

SOPEC
Southeast Ohio Public Energy Council



SOUTHEAST OHIO PUBLIC ENERGY COUNCIL

2018 GENERAL ASSEMBLY



WELCOME TO THE 2018 SOUTHEAST OHIO PUBLIC ENERGY COUNCIL GENERAL ASSEMBLY.

As an elected leader of your community and a representative to the General Assembly of the Southeast Ohio Public Energy Council, you have access to many of the tools and resources needed to change how your community purchases, uses, and thinks about energy utilities. These types of changes can be truly profound for the financial, economic, social, and environmental future of Southeast Ohio.

I have prepared this guidebook to help you and members of your community better understand the work that the SOPEC Council of Governments performs. In this guidebook, you have a copy of the 2017 Annual Report, the FY2018 Proposed Budget, and the Revised Plan of Operations and Governance for the Opt-Out Electric Aggregation Program. Together, I hope they will be helpful resources and provide useful information for your community about how SOPEC performs, spends, and operates.

Finally, a feedback form is provided at the end of this document. I request that throughout the General Assembly meeting, you reflect on the projects, programs, achievements, and ideas presented and think about how they apply to your community and your leadership. Following the meeting, I would like to schedule a meeting with you early in the year to receive your feedback form and learn more about how SOPEC can be an asset for you and empower you as an elected leader to accomplish your community energy goals.

I look forward to many energetic conversations tonight and in the months to come.

Sincerely,

A handwritten signature in black ink that reads "Eddie Smith". The signature is written in a cursive, flowing style.

Eddie Smith
Southeast Ohio Public Energy Council
Executive Director

STRATEGIC VISION |



An important function of the General Assembly is to explore and provide feedback on the strategic vision of the Southeast Ohio Public Energy Council. Developing a long-term vision for improving the regional energy economy requires not only exploring long-term desired outcomes, but also examining various strategies that are feasible for the organization to accomplish those outcomes. Developing a strategic vision can be challenging, but this vision is important to the organization, and lays the groundwork for the SOPEC Board of Directors and staff to continue with the specific planning and budgeting process throughout the year.

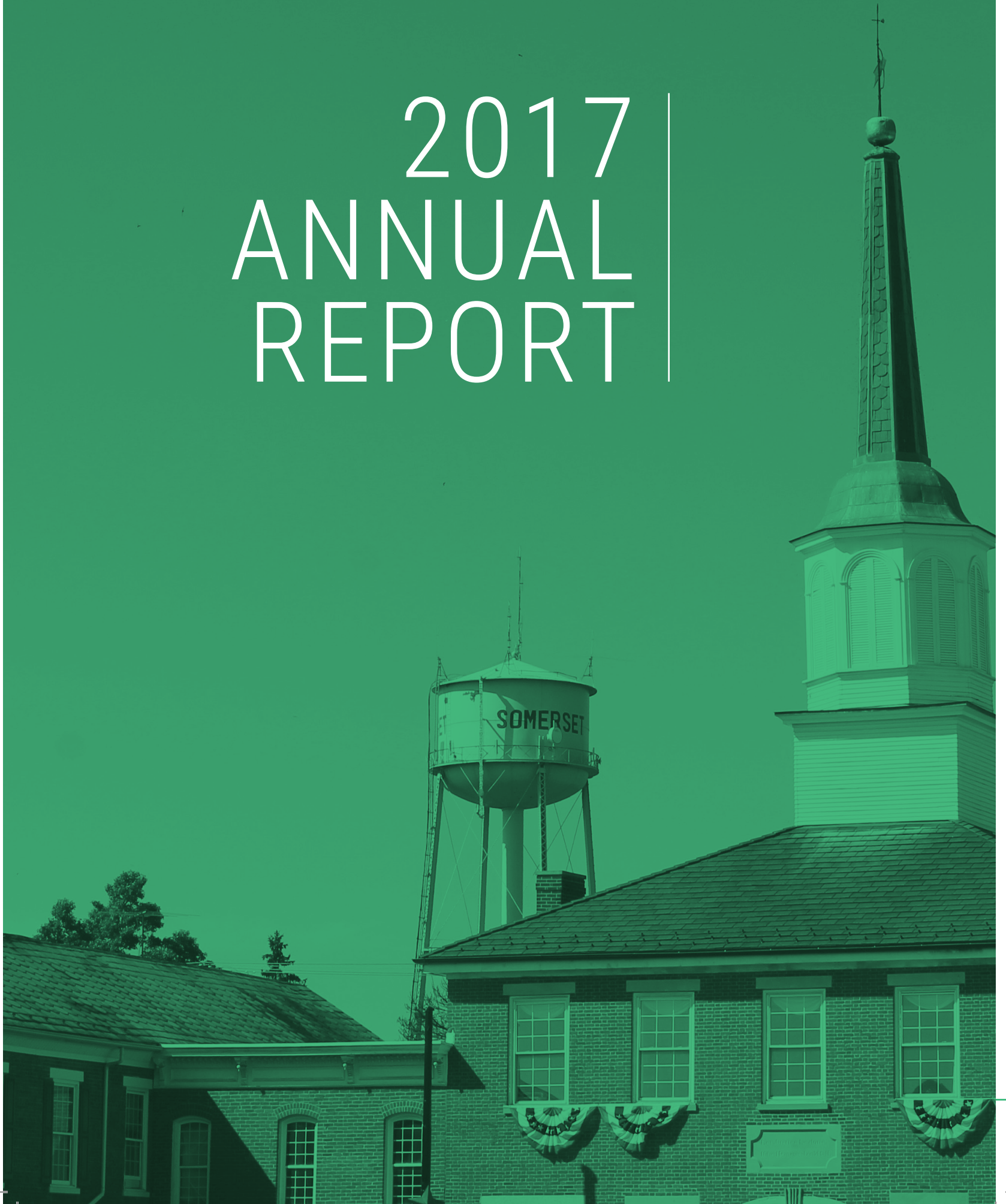
The current vision of the Southeast Ohio Public Energy Council is to achieve faster economic development by improving the regional energy economy.

