GIS data sharing for collaboration on CIP Projects
- Procured TCLP's new Customer Information System.
- Standardized TCLP on Microsoft Teams for hybrid workplace meetings.



THE NUMBERS

111 YEARS
In operation

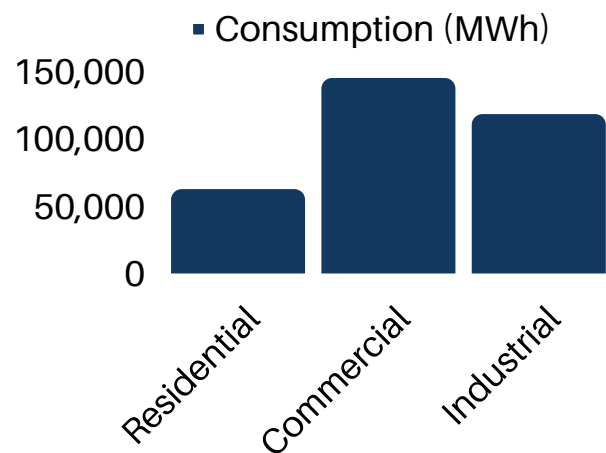
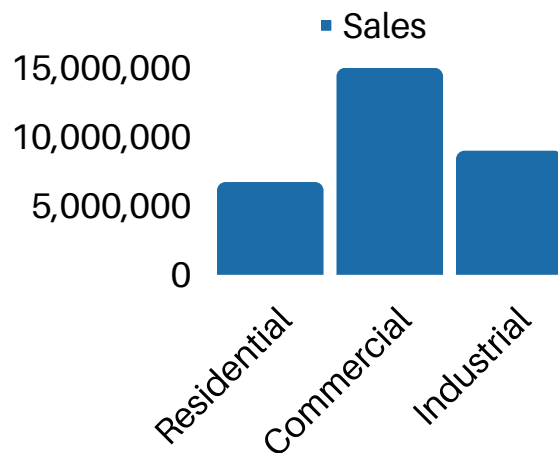


40 TOTAL
Employees

66.11 MEGA WATTS
Highest Peak Demand

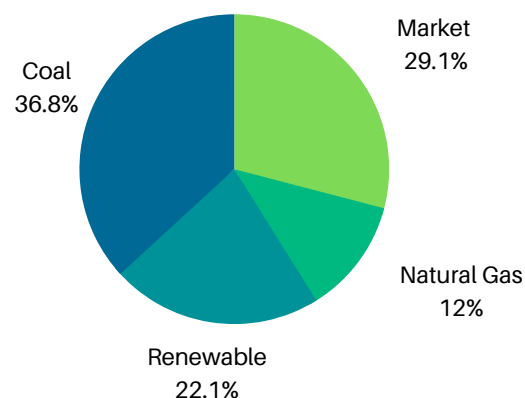
451.50 MILES
Overhead/ Underground Lines

12,969 METERS
Consumption & Sales by Customer Type
TOTAL Sale: \$30,657,857
TOTAL Consumption: 326,155



