

City of Sturgis

2014 Energy Optimization and Renewable Energy Annual Summary Report

Pursuant to Public Act 295 of 2008, the City of Sturgis is providing this 2014 Annual Summary Report of its Energy Optimization (EO) and Renewable Energy (REP) Plans.

The Act requires the City of Sturgis to assist its electric customers in gaining energy efficiencies and to develop plans which enable the City to provide a portion of the community's energy needs from renewable energy sources. This report highlights the City's efforts in 2014. The complete 2014 EO and REP Annual Reports are available on the City's website, <http://www.sturgismi.gov>.

Energy Optimization

The City of Sturgis took the following actions in 2014 to comply with the Act:

➤ Residential Programs

1. Residential Low Income Program: This program was implemented through the Michigan Community Action Agency Authority.
2. Efficient Lighting Program: Free compact fluorescent lamps (CFLs) were made available to residential customers at City Hall. They were also distributed during the St. Joseph County recycling event in October, the Home and Garden Expo and during Sturgis Fest.
3. Refrigerator/Freezer Turn-In and Recycling Program: This program was promoted through Franklin Energy and brochures distributed by the City of Sturgis Customer Service Department. St. Joseph County held a recycling event in October in cooperation with the City of Sturgis.
4. Residential Education Services: The Residential Education Program included information available through the Customer Service Department and the City's website.

➤ Commercial and Industrial Programs

1. The Prescriptive Program provided financial incentives to replace inefficient equipment on a one-for-one basis. The incentives ranged from 20% to 40% of the incremental cost to purchase qualifying equipment. The program was marketed through Franklin Energy, trade allies, customer service flyers and the City's website.
2. The Custom Incentive Program provided financial incentives to promote the installation of site specific energy efficient technologies and process improvements not included in the Prescriptive Program. As with the Prescriptive Program, the

Custom Incentive Program was marketed through Franklin Energy, trade allies, customer service flyers and the City's website.

3. Small Business Direct Install Program included the installation of "Vending Misers", LED exit signs, CFLs and pre-rinse spray valves.

Renewable Energy

In addition to helping Michigan residents become more energy efficient, the Clean, Renewable and Efficient Energy Act also requires Michigan utilities to acquire renewable energy, sometimes called "green" or "clean" energy. Each megawatt-hour¹ of energy produced by eligible resources produces one Renewable Energy Credit, or REC.

In 2014, the City of Sturgis supplemented the renewable energy produced by its hydroelectric plant with renewable energy purchases from Indiana Michigan Power Company. In 2014, these two sources produced 22,487 RECs, or 10.0% of retail sales.

Cost to Customers

- a. The 2014 itemized monthly charge to a residential customer for implementing the Energy Optimization program requirements was \$0.00191 per kWh, or about \$0.97 per customer per month.
- b. There was no charge in 2014 for the Renewable Energy program.
- c. The average electric residential customer is expected to save \$3.61 each month of the Energy Optimization/Efficiency program life.
- d. For the average Michigan residential customer, renewable energy is estimated to avoid \$3.08 per month of new coal-fired generation costs.
- e. The Michigan Public Service Commission's annual reports on energy optimization and renewable energy can be viewed at the following website:
<http://www.michigan.gov/mpsc>.

Thank you for allowing the City of Sturgis Electric Department to serve you.

Very truly yours,
CITY OF STURGIS


John J. Griffith
Electric Department Superintendent

¹ One megawatt-hour equals 1,000 kilowatt-hours (kWh)