

CITY OF MANISTEE PLANNING COMMISSION

WORKSESSION AGENDA

Thursday, March 11, 2004 - 7:00 p.m.
Thursday, March 18, 2004 - 7:00 p.m.
Thursday, March 25, 2004 - 7:00 p.m.

I Call to Order.

II Worksession Items:

1. Manistee Saltworks Development Corporation
2. Other

III Adjourn.

All Planning Commission Meetings and Worksessions are open to the Public.

Worksessions are scheduled to allow the Planning Commission the opportunity to discuss in a less formal manner than a regular meeting. No motions or decisions can be made during a worksession.

The Planning Commission does not take public comment during worksessions. Decorum is expected at all times. Applause, shouting, outbursts, demonstrations, name-calling or other provocative speech or behavior is not helpful to the decision-making process and may result in removal. The Public is not allowed to speak, ask questions, or express opinions on items which are being discussed during the worksession.

MEMORANDUM

TO: Planning Commission

FROM: Jon R. Rose 
Community Development Director

DATE: March 12, 2004

RE: Questions from March 11, 2004 Worksession

We have been working on compiling information/answers to items raised during the Worksession on March 11th. The information we have so far is as follows:

Landfill life expectancy (copy of letter from Golder Associates attached).

Codified Ordinances requirements for Wastewater discharge (attached are sections 1042.04 and 1042.15 that Greg Ferguson referenced) .

Determine the levels that other permitting agencies would allow i.e. what is the normal temperature allowed for discharge water (Mac Tech presentation will assist with these questions).

Questions regarding the Bridge.

Impact of additional boat traffic on life of Bridge (Brian Sousa will review)

Emergency Response (see attached memo to Fire Chief Sid Scrimger)

Openings (see attached bridge openings 1997 through 2002)

Questions regarding Streets.

Verify Main Street Construction Standards (Brian Sousa will review)

Truck traffic information (attached is information submitted in the Special Use Permit Application from Manistee Saltworks Development Corporation - *Ash Handling, Storage, and Disposal*)

Fire Protection (see attached memo to Fire Chief Sid Scrimger).

We will work on obtaining the other information that was requested during the worksession this week i.e. bonding or escrow, attorney opinion, site plan questions.

**Items forwarded to the
City of Manistee Planning Commission
at the March 11, 2004
Worksession relating to the
Manistee Saltworks Development Corporation**

Correspondence:

Joel & Kathy Smith, 470 Fourth Street, Manistee
Francis Ward (Denny) Johnston, 388 First Street, Manistee
Carolyn Peters, 2432 Red Apple Road, Manistee
Dick Landback, 12777 Lakeview Drive, Bear Lake
Ron Bauman, 807 Dinsen Street, Manistee
Gary Wolfe, 14237 Brewer Road, Brethren
e-mail from Charles Dumanois, MD, 6580 Lakeshore Road, Manistee
William Rastetter - Olson, Bzdok & Howard, 420 East Front Street, Traverse City
William Rastetter - Olson, Bzdok & Howard, 420 East Front Street, Traverse City
Daniel Behring, 3695 Lakeshore Road, Manistee
Michael & Kelly Ignace, 1589 Moss Road, Beulah

Listing of Postcards received in opposition to the Northern Lights Project.

Date: 10/20/03

To: DENISE

Facsimile Phone Number: () 723 - 1546

This facsimile is from and can be replied to:
W. Frank Beaver, Planning Director
Manistee County Planning Department
FAX (231)723-1718
Voice (231)723-6041
e-mail: wfbeaver@manisteecounty.net
Mail: Manistee County Planning Department
415 Third Street — Courthouse
Manistee, Michigan 49660-1606

Please set your fax machine for fine resolution when sending us drawings or site plans (such as a new address application). If this is not done, details in the drawing may not be legible and can not be processed. Thank you.

Please report transmission problems by fax to USA (231)723-1718, voice to (231)723-6041, or alternate FAX number of (231)723-1492

Note: CHUMLIANIS LETTER FROM HARLAND IT REDUCES PERMITTED LIFE FROM 41 YRS TO 30 YRS

-FRANK-

Golder Associates Inc.

15851 South U.S. 27, Suite 50
Lansing, MI USA 48906
Telephone (517) 482-2262
Fax (517) 482-2460



July 29, 2003

Our ref.: 003-8602

Allied Waste Services
3890 Camp Road
Manistee, Michigan 49660

ATTENTION: Mr. Todd Harland

RE: FUTURE AIRSPACE AND SITE LIFE ESTIMATE

Dear Todd:

Further to your request, Golder Associates Inc. (Golder) has analyzed the site life implications of adding an additional 240,000 cubic gate yards (c.g.y.) of waste to the current waste stream beginning in 2006. The analysis of site life from January 2006 forward is based on the following assumptions:

- Disposal volume currently permitted and remaining at the site is 12,221,500 cubic airspace yards (c.a.y.), as reported by Blaine Litteral of ERM to Golder on July 18, 2003.
- Current gate receipts are 430,000 c.g.y. per year.
- Beginning in 2006, gate receipts will increase to 670,000 c.g.y. per year.
- A typical compaction ratio for the site is 1.75 c.g.y. to 1.0 c.a.y.

Golder's estimates show that with this increase in gate receipts the site will have a functional life from January 2006 ahead (as presently permitted) of 30.3 years.

It is noteworthy that the site could pursue an expansion to the south. We have shown this proposed future expansion area in Figure 1. By inspection, the airspace available from that expansion will be greater than the 11,800,000 c.a.y. gained from the last expansion permitted in 2002. Given the positive history of the site from a compliance viewpoint and since the site is named in the Manistee County Solid Waste Management Plan, Golder believes that permitting an expansion would be readily achievable.

Golder trusts that this information meets your requirements. If you have any further questions, please call me at your convenience.

Sincerely,

GOLDER ASSOCIATES INC.

David M. List, P.E.
Principal

Attachments: Figure 1: Future Expansion Options

- (g) mg/l - milligrams per liter
 - (h) NPDES - National pollutant discharge elimination system
 - (i) POTW - Publicly owned treatment works
 - (j) SIC - Standard industrial classification
 - (k) SWDA - Solid Waste Disposal Act, 42 U.S.C. 6901, et seq.
 - (l) TSS - Total suspended solids
 - (m) O & M - Operation and maintenance
 - (n) CWA - Clean Water Act
- (Ord. Unno. Passed 7-2-91.)

1042.04 UNLAWFUL DEPOSITS OR DISCHARGES OF SOLID OR LIQUID WASTES; SEPTIC TANKS PROHIBITED; INSTALLATION OF TOILET FACILITIES AND CONNECTION TO PUBLIC SEWERS REQUIRED.

(a) No person shall place, deposit or permit to be deposited in an unsanitary manner upon public or private property within the City, or in any area under the jurisdiction of the City, any human or animal excrement, garbage or other objectionable waste.

(b) No person shall discharge to any natural outlet within the City, or in any area under the jurisdiction of the City, any sanitary sewage, industrial wastes or other polluted waters, except where suitable treatment has been provided in accordance with provisions of this chapter and statutes and regulations of the State.

(c) Except as hereinafter provided, no person shall construct or maintain any privy, privy vault, septic tank, cesspool or other facility intended or used for the disposal of sewage.

(d) The owner of all houses, buildings or properties used for human occupancy, employment, recreation or other purposes, situated within the City and abutting on any street, alley or right of way in which there is now located, or may in the future be located, a public sanitary or combined sewer for the City, is hereby required, at his or her expense, to install suitable toilet facilities directly with the proper public sewer in accordance with the provisions of this chapter. The City Council may require any such owner, pursuant to the authority conferred upon it by law or ordinance, to make such installation or connection.

(Ord. Unno. Passed 7-2-91.)

1042.05 PRIVATE SEWAGE DISPOSAL SYSTEMS.

(a) Where a public sanitary or combined sewer is not available under the provisions of Section 1042.04(d), the building sewer shall be connected to a private sewage disposal system constructed in compliance with State law and the regulations of the City Council.

the discharge and the measures to be taken by the user to prevent similar future occurrences. Such notification shall not relieve the user of any expense, loss, damage or other liability which may be incurred as a result of damage to the POTW, fish kills or any other damage to persons or property, nor shall such notification relieve the user of any fines, civil penalties or other liability which may be imposed by this chapter or other applicable law.

(c) Notice to Employees. A notice shall be permanently posted on the user's bulletin board or other prominent place advising employees of whom to call in the event of a dangerous discharge. Employers shall insure that all employees who may cause or suffer such a dangerous discharge to occur are advised of the emergency notification procedure. (Ord. Unno. Passed 7-2-91.)

1042.15 SPECIAL AGREEMENTS FOR ACCEPTANCE OF UNUSUAL INDUSTRIAL WASTES.

No statement contained in this chapter shall be construed as preventing any special agreement or arrangement between the City and any industrial concern whereby an industrial waste of unusual strength or character may be accepted by the City for treatment, subject to payment therefor by the industrial concern, provided that such waste will not damage the sanitary or storm sewers, the sewage treatment plant or the receiving waters and provided that the Federal categorical standards will not be violated. (Ord. Unno. Passed 7-2-91.)

1042.16 UPSETS.

(a) An upset shall constitute an affirmative defense by users in unintentional and temporary noncompliance with applicable national categorical pretreatment standards or pretreatment requirements, provided that it can be proved that:

- (1) An upset occurred and the user can identify the causes of the upset;
- (2) The facility was at the time being operated in a prudent and workmanlike manner and in compliance with applicable operation and maintenance procedures;
- (3) The user submitted the following information to the City within twenty-four hours of becoming aware of the upset (if this information is provided orally, a written submission must be provided within five days):
 - A. A description of the discharge and the cause of noncompliance;
 - B. The period of noncompliance, including exact dates and times or, if not corrected, the anticipated time the noncompliance is expected to continue; and
 - C. Steps being taken and/or planned to reduce, eliminate and prevent recurrence of the noncompliance.

Memo

TO: Sid Scrimger
Fire Chief

FROM: Jon R. Rose 
Community Development Director

DATE: March 12, 2004

RE: Planning Commission Request

Sid, members of the Planning Commission began the review process for the Special Use Permit request from Manistee Saltworks Development Corporation. Questions were raised in regards to the City of Manistee Fire Department while reviewing standard 8609.4 *"Is the use designed to insure that public services and facilities are capable of accommodating increased loads caused by the land use or activity..."*

The Planning Commission raised the following questions in regards to the Fire Department:

1. Verify with the Fire Chief any special needs his department will have because of proposed power plant (i.e. Training, equipment, employees).
2. Verify if chemicals on site will require special training.
3. How does the Fire Chief evaluate the fire suppression necessary for buildings that exceed the 60 foot height limitation?

Additionally, you might provide your input on the following items.

1. A Planning Commission Member had suggested the construction of a wall around the coal pile.
2. Are emergency response services informed when both bridges are up.
3. In the event that another fire department needs to assist with a fire is there a fee associated with their assistance?

I understand that you will be out of town to attend training the week of March 22, 2004. Would you be able to find answers to these questions from the Planning Commission by March 18, 2004? Would you be able to attend the Planning Commission worksession on March 18th?

Thank you for your work on this process.

cc: City of Manistee Planning Commission

Bridge Openings 1997 through 2002

	# of Boats	Sailboats	Freighters/Other
1997	376	280	96
1998	431	245	186
1999	365	218	147
2000	245	130	113
2001	481	165	316
2002	554	193	361
Average	409	205	203

Attachment A

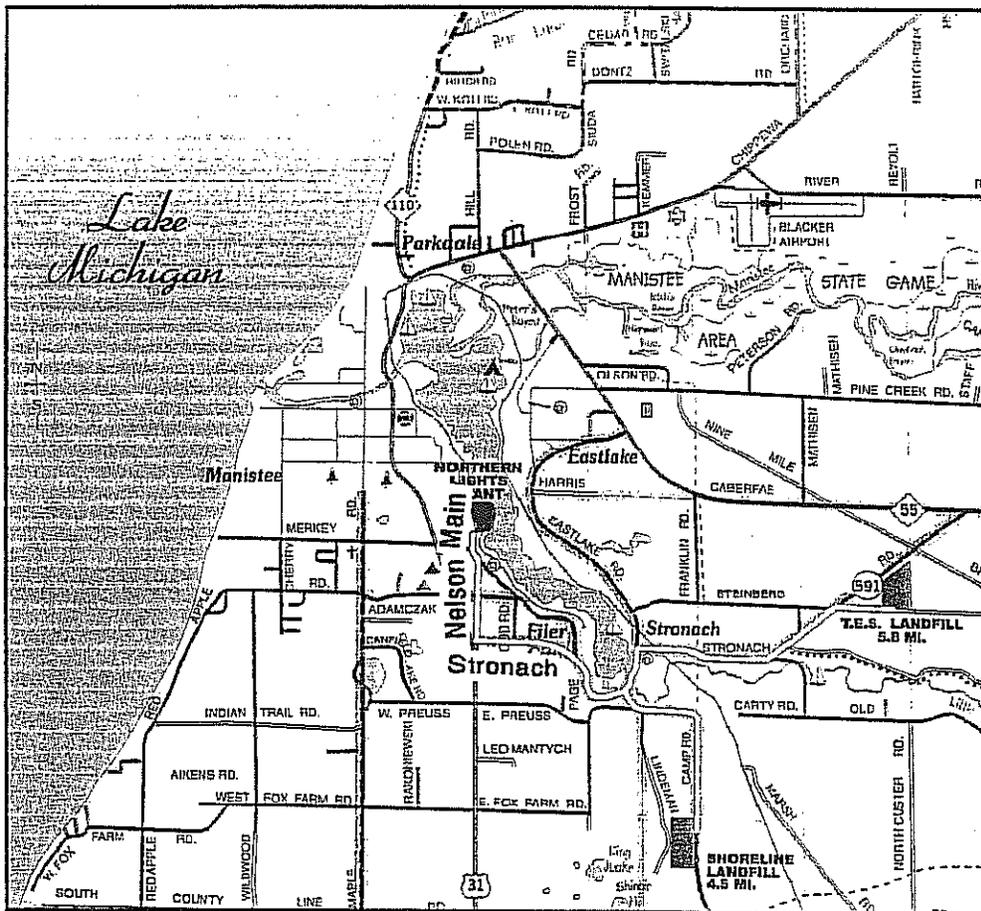
pile, suppressing dust creation. In thawing weather, the ice will melt and create a wet surface layer that will also aid in the control of dust from the coal pile.

E. Ash Handling, Storage, and Disposal

Ash will be pneumatically conveyed to a storage silo using an enclosed system. The silo will be equipped with a baghouse collector. The ash is wetted by a rotary unloader prior to loading onto 50-ton haul trucks. Ash transfer to haul trucks will be within an enclosed building and haul trucks will be tarped to prevent air-borne ash during transfer.

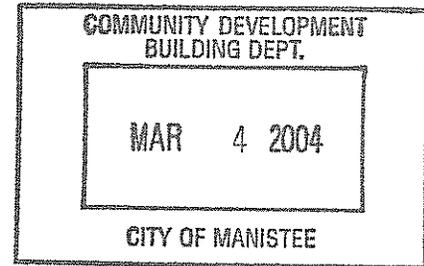
Fly ash will be disposed of at either Shoreline Landfill or the TES Landfill, both of which are located a short distance from the Northern Lights facility and are within Manistee County. It is estimated that up to 20 roundtrip loads per day of fly ash will be hauled to the landfill. Additionally, approximately 4 trucks of bottom ash per day will be recycled. This will be considerably less traffic than was generated by previous industries on the site. In 1992, Akzo Salt had up to 70 trucks per day and in 1999, Ambar Chemical Company had up to 20 trucks per day.

The following map shows the designated truck route from the site to the two landfills.



TONDU CORPORATION
14701 St. Mary's Lane
SUITE 625
HOUSTON, TEXAS 77079
832-379-4222
FAX 832-379-4333

470 Fourth Street
Manistee, MI 49660
March 3, 2004



Manistee City Planning Commission
550 Maple Street
Manistee, MI 49660

Dear Planning Commission,

My name is Joel Smith, and my wife, daughter and I are residents of Manistee living at 470 Fourth Street. We are writing to you to ask that you **deny Tondy's request** for the Special Use Permit for the Northern Lights facility. We believe that a non-biased **Economic Impact Statement** and an **Environmental Assessment** of the project are absolutely necessary before such a monumental change is placed upon our community.

