

NOTICE

Proposals will be received by the City of Escanaba at the office of the City Clerk, on or before 2:00 p.m. - local time - on September 30, 2008.

Request for Proposal – Generating Station Purchase Interest

The proposals will be publicly opened and read in the City Clerk's Office at said time and date.

Proposal specifications may be obtained from the office of the City Clerk, located at 410 Ludington Street, Escanaba, Michigan 49829. No proposal will be considered unless the proposal is enclosed in a sealed envelope marked:

Request for Proposal – Generation Station Purchase Interest

In addition, the City of Escanaba, Michigan, will not consider any proposal which has not been received prior to the published time, date and year of bid opening. FAX transmittals will not be accepted.

The City of Escanaba, Michigan, reserves the right to reject any or all proposals, or any part thereof. The City further reserves the right to negotiate directly with any and all respondents concerning any matter related to any proposal.

All City of Escanaba, Michigan, proposals specifications are prepared so as to afford all vendors the equal opportunity for fair and equitable competition. The City of Escanaba, Michigan, assumes no liability or responsibility for any errors or oversights in the preparation and/or publication of proposal specifications.

Any questions concerning this proposal request should be directed to the City of Escanaba Electric Superintendent, Mike Furmanski @ (906) 786-0061 or mfurmanski@escanaba.org

REQUEST FOR PROPOSALS (RFP) FOR GENERATING STATION PURCHASE INTEREST

INTRODUCTION

The City of Escanaba currently operates an electrical generation and distribution system. The City is currently evaluating various options of electric power supply. Under all options, the City would continue to operate the distribution system. The various power supply options include:

- To continue to operate the Escanaba Generating Station “as-is”
- To convert the plant to a different fuel source
- To improve plant efficiency and continue operation
- To buy wholesale power and sell the plant

This request in is regards to the last option listed. We are trying to determine the level of interest from various parties in purchasing the plant. These proposals will help determine the route ultimately chosen by the City. We are not seeking detailed proposals at this time. We are simply seeking a yes or no answer to the question of would you be interested in purchasing the Escanaba Generating Station, if it was offered up for sale, and any specific requirements for a future formal proposal.

GENERATING PLANT SYSTEMS

The City of Escanaba’s generating station consists of 2 identical 12.5MW coal fired generating units. These coal-fired units were designed by Black and Veatch and placed into commercial operation in 1958. Each unit is comprised of a top supported two-drum boiler supplied by Babcock and Wilcox. Each unit is rated at 125,000 lbs per hour of steam at 600 psig and 825 degrees F. Steam temperature control is accomplished by balancing boiler over-fire air. The coal is fed into the boiler by Alstom Stokers and is burned on a Detroit Stoker traveling grate. Each boiler has an economizer for preheating boiler feed water to the boiler, but does not have a combustion air preheater. Power is generated by 2 identical Allis-Chalmers steam turbines that are coupled to 2 identical Allis-Chalmers Generators.

The City also owns a General Electric Frame 5 combustion turbine (CT) generator which is located at the generating station site. This CT currently burns diesel fuel, with a 100,000 gallon tank on site. The CT is a network resource in the MISO system and is dispatched occasionally as requested by MISO. It is unclear at this time if the City would sell the CT along with the plant, or if the City would retain ownership of the CT.

GOALS AND OBJECTIVES

The goal of this RFP is to receive proposals regarding the intentions of various parties in the possible purchase of the Escanaba Generating Station, if the station is offered for sale. It should be noted that the plant cannot be sold without approval of a 3/5’s majority of the Escanaba voters. It should also be noted that under current circumstances, the earliest the ownership of the

plant could change is June 3, 2011 due to the current operating agreement. The Upper Peninsula Power Company (UPPCO) is the operator of the plant under contract with the City. UPPCO served the City with a 3 year termination notice of the current contract on June 2, 2008. There is a provision in the current operating agreement that allows that agreement to be terminated at any time by mutual consent. There is also language in the operating agreement that allows the agreement to be assigned with the consent of both parties.

PROPOSAL

DATE: _____
CITY OF ESCANABA
ESCANABA, MICHIGAN 49829

We, the undersigned, would be interested in submitting a formal proposal for the purchase of the Escanaba Generating Station if the station was offered for sale in the future. _____

Please list any conditions necessary for a future proposal: _____

SUBMITTED BY:

FIRM: _____

ADDRESS: _____

BY: _____

PRINTED NAME: _____

TITLE: _____