

David Milliron | Hogansville City Manager

From: John Giles <JGiles@ecoga.org>
Sent: Friday, April 20, 2018 6:12 PM
To: David Milliron | Hogansville City Manager
Cc: 'Floyd, Peter (Peter.Floyd@alston.com)'; Sallie Coleman; Walter West
Subject: Hogansville Proposal
Attachments: hogansville-ecg-suppl-agree-4-20-18.docx

Hello David,

As you requested, this email provides you the working relationship structure & preliminary FY19 budgeted costs for ECG to provide Distribution System services for the City of Hogansville.

Formal Agreement: **Supplemental Contract** (see attached "draft")

Basic Terms:

- Initial 4-Year Term: July 1, 2018 thru June 30, 2022
- ECG provides a 4-Man Line Crew
 - Foreman
 - Lead Lineman
 - Apprentice Lineman (2)
- ECG & Hogansville mutually agree to an Annual Work Plan for O&M Services
 - 4kV to 12kV Conversion
 - System Operation & Maintenance
 - New Construction
 - Switching & Load Balancing
 - Outage & Emergency Response
 - Electric Meter Purchase & Installation
 - Schedule Right of Way Trimming, Pole & Padmount Inspection, Meter Testing
- ECG will provide Other Services that would be billed according to existing Mutual Aid Agreements if work is incurred "outside normal hours"

ECG's value in the proposed Supplemental Contract

- Provides the framework for ECG's Line Crew to have primary day-to-day responsibility to perform O&M Services & Other Services in Hogansville to maintain system
 - ECG will include the existing value of Jon Wagner as available and necessary during normal and after hours...
 - 4-Man Crew can perform any distribution service repair (underground or overhead); no need for any additional labor...*(Note: 2-Man Crew has limitations whether Hogansville or LaGrange Employees, you will still need contract help)*
- Allows the ECG Line Crew (at strategic times when not needed in Hogansville) to provide O&M Services (under same contract structure) to other ECG members in close proximity and those revenues help lower Hogansville's overall costs
- ECG Line Crew will be "the best of the best", well-trained, public power focused and under ECG's management & control...which allows Hogansville leveraging power in our existing relationship...

Existing Hogansville Electric Department Annual Budget	\$802K
Remove: Diverse and Other related Expenses	(\$355)K
Net 2018 Budget	\$447K

Preliminary ECG Line Crew Budget for Fiscal Year 2019 (July 1, 2018 thru June 30, 2019):

ECG Normal Hours - O&M		
Services		\$300K
ECG Non-Normal Hours - Other		
Services		Expectation that Jon
Wagner will handle most After Hours Requests (but we will be available hourly)		
One-Time Sensus Metering Purchase & Installation		1,000
Meters	\$40K	
ECG Line Crew complete 4kV Conversion to 12kV in Areas 1&2		ECG Staff &
Materials	\$300K	

These are preliminary budgeted costs and my request is to meet with you soon to work towards developing a specific strategic Work Plan for FY19..

This effort will help finalize the specific commitments and Budget for ECG & Hogansville....

In addition, ECG needs to hire the lineman and secure workman's compensation insurance..

Enjoy your vacation!
Talk Soon

Thanks
Giles

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SUPPLEMENTAL CONTRACT
(System O&M Service)
between
ELECTRIC CITIES OF GEORGIA, INC.
and
THE UNDERSIGNED O&M PARTICIPANT

This contract (the "Contract"), made and entered into as of July 1, 2018 (the "Effective Date"), by and between Electric Cities of Georgia, Inc., a Georgia nonprofit corporation organized to perform services on behalf of its Participants, including, but not limited to, the hereinafter defined O&M Participants, pursuant to the Georgia Nonprofit Code and Section 115 of the Internal Revenue Code (the "Electric Cities"), and the undersigned political subdivision of the State of Georgia or other governmental body (the "O&M Participant, and together with the other Participants entering into substantially similar contracts with Electric Cities respecting the hereinafter defined Services, the "O&M Participants";