The **quality of life** offered in Manistee through the public beaches, waters, parks, Riverwalk, downtown and National Forest is rare. It is this quality of life that should attract investors - including light manufacturers to our area. This quality of life would be severely threatened by the power plant and its **400 foot concrete smokestack** looming over us. Even if no pollutants were to be emitted, the appearance of the plant would be enough to turn people off from moving to, or visiting Manistee. Light manufacturing is desirable for Manistee, but this heavy industry power plant would **devastate Manistee's ability to attract visitors** - visitors that provide income so families can still live in Manistee, and visitors that help pay for local students' college tuitions.

There, of course, are going to be **pollutants**. The mercury and particulate matter which would be released are enough to cause our young family to move from Manistee. Our daughter is only one year old and is susceptible to these dangers, and we plan to have another child whose health would also be in jeopardy. It is an awful thought to not feel safe in your own hometown. Our air here is not perfectly clean, and there is no reason why we should choose to **increase the threat to public health**.

We fear that there would be a **loss in property value** to our home and the homes in Manistee. This lost property value also causes the amount of tax collected on these homes and other properties to drop - with the city of **Manistee losing millions of dollars in taxes** over the next forty years and beyond. People will not want to invest more money in improving their homes if they believe they will not see a return for their investment, and local hardwares, lumberyards and tradespeople will suffer from this.

We also have concerns about the **50% increase in freighter traffic** due to the power plant. Having both bridges up at the same time on average of every other day poses great health and economic consequences. Ambulances and doctors will be prevented from getting to and from the hospital in **medical emergencies**. Also, tradespeople will be forced to be stopped in traffic as they are going to jobsites or running out for materials - these delays have very real **economic impacts** on builders, landscapers and everyone who depends on making it across town.

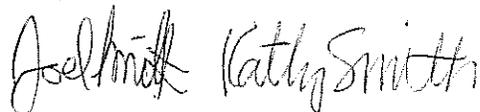
Is there a plan in place for **tearing down the proposed plant** when it is at the end of its forty-year life span? It seems that if there is not an **agreement now on Tondur providing the money for demolition**, then in forty years the plant will sit there - being far too expensive for any new investor to tear down for a different enterprise. This would be an insult to the citizens of Manistee to create this giant complex and then leave it there like a huge pile of contaminated garbage.

If the permit is approved and the plant is tax exempt, the **payment in lieu of taxes** should equal the tax that a plant this size would have been required to pay - **16 million dollars**. Any amount less than this would be robbing the planning commission and the citizens of Manistee.

Some of our concerns could be relieved by the outcome of an **independent economic impact statement** and an **environmental assessment**. Manistee and the planning commission would have a much better idea of what we have in store through such investigations. Certainly right now, with the information we have at hand, the majority of the citizens are against the construction of this monstrosity - **it goes against the master plan of maintaining Manistee's small town image and protecting the public health and welfare**.

Thank you for your time and good judgment in this matter.

Sincerely,


Joel Smith and Kathy Smith

TO: MANISTEE CITY PLANNING COMMISSION

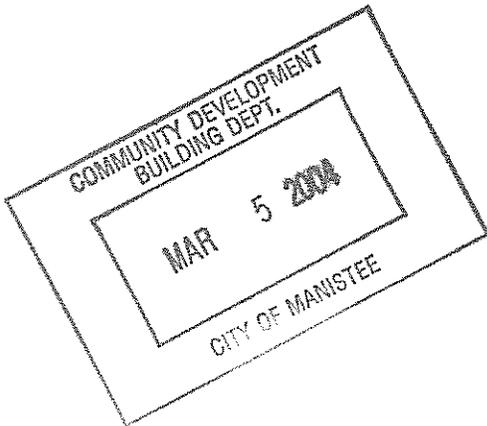
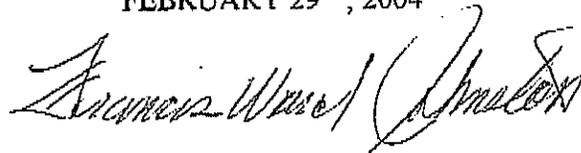
MY NAME IS FRANCIS WARD (DENNY) JOHNSTON. I HAVE LIVED IN KEY WEST, FLORIDA FOR THE PAST 25 YEARS AND HAVING WANTED TO COME BACK TO MICHIGAN, I RESEARCHED MANY AREAS IN MICHIGAN AND ELSEWHERE... WELL, I FOUND MANISTEE AND FELL IN LOVE WITH THE AREA AND ALSO THE PEOPLE INHABITING IT....I FOUND A PROPERTY AND PURCHASED IT THIS SEPTEMBER, PLANNING TO DO IN MANISTEE WHAT I HAD DONE IN KEY WEST WHICH IS OPERATE A GUESTHOUSE AND AN UPSCALE SHOP WHERE I MAKE MY OWN CUSTOM LINENS SOAPS AND LOTIONS..... WEAVING AND POTTERY....UNTIL I HEARD ABOUT THE NORTHERN LIGHTS PROJECT.

NOW EVERYTHING IS ON "HOLD" AND IF THIS PROJECT GOES THRU THERE WILL BE A FOR SALE SIGN ON MY PROPERTY..... "IMMEDIATELY" AND I WOULD HAVE TO BELIEVE THAT THERE WOULD BE MANY MORE ALONG WITH MINE " FOR SALE " .

HOPEFULLY I WILL BE ABLE TO SELL IT BUT I WOULD RATHER DOUBT ANY ONE IN THEIR RIGHT MIND..... " WITH A MONSTROSITY SUCH AS YOUR PROPOSING TO CONSIDER..... R/E "THE NORTHERN LIGHTS PROJECT".....AND SPEAKING OF CONSIDERATION, I WOULD ABOVE ALL, HAVE TO THINK OF THE HEALTH OF THE CHILDREN OF MANISTEE AND THEIR CHILDREN AND MY NEIGHBORS CHILDREN." NOT MENTION EVERYONE ELSE LIVING THERE AND IN THE SURROUNDING AREAS..... WOULD BUY "ANY" PROPERTY IN MANISTEE!!!!!!!!!!!!!!

YOURS TRULY

FRANCIS WARD (DENNY) JOHNSTON
388 FIRST STREET
MANISTEE, MICHIGAN
FEBRUARY 29TH, 2004



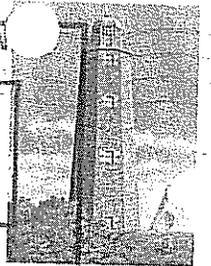
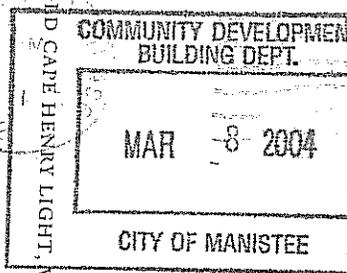
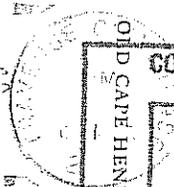
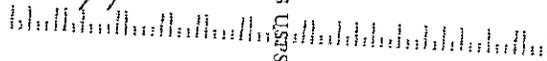
To Planning
Commission

I am opposed to the
Northern Lights
coal-fired power plant.

I urge you to vote
NO on the Special
Permit Application.

Lauren Peters
2432 Red Apple Road

4866040338



City of Manistee
Planning Commission
P.O. Box 358
Manistee, MI 49660

MANISTEE CITY PLANNING COMMISSION
70 Maple Street
Manistee, Michigan 49660

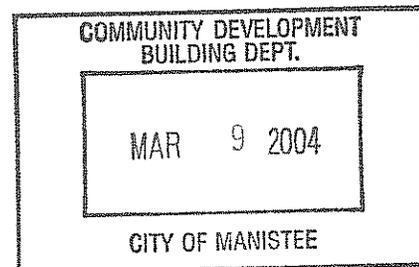
Re: Proposed 425MW Coal Power Plant

I wrote to you in December to raise 4 specific points against the coal plant. I am not aware that any of these important points have been answered in any forum. I am further struck by the contrast between the successful efforts to preserve the beautiful CMS Arcadia property, on one hand, and the disastrous prospect of this huge coal plant, that will produce electricity that isn't even needed in this area, on the other. Neighboring communities are taking positive steps to move to a new economy more friendly to the environment and the outdoor life we all love. Meanwhile, Manistee is in danger of regressing to a 19th century industrial town where a few rich folks lived on top of the hill and everybody else lived down the hill next to the noisy, dirty, stinking, polluting industry. In the 21st century the only thing that's changed is the noise, dirt and smell have been greatly reduced. Invisible pollution remains. And the blight on the landscape is worse than ever. Aren't these issues that our planning commission is supposed to deal with?

Dick Landback, retired Detroit Edison engineer
12777 Lakeview Drive
Bear Lake, Michigan 49614

March 7, 2004

copy to:
Mr. Dave Barber, Editor
Manistee News Advocate
75 Maple Street
Manistee, Michigan 49660



March 6, 2004

Manistee Planning Commission
50 Maple Street
Manistee, MI 49660

Re: Northern Lights Special Use Permit

Please place this letter and the attached document in the public hearing record relative to the subject permit and forward them to all members of the Planning Commission.

In addition to bridge openings as discussed in the attached letter, I strongly suspect that air quality resulting from plant emissions may pose a danger to areas within jurisdiction of the Zoning Ordinance. The 400 foot tall stack is in the lake valley. Its discharge elevation is substantially nearer ground level than 400 feet in the nearby Ritz Park residential area and other City locations.

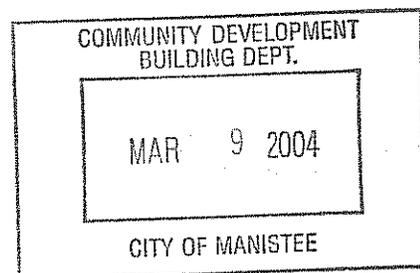
It is imperative that the City obtain complete results of atmospheric dispersion calculations for stack emissions at all City locations under all atmospheric conditions. The City needs to be certain that exposure levels to Manistee residents will not contribute to illnesses over the full range from chronic bronchitis to cancer. Lacking that information the City can not perform a complete analysis of the application and be certain that the plant would not "...create any dangerous, injurious, noxious or otherwise objectionable element or condition..." as prohibited by Section 1004 of the Zoning Ordinance.

Thank you.



Ron Bauman
807 Dinsen Street
Manistee, MI 49660

cc: Fred LaPoint
Dana Schindler, Filer Township Supervisor



March 2, 2004

Manistee News Advocate
75 Maple Street
Manistee, MI 49660

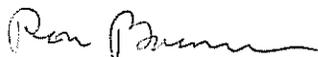
Following an absence from Manistee I have read the many News Advocate articles and letters regarding the proposed Northern Lights Project. The following comments are based on my engineering career in power plant design, licensing and project management, and as a former member of the Manistee City Planning Commission.

Many persons have correctly commented on the need to rely on "the facts" in reaching a decision on a Special Use Permit. Some comments have been accurate and others have been gross errors or pure marketing hyperbole. Although of general interest, many have been totally irrelevant regarding the requirements for a Special Use Permit. The Planning Commission and Chairman Roger Yoder are to be commended for providing a forum for the public to express their opinions on this important issue. The many persons who have attended the Planning Commission hearings and those making statements are also to be commended. We live in a great place and everyone wants to keep it that way.

The Planning Commission must make their decision based on the content of the existing Zoning Ordinance. Issues such as the affect on other municipalities, the need for power and broad environmental damage are not relevant to the Manistee Zoning Ordinance and are governed by other state and federal permitting agencies. Activists opposed to the plant can and should intervene in those licensing proceedings.

The following single "fact" is sufficient for the Manistee Planning Commission to reject the project. The Zoning Ordinance clearly states that a permitted project can not create a dangerous element or condition to the public. No reasonable person can debate that the numerous bridge openings for coal delivery will not affect emergency services and have a negative impact on public health and safety. Based on that "fact" alone the City can not issue a Special Use Permit. There are probably numerous other valid reasons.

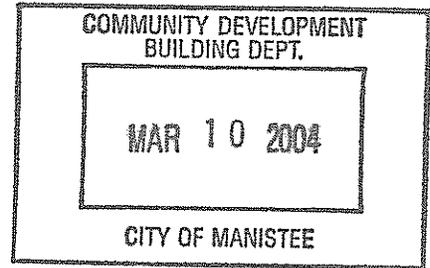
If the City issues a permit for a project that is not in full compliance with the Zoning Ordinance they are exposing Manistee to costly legal action, now or in the future. Let us all hope that the City will not allow a violation of the ordinance based on a negotiated fee in lieu of taxes and that the Planning Commission is reading the Zoning Ordinance.



Ron Bauman
807 Dinsen Street
Manistee, MI 49660
723-2520

February 9, 2004

Manistee Planning Commission
70 Maple St.
Manistee, MI 49660



Dear Commissioners:

Here are some of the facts about ash.

Where does the ash produced at a coal-fired power plant come from?

Coal is not all carbon: Coal contains quantities of non-combustible minerals. Coal-fueled electric/generating plants produce ash. This coal is pulverized and blown with air into the boiler combustion chamber where it is immediately ignited, generating heat and producing a mineral residue. Boiler tubes extract heat from the boiler, cooling the flue gas and causing mineral residue to harden and form ash. Coarse ash, referred to as bottom ash, will fall to the bottom of the combustion chamber, while the lighter ash, termed fly ash, will remain suspended in the flue gas. Prior to exhausting the flue gas, fly ash is removed by emission control devices, such as a baghouse.

How are bottom and fly ash reused?

Light weight concrete block, blasting grit, highway ice control, cement additive, concrete admixtures, materials in lightweight alloys, roadway/runway construction, flowable fill materials, roofing materials, grouting, asphalt pavements and filler in paint are all materials that contain recycled ash.

The following listings are just some projects that recycle ash:

Fly ash concrete was used in the decking and piers of the Sunshine Skyway Bridge across Tampa Bay in Florida, Massive slabs of fly ash concrete supported tower cranes of the U.S. Capitol Building during Bicentennial renovation, The foundation and retaining wall supporting the engraved panels of the Vietnam Veterans Memorial in the District of Columbia, the base stabilization in the construction of runways and aprons for the Newark, New Jersey Airport, flowable fill serves as the foundation for Marine Midland Arena in Buffalo, New York.

Once again, the above only represents a few projects of recycled ash. The Northern Lights project will produce ash and will utilize a recycled ash program to the maximum extent that is practical.

This is one of the many reasons I support the Northern Lights Project.

Sincerely

Gary Wolfe
14237 Brewer Road
Brethren, Michigan 49619
477-5101

ACAA Releases 2002 Coal Combustion Products Production and Use Figures

On November 25, 2003 the American Coal Ash Association released the coal combustion product (CCP) production and use data for calendar year 2002. ACAA is a trade association whose purpose is to advance the safe and economic utilization of CCPs. ACAA's membership includes electric utilities, CCP marketers, and various corporate and university research and development institutions.

The Association estimates an overall 2002 CCP production total of 128.7 million tons as compared to 117.9 million tons in 2001. This is an extrapolated increase of about 9%. The 2002 figures are estimates based on a sampling survey of nearly 600 coal-fueled power plants in the U.S. Most of these facilities are investor-owned utilities. Overall CCP utilization for 2002 is estimated at 45.5 million tons, or 35.4% compared to 37.1 million tons and 31.5 % for 2001. Total CCP production can vary significantly from year to year and is influenced by such factors as the total amount of coal burned, ash content of the coal burned (i.e. different coals sources possess different ash contents and blending may change ash production rates), and the amount of flue gas treated by scrubber systems.

On a tonnage basis, fly ash was the largest individual category with 2002 production estimated at 76.5 million tons. Fly ash is collected by equipment (such as electrostatic precipitators and fabric filter bag houses), which is part of the plant's air emissions control systems. As in prior years, it contributed the largest percentage of utilization. For example, fly ash can be substituted for a portion of the portland cement used in concrete products. Approximately 12.6 million tons was used this way in 2002, up slightly from 12.4 million tons in 2001. The total fly ash usage for 2002 is estimated at 26.5 million tons compared to 22.0 million tons in 2001, about a 7% increase. ACAA surveys continue to show that fly ash usage is increasing notwithstanding a slow economy and a relatively flat construction industry. Possible explanations for this growth include local material/mineral shortages, improved fly ash quality due to beneficiation technologies, larger percentages of fly ash used in mix-designs, increased usage of fly ash in soil projects and waste stabilization or a combination of several of these factors.