Regional economic development is achieved when dollars flow into a community and region faster than they flow out. The intuition behind this theory is simple—increasing the inflows of capital and decreasing the outflows of capital for our region achieves an ever-increasing capital balance for the regional economy. This approach to economic development yields two basic strategies: (1) avoid exporting dollars out of the region by reducing the prices paid for imported products, such as electric generation and utility services; (2) substitute imported products for similar goods produced by locally-owned and -operated providers.

Often program-oriented strategies result in administrative services that achieve price reductions on imported electric generation and utility services. In contrast, project-oriented strategies are often capital projects that achieve locally-sited, -owned, and/or -operated generation and utility assets—these types of projects align with the second strategy of import substitution. While these strategies appear straightforward on the surface, implementing these strategies through projects and programs can be complex.

While the 2017 Annual Report is provided, community representatives are encouraged to reflect on the performance of the 2017 programs and projects as strategies for accomplishing the strategic vision described above. Community representatives are strongly encouraged to provide feedback and improve the strategic vision for our region.

2017 ANNUAL REPORT



Opt-Out Electric Aggregation

Villages of Buchtel and Somerset

The Villages of Buchtel and Somerset officially joined SOPEC during January 2017. The two communities were added to SOPEC’s PUCO certificate in March, pricing was finalized in June, and opt-out letters were mailed in early August to 163 Buchtel customers (147 residential, 16 commercial) and 499 Somerset customers (432 residential, 67 commercial). The residential and small business customers in these communities that chose not to opt-out were enrolled after the 21-day opt-out period ended on August 24 and began receiving electric generation savings beginning with the September 2017 billing cycle. The table below displays the energy consumed and the savings achieved for the two communities through the SOPEC opt-out electric aggregation program during the 2017 operating year.

Table 1. 2017 Opt-Out Electric Aggregation Savings for Buchtel and Somerset

	Energy Usage (kWhs)	AEP Price-to-Compare	SOPEC Aggregation	Generation Savings
Sep-17	559,525	\$0.059	\$0.055	\$1,963.93
Oct-17	418,335	\$0.059	\$0.055	\$1,468.36
Nov-17	380,261	\$0.059	\$0.055	\$1,334.72
Dec-17	597,692	\$0.059	\$0.055	\$2,097.90
Total	1,955,813	\$0.059	\$0.055	\$6,864.90

Villages of Chauncey, New Straitsville, and Shawnee

On November 7, voters in the Villages of Chauncey, New Straitsville, and Shawnee passed the opt-out electric aggregation ordinances on their ballot. Each of these three communities has passed legislation approving the SOPEC Bylaws and signed the agreement to enter the SOPEC Council of Governments. Each of these three communities has also held two public hearings to review the SOPEC Plan of Operations and Governance for the SOPEC opt-out electric aggregation program. Subsequently, each community has now passed legislation approving the Plan of Operations and Governance. SOPEC has obtained authorization from each community to request the eligible customer list from AEP Ohio and begin seeking pricing for the customers in these communities.

City of Athens, County of Athens, and the Villages of Amesville and Trimble

As a result of the Federal Energy Regulatory Commission approval of the PJM capacity performance program in 2016 – a PJM pricing program that increases penalties for retail suppliers who fail to meet capacity obligations – AEP Energy requested that the Southeast Ohio Public Energy Council authorize AEP Energy to pass through a capacity performance charge of \$0.00542/kWh to all SOPEC customers, effectively increasing the aggregation program rate from \$0.0643/kWh up to \$0.06972/kWh. SOPEC did not authorize the pass-through charge. As a result, and to avoid litigation, AEP Energy and SOPEC entered negotiations to resolve the capacity performance charge.

SOPEC used the opportunity to renegotiate the price and terms of the opt-out electric aggregation program for these communities. Specifically, SOPEC

sought to lower the fixed price of \$0.0643 down much closer to the AEP Ohio Price to Compare while at the same time supporting the renewable energy industry by purchasing wind RECs to make a 100% renewable retail energy product for these communities. The result was a price of \$0.05979/kWh with 100% renewable attributes from February 2017 through May 2018, followed by a price of \$0.06079/kWh with 100% renewable attributes from June 2018 through May 2020. The effect of the negotiated deal was that no generation savings were achieved; however, the deal significantly lowered the burden on these aggregation customers compared to the previous fixed price while at the same time providing them with a retail energy product that financially supports the renewable energy industry. The results of the 2017 opt-out electric aggregation program for these communities can be viewed in the table below.

Table 2. 2017 Opt-Out Electric Aggregation Savings for Athens City/County, Amesville, Trimble

	Energy Usage (kWhs)	AEP Price-to-Compare	SOPEC Aggregation	Generation Savings
Jan-17	11,416,300	\$0.057	\$0.064	(\$83,339)
Feb-17	9,453,370	\$0.057	\$0.060	(\$26,375)
Mar-17	9,120,560	\$0.057	\$0.060	(\$25,446)
Apr-17	6,917,610	\$0.061	\$0.060	\$8,370
May-17	8,059,240	\$0.061	\$0.060	\$9,752
Jun-17	8,793,470	\$0.059	\$0.060	(\$6,947)
Jul-17	9,118,720	\$0.055	\$0.060	(\$43,679)
Aug-17	9,783,160	\$0.055	\$0.060	(\$46,861)
Sep-17	8,473,760	\$0.059	\$0.060	(\$6,694)
Oct-17	7,444,210	\$0.059	\$0.060	(\$5,881)
Nov-17	7,142,035	\$0.059	\$0.060	(\$5,642)
Dec-17	11,225,807	\$0.059	\$0.060	(\$8,868)
Total	106,948,242	\$0.058	\$0.060	(\$241,611)

Mercantile Electric Aggregation

The SOPEC mercantile program is an opt-in electric aggregation program intended to provide electric aggregation benefits to mercantile customers who are not eligible to participate in the SOPEC opt-out electric aggregation program. Under Ohio law, electric utility customers who consume more than 700,000 kWh annually or who have more than one meter or account are designated as mercantile customers, and are disqualified from participating in a standard community aggregation program. Most local governments are considered mercantile customers due to their multiple accounts for municipal buildings, water treatment plants, and street lights.

