

City of Escanaba, Michigan

Request for Proposal

All Requirements Purchase Power

November 5, 2008

Escanaba, Michigan is located 120 miles north and east of Green Bay, Wisconsin on the shores of Lake Michigan. Escanaba Electric Department (EED) is responsible for providing electricity for residents of Escanaba, Michigan. EED provides electricity needs using its own generation but is considering purchasing all requirements energy from a power supplier that is able to provide a long-term supply contract.

Escanaba currently has a summer peak demand of 32 MW, a winter peak demand of 26 MW and an annual energy need of 161,315 MWh. Energy growth is projected to average 1.2 percent per year for the foreseeable future. Table 1 summarizes the forecasted annual energy and seasonal demands for the years 2009-2019.

Year	Annual Energy (MWh)	Summer Peak (MW)	Winter Peak (MW)
2009	163,216	32.73	26.48
2010	165,199	33.14	26.82
2011	167,177	33.52	27.12
2012	169,160	33.93	27.46
2013	171,220	34.34	27.79
2014	173,279	34.75	28.12
2015	175,339	35.16	28.45
2016	177,480	35.60	28.81
2017	179,616	36.01	29.14
2018	181,758	36.45	29.50
2019	183,976	36.90	29.86

EED is requesting proposals from electric suppliers to provide both firm power and load following requirements commencing July 1, 2011 and possibly as early as July 1, 2010. Timing of the start of the purchase is dependent on the timing of generation alternatives, and the timing of transmission system improvements that may be needed. Suppliers may submit proposals for all requirements service with standard detailed information being provided in the RFP Response Package. A range of start dates can be provided as part of the response package with the earliest date being July 1, 2010. Minimum terms for the purchase power proposals is five years, with longer term proposals desired.

Transmission and Delivery Point(s)

Power supply resources required to serve EED's electricity needs shall be considered a firm Designated Network Resource delivered to the Midwest Independent Transmission System Operator (MISO) UPPCO load zone. EED prefers that seller be responsible for all transmission charges including congestion and transmission line loss charges delivering energy to Escanaba. EED also prefers that the seller pay for costs for providing financial transmission rights (FTRs) associated with such deliveries.

In the event that FTRs are not being offered as part of the power purchase, EED is requesting that the seller be willing to provide information and services necessary to allow EED to purchase FTRs. This will allow EED to hedge against congestion costs if desired. Please include a description and proposed terms in the proposal explaining if this option is available.

Regional Transmission Capacity

The American Transmission Company (ATC) is in the process of improving transmission capacity into the Upper Peninsula with the Northern Umbrella Plan. Depending on the source of the all requirements energy, there may not be adequate transmission capacity to deliver all requirements power and energy to Escanaba Michigan, even with the improvements of the Northern Umbrella Plan. Escanaba has filed three Load Interconnection Request Forms (LIRF) with the ATC in order to start the process of determining what facilities may be needed to serve EED.

Response Package and Pricing

All applicable Response Package(s) must be included as part of each submittal. If more than one submittal is made, separate packages, clearly marked, must be prepared for each submittal.

All price quotes must be communicated in the attached Response Package. Prices quoted shall be firm offers and always include all costs that Escanaba would be expected to pay for the power supply and services proposed. Charges subject to change must be stated, and estimates for the period provided along with their underlying assumptions.

Additional services such as rate studies, pooled equipment purchasing, etc., should also be included in the Response Package in Section V, Paragraph F.

Escanaba owns an oil fired 15 MW combustion turbine that is currently operated for system emergencies in the UPPCO load zone. If a prospective party interested in providing a proposal has interest in this capacity and is willing to offer a credit, EED is interested in considering this type of proposal.

Proposals must also include a description on how the Renewable energy provisions of Michigan Act 295 will be fulfilled. If the proposing party is interested in providing a description on how the Energy Efficiency provisions of Act 295 can be fulfilled, this would also be of interest.

Reservation of Rights

EED reserves the right to accept or reject any proposals at its sole discretion. In addition, EED reserves the right to consider other alternatives outside of this request to satisfy its power supply needs.

Confidentiality

The City of Escanaba recognizes that some information contained in submitted proposals may be confidential and, as permitted by applicable law, will use reasonable efforts to maintain the information contained in the proposal as confidential.

Likewise, any confidential information provided by the City to proposers shall be treated and maintained as such by those receiving it.

Schedule

The following schedule and deadlines apply to this RFP:

Activity	Date
Issue RFP	November 5, 2008
RFP Response Package Due (5 PM Eastern Time)	December 8, 2008
Short-list Resource(s) Selection	December 19, 2008
Final Resource(s) Selection	January 5, 2008

EED reserves the right to unilaterally revise or suspend the schedule.

Proposal Responses and Inquiries

Please direct any questions and send proposals to the EED Official Contact. Questions must be provided in writing to the email address and will be posted (without reference to party asking question) on the www.escanabaenergy.com website.

EED Official Contact:

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