

Turbine Blight

Public Service Commission Hearing

Traverse City Michigan

April 22, 2013

Linda Wood

Elmwood Turbine

May Be Near End of Life



- First in Michigan 1996 cost \$785,000
- Cost Not recovered
- Repaired in January at cost of \$38,000 – Would have to run 2 years to recover cost -broke 2 days later Repaired again on April 17 at cost of \$37,000.
- If operates another 10 years with no major problems still will not recover cost.
- Turbine is obsolete model. Parts are not readily available.

Traverse City Record Eagle January 11, 2013
Conversation with Tom Olney April 18, 2013

Turbine Blight



- “It is like an old car. At some point you have to make the decision you can no longer afford to make repairs because when you do something else will go wrong..” Pat McGuire – Utility Board Chairman - Traverse Light and Power
- A study is being done to decide the future of the turbine. Possibilities include installing new generator or demolition.

Projected Life of ITW

case U-16991 Detroit Energy application for Depreciation Renewal Rates March 19. 2012

- Tower 25 years
- Blades 20 years
- Gear Box 10 years
- Generator 20 years
- Nacelle housing and main frame and other parts 20 years

Fear of Abandonment



- Not able to obtain replacement parts for older turbines
- Not financially feasible to repair
- Owner has filed bankruptcy

Decommissioning

- **First and Foremost – Corporations are in the business to make profits**
- **Decommissioning**
 - **Very expensive and technically difficult**
 - **Value of material recovered significantly less than cost tear down and restoring the site**
 - **Usually no bond provided to cover future decommissioning cost**
 - **If owner of Turbine files bankruptcy landowner is left with structure on property**
 - **Many ITW sites are operated as LLC – can file bankruptcy without affecting sponsoring corporation**

Quotes to Think About

- Figures can lie and Liars can figure
- If you torture the data long enough, it will confess to anything



- 14,000 abandoned turbines
- As turbines become obsolete and repair is not feasible – more abandoned turbines



- Like an old car – some time it is just time to stop fixing it
- Corporations make decisions based on the bottom line – if it is not profitable it will be eliminated.



The Future

- Look at the tax credit and depreciation structure – does it make sense
- Do the turbines reduce the demand for “back up supply”
- Is it cost effective?
- Reduce subsidies and increase incentives for research and development for future sustainable energy production