Table 3. 2017 Opt-In Mercantile Electric Aggregation Savings

	Energy Usage (kWhs)	AEP Price-to-Compare	SOPEC Mercantile	Generation Savings
Jun-17	1,029,000	\$0.059	\$0.049	\$10,094
Jul-17	982,000	\$0.055	\$0.049	\$5,705
Aug-17	1,091,000	\$0.055	\$0.049	\$6,339
Sep-17	1,152,000	\$0.059	\$0.049	\$11,301
Oct-17	1,024,000	\$0.059	\$0.049	\$10,045
Nov-17	1,133,000	\$0.059	\$0.049	\$11,115
Dec-17	1,105,000	\$0.059	\$0.049	\$10,840
TOTAL	7,516,000	\$0.058	\$0.049	\$65,440

The SOPEC mercantile electric aggregation program began with two local government participants: the City of Athens and the County of Athens. SOPEC achieved a price of \$0.0492/kWh for these two local governments. During late 2016, SOPEC received interest from eight more local governments and public boards seeking to include their accounts in the next round of pricing under the mercantile program. On April 28, 2017, SOPEC hosted a reverse auction for

all ten local government entities. The auction placed the aggregated retail electric load of all 227 accounts into a single bundle and requested bids from eight retail electric suppliers to win a contract for the entire aggregated load. SOPEC recommended the second lowest auction clearing rate of \$0.0492/kWh from Champion Energy. All ten local government entities began their enrollment with Champion Energy during the June 2017 billing period.

Opt-Out Natural Gas Aggregation

City of Athens

The opt-out natural gas aggregation program is a new program for SOPEC with its first natural gas supply occurring during the 2017-2018 winter season for the City of Athens. Columbia Gas of Ohio provided the eligible enrollment list for natural gas customers in the City of Athens. This list encompassed all of the natural gas customers within the City of Athens except those customers who (1) are under contract with another natural gas supplier, (2) are enrolled in the PIPP program for natural gas, or (3) have registered on the PUCO do not aggregated list. After removing those customers from the list, 3,046 opt-out letters were mailed to the remaining customers eligible for natural gas aggregation. After the opt-out period, 2,490 accounts remained in the program (2,250 residential and 240 commercial).

Table 4. 2017 Opt-Out Natural Gas Savings for City of Athens

	Energy Usage (Ccfs)	Columbia SCO	SOPEC Aggregation	Gas Supply Savings
Nov-17	49,800	\$0.424	\$0.429	(\$249.00)
Dec-17	273,900	\$0.452	\$0.429	\$6,299.70
TOTAL	323,700	\$0.059	\$0.055	\$6,050.70

REDA Grant Program

The USDA Renewable Energy Development Assistance (REDA) program provides local small businesses and agricultural producers with cost-free site assessments to determine the economic feasibility of installing renewable energy systems. The assessments estimate the utility bill savings and the investment payback point that would be achieved through investing into a renewable energy system for the business or farm site. Small businesses and farms with large savings and quick payback points can submit the results of their REDA assessment along with an application for the USDA Rural Energy for America Program (REAP) grant. The USDA REAP grant provides up to 25% reimbursement for small businesses and farmers who invest in renewable energy and energy efficiency projects demonstrating strong economic feasibility.

In May 2016, SOPEC was awarded to serve as the local anchor institution to host the USDA REDA program for Southeast Ohio (Athens, Washington, Meigs, Gallia, Vinton, Hocking, Perry, and Morgan Counties). The SOPEC REDA program began on July 1, 2016. In 2016, a total of 4 renewable energy assessments were provided. To improve program results, SOPEC invested in a dataset featuring 5,200 employers in the eight-county area that included the number of employees, annual revenues, credit rating, and utility expenses and square footage of each business, along with the contact information for the business owners. This dataset improved outreach and allowed the SOPEC REDA program to target businesses with high utility expenses per square foot that would most benefit from investing in renewable energy systems. As a result, the SOPEC REDA program achieved provided a total of 15 renewable energy assessments during the 2017 operating year.



SOLSMART Advisor Program

The SolSmart Advisor program is funded by the national Solar Foundation headquartered in Washington D.C. with the goal of reducing the indirect costs associated with solar installations, including zoning, permitting, inspections, utility interconnections, and other non-capital costs that inflate the cost of solar energy. Communities that reduce solar installation costs by improving their local regulations and meeting certain benchmarks



can be officially recognized by the Solar Foundation through SolSmart designation. To help communities improve their regulations and meet the requirements for designation, the Solar Foundation offers six-month funding for local communities to employ a SolSmart Advisor to work with the community.

In May 2017, SOPEC was approved as a host institution for SOPEC member communities seeking SolSmart designation.

The SOPEC received interest from the City of Athens, the County of Athens, and the Villages of Amesville and Somerset to improve their local regulations and develop more solar-friendly communities. The SOPEC SolSmart program began on July 1, 2017 and over the next six months, all four communities successfully achieved all of the requirements for SolSmart designation.

NEW PROGRAMS FOR 2018

Demand Response Enrollment

The Demand Response (DR) program is developed in partnership with EnerNOC and PJM. To provide some background, when there is large electric demand on the PJM grid at the same time that power plants are offline due to scheduled maintenance or outages, the PJM grid can experience several levels of peak load events. Mild events include moments when PJM grid operators must dispatch uneconomical power plants with high operating costs to satisfy demand on the grid. Dispatching these plants raises the cost of power for everyone on the grid. More severe events include moments when all available generation resources have been dispatched and demand continues to rise. In these events, the PJM grid can face brownouts or blackouts.

To protect the grid and minimize system wide energy costs for everyone, PJM has developed the Demand Response (DR) program as a part of the PJM capacity auction. In the capacity auctions, companies that have registered as capacity resources submit price offers for guaranteeing that a certain MW level of generation capacity will be available to the grid--or sufficient for the grid in the case of Demand Response---throughout the delivery year. Offer prices that clear the auction are paid the clearing price each day for each MW of capacity committed to throughout the year, whether or not the capacity is actually used. However, when peak load events occur, these capacity resources are obligated to either provide power generation to the grid, or reduce demand on the grid.