POWER SUPPLY

2021-2022 FY Generation Mix



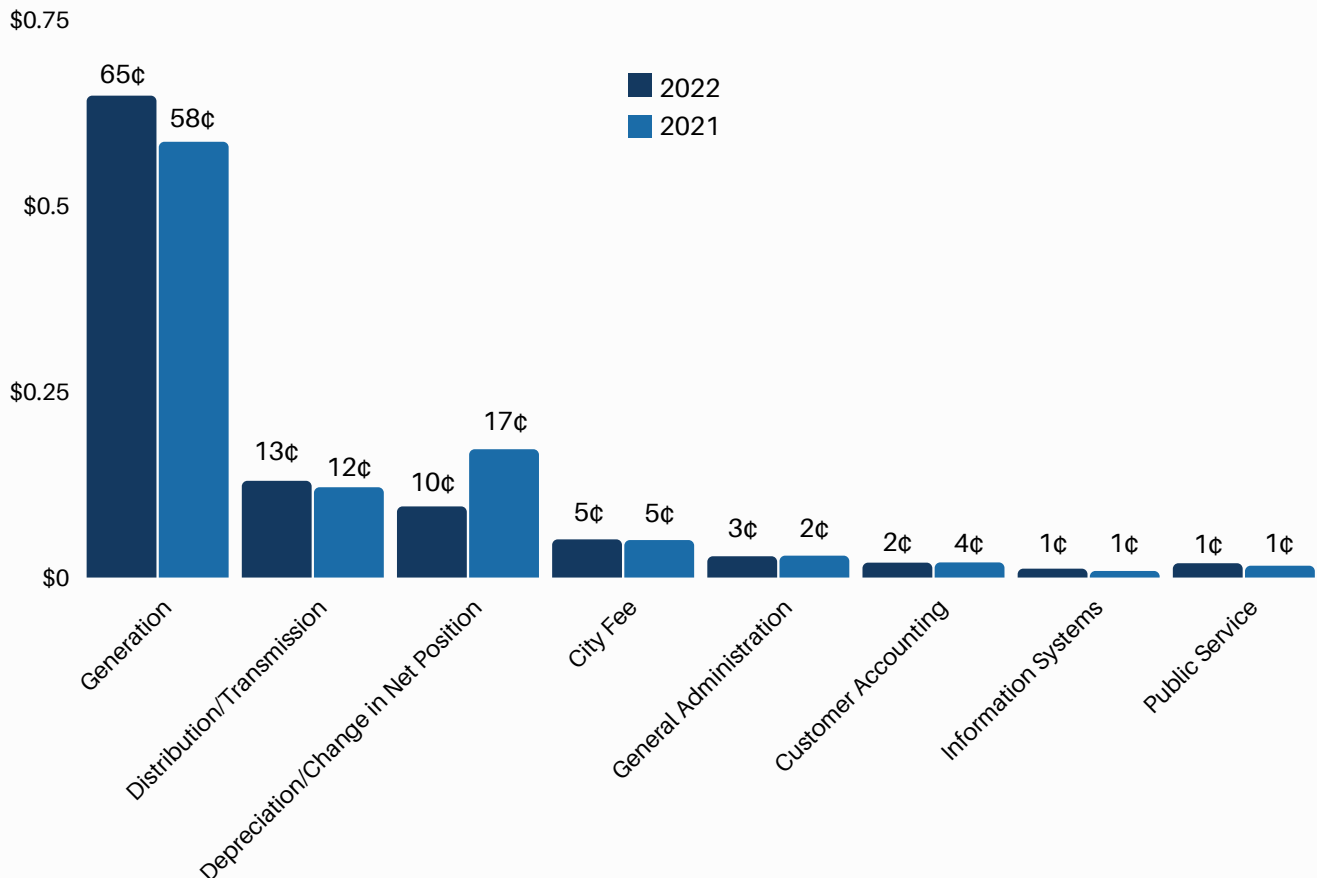
FINANCIAL STEWARDSHIP

TCLP engages Michigan Public Power Agency (MPPA) to ensure the utility will meet its strategic goal of 100% renewable energy by or before 2040.

TCLP continues to be financially healthy, providing the fourth lowest retail rates in the State of Michigan (EIA 2021 data). The implementation of a 5 Year rate strategy was intended to simplify the rate structure for ease of billing and encourage energy conservation. The Climate Action Plan's development involves an updated cost-of-service study and opportunity to encourage energy innovation, while continuing the tradition of financial transparency.

WHERE DOES THE MONEY GO?

For every dollar paid to the utility, 58¢ were spent on purchased power and related transmission costs. The remainder went to these categories:



BALANCE SHEET

ASSETS

CURRENT ASSETS

| | |
|---|------------------|
| Cash & Cash Equivalents | \$870,754 |
| Receivables | |
| -Customer less allowances of \$308,252 for uncollectible accounts (L&P Funds) | 3,997,762 |
| Accrued Interest | 17,175 |
| Taxes | 1,744 |
| Lease Receivables | 42,558 |
| Other | 382,579 |
| Due from State | 148,004 |
| Due from Federal Government | 108,408 |
| Inventories | 1,665,470 |
| Prepaid Expenses | 211,066 |
| TOTAL Current Assets | 7,445,520 |