Other CCP types also increased in production and use during 2002, most notably bottom ash and synthetic gypsum. Bottom ash is used in roadwork, embankments, and structural fills where it is a substitute for sand and gravel and as raw feedstock for portland cement manufacturing. Bottom ash use increased to 7.6 million tons, up significantly from 5.7 million tons in 2001. Synthetic gypsum is produced by flue gas desulfurization systems, which are part of a plant's air emission controls. The primary use of synthetic gypsum is in the making of wallboard. Usage increased to 7.8 million tons up from approximately 7.0 million in 2001. On a percentage basis, increases in bottom ash and FGD gypsum utilization rates for 2002 account for most of the industry's upward trend of CCP utilization (i.e. 31.5% in 2001 to 35.4% in 2002). This trend is expected to continue, particularly for synthetic gypsum, as power plants continue to add new flue gas scrubbing systems.

The industry anticipates CCP production and use to grow in the future. Working with the Coal Combustion Products Partnership (C2P2), sponsored by the Environmental Protection Agency and the Department of Energy, many companies hope to find new uses for CCPs and to identify and reduce potential barriers associated with increased utilization. The data collected by ACAA represents voluntary responses from the utility industry. This year's responses account for approximately 65% of the investor-owned electric generating stations in the US. The balance of the data is extrapolated from information gathered by the Energy Information Agency (EIA) and validated by sources outside the CCP industry for applications such as cement and concrete production and use, synthetic gypsum and bottom ash. Some data, such as for different types of FGD material, FBC ash and boiler slag, is simply reported as received and not extrapolated as there are no outside sources to compare.

American Coal Ash Association
 15200 E. Grand Ave., Ste. 3050
 Aurora, CO 80014-3988

Phone: 720-870-7697
 Fax: 720-870-7889
 Internet: www.ACAA-USA.org
 Email: info@accap-usa.org



2002 Coal Combustion Product (CCP)
 Production and Use Survey

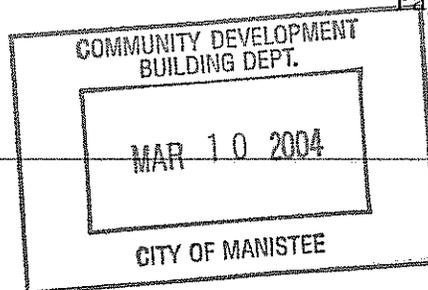
CCP Categories	Fly Ash*	Bottom Ash*	FGD Gypsum*	FGD Material Wet Scrubbers*	Boiler Slag**	FGD Material Dry Scrubbers**	FGD Other**	FBC Ash**
CCP Production Category Totals	76,500,000	19,800,000	11,400,000	16,900,000	1,919,579	935,394	0	1,248,599
All CCP Production Total								128,703,572
CCP Used Category Totals	26,628,881	7,689,589	7,770,000	560,000	1,549,972	371,404	0	953,410
All CCP Used Total								45,523,256
CCP Use (Short Tons)	Fly Ash	Bottom Ash	FGD Gypsum	FGD Material Wet Scrubbers	Boiler Slag	FGD Material Dry Scrubbers	FGD Other	FBC Ash
1. Concrete/Concrete Products /Grout	12,579,136	406,255	60,606	0	9,000	35,436	0	0
2. Cement/ Raw Feed for Clinker	1,917,690	585,480	303,807	0	0	3,000	0	0
3. Flowable Fill	455,018	0	0	0	0	1,014	0	0
4. Structural Fills/Embankments	4,200,982	2,046,545	0	427,000	12,103	0	0	0
5. Road Base/Sub-base/Pavement	767,182	1,472,291	0	616	4,484	2,558	0	0
6. Soil Modification/Stabilization	904,745	98,509	0	0	0	0	0	0
7. Mineral Filler in Asphalt	103,173	96,218	0	0	38,496	2,852	0	0
8. Snow and Ice Control	2,645	767,455	0	0	8,612	0	0	0
9. Blasting Grit/Roofing Granules	61,964	137,455	0	0	1,440,706	0	0	0
10. Mining Applications	1,888,855	802,582	0	131,600	0	258,043	0	760,000
11. Wallboard	0	0	7,247,856	0	0	0	0	0
12. Waste Stabilization/Solidification	3,187,773	19,091	0	0	0	67,053	0	193,410
13. Agriculture	0	6,873	77,700	0	0	0	0	0
14. Aggregate	0	678,109	6,216	0	3,200	1,448	0	0
15. Miscellaneous/Other	559,718	572,727	73,815	784	33,371	0	0	0
CCP Category Use Totals	26,628,881	7,689,589	7,770,000	560,000	1,549,972	371,404	0	953,410
All CCP Use Total								45,523,256
Individual Use Percentage of Total Produced	34.81%	38.84%	68.16%	3.31%	80.75%	39.71%	0.00%	76.36%
Cumulative Use Percentage	34.81%	35.64%	39.08%	34.23%				

* Data are extrapolations of utility (predominantly investor owned) survey submissions representing approximately two-thirds of US utility coal burn.

** NOTE: Survey data for fly ash, bottom ash, FGD gypsum and FGD material web scrubbers is a compilation of data reported by industry respondents and extrapolated to the entire industry by comparing other sources for companies that did not respond to this survey. Boiler slag, FGD material dry scrubber, FGD other and FBC ash is not extrapolated and only reflects production and usage by industry respondents.

Mitch Deisch

From: Dumanois [mdumanois@chartermi.net]
Sent: Wednesday, March 10, 2004 11:45 AM
To: Mitch Deisch
Subject: RE: Tondu Plant



MrDeisch-one malpractice suit CAN undo a lifetime of good, especially when viewed by a naive population-
Thanks for your comments, CD

-----Original Message-----

From: Mitch Deisch [mailto:mdeisch@ci.manistee.mi.us]
Sent: Wednesday, March 10, 2004 10:05 AM
To: Dumanois
Subject: RE: Tondu Plant

Dear Mr. Dumanois,

Both the City Council, Planning Commission and Staff are fully aware of the impact of this project. I will share this e-mail with the Planning Commission and City Council.

As a City Manager I live by a Code of Ethics, similar to your Code of Ethic. These Code of Ethics help guide me on my daily journey as a City Manager in helping determine what is in the best interest for the City of Manistee. Just as your legacy is not determined by 1 patient you attend to, my legacy will be based upon the years of service I give to the City of Manistee and the positive aspects our community has achieved. It will not be based upon 1 isolated Planning Commission Application.

Thank you for your comments.

Mitchell Deisch, City Manger
City of Manistee

-----Original Message-----

From: Dumanois [mailto:mdumanois@chartermi.net]
Sent: Wednesday, March 10, 2004 9:54 AM
To: Mitch Deisch
Subject: Tondu Plant

Mr Deisch, If knowlege is power, I am having a hard time understanding why the planning commission and/or the city council has not mandated both an independant environmental AND an independant economic impact study re the proposed plant before the final decision is made. Huge decisions are being made about the future of Manistee absent basic facts or on the flawed information supplied by those with significant financial interests. For instance, how can you bargain with Tondu about a PILT without the information as to what this plant will really cost Manistee? In new wear and tear on existing infrastructure, new services mandated by the plant and its consumptives(ie, coal piles and fire control technology), the loss of tourism and sports business and the emigration of citizens intolerant of Manistee's new atmosphere. Your legacy and the legacy of our current city leadership WILL be based on this decision re the Tondu plant. I hope and pray that you and our city leaders are wise enough and tough enough to make the correct choice. Charles Dumanois,MD 6580 Lake Shore Rd,Manistee 723-0689

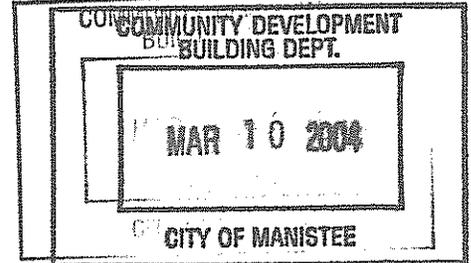
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March 9, 2004

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Manistee City Planning Commission
City Hall
70 Maple Street
Manistee, MI 49660



**RE: Special Use Permit Application — Northern Lights Project
Supplemental Letter — Special Use Permit Standards, and Independent Analysis
of Environmental Impacts
Our File N^o: 5311.00**

Dear Members of the Planning Commission:

This letter supplements Christopher Bzdok's February 17, 2004 letter concerning two issues: (1) whether the Special Use Permit standards must be applied to the entire project, and (2) whether the Planning Commission is obliged to make an independent decision about the environmental impacts rather than just deferring to the DEQ and EPA. For your convenience the February 17th letter is attached (without its enclosures).

During the last evening of the public hearing on March 4th, Filer Township Trustee Dana Schindler spoke with you and submitted a statement mentioning the training that many of you had last summer from M.S.U. Extension. My understanding is that this training confirmed what was asserted in the February 17th letter, namely that the Planning Commission has a duty to make the findings required by subsection B.1. of the zoning ordinance: "Is the use ... designed to protect the health, safety and welfare of the community,..."

The dilemma is that the application simply doesn't provide the Planning Commission with sufficient documentation for you to be able to conclude that the proposed power plant is designed to protect the health, safety and welfare of the community. That's his (Joe Tondou's) problem, not yours. He could have supplied a comprehensive environmental impact statement. He could have supplied you with detailed designs of environmental controls to protect the air¹ and water of the Manistee community. But he chose not to do so; and it's unlikely that sort of comprehensive information can be assembled within the 60-day time frame subsequent the SUP application being deemed complete.

As just one example, please consider the unsolicited submission from Dr. Mick DeGraeve,

¹ Here is an example of information not provided you in the SUP application:
"...the Project's air permit application proposed a mercury removal of just 25% using conventional flue gas cleaning equipment,..." [Source: R.W. Beck report contained in "Confidential" report submitted by Tondou to the municipal power agencies.]

President of the Great lakes Environmental Center, that was presented to you on February 19th. Consider these relevant passages:

Many of GLEC's clients include power producers, including coal powered plants. This type of energy production requires vast quantities of water to cool these systems. For Michigan, the water is obtained either from the Great Lakes, or large rivers. I would like the commission to consider 1) how water will be obtained; 2) what quantity will be used by the "Northern Lights Project"; and 3) what will be the impacts to the local resources. Because the related impacts of cooling systems for coal fired plants have the potential to be devastating to local environments, the guidance document for the Clean Water Act for newly constructed cooling water intakes recommends at minimum of a three year biological study be conducted to determine impacts. Information on the cooling system, including the volume of water used for water cooling and where this water will be obtained is vital information that should have been provided in the site plan for this project so the Planning Commission can have adequate information to base their decision on granting the Special Use Permit. A detailed site plan is required in your by-laws and should have been provided to you.

* * *

In summary, the "Northern Lights Project" will result in significant pollutant releases to the Manistee River System in the form of heavy metals, sulfates, chemical additives and particulates. The thermal pollution and massive water withdrawals necessary to operate the cooling systems could be devastating to the trout and salmon fishery. Leachates from the storage of fly ash and coal could contaminate groundwater and surface water, even if the storage is temporary. Best available technologies and NPDES permitting do not guarantee protection of the local resources or that the contractor will implement them correctly. Dredging lake bottom sediments during construction will release contaminants to Manistee Lake.

Compare this comprehensive approach with Tondu's SUP application that contains none of this type of analysis.² Similar analyses should have been presented to your for other environmental issues as well.

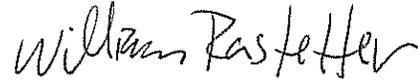
A myriad of environmental issues were presented to you during the public hearing that must be addressed prior to deciding whether to approve the requested special use permit. Once we have obtained copies of all the written submissions, we will endeavor to assist the Planning

² The municipal power agencies and the Tondu Corporation have expended upwards of half a million dollars in engineering and other studies, but these are deemed by Tondu as being "confidential" business analyses; besides, they don't address the specific requirements of subsection B. of the zoning ordinance.

Manistee City Planning Commission
March 9, 2004
Page 3

Commission in identifying these issues and analyzing whether the applicant has provided you with sufficient information to conclude that the proposed use is "designed to protect the health, safety and welfare of the community,..."

Sincerely,



William Rastetter

WR:sks

xc: Manistee Citizens for Responsible Development

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February 17, 2004

Manistee City Planning Commission
City Hall
70 Maple Street
Manistee, MI 49660

Via Fax No.231-723-1546
& 1st Class Mail

RE: Northern Lights Project: Special Use Permit Standards & Environmental Impacts
Our File N^o. 5311.00

Dear Members of the Planning Commission:

I am writing to you again on behalf of the Manistee Citizens for Responsible Development ("MCFRD"). This time I want to address two issues I have heard are being discussed in connection with this project.

The first issue is whether the Planning Commission is supposed to apply the Special Use Permit standards to the entire Northern Lights project, or just to the elements of the project that made it eligible for a SUP (shoreline alteration, outdoor coal storage, wastewater discharge). The second issue is whether the Planning Commission should make an independent decision about the environmental impacts of the Northern Lights project, or just defer to the DEQ and EPA.

The answer to both questions is yes: the Planning Commission is supposed to apply the SUP standards to the whole project, and is supposed to make its own decision about environmental impacts. The purpose of this letter is to offer our perspective about why the answer is yes. In addition to offering our perspective, we specifically request that the Planning Commission inform the public of how it is going to approach these two issues.

Issue 1: Evaluate the whole project or a few small pieces?

As we understand it from a review of the zoning file, the City has taken the position that a coal-fired power plant, by itself, is a permitted use in the industrial zoning districts. We also understand that the Northern Lights project needs a SUP for three reasons: (1) it involves the

outdoor storage of coal, and therefore is not a wholly enclosed use; (2) it involves alterations to the shoreline of Manistee Lake; and (3) it involves the discharge of treated wastewater into Manistee Lake.

We also understand that some people involved in this process at the zoning level have taken the position that the Planning Commission should *only* review the SUP request in light of these three features of the Northern Lights project. If this means the Planning Commission intends to only evaluate these three features when determining whether the SUP standards in Section 8609 are met, that would be an unfortunate mistake. The text of the zoning ordinance unambiguously requires the Planning Commission to determine that the whole *project* meets *all* of the SUP standards before approval may be given.

Section 8609(B) sets out the SUP standards:

The general standards for determining if a Special *Use* Permit is granted or not are:

1. Is the *use* reasonable and designed to protect the health, safety and welfare of the community,
2. Is the *use* consistent with the intent and purpose of the Land *Use* District,
3. Is the *use* compatible with adjacent land uses,
4. Is the *use* designed to insure that public services and facilities are capable of accommodating increased loads caused by the land *use* or activity, and
5. Does the *use* comply with all applicable regulations of this Ordinance.
6. Does the *use* comply with all specific standards found in the respective Land *Use* District, Section 1601 *et. seq.*, and Section 1001 *et. seq.* of this Ordinance.

Over and over again, the SUP standards ask questions about the *use*, and even put that term in italics to indicate that *use* is a defined term in the ordinance. The definition of *use* is found in Article 5:

USE means the purpose for which land or a building thereon is designed, arranged, or intended to be occupied or used, or for which it is maintained.

When one takes this definition, and inserts it in the six questions set out in the SUP standards, it becomes clear that the entire *use* represented by the Northern Lights project – the purpose for which the land and buildings will be used – must meet the standards. In other words, the entire coal power plant *use* must be designed to protect the health, safety and welfare of the community; the entire *use* must be compatible with adjacent land uses; and the entire *use* must be designed to insure that public services and facilities are capable of accommodating increased loads caused by it, among others.

To take a narrow view, and focus only on the outdoor storage of coal, the alteration of the lake shore, and the wastewater discharge would be a clear legal error. To set the record straight, on behalf of MCFRD, I request that the Planning Commission be very clear about which approach it intends to take.

Issue 2: Evaluate the environmental issues or punt them to the DEQ?

The second issue relates to the environmental impacts. Do the Planning Commission members need to judge for themselves whether this project will cause unacceptable impacts to the environment, or can you simply defer to the determinations of the various environmental agencies who review the project later? Sometimes this latter position is implemented by simply approving the project as long as the applicant can get the environmental permits it needs.