EnerNOC is an intermediary company that submits offer prices into the PJM capacity auctions and commits to modest levels of capacity delivery through Demand Response. To meet its capacity requirements, EnerNOC subcontracts with large utility customers that would like to enroll in demand response accounts and have the opportunity to



earn windfall income from curtailing their electric demand during peak load events on the PJM grid. As a capacity resource, EnerNOC receives capacity payments throughout the entire year, and during peak load events, EnerNOC pays their demand response account holders to reduce their demand. Large utility customers enrolled in an EnerNOC demand response account can earn over \$10,000 each hour for curtailing their demand and helping the grid avoid the costs of uneconomical power plants or blackout emergencies.

The Demand Response program through EnerNOC allows any electric customer in a SOPEC member community with a peak demand equal to or greater than 150 kW to enroll as a demand response resource free of cost. Currently there are no SOPEC member communities enrolled in the EnerNOC demand response program.

STEP Loan Program

The STEP Loan Program is provided in partnership with the Northeast Ohio Public Energy Council (NOPEC). The STEP Loan Program provides low-interest 3% APR fixed-rate financing to small businesses in SOPEC member communities for

energy efficiency and renewable energy projects. Borrowers can apply for \$5,000 to \$100,000, and funds can be used for new appliances, LED lighting, insulation, HVAC improvements, solar panels, or any investments that would lower energy utility bills.

PACE Loan Program

Property Assessed Clean Energy (PACE) is an energy project finance mechanism that allows property owners to finance renewable energy and energy efficiency projects through a property lien that is repaid through semi-annual property tax assessments. PACE loans and their recovery assessment payments are established through an Energy Special Improvement District (E-SID). Similar to Special Improvement Districts (SIDs), E-SID projects seeking funding must be described in a petition to establish the district and must be approved through legislation by the local taxing authority.

One of the benefits of PACE borrowing is that tax assessments are short-term accounting liabilities, which can be a benefit to property owners by keeping the borrowed capital off of the borrower's balance sheet. This allows the financing of energy



projects without impacting the borrower's credit or borrowing capacity. Another benefit is that tax liens have first lien status during a foreclosure proceeding, which minimizes the risk that the lender will be unable to recover their semi-annual payments. This lower risk allows competitive lenders to reduce their interest rates which benefits the borrowers and the project feasibility.


The SOPEC PACE program is a new program that launched at the end of 2017. SOPEC is now offering financing of \$100,000 to \$500,000 for energy projects through a PACE district. The funds are borrowed through SOPEC's partner council of governments in Northeast Ohio, the Northeast Ohio Public Energy Council (NOPEC). Applicants can apply through the SOPEC website by visiting <http://sopecinfo.org/pace-financing/> and completing the PACE loan application.

Do-Not-Solicit Registry

In 2017, SOPEC responded to complaints from several customers and developed a program to prevent nuisance solicitations from energy sales representatives in SOPEC member communities.

SOPEC has developed legislation for SOPEC member communities to institute the program. The legislation prohibits door-to-door sales activity without an annual door-to-door vendor sales permit and requires all sales representatives to apply for the permit at the office of the mayor or any other designated office in the community.

After receiving an annual permit, sales representatives also receive a copy of the DO-NOT-SOLICIT registry for the SOPEC member community. The DO-NOT-SOLICIT registry is list of households and businesses in the SOPEC member community that have signed up for the list and still do not want solicitations even from permitted sales representatives. The legislation prohibits door-to-door sales activity to the households and businesses presented on the DO-NOT-SOLICIT registry. Households and businesses in the community can sign up for the DO-NOT-SOLICIT registry by visiting www.sopecinfo.org/no-solicitation, and SOPEC will provide the office of the mayor or any other designated office in the community with an updated copy of the registry each quarter.



FY2018 OPERATING BUDGET

373 967
804 029
1 296 731
1 859 317
2 499 808
3 227 076
4 050 935
R 28 331

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SOPEC 2018 BUDGETED INCOME PROGRAM REVENUE FORECAST

Opt-Out Electric Aggregation

Summary

Program revenue from opt-out electric aggregation can be forecast by estimating account enrollment and consumption per account throughout the forecast period. The product of account enrollment, consumption per account, and administrative fees per unit of consumption achieves the program revenue estimation.

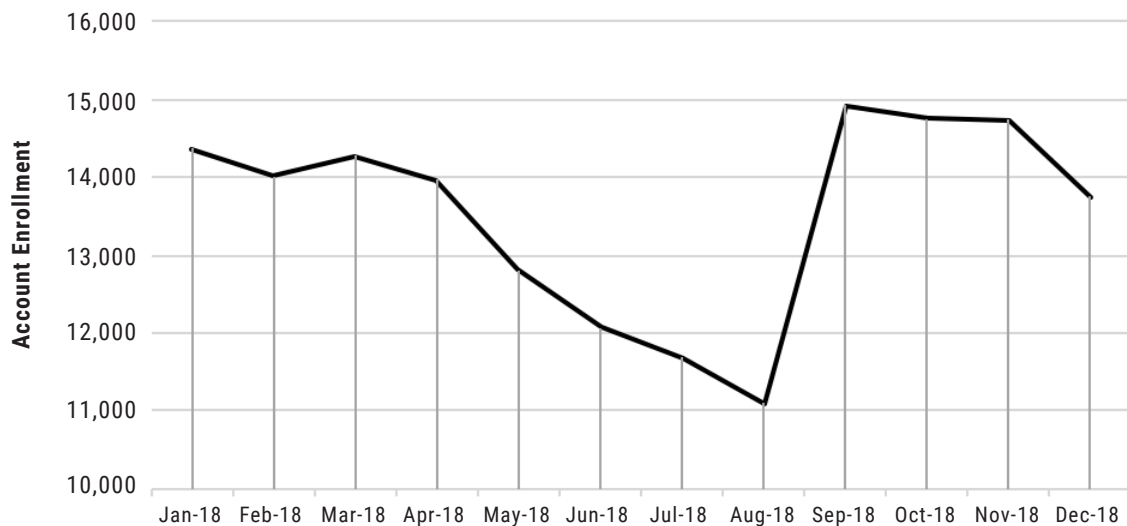
The most likely program revenue forecast predicts program income of \$248,888 for the 2018 budget using the methodology, parameters, and observations described below.