NON-CURRENT ASSETS

| | |
|--|-------------------|
| Investments | 9,837,577 |
| Accounts Receivable | 1,806,453 |
| Lease Receivables | 272,215 |
| Long-Term Advances-Due from Fiber Fund | 2,977,602 |
| Long-Term Advances- Due from Primary Govt. | 171,711 |
| Land & Land Improvements | 1,071,410 |
| Construction in Progress | 992,318 |
| Capital Assets being depreciated, net | 67,494,594 |
| Total Non-Current Assets | 84,748,174 |
| TOTAL Assets | 92,229,694 |

DEFERRED OUTFLOWS

| | |
|---|------------------|
| Deferred Outflows of Resources- Pensions | 3,222,303 |
| Deferred Outflows of Resources- OPEB | 1,212,795 |
| TOTAL Deferred Outflows of Resources | 4,435,098 |

LIABILITIES

CURRENT LIABILITIES

| | |
|--|------------------|
| Accounts Payable | \$3,272,601 |
| Accrued Expenses & Other Liabilities | 309,539 |
| Customer Deposits | 88,611 |
| Accrued Interest Payable | - |
| Compensated Absences | 5,108 |
| Unearned Revenue | - |
| Lease Liability | 26,576 |
| Notes Payable | 11,567 |
| Due to Other Funds- Industrial Park Fund | - |
| TOTAL Current Liabilities | 3,714,002 |

LONG-TERM LIABILITIES

| | |
|---|-------------------|
| Compensated Absences | 229,479 |
| Long Term Advances- Due to Electric Fund | - |
| Long Term Advances- Due to Industrial Park Fund | - |
| Notes Payable | 119,875 |
| Lease Liability | 131,709 |
| Net Pension Liability | 8,087,123 |
| Net Other Post Employment Benefit | 800,471 |
| TOTAL Liabilities | 13,082,659 |

DEFERRED INFLOWS

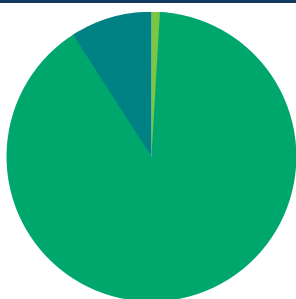
| | |
|--|------------------|
| Deferred Inflows of Resources- Lease | 313,936 |
| Deferred Inflows of Resources- Pensions | 2,311,970 |
| Deferred Inflows of Resources - OPEB | 716,966 |
| TOTAL Deferred Inflows of Resources | 3,342,872 |

NET POSITION

| | |
|----------------------------|-------------------|
| Invested in Capital Assets | 69,558,322 |
| Unrestricted | 10,680,939 |
| TOTAL Net Position | 80,239,261 |

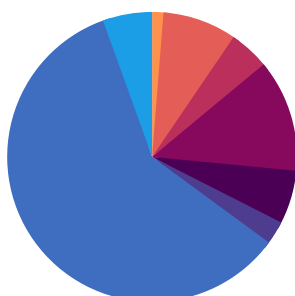
REVENUE EXPENSES

OPERATING REVENUES



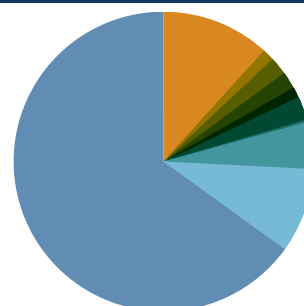
| | |
|---------------------------------|-------------------|
| Charges for services | \$31,502,236 |
| MISO Income | 3,184,244 |
| OTHER | 327,515 |
| TOTAL Operating Revenues | 35,013,995 |

NONOPERATING REVENUES (EXPENSES)



| | |
|-------------------------------------|----------------|
| Federal Grant | 20,775 |
| State Grant | 136,897 |
| Rental Income | 74,061 |
| Reimbursements | 208,245 |
| Interest Income | 98,643 |
| Lease Revenue | 42,850 |
| Change in Fair Value of Investments | (985,620) |
| Interest expense | - |
| Loss on Sale of Assets | (91,231) |
| TOTAL Nonoperating Expense | 495,381 |