WITNESSETH:
THAT:

WHEREAS, the O&M Participants and the other Electric Cities Participants have entered into an Intergovernmental Participant Contract, dated as of February 1, 2013, as amended and supplemented (the "IPC"), respecting cost sharing of Electric Cities' services among the Participants; capitalized terms used herein, but not defined will have the meaning set forth in the IPC; and

WHEREAS, the O&M Participant desires to contract with Electric Cities for (a) certain electric distribution system operating and maintenance services and related services not provided for pursuant to the IPC, as described in Attachment A hereto, which is incorporated herein by this reference (the "O&M Services"), and (b) certain other services from time to time upon request on an hourly basis (the "Other Services," and together with the O&M Services, the "Services"), which Other Services are described in Attachment A hereto, which is incorporated herein by this reference; and

WHEREAS, as a Georgia nonprofit formed on behalf of its Participants, Electric Cities must provide for a method by which any costs and expenses that it incurs respecting the Services are to be recovered, including, but not limited to, those under any subcontracts with its subcontractors under any Subcontracts (together, the "Subcontractors") respecting all or a portion of the Services ("Subcontracts"); and

WHEREAS, in order to take advantage of economies of scale and other efficiencies, Electric Cities intends to enter into substantially similar contracts to this Contract with the other O&M Participants (the "Other Contracts," and together with this Contract, the "Contracts");

NOW THEREFORE:

For and in consideration of the premises and the mutual covenants and agreements hereinafter set forth, and in order to pay Electric Cities for its costs and expenses of providing the Services to the O&M Participants in accordance with the IPC, it is agreed by and between the parties hereto as follows:

Section 101. IPC. This Contract will constitute a binding obligation of each party executing this Contract as of the Effective Date and will extend until the termination of the IPC or the Services hereunder in accordance with the IPC (the "Term"), unless terminated as otherwise provided herein. The "Initial Term" will begin on the Effective Date and end on June 30, 2022 unless the O&M Participant has selected "Plans" (defined in Attachment A hereto) for which a multiyear period is designated; in which case the "Initial Term" will end on the June 30th next succeeding the completion of the final selected "Plan." This Contract will be supplemental to, and interpreted in accordance with the IPC, and the terms of the IPC are hereby incorporated herein by this reference. Electric Cities' obligations hereunder will constitute a new service under the IPC. This Contract will control to the extent of any conflict between this Contract and the IPC. Except as expressly provided for herein, all services provided for under the IPC related to the current services provided for in the IPC or any successor services thereto will be governed exclusively by the IPC or any successor contract for participation in Electric Cities.

Section 102. Obligations of the Parties.

(a) Electric Cities will:

- (i) Perform, or cause to be performed, the Services, subject to a reasonable period necessary for startup of the Services; provided that Other Services will only be provided at the request of the O&M Participant and only to the extent that Electric Cities has determined in its sole discretion that it has capacity to perform such services on an economically sound basis without having a negative effect on any other services of Electric Cities. Services will be performed in accordance with the applicable standards set forth in the National Electric Safety Code (NESC), the Occupational Health and Safety Administration (OSHA), and Prudent Utility Practices.
- (ii) Designate in writing a specific individual to serve as a single point of contact with the O&M Participant related to this Contract.
- (iii) Maintain, or cause to be maintained, insurance coverages in the amounts and types in accordance with Prudent Utility Practices.

(b) O&M Participant will:

- (i) Pay the Monthly Billing Statement respecting Annual Costs. "Annual Cost" hereunder will have the meaning set forth in the IPC and the budget for the Services will be approved as provided for in the IPC, except as provided herein; provided that the budget for the Services may be approved either together with the regular budget process or separately; provided, further, that the initial budget for the Services will cover the Initial Term. Annual Costs will be allocated among the O&M Participants in accordance with Section 103 hereof. O&M Participant's Monthly Billing Statement will reflect 1/12th of the amounts owed by the O&M Participant for the applicable Fiscal Year for its O&M Services in accordance with the Annual Budget, plus any other amounts due and owing from O&M Participant to ECG hereunder or otherwise. To the extent not included in a prior Monthly Billing Statement, the costs of Other Services will be billed to such O&M

Participant on the next succeeding Monthly Billing Statement after such Other Service is provided on an hourly basis plus any related additional costs and expenses incurred by Electric Cities in providing such Other Services. For the avoidance of doubt, any service provided by ECG hereunder will constitute an Other Services unless expressly covered by an Annual Budget or amendment thereof.