We believe this latter approach, which is sometimes recommended by planning consultants, is inconsistent with the court cases on these issues. The cases are clear that local zoning bodies have their own obligation and duty to consider environmental impacts when the ordinance references them. As the Michigan Supreme Court said in *Addison Twp v Gout*:

Only in very rare instances will a permit issued for one purpose obviate local zoning laws.¹

In the case of *Committee for Sensible Land Use v Garfield Twp*, the Court of Appeals

¹ *Addison Twp v Gout (on rehearing)*, 435 Mich 809, 816; 460 NW2d 215 (1990). The *Addison Twp* case was specifically about whether zoning for certain kinds of oil and gas activities was preempted by state law, but the general principle has been used in a number of other contexts in zoning cases.

stated unambiguously that local zoning bodies must consider the environmental impacts of their decisions:

Case law and the statute clearly require the Township to consider the environmental effect of its zoning decision on the surrounding region.²

The court even stated in *dicta* that the standards of the Michigan Environmental Protection Act³ applied to the project at the building permit stage, which we believe is comparable to your SUP review:

Natural resources can be adequately protected by an application of the MEPA to a later state of land use regulation; for example, at the time the building permits are issued to the developer.⁴

In a mall case from Grand Traverse County, the Circuit Court specifically required a Zoning Board of Appeals to re-do its site plan approval decision because the ZBA did not adequately and independently consider the project's environmental impacts. I have enclosed the decision because I think it is exactly on point with the legal issue now before the City Planning Commission. All the reader needs to do is substitute the words "City" for "township;" "Planning Commission" for "ZBA;" and "coal plant" for "shopping mall":

ZBA proceedings to approve final site plans...are quasi-judicial in nature. MEPA findings are a condition precedent to site plan approval. Such proceedings may fairly be described as administrative proceedings, required or available to determine the legality of defendants' conduct.

To the extent that the Legislature has deemed it appropriate to allow townships to make determinations regarding the construction of regional shopping centers, the market and environmental impact of which are felt far beyond their borders, the Legislature must certainly have envisioned a review process at the township level, commensurate with the scale and potential and environmental risks

² *Committee for Sensible Land Use v Garfield Twp*, 124 Mich App 559, 569; 335 NW2d 216 (1983).

³ MCL 324.1701 *et seq.*

⁴ *Committee for Sensible Land Use*, 124 Mich App at 565.

associated with the project at issue.⁵

The City zoning ordinance speaks to these issues, as well. Section 8604(B)(2) allows the Planning Commission to request an Environmental Assessment as part of an SUP application. "Environmental Assessment" is defined in Article 5 as "a summary review of environmental impacts of a project." These provisions, and the Planning Commission's decision to require an EA, raise the question of why require a review of environmental impacts if the Planning Commission will simply defer those decisions to the DEQ?

What does it mean to independently review environmental impacts? It means the Planning Commission should first obtain, or direct the applicant to obtain, all the necessary information that was not in the applicant's cursory and misleading environmental assessment. The necessary information includes a detailed presentation of the air quality issues, including the public health impacts and also the impacts to the environment and downwind natural resources.⁶ The necessary information also includes detailed documentation on the existing contamination at the site, and a specific plan for how that contamination will be cleaned up to the City's satisfaction.

Once these kinds of information are obtained, the Planning Commission should discuss, and make a record on, whether the project meets the environmentally SUP standards and those under state environmental law. These include SUP standard 8609(B)(1) and the Michigan Environmental Protection Act.

The community is counting on you to take a close look at the environmental problems associated with this project. We urge you to reject any advice that you should not do so. The situation is particularly compelling in the case of mercury, which is essentially unregulated by the DEQ or EPA right now, and nitrogen oxides, which are regulated under an abdication of common sense by the environmental agencies.

Again, to set the record straight, we request that the Planning Commission clarify to the public which approach you intend to take. We hope and believe you will make the right decision.

⁵ *Garfield Neighborhood Watch, et al v Charter Twp of Garfield*, Grand Traverse County Circuit Court Case N^o 90-8075-CE, Opinion on remand under section 4 of the MEPA for supplemental findings under section 5(2) of the MEPA.

⁶ It is telling that the EA contained detailed information on the minor air pollution "offsets" that the applicant claims the project will create, but no information on the massive air pollution it will generate other than a reference to the DEQ air permit file.

Manistee City Planning Commission
February 17, 2004
Page 6

Thank you for your consideration of these comments, and your careful review of this controversial and misguided Northern Lights project.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Bzdok', with a long horizontal flourish extending to the right.

Christopher M. Bzdok

CMB:sks

xc: Manistee Citizens for Responsible Development

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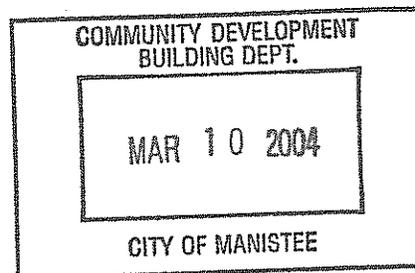
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March 9, 2004

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Manistee City Planning Commission
City Hall
70 Maple Street
Manistee, MI 49660



RE: Special Use Permit Application — Northern Lights Project
Supplemental Letter — Municipal Planning Act Issue
Our File N^o. 5311.00

Dear Members of the Planning Commission:

This letter supplements Christopher Bzdok's January 29, 2004 letter concerning the requirement under the 2001 amendment to the state's Municipal Planning Act that the Master Plan be amended before authorizing a special use permit ("SUP") for any municipally-owned, tax-exempt public utility. For your convenience the January 29th letter is attached.

When that letter was written, it had been learned that the Northern Lights Project might be a municipal project, but facts had not yet been placed on the record confirming this. My primary purpose in writing is to present the Planning Commission with recently obtained documents confirming that the proposed coal fueled power plant would indeed be wholly owned by Michigan municipalities.

In Attachment A at page 5 of the application for a special use permit (submitted on or about November 6, 2003), the applicant stated:

The question has been brought up of who is developing this project and why there are so many different names. Hopefully the following explanation will clear up any confusion.

Tondu Corporation is in the process of developing a Coal Fueled Power Plant project named "Northern Lights".

Tondu Corporation has developed a company by the name of Manistee Salt Works Development Corporation. This Corporation has secured the option to purchase the General Chemical property along with both the North and South Seng properties.

Manistee Salt Works Development Corporation is also the applicant for the Special Use permit with the City of Manistee.

What the applicant neglected to tell you is that the Tondu Corporation already had determined that this would be a municipal power plant when it submitted the SUP application. Enclosed with this letter are the following documents obtained in a "Freedom of Information Act" request submitted to the two municipal power agencies that will jointly own the proposed power plant:

1. September 12, 2002 letter from Joe Tondu to the General Manager of Michigan South Central Power Agency ("MSCPA") regarding a proposal to be delivered to that agency as well as the Holland Board of Public Works and the Michigan Public Power Agency ("MPPA"). [Note: this is 2002, 14 months prior to the SUP application being submitted.]
2. "Cooperation Agreement" dated January 15, 2003, entered into between the Tondu Corporation and the two municipal power associations (MPPA and MSCPA), together with related correspondence. Please review Section 4, paragraph 1 at page 3 of the Cooperation Agreement, which confirms municipal ownership: "The Plant will be fully owned by the Municipals." [Note: this was entered into ten months prior to the SUP application being submitted, at a time when the proposed plant was to be situated in Filer Township.]
3. May 6, 2003 e-mail messages from/to representatives of MSCPA and MPPA. [Note that in response to being informed by MPPA that the General Chemical site might be available for the proposed plant, the City of Hart representative wrote: "Anyone talk to the City of Manistee yet? Mitch Diesch is the City Manager, I suspect we might run into an issue with being tax exempt and resistance from the City." Yet despite this warning, the SUP application was submitted six months later without any disclosure of municipal ownership.¹]

The municipal agencies' commitment to development of the Northern Lights Project also is reflected in the enclosed January - November, 2003, invoices. It appears that the municipal agencies and the Tondu Corporation jointly have spent upwards of \$500,000.00 in development costs; however, apparently there has been no commitment of resources to address the issues and required findings that the Planning Commission must make to approve the SUP application, see my separate supplemental letter sent today regarding application of the SUP standards to the entire project and obligation to consider environmental impacts independent of DEQ and EPA review.

In conclusion, the evidence of municipal ownership of the Northern Lights Project submitted with this letter confirms the assertion in the January 29th letter that the Master Plan must be amended prior to approving the requested SUP. As stated in that letter, the Municipal Planning Act also requires you to consult with Manistee County and each adjacent Township if the City

¹ The failure to disclose municipal ownership and corresponding non-disclosure of the fact that there will be no property tax revenues makes it impossible for the Planning Commission to make the necessary findings under subsection B.4 of the zoning ordinance: "Is the use designed to insure that public services and facilities are capable of accommodating increased loads caused by the land use or activity,..."

determines to amend the Master Plan.²

On behalf of the Manistee Citizens for Responsible Development, we specifically request the Planning Commission to answer the following questions on the record in rendering its decision on the SUP application:

1. Would a power plant owned by the Michigan Public Power Agency and the Michigan South Central Power Agency or their constituent municipal utilities constitute a public utility as defined in the Municipal Planning Act?
2. Would approval of a special use permit authorizing such a project require amendment of the Master Plan in accordance with the Municipal Planning Act?

Sincerely,



William Rastetter

WR:sks

xc: Manistee Citizens for Responsible Development

² Such consultation is appropriate given the regional consequences and environmental impacts of the proposed coal fueled power plant.

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January 29, 2004

* Admitted in Colorado
‡ Admitted in Hawaii
† Admitted in Louisiana
◦ Admitted in Indiana

Manistee City Planning Commission
City Hall
70 Maple Street
Manistee, MI 49660

Re: Special Use Permit - Northern Lights Project
Municipal Planning Act Issue
Our File N^o. 5311.00

Dear Members of the Planning Commission:

I am writing to you again on behalf of the Citizens for Responsible Development to address an issue related to the Municipal Planning Act. Specifically, the point I want to make is that under the Municipal Planning Act, the Northern Lights Project will require an amendment to the City's Master Plan, in addition to a Special Use Permit. This amendment process includes consulting with the City's neighbors, which is vital for a large, regional project like this one.

It is my understanding that Tondu representatives have indicated that 50 to 100 percent of the power plant could be municipally owned. I assume this means owned by the Michigan Public Power Agency, although this is not especially important for my purposes. What is important is that under the Municipal Planning Act, no new public utility may be built, or even approved by this Commission, without first amending the Master Plan.

Section 6 of the Municipal Planning Act states that the general locations of certain kinds of buildings and infrastructure, including public utilities, must be shown on the Master Plan:

The municipal plan, with the accompanying maps, plats, charts, and descriptive matter shall show the planning commission's recommendations for the development of the territory, including, but not limited to, all of the following:

* * *

(c) The general location and extent of public utilities and terminals, whether publicly or privately owned or operated, for water, light, sanitation, transportation, communication, power, and other purposes. MCL 125.36(3).

Section 9 of the same statute requires that the Master Plan be amended before certain of these items are built in locations not indicated on the Master Plan under Section 6.

Whenever the commission shall have adopted the master plan of the municipality or of 1 or more major sections or districts thereof no street, square, park, or other public way, ground, or open space, or public building or structure, shall be constructed *or authorized* in the municipality or in such planned section and district until the location, character, and extent thereof shall have been submitted to and approved by the commission. MCL 125.39. (emphasis added)

Section 9 goes on to indicate that public utilities are included within the scope of this requirement:

Provided, that is the public way, ground, space, building, structure, *or utility* be one the authorization or financing of which does not under the law or charter provisions governing same, fall within the province of the municipal council, then the submission to the planning commission shall be by the board, commission, or body having such jurisdiction, and the planning commission's disapproval may be overruled by said board, commission, or body by a vote of not less than 2/3 of its membership. *Id.* (emphasis added)

Based on these provisions, if the Northern Lights Project is going to be a municipally-owned, tax-exempt public utility, it cannot be approved until the Planning Commission amends the Master Plan to show the general location and extent of the power plant. The current Master Plan does not describe such a power plant or utility at the location now being considered.

Amendment of the Master Plan is governed by Section 8a, which says:

An extension, addition, revision, or other amendment to a municipal plan shall be adopted under the same procedure as a plan or a successive part of a plan under sections 7a, 7b, and 8. MCL 125.38a(1).

Sections 7a, 7b, and 8 are relatively new parts of the Municipal Planning Act, added by the Legislature in 2001. They require a notice of adoption of the amendment to the Master Plan and a public hearing, followed by submission to the City Council. After that, the amended Master Plan must go to the County and each adjacent Township that requests a copy of it. MCL 125.37a, 37b & 38. These local governmental units then have time to submit comments to the City on the amendment. MCL 125.37b(4). The time periods for this to happen are shortened somewhat in an amendment situation by Section 8a.

What does all of this mean? It means that approving a municipal power plant requires the City to amend its Master Plan, and amending the Master Plan requires the City to consult with its neighbors. This makes sense. Given the large scale of this project, it is bound to have impacts on the whole region. The law says these impacts must be planned for through a Master Plan process that takes into account the views of the City's neighbors.

Manistee City Planning Commission
January 29, 2004
Page 3

As before, thank you for your consideration of this letter. Please contact me if I can provide any more information.

Sincerely,



Christopher M. Bzdok

CMB:sks
xc: Bruce Gockerman, City Attorney
Clients

G:\WPFILES\Sks\1 in-box\5311.00 01-29-04 DRAFT ltr to City re Mun. Planning Act.wpd

TONDU

September 12, 2002

Jack Bierl,
General Manager
Michigan South Central Power Agency

Dear Jack:

I appreciate you taking the time to meet with me last week. It looks like I will not be able to get you a proposal until end of the month. I believe I mentioned in our meeting that I am in a long standing dispute with the Filer Township over our property taxes. We are scheduled to go to trial in late October and my tax lawyers want to review everything I am doing with the Northern Lights Project to determine if they think it might have any bearing on our tax case. Because of this pre trial review I will not have the proposal ready to deliver until about September 23rd. I am also going to send the same proposal at the same time to Holland Board of Public Works and to the Michigan Public Power Agency. If it is acceptable to everyone maybe we could coordinate a joint meeting to discuss the project later that same week.

I will call early next week to check on your schedule.

Sincerely,

Joe Tondur

TONDU CORPORATION
14701 SE. MARYS LANE
SUITE 625
HOUSTON, TX 77079
(832) 379-4222
fax (832) 379-4333

 **COPY**

JackBierlletSept1202

 COPY

Subject: Re: Next Northern Lights Meeting
Date: Tue, 06 May 2003 09:29:40 -0400
From: "Daniel E. Cooper" <dcooper@mpower.org>
Organization: Michigan Public Power Agency
To: Shea Charles <scharles@ci.hart.mi.us>
CC: Joe Tondy <joe@tonducorp.com>, "Howard, Loren" <lhoward@hollandbpw.com>, Jack Bierl <bierlj@mscpa.net>, Glen White <whiteg@mscpa.net>

I don't know who Joe Tondy has spoken to there, but I am forwarding this to him as an FYI.

Thanks, Shea.

Dan

Shea Charles wrote:

Anyone talk to the City of Manistee yet? Mitch Diesch is the City Manager, I suspect we might run into an issue with being tax exempt and resistance from the City. The upside is that I think Manistee has a Brownfield Redevelopment authority and Tondy may be able to get grants for the redevelopment of the property. Typically you can get \$20K per job created from MEDC.

Shea

-----Original Message-----

From: Daniel E. Cooper [mailto:dcooper@mpower.org]
Sent: Tuesday, May 06, 2003 9:06 AM
To: Shea Charles
Subject: Re: Next Northern Lights Meeting

There was a development (no pun intended), in that another, larger, piece of property is available farther north on Lake Manistee. The property appears to have advantages since it is closer to the water treatment facility, has more unloading space for lake vessels, and potentially has a shorter and easier transmission route. It would also provide an option, so that Filer Twp wouldn't be able to make as many demands. The new site is in the City of Manistee.

Potential downside for the new site is that there are substantial facilities on the site at present (a Morton Salt plant) that would have to be removed. A rough estimate of demolition cost is \$600,000 - \$700,000.

Tondy said he was going to try and get a more solid estimate of the cost of demolition of existing facilities and get a preliminary site assessment, but he believes it is worth optioning the site. The cost of this would be on Tondy. Once a site is selected, the project will purchase the land as a part of the project. Until then, though, Tondy is bearing land costs.

Looking at the alternate site may add another month to the process, but shouldn't do anything beyond that.

Dan

P.S. - I noted and will use your new e-mail from now on.

Shea Charles wrote:

Sounds good, I have it on the calendar. Anything exciting happen yesterday?