OPERATING EXPENSES

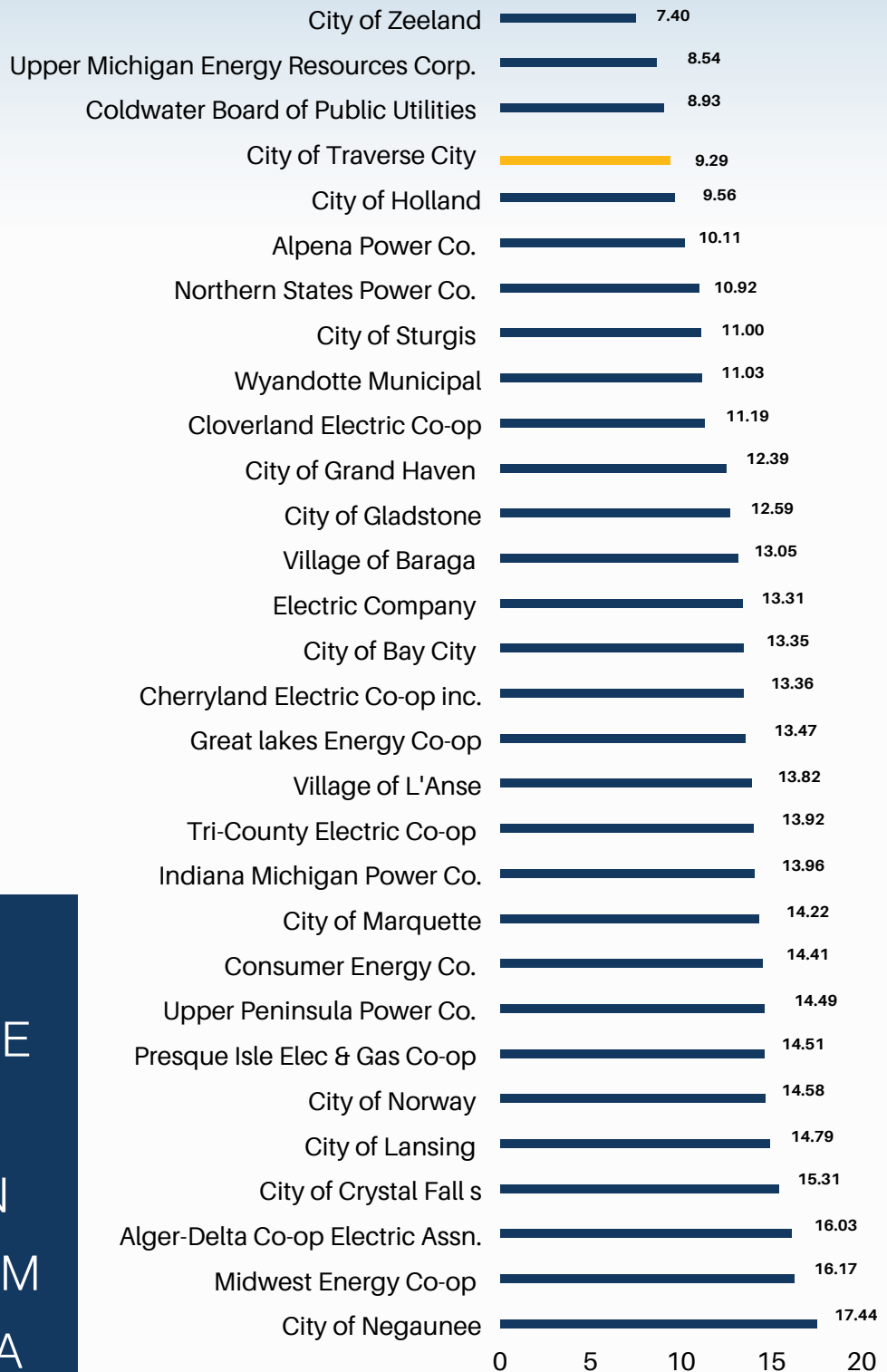


| | |
|---------------------------------|-------------------|
| Purchase Power | \$22,259,066 |
| Distribution | 4,027,951 |
| Transmission | 440,087 |
| Customer Accounting | 665,281 |
| Public Service | 638,164 |
| Information Systems | 387,021 |
| General Administration | 874,512 |
| Fiber | - |
| WIFI | - |
| OTHER | 89,050 |
| City Fee | 1,747,792 |
| Depreciation | 3,151,599 |
| TOTAL Operating Expenses | 34,380,523 |
| Operating Income (Loss) | 633,472 |

NET POSITION

| | |
|---|-------------------|
| Change in Net Position | 138,091 |
| Net Position, beginning of year, as restated. | 80,101,170 |
| Net Position, End of Year | 80,239,261 |