- (ii) Provide Electric Cities with all reasonably requested information and cooperation necessary or convenient for its or Subcontractor's performance of the Services.
- (iii) Designate by resolution a specific individual(s) to serve as a point of contact with the O&M Participant related to this Contract. Initially such individual(s) will be the authorized official(s) currently designated by the Participant as such to Electric Cities by resolution, a copy of which is on file with Electric Cities.

(c) Each of the parties hereto will at all times conduct themselves according to the concept of "Prudent Utility Practice". "Prudent Utility Practice" means any of the engineering and operating practices, methods and acts engaged in or accepted by a significant portion of the electric utility industry in the United States of America at the time the decision was made or any of the practices, methods and acts that, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable costs consistent with reliability, safety and expedition. "Prudent Utility Practice" is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to a spectrum of possible practices, methods or acts. In applying this standard to any matter under this agreement, equitable consideration should be given to the circumstances, requirements and obligations of each of the parties and the limitations imposed by the O&M Participant in the Annual Budget, the Plan and its directions.

Section 103. Allocation of Annual Costs. Electric Cities will allocate Annual Costs among the O&M Participants depending on the nature of the relevant cost and expense hereunder and which O&M Participant(s) benefit from such cost and expense. Electric Cities will allocate such costs and expenses into one of the following categories (each, a "Cost Category"):

- (a) Individual Costs, including Annual Costs that primarily benefit only one O&M Participant, e.g., the cost of providing Plans to an O&M Participant and Other Services requested by the O&M Participant, which will be allocated by ECG to the applicable O&M Participant; and
- (b) General Costs, including all Annual Costs other than Individual Costs, if any, which will be allocated by ECG among the O&M Participants based on a percentage derived by dividing (a) the O&M Service Individual Costs allocable to the O&M Participant for the Fiscal Year in which the General Cost was incurred by (b) the aggregate of all such amounts for such period of all O&M Participants.

The Annual Budget for the Initial Term is set forth in Attachment A-2. All costs reflected on Attachment A-2 are Individual Costs.

Section 104. Annual True-up Process. Within a reasonable period after the end of each Fiscal Year, ECG will determine if the aggregate amounts paid by the O&M Participants with respect to O&M Services was sufficient to provide recovery of all of the Annual Costs incurred by ECG with respect to O&M Services. In the event of an under recovery with respect to O&M Services, ECG will bill amounts respecting such under recovery to the applicable O&M Participant(s). Similarly, amounts respecting an over recovery, if any, will be paid to the applicable O&M Participants or credited to ECG's succeeding Monthly Billing Statement(s) to the applicable O&M Participants, at ECG's discretion.

Section 105. Maximum Amount Payable. In no event will Electric Cities be liable for amounts in excess of the amount of the relevant insurance coverage as set forth in Section 102(a)(iii) above.

Section 106. Limitation of Liability. O&M Participant acknowledges that its acts or failure to act in accordance with this Contract could cause Electric Cities, on behalf of the Participants, or other Participants to incur costs and expenses. The Contracts and the IPC together constitute an intergovernmental contract among the O&M Participant and the other Participants under the Intergovernmental Contracts Clause of the Constitution of the State of Georgia, Article IX, Section III, Paragraph I. To the extent allowed by law, the O&M Participant will defend, indemnify and hold harmless Electric Cities, on behalf of the Participants; and the other Participants and their respective governing bodies, agents, officers and employees from and against all liability, losses, damages, penalties, costs, expenses, taxes, causes of action, suits, claims, demands and judgments of any nature arising out of or in connection with this Contract. The other Participants are third party beneficiaries to this Contract.