Shea

-----Original Message-----

From: Daniel E. Cooper [<mailto:dcooper@mpower.org>]

Sent: Tuesday, May 06, 2003 8:29 AM

To: Shea Charles

Cc: Howard, Loren

Subject: Next Northern Lights Meeting

Shea,

The next meeting to discuss the Northern Lights progress will be at 10:00 AM on Tuesday, June 3. The meeting will be at MPPA.

We typically have a two hour meeting, then eat lunch together. Everyone heads out after lunch.

We'd like to see you if you can make it.

Dan

MICHIGAN PUBLIC POWER AGENCY

809 Centennial Way - Lansing, MI 48917 - Telephone: (517) 323-8919 ext. 114 - Fax: (517) 323-8373

January 20, 2003

Mr. Jack Bierl
Michigan South Central Power Agency
P.O. Box 62
Litchfield, MI 49252

Dear Jack:

Subject: Tondu Northern Lights Cooperation Agreement

I have attached three (3) copies of the Northern Lights Cooperation Agreement. Gary has executed all three copies on behalf of MPPA.

Please execute all three copies and forward them to Tondu. He will sign all three copies and send one back to you and the other back to me.

Tondu has asked that we Fed Exe the copies around so everyone will have a fully-executed copy by the end of this week, since is ready to roll on the project. The address I have for him is:

Tondu Corporation
14701 St. Mary's Lane
Suite 625
Houston, TX 77079

Phone: (832) 379-4222

Let me know if you have any questions on this.

Sincerely,



Daniel E. Cooper
Engineering Manager

cc: Gary Zimmerman
Loren Howard



MICHIGAN SOUTH CENTRAL POWER AGENCY

720 HERRING ROAD • P.O. BOX 62 • LITCHFIELD, MICHIGAN 49252

PHONE (517) 542-2346 • FAX (517) 542-3049

WEB SITE www.mscca.net

January 22, 2003

REC'D JAN 24 2003

Mr. Joe Tondy
Tondy Corporation
14701 St. Mary's Lane
Suite 625
Houston, TX 77079

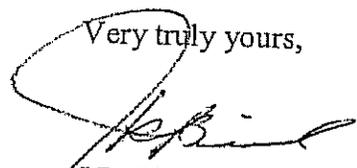
Subject: Tondy Northern Lights Cooperation Agreement

Dear Joe:

Enclosed are three (3) originals of subject agreement that have been executed by MPPA and MSCPA.

After execution by Tondy we understand that you will provide one fully executed original to MPPA and MSCPA.

Very truly yours,


J.P. Bierl
General Manager

cc: Gary Zimmerman ✓

Cooperation Agreement

This Cooperation Agreement (the "Agreement") sets forth the terms and conditions whereby Tondue Corporation ("Tondue"), and Michigan Public Power Agency, and Michigan South Central Power Agency (the "Municipals") (collectively the "Participants" and individually a "Participant") agree to work together to evaluate the feasibility of jointly developing a coal fueled power plant (the "Plant" and the development of which is hereinafter referred to as the "Project").

Whereas, Tondue is an independent power plant development company with experience in developing, building, and operating coal fueled power plants, and

Whereas, the Municipals are users of the electricity and desire to explore the feasibility of participating in the development a coal fueled power plant to supply a portion of their future electricity requirements, and

Whereas, Tondue and the Municipals desire to work together to determine if an opportunity to jointly develop a coal fueled power plant can be identified.

Now, Therefore, the parties hereto agree to the following terms and conditions:

Section 1. Definitions

Capitalized terms used herein shall have the meanings defined as follows:

"Agreement" shall mean this Cooperation Agreement.

"Commitment to Proceed" shall mean the written agreement entered into among the Participants upon the completion of the Phase I effort committing the Participants to proceed with the final development of the Plant.

"Feasibility Study" shall mean the analysis of the feasibility of the Plant as more particularly described in Section 7.

"Management Committee" shall mean the committee formed by the Plant Owners to govern the operations and management of the Plant.

"Municipals" shall mean Michigan Public Power Agency, and Michigan South Central Power Agency.

"Participant" shall mean one of the parties to this Agreement.

"Phase I" shall mean the period of time within which certain work as described in Section 5 herein is completed.

"Phase II" shall mean the period of time within which certain work as described in Section 5 herein is completed.

"Phase III" shall mean the period of time within which certain work as described in Section 5 herein is completed.

"Phase IV" shall mean the period of time within which certain work as described in Section 5 herein is completed.

"Plant" shall mean the coal fueled power plant identified by the efforts of this Agreement that the Participants desire to develop.

"Plant Owners" shall mean those entities that have an ownership interest in the Plant.

"Plant Site" shall mean the property on which the Plant is located.

"Project" shall mean the development of the Plant.

"Project Concept" shall mean the current general idea on how the Project will be developed as described in Section 4 hereto.

"Project Development Costs" shall mean those costs incurred by Tondu to develop the Project and perform the tasks set forth in this Agreement as more particularly defined in Section 11 hereto.

"Target Pricing" shall mean the preliminary cost estimates for the Plant supplied by construction engineers and contractors.

"Term" shall be the duration of the Agreement as defined in Section 2.

"Tondu" shall mean Tondu Corporation.

"Tondu PPA" shall mean the long-term power purchase agreement that Tondu or its designee shall enter into with the Plant Owners to purchase energy from the Plant.

"Total Project Cost" shall mean all of the costs to develop, finance, design, build, and start-up the Plant, including working capital and all spare parts inventory.

Section 2. Term and Termination

The Term of the Agreement shall be until Phase I, as describe in Section 4 herein, is completed, but in any event no more than six months from the date this Agreement is executed unless extended by mutual consent. A Municipal may withdraw at any time from the Project and terminate its participation in the Agreement with 30 days prior written notice; provided, however, such withdrawing Municipal shall remain liable for its

share of the Project Development Costs incurred in regards to the Project by Tondu prior to the Municipal's termination of its participation in the Project.

Section 3. Allocation of Interest

Each Participant shall earn an interest in the Plant based on their expression of interest in the Plant capacity as follows:

	<u>Expression of Interest</u>	<u>Plant Participation Interest</u>
Michigan Public Power Agency	150 MW	50.00%
Michigan South Central Power Agency	50 MW	16.67%
Tondu Corporation	<u>100 MW</u>	<u>33.33%</u>
Total	300 MW	100.00%

Section 4. Project Concept

The Project Concept involves the development, financing, construction, start-up, and operation of the Plant and is currently envisioned as follows:

1. The Plant will be fully owned by the Municipals. Each Municipal will be responsible for providing financing for the capacity it commits to purchase from the Plant.
2. Tondu will enter into a 30-year energy and capacity purchase agreement (the "Tondu PPA") with the Plant Owners to purchase 100 MW of equivalent energy from the Plant. This purchase will be on an incurred cost basis.
3. Tondu will either guarantee or provide the financing for the portion of the Plant that provides the energy sold to Tondu. This funding will have no recourse to the Municipals in any way. Tondu will be solely responsible for providing the collateral and financial support required for its share of the funding.
4. Tondu will manage the construction and start-up of the Plant and will provide the Municipals with a total project cost guarantee.
5. Tondu will operate and maintain the Plant under the terms of an operations and maintenance agreement. This agreement will provide for the Plant to be operated on an incurred cost basis plus a performance incentive fee agreed to by the participants.
6. Prior to beginning commercial operations, Tondu and the Municipals will form a "Management Committee" with each Participant having a vote equal to their

respective allocated capacity in the Plant. Tondu will provide the onsite management services as directed by the majority vote of the Management Committee. No single Participant shall have greater than 49% of the Management Committee voting rights.

7. Property owned by Tondu that is included in the Plant Site shall be sold to the Plant Owner at cost.
8. All Project Development Costs and all development costs expended by the Municipals during Phase II shall be refunded to the Municipals out of Unit II's construction financing when construction financing closes.
9. Tondu will receive the following compensation for the development of the Plant:
 - (i) reimbursement of Tondu's contributed portion of the Project Development Costs, all Municipal approved development costs expended by Tondu during Phase II, and reimbursement of costs to acquire the Plant Site properties including the internal costs associated with their acquisition.
 - (ii) a development fee equal to 3% of the projected Total Project Cost defined at the close of construction financing, with 1% paid at the close of construction financing and 2% added to the construction cost contingency account and released to Tondu upon the completion of construction if such funds are not used for contingency items during the construction period, and
 - (iii) a construction management fee equal to Tondu's pro rata share of any balance remaining in the contingency account upon the completion of the Plant construction.

Section 5. Development Phases

The development of the Plant will be divided into the following phases:

Phase I – Detailed Feasibility Analysis

The primary objectives of Phase I are:

1. Develop an engineering scope for the Plant.
2. Solicit Target Pricing proposals from several engineering procurement construction contractors. Such proposals shall include project schedule and general contract terms.
3. Develop an organizational structure including term sheets for the project management agreement, operations and maintenance agreement, and Tondu PPA.

4. Complete the Feasibility Study describing the projected costs and performance of the Plant, and an analysis of the Project's principal risks.
5. Define the costs and risks proposed to be assumed by each Participant.
6. Establish the terms and conditions required to proceed with the Plant's development in Phase II.

Upon the completion of Phase I, each Participant will be offered the opportunity to proceed to Phase II based on its participation in Phase I. If a sufficient number of Participants enter into the Commitment to Proceed, then Phase II will proceed.

Phase II - Project Development

The Commitment to Proceed will set forth the conditions whereby such Participant will provide their pro rata share of the Phase II development costs and their share of the Plant's construction capital requirements. Expected conditions precedent for a Participant to be obligated to fund its share of the Plant's construction capital requirements include the following:

1. Acquire total control of the Plant site.
2. Complete the interface agreements with any available steam hosts.
3. Complete the Interconnection Agreement connecting the Plant with the state electrical grid.
4. Complete and secure all necessary environmental and regulatory permits.
5. Complete and execute a firm price engineering procurement construction agreement with a reputable contractor under terms and conditions substantially as agreed to in the Commitment to Proceed.
6. Complete the required implementing agreements, e.g. fuel purchase, fuel transportation, ash disposal, lime acquisition, etc. with terms and conditions substantially as agreed to in the Commitment to Proceed.
7. Prepare a final Plant pro forma that is within the expected limits set forth in the Commitment to Proceed.
8. Close the construction financing.

Phase III – Construction

Upon the close of construction financing, construction of the Plant will begin. Tondu will provide construction management services according to the terms agreed to in the Commitment to Proceed.

Phase IV – Commercial Operations

Upon the satisfactory completion of the commercial operation tests for the Plant, the facility will begin commercial operations under the terms set forth in the Commitment to Proceed.

Section 6. Agreement Objectives

The objectives of this Agreement are to:

1. Create a framework whereby the Participants can provide input into the engineering scope, organizational structure, and development of the Plant.
2. Complete the Feasibility Study.
3. Evaluate the organizational and structural needs of the Participants.
4. Develop draft term sheets for the contracts required to complete the development of the Plant.
5. Provide the data necessary for the Participants to determine their interest in continuing with Phase II and the final development of the Plant.

Section 7. Feasibility Study

The objectives of the Feasibility Study will be to determine the following:

1. Establish an engineering and design scope for the Plant.
2. Prepare a detailed Total Project Cost with not to exceed EPC pricing.
3. Prepare a detailed operating and maintenance cost analysis.
4. Prepare a detailed Plant pro forma describing the expected Plant output and the cost per unit of energy output.
5. Complete a detailed “Risk Analysis” addressing the following issues:
 - a. Permitting
 - b. Construction Cost
 - c. Plant Performance
 - d. Fuel Availability
 - e. Support Services, e.g. Lime, Ash, etc.

- f. Future Regulatory Change
- g. Site and Interconnection

Section 8. Tondu Responsibilities

Tondu shall be responsible for completing the development tasks defined in the Agreement including the Feasibility Study. Tondu shall also be solely responsible for incurring costs for the work to be performed under the terms of the Agreement.

Section 9. Municipals Responsibilities

The Municipals will be responsible for providing input on their requirements for participating in the Plant and funding their pro rata share of the Project Development Costs. Tondu will consult with the Municipals on a regular basis with status meetings at least monthly. Each Municipal will be encouraged to provide input as to their needs and requirements to participant in the completion of Unit II. Specific areas in which Municipal support will be sought include, the electrical interconnection discussions, project engineering scope, political support, environmental permitting, and project structure.

Section 10. Timetable

The completion of Phase I is projected to take six months. Phase II is projected to take twelve to eighteen months to complete, primarily dependent upon obtaining the required permits. The Plant's construction is expected to take 30 to 36 months to complete.

Section 11. Project Development Costs:

The Phase I Project Development Costs shall be divided into two general categories:

1. Costs internal to Tondu including personnel salaries, general and administrative expenses, and operating overhead expenses shall be divided into two categories; (i) a fixed overhead cost of \$10,000 per month and (ii) a variable employee cost of \$150 per hour for senior staff time committed to the Project; provided, however, Tondu internal costs shall be capped at \$32,500 per month.
2. Third-party costs including travel, consultants, engineers, lawyers, etc. are estimated as follows:

Engineers	\$200,000
Permitting	\$25,000
Legal	\$25,000
Travel	\$30,000
Contingency	<u>\$20,000</u>
Total	\$300,000

The Project Development Costs to complete Phase I shall not exceed \$500,000 without obtaining the prior written commitment of the Participants.

Section 12. Payment of Project Development Costs

Tondu and the Municipals shall be responsible for the payment of Project Development Costs as follows:

	<u>Percentage of Project Development Costs</u>	<u>Budget Phase I</u>
Tondu	33.33%	\$166,650
Michigan Public Power Agency	50.00%	\$250,000
Michigan South Central Power Agency	<u>16.67%</u>	<u>\$83,500</u>
Total	100.00%	\$500,000

Tondu shall prepare and deliver a monthly invoice within five days after the end of each month detailing the costs incurred to date and the amount owed by each Participant. Payment of all amounts shall be due within ten days after the receipt of the invoice. In addition, Tondu shall submit a monthly budget projecting the remaining Project Development Costs to be incurred during Phase I.

Section 13. Excluded Costs

Project Development Costs shall not include any physical real property acquisitions. Tondu is actively involved in purchasing real estate for various projects and any costs associated with such acquisitions will not be included in the Project Development Costs and the Municipals will have no claim to such properties. Each Municipal shall be responsible for its internal costs and such costs shall not be included as Project Development Costs.

Section 14. Open Records

All records with regards to the Project shall be available for review or audit by a Municipal at any time.

Section 15. Development Cost Recovery

Each Participant that continues to fund the Project Development Costs through the completion of Phase I shall be reimbursed from the construction financing for its share of the Project Development Costs. If a Municipal elects not to proceed with Phase I and Tondu is successful in closing the construction financing of the Plant within four years of the date of the Agreement, Tondu shall refund the declining Municipal's contributed share of the Project Development Costs.

Section 16. Commitment

Nothing contained in this Agreement shall in any way commit a Participant, other than as agreed to in this Agreement, to continue with any involvement in the Project or with Tondu or the other Participants.

Section 17. Confidentiality

The results of Phase I and all information pertaining to the Agreement shall be kept confidential to the extent that such confidentiality is possible under the laws and the rules governing the respective Municipal and Tondu.

Section 18. Severability

If any term or provision of this Agreement, or the application thereof to any person or circumstance is rendered or declared illegal for any reason and shall be invalid or unenforceable, the remainder of this Agreement and the application of such term or provision to other persons or circumstances shall not be affected thereby, but shall be enforced to the greatest extent permitted by applicable law.

Section 19. Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Michigan.

Section 20. Joint Ownership of the Work Products

Each Participant shall have joint ownership of the work products funded through the Agreement and the rights to use such work products for their own purposes; provided, however, that no Participant shall be liable for any other Participants use or reliance upon the results of such work products.

Agreed to as of this 15th day of January 2003.

Michigan South Central Power Agency

By: [Signature]
Its: General Manager

Michigan Municipal Power Agency

By: [Signature]
Its: GENERAL MANAGER

Tondu Corporation

By: [Signature]
Its: President

AMENDMENT TO COOPERATION AGREEMENT

THIS AMENDMENT entered into on the ___th day of _____ 2003, by and between Tondu Corporation ("Tondu") and Michigan Public Power Agency, and Michigan South Central Power Agency (the "Municipals") (collectively the "Participants" and individually a "Participant").