RATE COMPARISONS



AVERAGE PRICE
(CENTS/kWh)
INFORMATION
OBTAINED FROM
EIA - 2021 DATA

BENCHMARK

| FINANCIAL | 2022 | 2021 | 2020 | 2019 | INDUSTRY AVERAGE |
|--|--------|--------|--------|--------|------------------|
| All retail customers | 0.091 | 0.091 | 0.092 | 0.093 | 0.095 |
| Residential customers | 0.103 | 0.103 | 0.105 | 0.108 | 0.109 |
| Commercial customers | 0.101 | 0.101 | 0.102 | 0.102 | 0.103 |
| Industrial customers | 0.074 | 0.074 | 0.075 | 0.073 | 0.071 |
| Operating ratio | 1.094 | 1.042 | 1.025 | 1.078 | 0.871 |
| Current ratio | 2.00 | 3.53 | 2.53 | 1.65 | 3.08 |
| Net income per revenue dollar | 0.004 | 0.118 | 0.103 | 0.033 | 0.059 |
| Uncollectible accounts per revenue dollar | 0.0001 | 0.0001 | 0.0018 | 0.0003 | 0.0019 |
| OPERATING | 2022 | 2021 | 2020 | 2019 | INDUSTRY AVERAGE |
| Retail customers per employee | 357 | 350 | 335 | 379 | 357 |
| Total OM Expense Per kWh sold | 0.096 | 0.089 | 0.083 | 0.096 | 0.084 |
| Total OM expense per retail customer | 697 | 651 | 661 | 695 | 584 |
| Total power supply expense per kWh sold | 0.068 | 0.062 | 0.059 | 0.066 | 0.061 |
| Purchased power cost per kWh | 0.065 | 0.058 | 0.058 | 0.059 | 0.058 |
| Retail customers per meter reader | 6,599 | 6,294 | 6,022 | 4,422 | 6,588 |
| Distribution OM expense per retail customer | - | - | - | - | - |
| | 305 | 264 | 293 | 326 | 198 |
| Distribution expense per circuit mile | - | - | - | - | - |
| | 11,508 | 9,503 | 10,087 | 12,373 | 7,778 |
| Customer accounting, service & sales expense per retail customer | 50 | 51 | 44 | 34 | 63 |
| Administrative & general expense per retail customer | 102 | 95 | 85 | 74 | 184 |
| OTHER | 2022 | 2021 | 2020 | 2019 | INDUSTRY AVERAGE |
| Energy loss percentage | 3.68% | 6.93% | 0.78% | 10.22% | 3.24% |
| system load factor | 60.75% | 57.98% | 55.66% | 58.67% | 56.10% |
| *US Average of all Utilities | | | | | |

COMMUNICATIONS & THE COMMUNITY



MI Career Quest



Decommissioning the M-72 wind turbine



Downtown Light Parade



Earth Day at NMC

Through our communication efforts, TCLP continues to engage with the community. Those efforts include social media, e-Newsletters, and community events. TCLP was able to restart their Community Investment Fund Program after navigating through the pandemic. TCLP received applications for our 2022 Community Investment Fund and invested \$48,465 towards projects that benefit our community and customers.

VOLUNTEER HIGHLIGHT



National Cherry Festival Kids Day Volunteering

Participation and volunteer work within our community is a responsibility and duty we value at TCLP. Among our communication efforts, TCLP was active in the community through volunteer work. "Special Kids Day" at the National Cherry Festival was one of the volunteer opportunities TCLP employees participated in.

TCLP TOMORROW



A MESSAGE FROM THE EXECUTIVE DIRECTOR

As we progress into the future, TCLP will encourage a mindset of passion, innovation and growth. Planet health and the evolution of an electric and telecommunication utility will continue as goals.

Having a connected community enables grid modernization and resilience. Every TCLP employee, whether they have administrative, technical, trade, line crew or leadership roles are on this journey with our TCLP customers, partners and supporters.

Together we will be strong collaborators and provide constructive disruption while tenaciously prioritizing stabilization, renewal and growth.

Brandie Ekren

Executive Director



**TRAVERSE CITY LIGHT
AND POWER**

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TRAVERSE CITY, MI 49686

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