

2009 Annual Summary Report for The City of Gladstone Department of Power and Light Energy Optimization and Renewable Energy Plans

A new state law aims to help Michigan residents reduce their energy needs. Public Act 295 (PA 295), also known as the “Clean, Renewable and Efficient Energy Act,” requires the City of Gladstone Department of Power and Light to assist customers to become more energy efficient through Energy Optimization programs and to acquire more renewable energy – sometimes called “green” or “clean” energy.

This report summarizes our efforts to comply with the requirements of PA 295 during 2009. Copies of the complete 2009 annual reports for both the Energy Optimization and Renewable Energy plans are available at City Hall and on our web site, www.gladstonemi.org.

Energy Optimization

The City filed and received approval of a three-year Energy Optimization plan with the Michigan Public Service Commission. As part of the plan, the electric utility joined a collaborative partnership with five other Upper Peninsula municipal utilities (in the communities of Baraga, Crystal Falls, L’Anse, Negaunee and Norway) to offer similar energy optimization programs, utilizing assistance from our wholesale electric supplier, WPPI Energy.

Residential Programs

During the year, we offered the following energy-saving opportunities to residential customers:

- ***ENERGY STAR Appliance Rebates***

Customers received financial incentives when they purchased qualifying ENERGY STAR equipment such as refrigerators, clothes washers, dishwashers, room air conditioners and dehumidifiers. Over one hundred customers participated in this program during the year

PA 295 also requires programs targeted at low-income customers. We are contracting with the not-for-profit group Michigan Energy Options to offer a program in 2010.

Commercial Programs

During 2009, we offered prescriptive and custom incentives on a variety of technologies to help our commercial customers improve the energy efficiency of their businesses. We also offered study grants to help fund technical assessments that identify potential energy-saving opportunities.

Cost to Customers

The average monthly cost for a typical residential customer for the Energy Optimization programs was estimated to be \$.80. In lieu of collecting a surcharge, the Electrical Department opted to absorb this cost in 2009. The average Michigan residential customer is expected to save \$2.92 each month of the Energy Optimization program’s life.

Renewable Energy

The City of Gladstone is a member of WPPI Energy, a not-for-profit regional power company serving 51 customer-owned electric utilities in Upper Michigan, Wisconsin and Iowa. Our membership in WPPI Energy ensures for the foreseeable future that we are able to meet the renewable energy standards required by Michigan's Clean, Renewable and Efficient Energy Act, which will start in 2012.

WPPI Energy's sources of renewable energy in 2009 included:

- Top of Iowa II, an 80-megawatt wind project near Joice, Iowa
- Forward Wind Energy Center, a 99-megawatt wind project in Fond du Lac and Dodge Counties in Wisconsin
- Butler Ridge Wind Farm, a 54-megawatt wind energy facility located in the Town of Herman in Dodge County, Wisconsin
- Barton Wind Project, an 80-megawatt wind energy facility in Worth County, Iowa

In 2009, electric utility customers did not incur any additional charges as a result of the new renewable energy standard. Moreover, for the average Michigan residential customer, renewable energy is estimated to avoid \$3.90 of new coal-fired generation costs each month.

The Michigan Public Service Commission's annual report on renewable energy can be found at the following web site: <http://www.michigan.gov/mpsc>.