Section 107. Economic Viability. At any time, if Electric Cities determines in its sole discretion that the Services hereunder, or any component thereof, are no longer economically viable or otherwise not in the best interest of the Participants, it may halt all work, or relevant portion of the work, and the incurring of associated costs and expenses related thereto expeditiously and this Contract may terminate, or O&M Services thereunder be suspended, on a date to be determined by Electric Cities, which termination or suspension will have no effect on the IPC. Amounts paid to Electric Cities hereunder will be returned to the applicable O&M Participants if such amounts are determined to be in excess of actual incurred costs and expenses in accordance with applicable annual true-up procedures. Services hereunder may be suspended at any time during which Electric Cities is assessing the viability of the Services, or component thereof, under this Section upon notice from Electric Cities to the O&M Participant.

IN WITNESS WHEREOF, Electric Cities has caused this Contract to be executed in its corporate name by its duly authorized officers and has caused its corporate seal to be hereunto impressed and attested; the O&M Participant has caused this Contract to be executed in its corporate name by its duly authorized officers and its corporate seal to be hereunto impressed and attested, and delivery hereof by the O&M Participant to Electric Cities is hereby acknowledged, all as of the day and year first above written.

ELECTRIC CITIES OF GEORGIA, INC.

By: _____
President

CITY OF HOGANSVILLE

By: _____

Its: _____

Attest: _____

Its: _____

(SEAL)

[Signature Page to Supplemental Contract (System O&M Service)]

System O&M Scope of Work

Plans: The initial ECG O&M Services will be the "Plans" of the "System O&M Services" selected by the O&M Participant as indicated by its completion and execution of a hereinafter defined Work Plan and related Budget. From time to time, the O&M Participant may be offered and may select additional or new System O&M Services documented in a substantially similar manner. The full cost of a "Work Plan" will be deemed fully incurred by Electric Cities upon work beginning thereon.

Other ECG Services: ECG also offers to provide certain additional services on an hourly cost basis unless otherwise noted. Electric Cities will cause any such services to be provided to the O&M Participants as Services hereunder upon its written request in a form satisfactory to Electric Cities to the extent such services are then available.

All components of the Services described in this Attachment are Individual Costs.

Electric Cities may contract with, terminate or replace any Subcontractors in its sole discretion.

Hourly rates for the initial service year, which may be adjusted from time to time upon notice from Electric Cities, will be substantially in accordance with the [Mutual Aid Agreement(s)] among Electric Cities and the relevant Participants.

Initial O&M Services Terms and Work Plan

RECITALS:

1. The Municipal Electric Authority of Georgia ("MEAG") currently owns title to the electric distribution system (the "System") formerly owned by the City of Hogansville ("Hogansville"), having acquired title to the same by virtue of an installment sale agreement by and between MEAG and Hogansville dated as of January 31, 2011.
2. MEAG and Hogansville are likewise parties to, certain lease agreement related as of January 1, 2011 (the "Lease") whereby MEAG leases to Hogansville the System.
3. Pursuant to the terms of the Lease, Hogansville has the obligation to maintain, manage and operate the System, and desires to enter into this Plan with Electric Cities of Georgia ("ECG") for contracted services in accordance with that certain Supplemental Contract (System O&M Services) entered into by ECG and Hogansville (the "Contract"), which will assist Hogansville in meeting its obligation with respect to said System.

TERMS OF WORK PLAN:

- "Work Plan" Services to be Provided:

Each year that this Plan remains in effect, ECG will propose and Hogansville will approve a general work plan ("Work Plan") with regard to services to be rendered, together with a budget ("Budget") to detail the costs of such services, all services will be substantially in compliance with the Work Plan or at the specific request of Hogansville. Within the limits of the Budget, ECG will provide the services set forth in the approved Work Plan. In addition, services requested by Hogansville in excess of the Work Plan and Budget constitute Other Services and ECG's, or its Subcontractor's, as applicable, will apply standard hourly rates. Work Plan type services include the following:

- System Voltage Conversion:

- ECG will be responsible to perform a strategic conversion of Hogansville's 4kV distribution system to 12kV as agreed upon in the Work Plan. This service is expected to be set forth in an approved Budget. All services under the Contract that are covered by a Budget are referred to as "Budgeted Services".

