

MINUTES OF THE MEETING OF THE COMMITTEE-OF-THE-WHOLE OF THE CITY OF GROSSE POINTE WOODS, HELD ON MONDAY, OCTOBER 30, 2006, IN THE COUNCIL CHAMBERS OF THE MUNICIPAL BUILDING, 20025 MACK PLAZA, GROSSE POINTE WOODS, MICHIGAN.

PRESENT: Mayor Novitke  
Council Members Dickinson, Reynolds, Spicher, Waldmeir  
ABSENT: Granger, Howle  
  
ALSO PRESENT: City Administrator Wollenweber  
City Attorney Charles Berschback  
Recording Clerk St. Peter

The meeting was called to order by Mayor Novitke at 7:30 p.m.

Motion by Reynolds, seconded by Spicher, that Council Members Granger and Howle be excused from tonight's meeting.

Motion carried by the following vote:

Yes: Dickinson, Novitke, Reynolds, Spicher, Waldmeir  
No: None  
Absent: Granger, Howle

The Chair opened discussion regarding **Lakeshore Energy Gas**. The Committee-of-the-Whole is considering whether the City of Grosse Pointe Woods should switch from DTE and Consumers Power to Lakeshore Energy Gas to provide its natural gas needs.

City Administrator Wollenweber indicated he has checked with all of the Grosse Pointes and none of them obtain their natural gas from a private supplier.

Lakeshore Energy Gas opted not to provide a spreadsheet providing variable rate price information for the past five years as the Committee-of-the-Whole requested during the October 9, 2006 meeting. Steve Long, representing Lakeshore Energy Gas, stated the decision not to provide the spreadsheet is due to their gas prices being market driven.

Mr. Long also indicated that variable rate contracts have only been offered since June 2006, in addition to the fixed rate contracts. Mr. Long stated that since variable rate information is now available for a five month period (June-Oct. 2006) it could be provided to the Committee-of-the-Whole.

Chuck Galvin, representing Lakeshore Energy Gas, explained the natural gas market to the Committee-of-the-Whole. Natural gas is traded like any other commodity, with traders impacting the price of natural gas between 10-15% per day.

The Chair stated that, based upon the City Administrator's representation, the City's total gas cost is approximately \$110,000.00 per year, with the largest single usage of gas taking place in spring and early summer at the Lake Front Park pool. The Chair indicated the greatest benefit of entering into a fixed rate contract with Lakeshore Energy Gas is so the City can budget its energy costs and not be subject to fluctuations in the market price due to crises in the middle east, natural disasters.

Mr. Galvin stated that Lakeshore watches the forward market and when a good opportunity arises, they can lock the City into another contract for the summer at a lower rate. Mr. Galvin also stated that he does not see any benefit for all of the Grosse Pointes locking into a contract together as this would not result in a lower contract price. Mr. Galvin then indicated that once the City signs a contract with Lakeshore, it is out of the public utilities for one year.

Mr. Long stated that Lakeshore representatives can lock the City into a fixed rate contract, at the November 6, 2006 City Council meeting, if desired. This can be done if Lakeshore representatives attend the meeting, or by conference call. He stated that if a contract is entered into at the November 6, 2006 City Council meeting, the contract will be for a fixed rate term from December 1, 2006 to March 31, 2007. Then, from April 1, 2007 through November 30, 2007, the City goes into a variable rate program but can lock into a fixed rate.

The Chair stated that it is the City's understanding that it can opt back into the public utilities after the fixed rate contract expires. City Administrator Wollenweber indicated he had spoken to a Michigan Public Service Commission representative who stated that, as a Gas Choice customer, the City can immediately revert back to the public utilities.

Mr. Galvin stated that Lakeshore used to provide natural gas to the Grosse Pointe Public Schools. The Chair requested that the City Administrator confirm this, and if the school

system is not still a customer, ascertain why the school system chose not to renew its contract.

Mr. Galvin indicated that Lakeshore can look at the City's load profile and consumption and analyze the cost savings to the City for using a fixed rate or variable rate contract for years past.

Motion by Dickinson, seconded by Spicher, regarding Lakeshore Energy Gas, that this item be placed on the agenda for the November 6, 2006 City Council meeting.

Motion carried by the following vote:

Yes: Dickinson, Novitke, Reynolds, Spicher, Waldmeir  
No: None  
Absent: Granger, Howle

The Chair requested a Lakeshore representative be present at the November 6, 2006 City Council meeting with fixed rate prices for four months, six months and one year. The Chair also requested a worst case scenario for the City to enter into a contract with Lakeshore since Consumer Power representative Rudy Shaheen stated at the October 9, 2006 Committee-of-the-Whole meeting that natural gas prices are expected to go down over the winter.

Motion by Reynolds, seconded by Spicher, regarding Lakeshore Energy Gas, that this item be removed from the Committee-of-the-Whole agenda.

Motion carried by the following vote:

Yes: Dickinson, Novitke, Reynolds, Spicher, Waldmeir  
No: None  
Absent: Granger, Howle

Upon proper motion, meeting was adjourned at 9:25 p.m. PASSED UNANIMOUSLY.