WITNESSETH:

WHEREAS, Tondu and the Municipals have heretofore entered into a Cooperation Agreement dated January 15, 2003, (the "Cooperation Agreement"); and

WHEREAS, the Cooperation Agreement expired on July 15, 2003 under the terms of Section 2 of the Cooperation Agreement; and

WHEREAS, Tondu and the Municipals desire to extend the Term of the Cooperation Agreement, as hereinafter set forth; and,

WHEREAS, the terms used herein are intended to have the meaning ascribed to them in the Cooperation Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and the Cooperation Agreement, Tondu and the Municipals agree as follows:

1. Section 2 of the Cooperation Agreement is hereby amended to read in its entirety as follows:

The Term of this Agreement shall be until Phase I, as described in Section 4 herein, is completed, but in no event beyond December 31, 2003, unless extended by mutual agreement of the Participants. A Municipal may withdraw at any time from the Project and terminate its participation in the Agreement with 30 days prior written notice; provided however, such withdrawing Municipal shall remain liable for its share of the Project Development Costs incurred in regards to the Project by Tondu prior to the Municipal's termination of its participation in the Project.

2. The last sentence of Section 11 of the Cooperation Agreement is hereby deleted and amended to read in its entirety as follows:

The Project Development Costs to complete Phase I shall not exceed \$800,000 without obtaining the prior written commitment of the Participants.

3. Section 12 of the Cooperation Agreement is hereby amended to read in its entirety as follows:

Until September 30, 2003, Tondu and the Municipals shall be responsible for the payment of Project Development Costs up to the following amounts as follows:

	<u>Percentage of Project Development Costs</u>	<u>Budget Phase I</u>
Tondu	33.33%	\$184,638
Michigan Public Power Agency	50.00%	276,984
Michigan South Central Power Agency	<u>16.67%</u>	<u>92,346</u>
Total	100.00%	\$553,968

From October 1, 2003, until December 31, 2003, Tondu and the Municipals shall be responsible for the payment of Project Development Costs up to the following amounts as follows:

	<u>Percentage of Project Development Costs</u>	<u>Budget Phase I</u>
Tondu	41.00%	\$100,873
Michigan Public Power Agency	47.00%	115,635
Michigan South Central Power Agency	<u>12.00%</u>	<u>29,524</u>
Total	100.00%	\$246,032

Tondu shall prepare and deliver a monthly invoice within five days after the end of each month detailing the costs incurred to date and the amount owed by each Participant. Payment of all amounts shall be due within ten days after the receipt of the invoice. In addition, Tondu shall submit a monthly budget projecting the remaining Project Development Costs to be incurred during Phase I.

4. This Amendment may be signed in duplicate counterparts, each of which shall be deemed an original, but all of which shall constitute a single agreement between Tondu and the Municipals.

5. Except as modified herein, the terms and conditions of the Cooperation Agreement are hereby ratified and reaffirmed as if fully set forth herein.

Agreed to as of the ___th day of _____, 2003.

Michigan South Central Power Agency

Michigan Public Power Agency

By: [Signature]
Its: General Manager

By: [Signature]
Its: GENERAL MANAGER

Tondu Corporation

By: [Signature]
Its: President

 COPY



MICHIGAN SOUTH CENTRAL POWER AGENCY

720 HERRING ROAD • P.O. BOX 62 • LITCHFIELD, MICHIGAN 49752

PHONE (517) 542-2540 • FAX (517) 542-3049

WEB SITE: www.mscpa.net

October 9, 2003

To: Board of Commissioners

From: J.P. Bierl

Subject: Northern Lights

On October 7, 2003, we attended the monthly meeting of the Tondu Northern Lights study group. The primary items of discussion were:

- a) Extension of the Cooperation Agreement;
- b) Finalization of the Phase I Report;
- c) Agencies Support Agreements;
- d) Participant's Commitment to Proceed; and
- e) Development of the Phase II Agreement, Budget and Schedule.

Extension of Cooperation Agreement

The Cooperation Agreement, which was executed in January 2003, provided the basic terms and conditions under which the project analysis began. It primarily provided for Phase I of the project that was anticipated to take six months to complete. Accordingly it had a term that expired in July 2003. As a result of a change in the size of the generating unit and the unanticipated time, and cost, for the Michigan Electric Transmission Company (METC) and the Midwest Independent Transmission System Operator (MISO) to complete their generator interconnection analysis, both the schedule and budget of Phase I have been affected.

As a result of associated discussion, the participants agreed to (a) Extend the term of the Agreement to December 31, 2003, (b) Increase the budget from \$500,000 to \$800,000 and (c) Modify allocation of the participant's share of ownership and responsibility. The budget increase is due primarily to the additional cost for METC/MISO to complete their analysis (\$155,000). The balance of \$145,000 will be used to fund ongoing efforts to keep the project on schedule for the additional five months of the Cooperation Agreement's term. The re-allocation was necessary as a result of Tondu's requirement for additional capacity. The re-allocation of ownership/responsibility is: MPPA - 47% from 50%, MSCPA - 12% from 16.67% and Tondu - 41% from 33.33%.

An amendment to the Cooperation Agreement to memorialize these modifications is being prepared. It is anticipated that it will be presented for your consideration at the November 6, 2003 Regular Board Meeting.

Finalization of Phase I Report

The Phase I Report will be the most significant piece of data upon which the participants will rely to determine whether or not to commit to the project and proceed to Phase II. You were provided a draft of that report at the last Board Meeting. The final version is being prepared and will be available shortly. Among other modifications to the draft, the final report will include the analysis of R.W. Beck, Inc. that was retained by the Agencies to provide an independent review of the feasibility of the project.

Agencies Support Agreement

Since the Agencies will be the sole owners of the facility it is important that the division of rights and obligations be agreed upon. Such issues include, but are not limited to voting, management, and operations rights, etc. MSCPA and MPPA have had a brief discussion on this issue and have agreed to meet on October 21, 2003 for more in-depth talks.

Participant's Commitment to Proceed

We have now reached the point where the decision to proceed must be made. By mutual agreement, the participants have set the end of December 2003 as the deadline to make their commitments. Although the time frame may be considered short, it is consistent with the reports and updates we have been providing. In an effort to provide you with as much information as we can, the MSCPA staff and consulting engineers will formalize a recommendation for your consideration. It is our intent to present our findings and associated recommendation at the November Board Meeting. Assuming that recommendation will be positive, and you concur, we will then have to embark on the effort to solicit approval by all of your governing bodies. It is assumed that special meetings may have to be called and coordinated to achieve the December deadline.

Development of Phase II Agreement, Budget and Schedule

When the participants have made their commitments, the final plant requirements and allocations can be determined. At that point the project can proceed to its next step. Phase II is identified as the "Project Development Phase". In order to maintain the overall schedule, it is presumed that Phase II will be initiated shortly after the first of next year. To meet that goal it is necessary for the participants to reach agreement on the costs and objectives of the effort. To that end a conceptual term sheet for the agreement was developed and reviewed. The term sheet identifies the specific rights and obligations of the participants. A schedule of objectives and associated budget was also developed and reviewed. The schedule contemplates completion of all identified goals, ending with closing on all financing, by May of 2005. The associated budget is initially set at \$1,800,000.

TONDU CORPORATION

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Phone: (832) 379-4222
 Fax: (832) 379-4333
 E-mail: joe@tonducorp.com

Statement

Statement #: January
 Date: 1/31/2003

Bill To:
 Michigan Public Power Agency
 Michigan South Central Power Agency

Date	Staff	Hours	Tasks	Billable Rate	Total	%	Balance
1/15/2003	Jim Ford	1.0	Review/Approve C&B Interconnect Work	150.00	\$ 150.00		
1/16/2003	Jim Ford	0.4	Notice to proceed to C&B Schedule discussions	150.00	\$ 60.00		
1/17/2003	Joe Tondeu	3.0	Zoning Application	150.00	\$ 450.00		
1/20/2003	Joe Tondeu	1.0	Zoning Application	150.00	\$ 150.00		
1/24/2003	Joe Tondeu	2.0	Zoning Application	150.00	\$ 300.00		
1/27/2003	Jim Ford	0.2	Progress discussions	150.00	\$ 30.00		
1/30/2003	Jim Ford	0.4	Preparations for METC meeting	150.00	\$ 60.00		
	TOTAL	8.0			\$ 1,200.00		
1/31/2003			Fixed Overhead Fee		\$ 5,000.00		
	TOTAL		Billable Charges				\$ 6,200.00
			Allocation of Interest				
			Michigan Public Power			50.00%	\$ 3,100.00
			Michigan So Central			16.67%	\$ 1,033.54
			Tondu Corporation			33.33%	\$ 2,066.46
							\$ 6,200.00

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Statement

Statement #: February
 Date: 2/28/03

Bill To:
 Michigan Public Power Agency
 Michigan South Central Power Agency

Date	Staff	Hours	Tasks	Billable Rate	Total	%	Balance
Feb-03	Jim Ford	19.70	See Attached Schedule	150.00	\$ 2,955.00		
Feb-03	Joe Tondy	54.00	See Attached Schedule	150.00	\$ 8,100.00		
Feb-03	Meagan Kempf	40.00	Third Party Consulting	62.50	\$ 2,500.00		
Feb-03	MidWest ISO		Interconnection Study	Deposit	\$ 10,000.00		
	TOTAL	113.70			\$ 23,555.00		
2/28/03			Fixed Overhead Fee		\$ 10,000.00		
	TOTAL		Billable Charges				\$ 33,555.00
			Allocation of Interest				
			Michigan Public Power			50.00%	\$ 16,777.50
			Michigan So Central			16.67%	\$ 5,593.62
			Tondu Corporation			33.33%	\$ 11,183.88
							\$ 33,555.00

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 JPL
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Statement

Statement #: March
 Date: 3/31/03

Bill To:
 Michigan Public Power Agency
 Michigan South Central Power Agency

Date	Staff	Hours	Tasks	Billable Rate	Total	%	Balance
Mar-03	Jim Ford	19.50	See Attached Schedule	150.00	\$ 2,925.00		
Mar-03	Joe Tondue	35.00	See Attached Schedule	150.00	\$ 5,250.00		
Mar-03	Meagan Kempf	33.50	February Consulting	50.00	\$ 1,675.00		
Mar-03	Meagan Kempf		March Consulting		\$ 5,000.00		
Mar-03	Cummins & Barnard		Consulting Engineers		\$ 5,068.74		
Mar-03	Gavigan, Anderson		Legal Fees		\$ 1,209.00		
	TOTAL	88.00			\$ 21,127.74		
3/31/03			Fixed Overhead Fee		\$ 10,000.00		
	TOTAL		Billable Charges				\$ 31,127.74
			Allocation of Interest				
			Michigan Public Power			50.00%	\$ 15,563.87
			Michigan So Central			16.67%	\$ 5,188.99
			Tondu Corporation			33.33%	\$ 10,374.88
							\$ 31,127.74

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TONDU CORPORATION

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Statement

Statement #:
 Date: 3/11/03

Bill To:
 Michigan Public Power Agency
 Michigan South Central Power Agency

Date	Staff	Hours	Tasks	Billable Rate	Total	%	Balance
3/11/03	MidWest ISO		Interconnection Study	Estimate	\$ 88,000.00		
	MidWest ISO		Interconnection Study- Billed in February	Deposit	\$ (10,000.00)		
					\$ 78,000.00		
	TOTAL		Billable Charges				\$ 78,000.00
			Allocation of Interest				
			Michigan Public Power			50.00%	\$ 39,000.00
			Michigan So Central			16.67%	\$ 13,002.60
			Tondu Corporation			33.33%	\$ 25,997.40
							\$ 78,000.00

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Statement

Statement #: April
Date: 4/30/03

Bill To:
Michigan Public Power Agency
Michigan South Central Power Agency

Date	Staff	Hours	Tasks	Billable Rate	Total	%	Balance
Apr-03	Jim Ford	16.90	See Attached Schedule	150.00	\$ 2,535.00		
Apr-03	Joe Tondou	36.00	See Attached Schedule	150.00	\$ 5,400.00		
Apr-03	Meagan Kempf		May Consulting		\$ 5,000.00		
Apr-03	Cummins & Barnard		Consulting Engineers		\$ 5,465.54		
Apr-03	Gavigan, Anderson		Legal Fees		\$ 104.00		
	TOTAL	52.90			\$ 18,504.54		
4/30/03			Fixed Overhead Fee		\$ 10,000.00		
	TOTAL		Billable Charges				\$ 28,504.54
			Allocation of Interest				
			Michigan Public Power			50.00%	\$ 14,252.27
			Michigan So Central			16.67%	\$ 4,751.71
			Tondu Corporation			33.33%	\$ 9,500.56
							\$ 28,504.54

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TONDU CORPORATION

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Statement

Statement #: May
 Date: 5/31/03

Bill To:
 Michigan Public Power Agency
 Michigan South Central Power Agency

Date	Staff	Hours	Tasks	Billable Rate	Total	%	Balance
May-03	Jim Ford	36.00	See Attached Schedule	150.00	\$ 5,400.00		
May-03	Joe Tondy	72.00	See Attached Schedule	150.00	\$ 10,800.00		
May-03	Meagan Kempf		Consulting		\$ 5,000.00		
May-03	Cummins & Barnard		Consulting Engineers		\$ 16,970.95		
May-03	Gavigan, Anderson		Legal Fees		\$ 104.00		
May-03	Sarah Gebhard		Video taping		\$ 40.00		
May-03	Muchmore Harrington		Legislative Services		\$ 5,000.00		
May-03	NTH Consulting		Air Permit Application		\$ 21,316.95		
May-03	Pioneer Group		Newspaper Ad		\$ 101.94		
	TOTAL	108.00			\$ 64,733.84		
5/31/03			Fixed Overhead Fee		\$ 10,000.00		
	TOTAL		Billable Charges				\$ 74,733.84
			Allocation of Interest				
			Michigan Public Power			50.00%	\$ 37,366.92
			Michigan So Central			16.67%	\$ 12,458.13
			Tondu Corporation			33.33%	\$ 24,908.79
							\$ 74,733.84

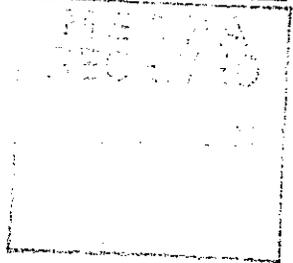
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Statement

Statement #: July
 Date: 7/31/03

Bill To:
 Michigan Public Power Agency
 Michigan South Central Power Agency

Date	Staff	Hours	Tasks	Billable Rate	Total	%	Balance
Jul-03	Jim Ford	95.90	See Attached Schedule	150.00	\$ 14,385.00		
Jul-03	Joe Tonde	100.00	See Attached Schedule	150.00	\$ 15,000.00		
Jul-03	Matthew Smith	14.00	See Attached Schedule	100.00	\$ 1,400.00		
Jul-03	MBK Consulting		Consulting-M. Kempf		\$ 5,058.10		
Jul-03	NTH Consultants		Air Permit Application		\$ 20,160.35		
Jul-03	Cummins & Barnard		Consulting Engineers		\$ 6,532.36		
Jul-03	Muchmore Harrington		Legislative Services		\$ 5,000.00		
Jul-03	Gavigan Anderson		Legal Fees		\$ 2,457.00		
Jul-03	Northern Design		Vehicle Signs		\$ 93.28		
Jul-03	Sarah Gebhard		Video Taping		\$ 40.00		
	TOTAL	209.90			\$ 70,126.09		
7/31/03			Fixed Overhead Fee		\$ 10,000.00		
	TOTAL		Billable Charges				\$ 80,126.09
			Allocation of Interest				
			Michigan Public Power			50.00%	\$ 40,063.05
			Michigan So Central			46.67%	\$ 13,357.02
			Tondu Corporation			33.33%	\$ 26,706.03
							\$ 80,126.09