Account Enrollment

Account enrollment can be estimated based on four factors: (1) starting program account enrollment in January 2018, (2) monthly attrition in the program, (3) enrollment of customers in new communities, and (4) planned account refreshes for eligible customers in existing communities. Figure 1 below demonstrates the estimated account enrollment throughout 2018 based on these four factors.

Starting program enrollment is estimated to begin with 14,365 accounts based on a 2017 end-of-year refresh scheduled to add 4,300 accounts into the program with the existing

Figure 1. 2018 Forecast Account Enrollment in Opt-Out Electric Aggregation



10,065 customers. Monthly attrition throughout 2018 is estimated using the observed month-to-month attrition values from 2016—as displayed in Figure 1 on the previous page, summer months from May through August are predicted to have greater attrition rates than the remainder of the year based on observed attrition in 2016. Customers in three new SOPEC communities—Chauncey, Shawnee, and New Straitsville—are estimated to begin enrollment in March 2018, adding an additional 550 accounts. A single account refresh is factored with an effective enrollment in September 2018, bringing total enrollment up to 14,915 accounts at that point.

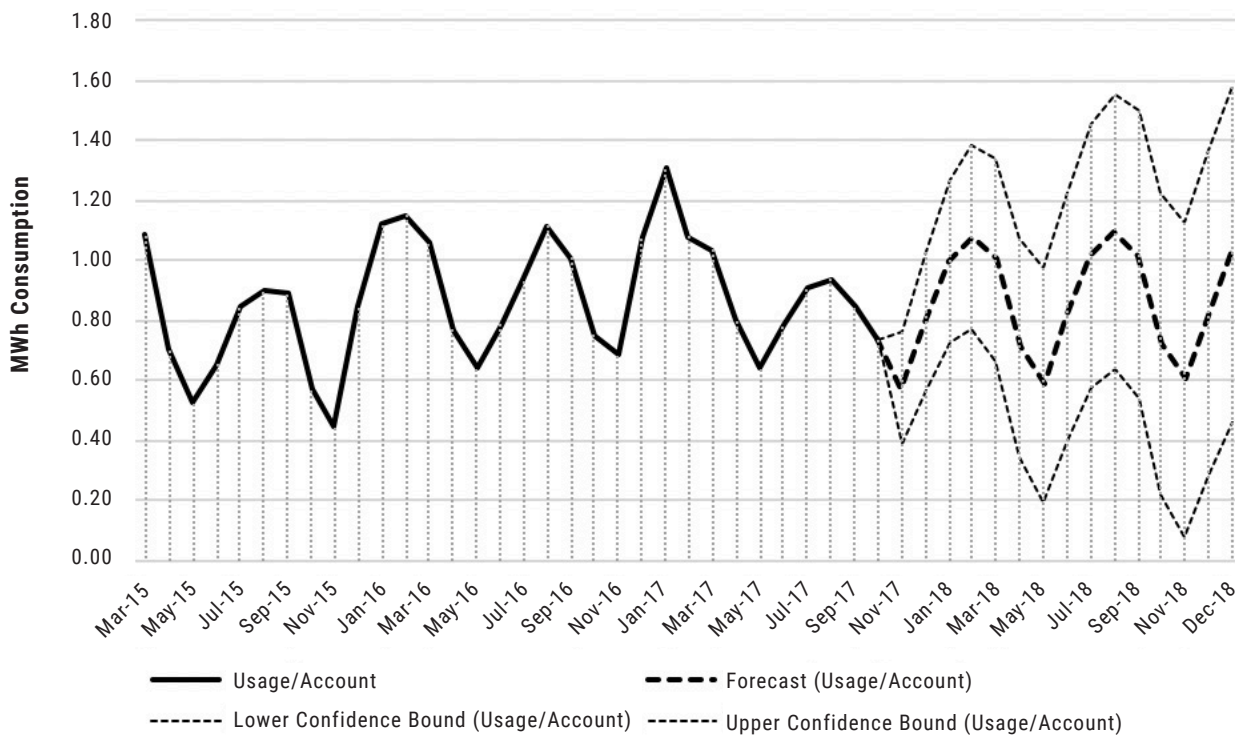
Consumption Per Account

Consumption per account is estimated based on projecting historic consumption into the forecast period. The simplest approach for projecting observed data into a forecast period is through exponential smoothing. Triple exponential smoothing accomplishes this projection based on three analyses: (1) examining the weighted moving average of observed consumption with recent consumption data points receiving greater weights than older consumption data points, (2) detecting

any increasing or decreasing trend in consumption across the entire observation period, and (3) testing for patterns of seasonality across the entire observation period. The weighted moving average and detected trends and seasonality are used to project future consumption into the forecast period with upper and lower confidence bounds, as demonstrated below in Figure 2.

The dashed Forecast line in Figure 2 below indicates the most likely MWh consumption levels for SOPEC customers

Figure 2. 2018 Forecast of Monthly MWh Consumption Per Account in Opt-Out Electric Aggregation



based on previous consumption observations. The thin dotted lines represent upper and lower confidence bounds with a 95% likelihood that actual revenue collection will be represented between the bounds based on previous consumption observations.