- ECG Services:

- Hogansville hereby confirms its agreement to receive the following Aggregated Services (AG) Offerings during the term of the Contract:
 - Tree Trimming
 - Pole Inspection
 - Padmount Inspection
 - Meter Testing

- Normal Hours Operation & Maintenance
 - ECG will be responsible for the repair and maintenance of all electrical services to the customers of Hogansville to the extent specified in the Work Plan. "Electrical services" means the low voltage facilities extending from the distribution transformer to the point of retail service. The point of service for overhead facilities is to the connection at the weather head and the point of service for underground the meter base. This service is expected to be a Budgeted Service.
- New Construction:
 - ECG will build to new electric customers locating within the Hogansville service territory upon request by Hogansville. Such services constitute Other Services to the extent not expressly provided for in the Budget.
- Routine switching and load balancing and other operation services:
 - Routine switching and load balancing and other related operation services will be required as dictated by the engineering and planning personnel of Hogansville or Prudent Utility Practices. These services may be required as a result of monitoring system voltages, VAR flows and other operating parameters, capacitor switching, circuit configuration and fuse coordination. ECG will, with the cooperation of Hogansville, take such action as required to insure that the electric system is operated in an efficient and reliable manner and consistent with Prudent Utility Practice. This service is expected to be a Budgeted Service.
- Normal Hours Outage Response:
 - ECG will facilitate a timely response to customer outage calls and SCADA trouble conditions. ECG will also review outages for conditions that warrant improvements to reduce further outages. ECG and Hogansville have entered into a statewide mutual aid agreement with other ECG Participants and also has APPA alliances concerning terms of mutual aid support. ECG will facilitate the coordination of mutual aid upon the request of Hogansville, as Other Services to the extent not expressly covered by the Work Plan and related Budget.
- Normal Hours Emergency Conditions:
 - Acts of Force Majeure or other unforeseen actions that constitute an emergency condition and cause damage to the System will be triaged for repairs by ECG prioritized based upon the severity of the existing conditions and Prudent Utility Practices. If ECG personnel are not available to provide services under this Plan due to an emergency condition, ECG and Hogansville will use existing mutual aid agreements to secure personnel for repairs at Hogansville expense. Such services constitute Other Services to the extent not expressly provided for in the Budget.

○ Normal Hours Replacement of Facilities:

- In the performance of services pursuant to this Work Plan, ECG will be authorized to replace poles, lines, cross runs, electrical equipment, and other facilities as it deems appropriate within the approved Work Plan to maintain the distribution system in a satisfactory condition. All oil filled equipment retired from the System will be returned to a specified storage area designated by Hogansville and will be disposed of appropriately by Hogansville. All other retired materials including wire and poles will be disposed of by ECG. Such services constitute Other Services to the extent not expressly provided for in the Budget.

● Electric Meters:

- ECG will provide and Hogansville will pay for Sensus electric meters and the necessary installation as agreed upon in the Work Plan. Hogansville will continue to be responsible for the daily installation and removal of residential meters to the extent not expressly covered by the Work Plan and related Budget. For normal hours New Construction and Mutual Aid conditions, ECG will provide assistance with meter installation and removal of all current transformer and primary meter applications as requested by Hogansville. Such services constitute Other Services to the extent not expressly provided for in the Budget.

● Locates:

- It will be the responsibility of Hogansville to perform all locates.

O&M Participant hereby accepts and acknowledges selection of the Selected Services:

O&M PARTICIPANT:
CITY OF HOGANSVILLE

By: _____

Its: _____