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TONDU CORPORATION

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E-mail: joe@tonducorp.com

Statement

Statement #: August
Date: 8/31/03

Bill To:
Michigan Public Power Agency
Michigan South Central Power Agency

Date	Staff	Hours	Tasks	Billable Rate	Total	%	Balance
Aug-03	Jim Ford	115.80	See Attached Schedule	150.00	\$ 17,370.00		
Aug-03	Joe Tondou	120.00		150.00	\$ 18,000.00		
Aug-03	Matthew Smith	54.00	See Attached Schedule	100.00	\$ 5,400.00		
Aug-03	MBK Consulting		Consulting-M. Kempf		\$ 5,076.10		
Aug-03	NTH Consultants		Air Permit Application		\$ 37,798.55		
Aug-03	Cummins & Barnard		Consulting Engineers		\$ 19,877.38		
Aug-03	Muchmore Harrington		Legislative Services		\$ 5,000.00		
Aug-03	RMB Consulting		Consulting & Research		\$ 776.00		
Aug-03	Sarah Gebhard		Video Taping		\$ 80.00		
	TOTAL	289.80			\$ 109,378.03		
8/31/03			Fixed Overhead Fee		\$ 10,000.00		
	TOTAL		Billable Charges				\$ 119,378.03
			Allocation of Interest				
			Michigan Public Power			50.00%	\$ 59,689.02
			Michigan So Central			16.67%	\$ 19,900.32
			Tondu Corporation			33.33%	\$ 39,788.70
							\$ 119,378.03

MSCPA-A/P
(AUGUST) VENDOR # 4794 GL PERIOD 3
ACCOUNT CODE: 923-170.1 DUE DATE 10/10
OCT 10 2003

TONDU CORPORATION

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 E-mail: joe@tonducorp.com

Statement

Statement #: Oct
 Date: 10/31/03

Bill To:
 Michigan Public Power Agency
 Michigan South Central Power Agency

Date	Staff	Hours	Tasks	Billable Rate	Total	%	Balance
Oct-03	Jim Ford	152.00	See Attached Schedule	150.00	\$ 22,800.00		
Oct-03	Joe Tondy	120.00		150.00	\$ 18,000.00		
Oct-03	Beverly Baker	40.00		150.00	\$ 6,000.00		
Oct-03	Matthew Smith	120.00	See Attached Schedule	100.00	\$ 12,000.00		
	TOTAL	432.00	Staff Hours Subtotal		\$ 58,800.00		
			Monthly Cap		\$ 32,500.00		
Oct-03	MBK Consulting		Consulting-M. Kempf		\$ 2,500.00		
Oct-03	NTH Consultants		Air Permit Application		\$ 37,798.55		
Oct-03	Cummins & Barnard		Consulting Engineers		\$ 3,768.88		
Oct-03	Muchmore Harrington		Legislative Services		\$ 5,000.00		
Oct-03	Mid West ISO		Facility Study		\$ 156,000.00		
Oct-03	Mid West ISO		Deposit		\$ 10,000.00		
	TOTAL				\$ 247,567.43		
Oct-03			Fixed Overhead Fee		\$ 10,000.00		
	TOTAL		Billable Charges				\$ 257,567.43
			Allocation of Interest				
			Michigan Public Power			47.06%	\$ 121,211.23
			Michigan So Central			11.78%	\$ 30,289.93
			Tondu Corporation			41.18%	\$ 106,066.27
							\$ 257,567.43

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TONDU CORPORATION

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 E-mail: joe@tonducorp.com

Statement

Statement #: Nov
 Date: 11/30/03

Bill To:
 Michigan Public Power Agency
 Michigan South Central Power Agency

Date	Staff	Hours	Tasks	Billable Rate	Total	%	Balance
Nov-03	Jim Ford	116.50	See Attached Schedule	150.00	\$ 17,475.00		
Nov-03	Joe Tondy	120.00		150.00	\$ 18,000.00		
Nov-03	Beverly Baker	40.00		150.00	\$ 6,000.00		
Nov-03	Matthew Smith	102.00	See Attached Schedule	100.00	\$ 10,200.00		
	TOTAL	378.50	Staff Hours Subtotal		\$ 51,675.00		
			<i>Monthly Cap</i>		\$ 32,500.00		
Nov-03	Mid West ISO		Facility Study		\$ 38,000.00		
Nov-03	Sarah Gebhard		Video Meetings		\$ 40.00		
Nov-03	Matthew Marshall		Video Meetings		\$ 120.00		
	TOTAL				\$ 70,660.00		
Nov-03			Fixed Overhead Fee		\$ 10,000.00		
	TOTAL		Billable Charges				\$ 80,660.00
			Allocation of Interest				
			Michigan Public Power			47.06%	\$ 37,958.60
			Michigan So Central			11.76%	\$ 9,485.62
			Tondu Corporation			41.18%	\$ 33,215.79
							\$ 80,660.00

11/30/03

JPB

Northern Lights II 2003 Expenses

Month	Staff Costs	Development Costs	Fixed Overhead	Total	Allocation of Interest		
					MI Public Power 50%	MI So Central 16.67%	Tondu 33.33%
Jan-03	1,200.00		5,000.00	6,200.00	3,100.00	1,033.54	2,066.46
Feb-03	11,055.00	12,500.00	10,000.00	33,555.00	16,777.50	5,593.62	11,183.88
Mar-03		78,000.00	-	78,000.00	39,000.00	13,002.60	25,997.40
Mar-03	8,175.00	12,952.74	10,000.00	31,127.74	15,563.87	5,188.99	10,374.88
Apr-03	7,935.00	10,569.54	10,000.00	28,504.54	14,252.27	4,751.71	9,500.56
May-03	16,200.00	48,533.84	10,000.00	74,733.84	37,366.92	12,458.13	24,908.79
Jun-03	31,080.00	51.90	10,000.00	41,131.90	20,565.95	6,856.69	13,709.26
Jul-03	30,785.00	39,341.09	10,000.00	80,126.09	40,063.05	13,357.02	26,706.03
Aug-03	40,770.00	68,608.03	10,000.00	119,378.03	59,689.02	19,900.32	39,788.70
Sep-03	40,625.00	10,586.44	10,000.00	61,211.44	30,605.72	10,203.95	20,401.77
Total Expenses				553,968.58	276,984.29	92,346.56	184,637.73
Proceeds Received					186,689.56	62,242.30	
Proceeds Pending					90,294.73	30,104.26	



Meagan Bobier Kempf 2011 20,000
MBK Consulting, LLC
2938 Suida Road
Manistee, Michigan 49660
231.723.5310 p
231.723.5303 f
mbk@chartermi.net

INVOICE

Date: June 9, 2003
To: Tondu Corporation
14701 St. Mary's Lane Ste. 625
Houston, TX 77079
From: Meagan Bobier Kempf
RE: June Billing

Monthly Retainer - June \$5000.00
CURRENT AMOUNT DUE \$5000.00

Please makes checks payable to MBK Consulting, LLC.

March 9, 2004

TO ALL INTERESTED PERSONS: City of Manistee, Manistee County. Manistee Office of Economic Development, Manistee Chamber of Commerce, Little River Band of Odawa Indians, The Aurora Association, Manistee Citizens for Responsible Development
FROM: DANIEL W. BEHRING, PH.D.

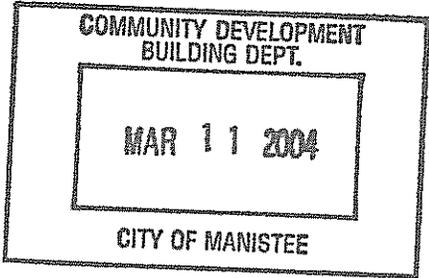
Attached you will find a proposal from Mr. Tom Stanton. Mr. Stanton works in the Public Service Commission of the state of Michigan. I have also attached his professional qualifications. Mr. Stanton is deeply familiar with the issues in front of us in Manistee that have arisen as a result of the proposed coal-fueled power plant for the shores of Manistee Lake. Mr. Stanton is completing his Ph.D. and would like to do his dissertation research on the items that are of great concern to all of us. This would be a project independent of the Public Service Commission, but his contacts with energy producers, municipal power agencies and the huge research capabilities of government and university resources would be a tremendous asset to his work for us. As this is a dissertation project, there would be no charge involved. He has set his goal to complete the research by the end of December 2004.

In his study, Mr. Stanton would study the proposed coal-fueled plant in contrast to the alternatives proposed in wind, biomass and ethanol by the LRBOI, and to distributed generation options for the municipalities interested in Manistee as a source and to the city of Manistee as a generator of electricity as well. He will look at and compare a lot of relevant data across the options. All the data to consider are too broad to list here, but they include:

- Immediate and long term employment implications for communities
- Immediate and long term economic impact on communities
- Impact on the environment to include air and water implications
- Impact on immediate community costs and long term costs
- Electrical rate impacts for all solutions
- Impact of changes in regulatory conditions
- The amount of energy produced over time and what quality
- The cost to produce energy in thermal units over time
- Ability to sustain peak requirements
- Longevity and salvage value implications of all types
- Land and water use implications of fuel supply infrastructure
- Impact of EMF exposure to workers and general public
- Land and water use and waste discharge implications
- Vulnerability to human error, terrorist attack and natural disaster

I would like to recommend that all interested parties, the city, the county, the economic development office of MECCA, the Chamber, the Little River Band of Indians, the Aurora Association, and Manistee Citizens for Responsible Development encourage and support this research project. This information will be critical to any final decision that is made on this project and I believe it is in the interest of the citizens of Manistee to have this information. It will be my intent

after you have considered this proposal to inquire if you will be in support of this effort. There can be no losses to going forward with this as I have looked at it.



**Research Proposal for Manistee, Michigan:
Public Policy Comparisons Between New Power Options
for Energy, Environmental, Economic, Employment, and Ekistic¹ Effects**

Thomas Stanton is a staff member at the Michigan PSC since 1987 and a Ph.D. student in Public Administration at Western Michigan University. Mr. Stanton proposes dissertation research that will compare central station power plants versus distributed generation and combined heat and power (CHP) options. The comparison will flesh out the differences between these kinds of technology choices, across a few dozen of the relevant impacts and outcomes of the different options. The question to be addressed in Mr. Stanton's research is, basically, for each 500 MW of new electric capacity (or, pick any number large enough), what are the differences between erecting a central station power plant versus one or two hundred, or even 1-2 thousand, distributed generation and/or CHP options.

There has been recent public controversy in West Michigan regarding the proposed construction in Manistee, Michigan, of a 425 MW coal burning power plant. Mr. Stanton proposes completing an analysis of various technology choices being discussed in the context of the decisions to be made in Manistee and the related Michigan communities. With the cooperation of the interested parties, Mr. Stanton proposes to collect and analyze data about the various power supply options being discussed and provide a detailed report about the likely impacts and outcomes of the implementation of those technologies.

The purpose of Mr. Stanton's research is to demonstrate new techniques in public policy decision analysis. Mr. Stanton will not participate in any related decision making process as an advocate for any particular group or technology choice, but will make his research results and related reports available to the public. To the best of his ability and resources available to

¹ Ekistics (i kisÆtikis) is derived from the Greek words "oikis a" (meaning settlement) and "oikos" (meaning house). It means the study of the effects of infrastructure on society and individuals. According to the Random House Unabridged Dictionary (1999), ekistics means "the scientific study of human settlements, drawing on diverse disciplines, including architecture, city planning, and behavioral science. [1955-60; coined by Constantine A. Doxiadus (1913-1975), Greek urbanologist." From 1957 through 1995, a scholarly journal entitled Ekistics (with various subtitles) was published by the Athens Center of Ekistics. See <http://www.ekistics.org>.

complete this study, Mr. Stanton's research and reports will present an objective comparison of all options under active consideration by interested parties.

Mr. Stanton expects his report will provide the following kinds of comparisons to assist the various decision makers involved:

- What will be the energy outcomes of the various power options being considered? How much energy will be produced over time, and of what quality?
- What will be the short- and long-term environmental risks and impacts? What will be the likely effects on project viability, economics, etc., if environmental regulations change during the lifetime of the selected technologies?
- How many and what kinds of jobs will be created and supported, over what period of time?
- What other major effects can be anticipated, especially social and cultural effects?
- What economic costs and benefits will be associated, over what period of time?
- For participating public utilities, what will be the likely rate effects, if any?

Based on his current understanding of issues and technologies being discussed, based on news media reports and preliminary conversations with interested parties, Mr. Stanton expects the scope of his research would include at least the following technologies: (1) 425 MW coal-burning power plant, as proposed by Tondu and members of the Michigan Public Power Agency; (2) wind, biomass, and ethanol options proposed by Little River Band of Chippewa Indians; (3) distributed generation and demand-side management options for facilities in the service territories of the relevant members of MPPA and the city and county of Manistee.

More details regarding Mr. Stanton's proposed research methods are available upon request. Please contact Mr. Stanton at:

Thomas Stanton
216 Huron St
Lansing MI 48915-1781
Voice: 517-374-6666 (home) or 517-241-6086 (office; generally 9a-5p, M-F)
<mailto:tstanton@michigan.gov>

Mr. Stanton's proposed study might compare options on some or all of these criteria, depending on the availability of technical data for each technology being considered. He also welcomes additional criteria being added to this list by any interested parties.

1. heat rate -- Btu/kWh (accounting for useful waste heat separately)
2. thermal efficiency (% output/input, with total of both electricity and heat as one reported data element and thermal efficiency of electric production as another)
3. Are there any "critical" materials used in the manufacture or operations of the options, such as rare earth metals (scarce), mercury (environmentally dangerous), etc.?
4. Capacity factor (% of rated capacity available over the course of a year)
 5. How do thermal efficiency, emissions, etc. change depending on the number of hours per year that the units are run? Peaking, vs. intermediate & baseload?
 6. How upgradeable are peakers to turn them into combined cycle units later?
7. Reliability (% of forced downtime)
8. Maintenance schedules (how often, for how long, what is required)
9. Loadability (How much can these units follow load increases/decreases? How much can they be turned down? Can they run for short periods of time to produce greater than their nameplate rating of output?)
10. Energy quality (characteristics about power supply harmonics, voltage regulation, etc.; for waste heat what temperature and quantity).
11. Lead time: How long between the time that a decision is made to obtain a unit before it can be installed and running? (Include discussion of environmental or other permits that may be required for construction/installation. Include discussion of queues for the purchase and installation of specialty equipment, if relevant.)
 - (a) How do lead time and construction time relate to forecasting risk, ability to match supply to demand, etc.? Should risk reduction premia be assigned to small systems that can be purchased and installed incrementally, to best match load growth? (See Lovins, et al., 2002, *Small Is Profitable*, <http://www.smallisprofitable.org>).
12. Longevity or durability: How long will the unit last, in years?
13. Salvage value? At the end of its useful life, what is the salvage value?
14. Land-use differences at power plant.

15. Land-use differences in fuel-supply infrastructure, rights of way, etc.
16. Land-use differences in electricity supply infrastructure (transmission & distribution)
17. EMF exposure to workers & general public
18. Water intake (quantity of make-up water; in gal./hour, or similar unit)
19. Water intake velocity (in feet/second, or other similar unit)
20. Water consumption (gallons per time period)
21. Water discharge (quantity in gal./hour)
22. Water discharge (thermal; how many Btu's are released in the discharge, per what time period)
23. Water discharge to surface water? If yes, then what is quantity in cubic feet per time period?
24. Water discharge suspended solids. If yes, what quantities (e.g., in mg/liter)
25. Water discharge dissolved oxygen? If yes, what are they and what quantities (e.g., in mg/liter)
26. Water discharge contaminants? If yes, what are they and what quantities (e.g., in ppm or ppb)

Next are several variables related to environmental emissions, all reported in units of mass per year:

27. NO_x
28. Mercury
29. TSP
30. sub-2.5 micron particulates
31. CO
32. CO₂
33. HAPs
34. VOCs
35. Radioactive nucleides (rem/year)

36. Solid waste disposal (including next several variables; in tons per year, generally speaking)
37. Scrubber sludge disposal
38. Fly ash disposal
39. Bottom ash disposal
40. Hazardous waste disposal
41. Radioactive waste disposal
42. Other waste disposal (specify)
43. CFC's
44. PCB's

45. Indoor air quality effects? General description is fine. This will probably end up being a 1-10 ratio scale.
46. Thermal pollution (waste heat into the air)

47. Employment (direct job-years / \$ million invested during construction, operation)
48. Indirect employment (job-years at suppliers / \$ million in this field, for example).
49. Induced employment (produced through employee spending and consumer spending, depending on the options' cost of energy services)
50. Substitute employment (jobs lost from traditional utility sector because of shifts to new technology)

51. Cents/kWh – basic bus-bar energy cost.
52. \$/kW – basic all-inclusive cost of facility for construction, including cost of capital.
53. Effects on prices of natural gas and electricity, at both wholesale and retail levels.
54. Value of higher reliability to end-use customers (a feature associated with some on-site power systems)

Next are several variables obtained through analysis of economic inputs and outputs for the Michigan economy:

55. Labor costs

56. Capital costs
57. Fuel costs
58. Raw material costs
59. Michigan-specific production
60. Imports (from outside Michigan but within U.S.)
61. Imports (from outside the U.S.)