It is important to note that energy consumption per account can be significantly impacted by weather and temperature. It is worth noting that a regression analysis of SOPEC customer consumption from 2015 to 2017 demonstrates that 50.7% of the monthly Megawatt hour consumption can be predicted based on historic temperatures observed at the Albany Ohio weather station using the following formula,

$$\text{Monthly MWh per Account} = \alpha * \text{HDD} + \beta * \text{CDD} + k * \text{Days}$$

where HDD represents the number of Heating Degree Days measured in the month based on the difference in average daily outside temperature and a thermostat setting of 65°F, CDD represents the number of Cooling Degree Days in the month based on the same parameters as HDDs, the coefficient α represents the heating consumption multiplier expressed in MWh per HDD, the coefficient β represents the cooling consumption multiplier expressed in MWh per CDD, and the coefficient k represents a constant or autonomous amount of consumption each day that is not accounted for by temperature in the model. The coefficient values in the highest adjusted R2 model (50.7%) are $\alpha = 0.0002$, $\beta = 0.0034$, and $k = 0.0016$. All three coefficients in the model are significant predictors of consumption with p values less than 1 in 1,000.

The results of this regression analysis are important for revenue estimation in the budget process. Program revenue from opt-out electric aggregation is commission-based with a millage charged on each unit of electric consumption, and weather events that reduce HDDs and CDDs will likely result in a reduction factor on energy consumption and program revenue collection.

Estimating consumption between the Forecast and the Lower Confidence Bound may be most accurate given 2018 weather forecasts, particularly for 2018-Q1. The Climate Prediction Service at the National Weather Center is forecasting a warmer than expected winter in early 2018 due to the effects of the La Niña climate impacts. Energy consumed during January, February and March has historically provided 30.1% of SOPEC's annual program revenue from opt-out

electric aggregation. Warmer than expected temperatures in January and February would result in lower consumption during these months and would result in lower revenue collection than predicted in Figure 2 by the Forecast line.

As an example, La Niña has produced mild winters with temperatures 6-8 degrees warmer than normal. An average monthly temperature 8°F warmer than normal results in 240 fewer HDD for the month, which multiplied times the heating consumption coefficient of 0.0002 MWh per HDD, results in a reduction of 0.048 MWh of consumption for that month. For these reasons, estimating consumption beneath the Forecast line but above the Lower Confidence Bound may achieve the most accurate revenue estimation.

Administrative Fee

SOPEC collects an administrative fee from opt-out electric aggregation customers that is layered into the opt-out electric aggregation rate. The administrative fee is volumetric and charged on a per MWh rate. The administrative fee rate differs among SOPEC communities. Four SOPEC communities in 2017 featured an administrative fee of \$1.75/MWh and constituted 95% of the total consumption in the opt-out electric aggregation program. However, two SOPEC member communities featured an administrative fee of \$2.00/MWh and constituted the remaining 5% of consumption in the program. Revenues for 2018 are best estimated by calculating a consumption weighted average fee for all six communities of \$1.7625/MWh and applying this weighted average fee to the forecast consumption per account, as provided in Figure 3 below.

It is important to note that forecast program enrollment includes and estimation based on enrollment of 550 accounts in new SOPEC member communities. If revenues are calculated based on the weighted average administrative fee of \$1.7625/MWh for these new accounts, then actual administrative fees charged to customers in these communities that are beneath this rate will result in an overestimation of revenues in the budget.

Figure 3. 2018 Forecast of Monthly Revenue Per Account in Opt-Out Electric Aggregation

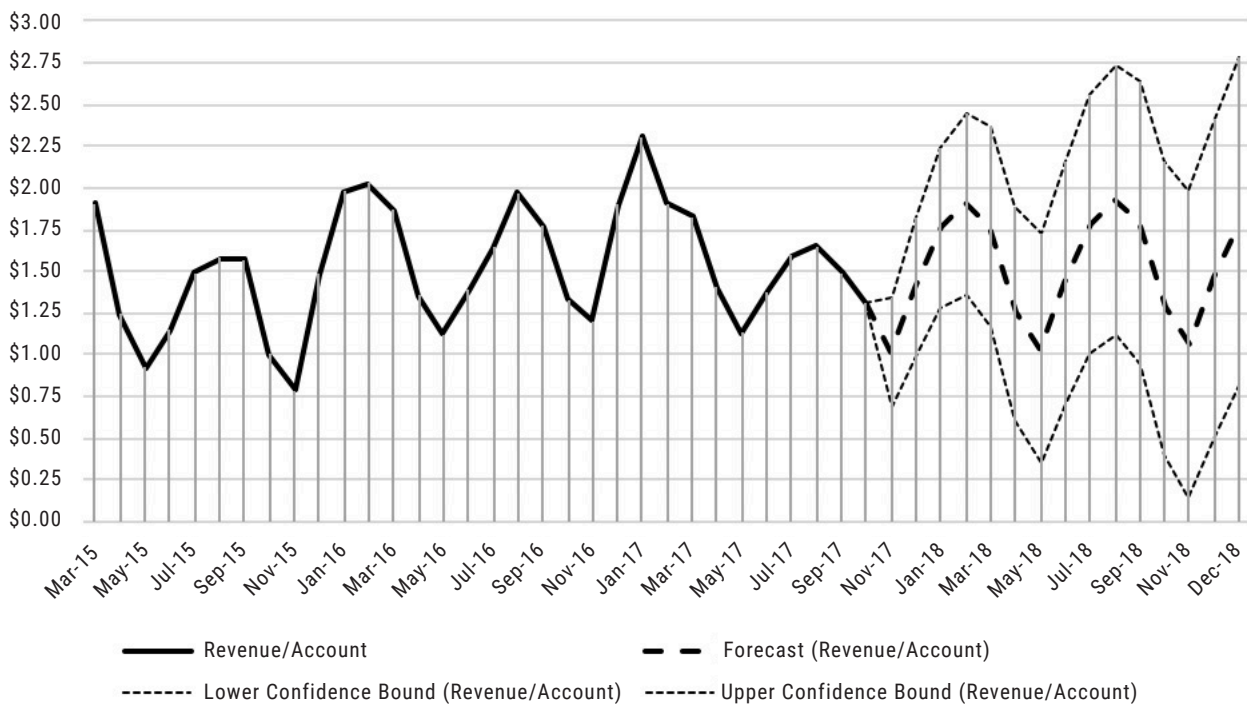
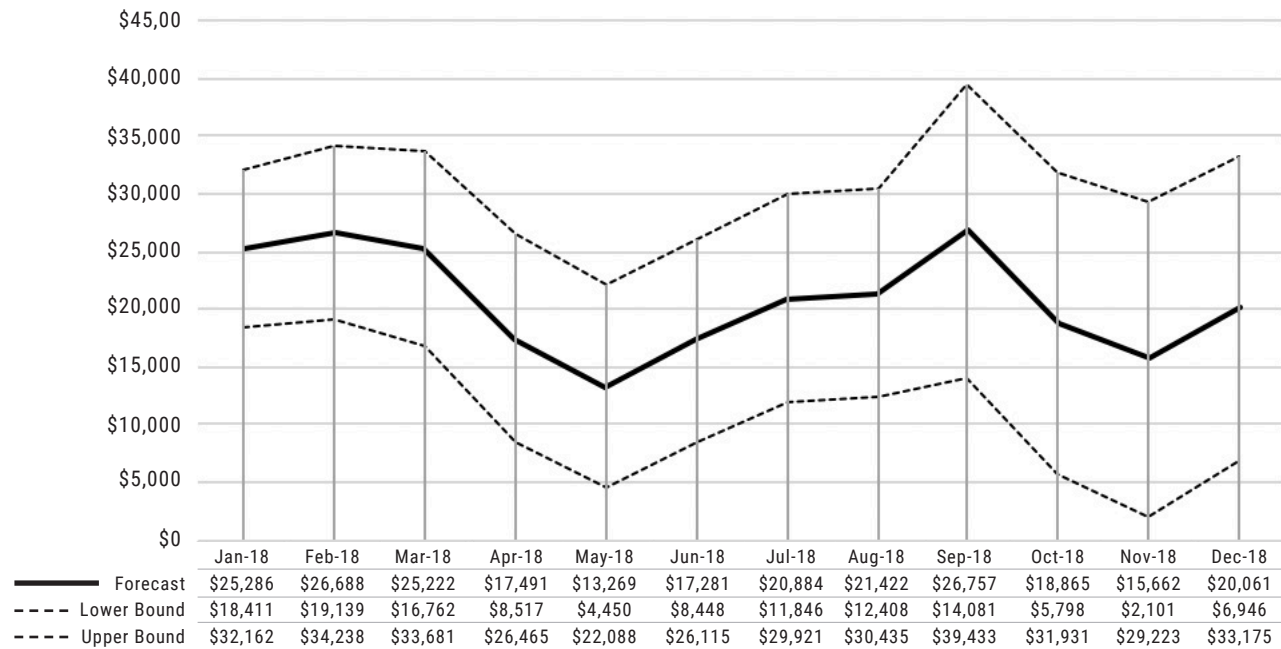


Figure 4. 2018 Forecast Program Revenue from Opt-Out Electric Aggregation



Revenue Estimation

Monthly program revenues for opt-out electric aggregation can be obtained by multiplying the forecast monthly account enrollment times (1) the forecast consumption per account and times (2) the weighted average administrative fee. The results of the monthly estimation can be observed above in Figure 4.

The most likely program revenue projection predicts \$248,888 in program revenue, with a 95% probability that revenues will result between the lower bound of \$128,907 and the upper bound of \$368,867 based on the methodology, parameters, and observations described in the sections above.

Mercantile Electric Aggregation

Summary

Program revenue from the mercantile electric aggregation program can be forecast by estimating consumption among the enrolled mercantile accounts throughout the forecast period. The product of account enrollment, consumption per account, and administrative fees per unit of consumption achieves the program revenue estimation.

The most likely program revenue forecast predicts program income of \$16,844 for the 2018 budget using the methodology, parameters, and observations described on the next page.

Account Enrollment

In April 2017, the mercantile electric aggregation program began with 223 local government utility accounts from Athens City, Athens County, the Villages of Amesville, Buchtel, Chauncey, Coolville, Shawnee, Somerset, Trimble, and the Athens Hocking

Recycling Center. Over the next month, 7 accounts withdrew from the program representing an annual loss of 545 MWh and \$681.49 in program revenue. The loss of these accounts was due to their existing enrollment prior to April 2017 with another retail energy supplier.

There has not been any further unenrollment and it is assumed that the remaining 216 accounts will remain with the program in 2018 given the savings compared to the PTC and the early termination fee for withdrawing from the selected supplier.

Consumption

Consumption within the mercantile electric aggregation program is assumed to remain similar to prior year observations. Analysis performed for the 2017 SOPEC General Assembly report and the Georgetown University Energy Prize demonstrated no consistent relationship among between usage among local government utility accounts and changes in temperature.

Table 5. 2018 MERCANTILE PROGRAM REVENUE FORECAST

MONTH	MWH	ADMINISTRATIVE FEE	REVENUE
January	1,129	\$1.25	\$1,410.98
February	1,190	\$1.25	\$1,486.97
March	1,084	\$1.25	\$1,354.38
April	1,524	\$1.25	\$1,904.60
May	1,034	\$1.25	\$1,293.07
June	1,029	\$1.25	\$1,286.25
July	982	\$1.25	\$1,227.63
August	1,091	\$1.25	\$1,363.59
September	1,152	\$1.25	\$1,440.00
October	1,024	\$1.25	\$1,279.96
November	1,133	\$1.25	\$1,416.27
December	1,105	\$1.25	\$1,381.24
TOTAL	13,476		\$16,844.93

Administrative Fee

The administrative fee for the mercantile electric aggregation program is volumetric and charged on a per Megawatt hour rate. The administrative fee rate is \$1.25/MWh.

Revenue Estimation

Monthly program revenues for the mercantile electric aggregation program can be calculated by multiplying the forecast consumption in Megawatt hours times the administrative fee charged on a per Megawatt hour rate. The results of the calculation are shown in Table 5.

Annual program revenue for 2018 is estimated at \$16,844.93 based on the assumptions described above. Actual revenue collections will vary dependent on enrollment and consumption.