Next are several criteria from the California Standard Practices Manual analysis of impacts on utility rates

62. Utility cost test
 63. Participant cost test
 64. Ratepayer impact measure test (include consideration of differential rate effects on different customer classes, if option addresses only specific classes of customers).
 65. Total resource cost test
 66. Societal Cost test
-
67. Vulnerability to natural disaster
 68. Vulnerability to human error
 69. Vulnerability to terrorist action, mischief, vandalism, etc.

Thomas S. Stanton
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Email: tom.stanton@mindspring.com

SUMMARY OF QUALIFICATIONS

Director of energy, environmental, and regulatory policy research and project implementation, technology assessments, and sustainable development planning. Specializing in: public utility regulatory policy and industry restructuring for competitive market structure development; residential, commercial, industrial, and institutional energy efficiency and renewable energy; pollution prevention, and waste minimization and management.

PRESENT EMPLOYMENT

Technical Assistant, Electric Division, Michigan Public Service Commission. (June 1997 to present). Chairman of MPSC World Wide Web Editors Committee (August 1998 to present).

Founding member and principal of BEST Options, L.L.C. Best Ecological and Sustainable Technologies Consulting Services. All profits to local sustainability projects.

PREVIOUS EMPLOYMENT

Competitive Utility Programs Specialist, Michigan Public Service Commission. Represent the interests of energy efficiency and renewable energy resources in casework before the Michigan PSC and utility integrated resource planning. (January 1992 to June 1997)

Michigan Biomass Energy Program Coordinator. (January 1992 to December 1994)

Chairperson (December 1987 to June 1994) and presently a member of MPSC Energy and Regulatory Matters Information Service (ERMIS) Task Force, managing nationwide email system and Web site.

Special Programs Section Supervisor for the MPSC Office of Energy Programs (OEP). Supervised as many as 4 full-time & 4 half-time employees. Planned, managed, and directed energy conservation, biomass, and resource recovery projects and grant programs. Researched, wrote, edited, and produced policy analyses and reports. (August 1987-January 1992)

Member of MPSC Data Processing Planning Committee, responsible for OEP computer planning, purchasing and training. (December 1987-January 1992)

Director, Manufacturers Assistance Program for the Energy Administration, Michigan Department of Commerce. Designed, initiated and managed service providing energy analyses for Michigan manufacturers. Supervised 2 full-time and 2 half-time employees. (October 1986-August 1987)

Director, Energy Hotline and Clearinghouse for the Energy Administration. Supervised 5 full-time and 8 half-time employees, managed and directed \$500,000 per year information office and administered state renewable resources income tax credit and related tax incentive programs. Directed public and media relations and marketing. Researched all energy issues. Designed, set-up, and operated the energy information center and toll-free Energy Hotline service. (April 1978-October 1986, in four positions with progressing responsibilities)

Adjunct Professor. Designed, planned, and taught college and university classes at Jordan College Energy Institute, Michigan State University Department of Resource Development, and Western Michigan University Environmental Studies Program. Founder and director of Beaver Island (Michigan) Energy Project intercollegiate course and community sustainable development planning project. (1989-1993)

EDUCATION

Presently enrolled in Western Michigan University, doctoral program in Public Administration. Coursework and comprehensive exams completed. Dissertation: *Appropriate Technology for Michigan's Electric Power Future: An Ecological Design Model for Public Utility Policy Analysis.* (GPA 3.7/4.0)

Master of Arts Degree, Michigan State University, December, 1982. Major in Journalism; cognate MBA series in Organizational Management, Marketing, Accounting, and Communications. Thesis: *Sources of Information about Energy News Events Among Mass and Interpersonal Communication Media Professionals in Michigan: A Systematic Study.* (GPA 3.6/4.0)

B.A. in Communication, minor in Journalism, Michigan State University, March, 1977. Associate of Arts Degree, Jackson (Michigan) Community College, June, 1974. (GPA 3.24/4.0)

HONORS AND AWARDS

1991 Department Graduate Research and Creative Scholar Award, Western Michigan University School of Public Affairs and Administration. 1989 Michigan Public Service Commission Certificate of Appreciation award, for efforts to improve computer utilization, development of electronic mail and bulletin board system, and cost savings for computer purchasing. 1975 winner of 5th place portfolio award, William Randolph Hearst National Intercollegiate Photojournalism Contest. 1974 winner of 3rd place portfolio award, National Intercollegiate Photojournalism Contest (University of Missouri at Columbia).

SPECIAL SKILLS

Organizational development, communications systems design, and office automation. Computer database design, operations, and management. Expert at computer modeling, decision aiding software, graphics, spreadsheets, telecommunications (including Internet communications and networking), word-processing, and publication layout and design. Social science and market research including opinion and program evaluation survey design and administration, with telephone, mail, and personal interview survey experience.

SPECIAL TRAINING

National Association of Regulatory Utility Commissioners (NARUC) 1988 Summer Short Course. Selected refresher classes in 1989 through 2001. (Lecturer in 1997, 1998, 1999.) NARUC Advanced Utility Regulatory Studies Program. (Annapolis, MD: Winter, 1997).

Presenting Data and Information, by Edward Tufte (August 1998).

Life-cycle cost benefit analysis workshop sponsored by U.S. DOE, Energy Extension Service, 1980.

Two years at University of Missouri (Columbia) Photojournalism Workshops; one year as a student (1975), another as member of darkroom staff (1974). Six years work experience as photojournalist, photo editor, and photography instructor.

World Game lecture series by R. Buckminster Fuller, University of Detroit, 1971.

Michigan Department of Civil Service training in employee relations, progressive discipline, grievance procedures, supervisor & secretary relations, time management, and employee performance appraisals.

MEMBERSHIPS AND ACTIVITIES

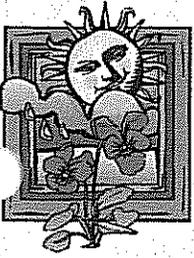
Coop America. Great Lakes Renewable Energy Association. Midwest Renewable Energy Association. Pattern Language Association. RENEW Wisconsin. Sierra Club, Mackinac Chapter. Urban Options Energy and Environmental Demonstration House (board member, 1992 to present; Treasurer, 1995 to 2000; President, 2000 to present). World Future Society.

APPENDIX A

PUBLICATIONS of Thomas S. Stanton

1. Michigan Renewable Energy Program: Annual Report to the Michigan Public Service Commission. (2003, November 18). (Primary author, with Tanya Paslawski.) MPSC Case No. U-12915.
2. "Electric Restructuring Danger: We Could End Up Where We're Headed." (2002, October). In Proceedings, Second International Symposium on Distributed Generation: Power System and Market Aspects, Royal Institute of Technology, Stockholm, Sweden.
3. "Distributed Energy Resources: Past, Present and Future Directions for Market Responses and Resource Acquisition." (2002, April). In Proceedings, Volume 2, Association of Energy Engineers and Academy of Sciences of Republic of Armenia, Second International Energy Conference in Yerevan, Armenia.
4. "Where There's a Bill, There's a Way: Renewable Energy Markets in a Restructured Electric Utility Industry." (1998, October). In Proceedings, BioEnergy '98: International Bioenergy Conference, Madison, WI.
5. Staff Market Power Paper. (1998, June 5). Co-author with Janet Hanneman, Martin Kushler, and Margaret VanHaften. Case No. U-11290: Restructuring of the Electric Utility Industry. Lansing, MI: MPSC.
6. "Bioenergy Electronic Information Services". (1994, October). (Primary author, with Christopher Gronbeck, Curtis Framel, and Linda Witham) In Proceedings: Bioenergy '94. National Bioenergy Conference.
7. "Biomass Energy: It's Not Just for Breakfast Anymore." (1993, October). In Michigan Biomass Energy Initiative Briefing Book (Lansing: Public Policy Associates) and Biofuels User Manual (Lansing: Michigan Public Service Commission).
8. "Wood Combustion in Michigan: Promise Versus Practice." (1993, April). Paper presented at Renewable Energy in Wisconsin: Working with the Environment, Second Annual RENEW Wisconsin Conference, Madison. Lansing: Michigan Public Service Commission.
9. Beaver Island Energy Project: Economic Development Through Energy Self-Reliance: First Year Report. (1993, May). Co-Author with Conrad Heins. E. Lansing: Michigan State University, Department of Resource Development.
10. "Least Cost Utility Planning." (1992). In Nagel, Stuart S. (Ed.), Applications of Decision Aiding Software. Hampshire, England: MacMillan.
11. "Decision-Aiding Algorithms." (1992). In Nagel, Stuart S. (Ed.), Applications of Decision Aiding Software. Hampshire, England: MacMillan.
12. Preliminary Wood Energy Economic Feasibility Analysis for the Clear Lake Organization Camp at Hiawatha National Forest. (1992, April). (Second author, with David Nicholls and Bob Cappelletti.) East Lansing, MI: Michigan State University, Cooperative Extension Service, Extension Bulletin E-2368.
13. "Wasteplan Software Adoption and Implementation." (1991, September). (Primary author, with Gary Meyer and Brenda Sandberg.) Madison, WI: 14th Annual Madison Waste Conference.

14. "Least Cost Utility Planning." (1990). In Nagel, Stuart S., (Ed.), Public Administration and Decision-Aiding Software. New York: Greenwood Press.
15. "Software for Least Cost Utility Planning." (1989, September). Proceedings: National Association of Regulatory Utility Commissioners (NARUC) Second Annual National Conference on Least Cost Utility Planning. Washington, DC: NARUC.
16. "P/G% Software for Energy Program Evaluation." (1989, August). Chicago Energy Evaluators' Conference. Argonne, IL: U.S. Department of Energy, Argonne National Labs.
17. "Least Cost Utility Planning: Analyzing Multiple Objectives Using Management Science Decision Support Tools." (1988, April). Proceedings: National Association of Regulatory Utility Commissioners (NARUC) National Conference on Least Cost Utility Planning. Washington, DC: NARUC.
18. "Sunset for Solar Incentives: Alternative Program Options." (1986, September/October). The Energy Specialist, (2)2, pp. 3-10. Detroit: The National Energy Specialist Association.
19. "Market Research for Energy Information Press Releases" (1984, August). (Primary author, with John C. Jeppesen) Energy Conservation Program Evaluation: Practical Methods, Useful Results, (1), pp. 11-20. Chicago: DePaul University.
20. "Monitoring Service Using a Computerized Data Base." (1984, August) (Second author, with John C. Jeppesen) Energy Conservation Program Evaluation: Practical Methods, Useful Results, (2), pp. 75-84. Chicago: DePaul University.
21. "Solar Access: It's Nice, but..." (1984, Summer). Michigan Energy Journal, (8)3, pp. 7, 14. Ann Arbor: Michigan Solar Energy Association.
22. "New Tax Credits for Solar in Michigan." (1983, Winter) Michigan Energy Journal, (7)6, p. 3. Ann Arbor: Michigan Solar Energy Association.
23. "Solar in Michigan: What's Needed Now." (1983, Winter) Michigan Energy Journal, (7)6, p. 5. Ann Arbor: Michigan Solar Energy Association.
24. Sunset for Michigan Solar Incentives?: A Critical Analysis of Michigan Solar Energy Policy. (1983, December). Ann Arbor: Michigan Solar Energy Association.
25. "Solar Promotion Takes Many Forms." (1983, Mid-Winter). Michigan Energy Journal, (7)1, pp. 10-11. Ann Arbor: Michigan Solar Energy Association.
26. "Solar Hot Water: The Economic Facts for Michigan." (1982, Winter). Michigan Energy Journal, (6)6, pp. 5, 7, 17. Ann Arbor: Michigan Solar Energy Association.
27. "Will We Inherit Our Solar Future?" (1982, Spring). Michigan Energy Journal, (6)2, pp. 4-5. Ann Arbor: Michigan Solar Energy Association.
28. Sources of Information about Energy News Events Among Mass and Interpersonal Communication Media Professionals in Michigan: A Systematic Study. (1982, December). Master's Thesis, Michigan State University.



Mr. & Mrs. Michael Ignace
1589 Moss Rd.
Beulah, MI 49617

Dear Commissioners,

We are writing this letter in response to the proposed "Tondu Coal Plant". We are against this use of the land and its resources. We would very much support the construction of a number of windmills towering above the bluffs of Lake Michigan generating energy in a non-invasive and clean manner. Please consider carefully the environmental impacts of such a decision. Please investigate the issues thoroughly and independently with the health and welfare of the area and it's citizens as primary concerns. Are we going back in time? Or, are we looking to the future? Do you want to be the ones to blame? Or, do you want to be the ones to be hailed for your foresight and visionary planning?

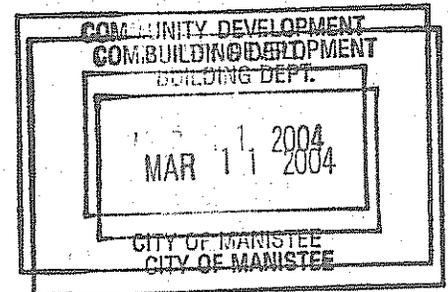
We are also against allowing the Northwest Michigan coastal lands to be taken advantage of by large corporations looking to capitalize on the economic disadvantages of a historic area. This is especially appalling considering there would be so little in return to the area. Again, Please deliberate this decision carefully and at length with expert input from all sides. Will this actually benefit the area? What legacy do you want to leave?

Do you understand the impact that 80-400 pounds of mercury per year can have on the environment and its inhabitants(you)? Mercury is the most toxic, non-radioactive substance on the planet. Look it up for yourselves. And, this is just one of the toxins that could be released from this type of facility.

Just to give you an idea of the possible damages of Mercury. From May 2001- November 2003, Grand Traverse County collected, through it's Household Hazardous Waste Program, 713.5 pounds of Mercury. Released into the environment, this volume would have been enough to contaminate all of the inland lakes in Grand Traverse County more than 11 times! Please ask yourselves how contaminated you want your land and people to be.

Please do not approve the construction of this toxic facility!

Michael & Kelly Ignace



**Postcards Received in Opposition
to the Northern Lights coal-fired power plant**

Postcards are on File at City Hall, Community Development Department

Green or Gold Postcard #1 reads

To the Manistee Planning Commission: I live in Manistee, and I am opposed to the Northern Lights coal-fired power plant. I urge the Planning Commission to turn down the application for a Special Use Permit for the facility.

Received 3/5/04 (0 postcards)

Received 3/8/04 (0 postcards)

Received 3/9/04 (1 postcards)

Barbara L. Sedlar, 9413 Norconk, Bear Lake

Received 3/10/04 (0 postcards)

Received 3/11/04 (1 postcards)

Betty M. Green, 3627 Matador W., Apt 34, Traverse City

**Postcards Received in Opposition
to the Northern Lights coal-fired power plant**

Postcards are on File at City Hall, Community Development Department

Yellow or White Postcard #2 reads

*To the Manistee Planning Commission: I am opposed to the Northern Lights coal-fired power plant.
I urge the Planning Commission to turn down the application for a Special Use Permit for the
facility.*

Received 3/5/04 (1 postcards)

Krista Wojechhowski, (no address)

Received 3/8/04 (4 postcards)

Gordon McLellan III, 90 Park Avenue #405, Manistee
Linda McLellan, 8 Oxford Court, Manistee
Gordon McLellan, 8 Oxford Court, Manistee
Chris Pomeroy, (no address)

Received 3/9/04 (7 postcards)

Elizabeth Richert, (no address)
David Hopkins, 9665 Alkire Road, Bear Lake
Donald Johnson, 1304 26th Street, Manistee
Doug & Susan Truitt, 13883 Erdman Road, Bear Lake
Margaret Blaukamp (no address)
L. Jacqueline Hopkins, 9665 Alkire, Bear Lake
Aprill Edens (no address)

Received 3/10/04 (3 postcards)

Felipe Venegas (no address)
Chris Venegas (no address)
Ramona Venegas (no address) “ Please consider the opportunities for use of the old
industrial sites that would not continue to harm our health and the environment.
Thank you!”

Received 3/11/04 (8 postcards)

Courtney Look (no address) “8th Grade
Chelsey Look (no address) “no coal”
Caroline Kessler (no address) “no coal please”
Yapheh Loura (no address) “8th Grade - No Coal!”
Curtis Anderson (no address)
Robert & Jeanne L. Pefley (no address)
Tim Granger (no address)
Vivienne Kessley (no address) “Please!!! deny the application”