Opt-Out Natural Gas Aggregation

Summary

The opt-out natural gas aggregation program is a new program for SOPEC with its first natural gas supply occurring during the 2017-2018 winter season. As such, program revenues are not based on observed consumption among the customer group and are

assumed from consumption from other customers in Ohio. The opt-out natural gas aggregation program is expected to generate \$4,482 in annual administrative fee revenue and \$12,450 in grant revenue.

Account Estimation

Columbia Gas of Ohio provided the eligible enrollment list for natural gas customers in the City of Athens. This list encompassed all of the natural gas customers within the City of Athens except those customers who (1) are under contract with another natural gas supplier, (2) are enrolled in the PIPP program for natural gas, or (3) have registered on the PUCO do not aggregated list. After removing those customers from the list, 3,046 opt-out letters were mailed to the remaining customers eligible for natural gas aggregation. After the opt-out period, 2,490 accounts remained in the program (2,250 residential and 240 commercial).

Revenue Estimation

Assuming an average consumption of 90 Mcf per account per year, Athens City customers in the program are expected to consume 224,100 Mcf of natural gas annually. With the administrative fee of \$0.02/Mcf, the opt-out natural gas program is expected to generate \$4,482 in annual revenues from administrative fee income. In addition, the Northeast Ohio Public Energy Council (NOPEC) is providing SOPEC with an annual program participating grant awarded at \$5 per natural gas customer per year. The NOPEC grant is estimated to provide \$12,450 in grant income. Combined with the administrative fee income, total program revenues from opt-out natural gas aggregation are estimated at \$16,932 for the 2018 fiscal year.

SOPEC 2018 BUDGETED INCOME ADDITIONAL INCOME

USDA REDA Grant Reimbursement

Summary

On December 2, 2017, SOPEC applied for reimbursement in the amount of \$21,131.71 representing the federal share of expenses incurred for administration of the USDA REDA program from July 1, 2016, through June 30, 2017. SOPEC is entitled to recover the federal share of REDA program expenses incurred from July 1, 2017, through the end of the program on June 30, 2018. The federal share of REDA program expenses incurred from July 1, 2017, through October 31, 2017 is \$6,326. Therefore, the total income from USDA program reimbursements during the 2018 fiscal year is expected to be not less than \$27,457.71.

Settlement Payments

Summary

A vendor service provider signed a settlement agreement with SOPEC to refund \$35,000 to SOPEC for failing to perform the services described in the service agreement. SOPEC is expected to receive four installments of \$2,916.67 from January through April 2018, for a total of \$11,666.67 in settlement income in 2018.

SOPEC 2018 BUDGETED INCOME

BUDGETED INCOME SUMMARY

PROGRAM REVENUE	
OPT-OUT ELECTRIC AGGREGATION	\$248,888
MERCANTILE ELECTRIC AGGREGATION	\$16,845
OPT-OUT NATURAL GAS AGGREGATION	\$16,932
ADDITIONAL INCOME	
USDA REDA GRANT REIMBURSEMENT	\$27,458
SETTLEMENT PAYMENTS	\$11,667
TOTAL BUDGETED INCOME	\$321,790

2018 SOPEC PROPOSED BUDGET

	2018	MONTHLY
INCOME		
47200 · Program Income		
47230 · Opt-Out Electric Fees	238,000.00	19,833.33
47240 · Mercantile Fees	16,844.00	1,403.67
47250 · Opt-Out Natural Gas Fees	4,482.00	373.50
47260 · NOPEC Grant (Annual)	12,450.00	1,037.50
47270 · REDA Reimbursement (Annual)	27,458.00	2,288.17
47280 · Empower Contract Refund	11,667.00	972.25
Total 47200 · Program Income	310,901.00	25,908.42
TOTAL INCOME	310,901.00	25,908.42
EXPENSE		
60900 · Business Expenses		
60910 · Bank Service charges	0.00	0.00
60920 · Business Registration Fees	0.00	0.00
60900 · Business Expenses - Other	0.00	0.00
Total 60900 · Business Expenses	0.00	0.00
62100 · Contract Services		
62110 · Accounting Fees	3,000.00	250.00

	2018	MONTHLY
62120 · Audit Expense	0.00	0.00
62140 · Legal Fees	36,000.00	3,000.00
62142 · Community Grant Program	25,000.00	2,083.33
62144 · SolSmart Program	0.00	0.00
62150 · Upgrade Ohio	6,600.00	550.00
62151 · Outside contract (REDA)	10,400.00	866.67
62151 · Quasar Biogas Feasibility Study	23,000.00	1,916.67
62160 · Vorys (6 month contract)	12,000.00	1,000.00
Total 62100 · Contract Services	116,000.00	6,750.00
<hr/>		
62800 · Facilities and Equipment		
62840 · Equip Rental and Maintenance	0.00	0.00
62890 · Rent, Parking, Utilities	3,000.00	250.00
Total 62800 · Facilities and Equipment	3,000.00	250.00
<hr/>		
65000 · Operations		
65010 · Books, Subscriptions, Reference	0.00	0.00
65030 · Printing and Copying	4,800.00	400.00
65040 · Supplies	3,600.00	300.00
65050 · Telephone, Telecommunications	0.00	0.00
65060 · Promotion	50,000.00	4,166.67
Total 65000 · Operations	58,400.00	4,866.67
<hr/>		
65100 · Other Types of Expenses		
65120 · Insurance - Liability, D&O	468.00	39.00
Total 65100 · Other Types of Expenses	468.00	39.00
<hr/>		
66000 · Payroll Expenses		
66010A · Associate	20,000.00	1,666.67
66010B · Executive Director	54,760.00	4,563.33
66010 · Gross Wages	74,760.00	6,230.00
66020 · FICA	5,719.14	476.60
66030 · Workers Compensation exp	1,220.00	101.67
66050 · OPERS	1,460.00	121.67
66000 · Payroll Expenses - Other	1,440.00	120.00
Total 66000 · Payroll Expenses	84,599.14	7,049.93
<hr/>		
68300 · Travel and Meetings		
68310 · Conference, Convention, Meeting	3,000.00	250.00
68320 · Travel	0.00	0.00
68330 · Lodging	0.00	0.00
Total 68300 · Travel and Meetings	3,000.00	250.00
<hr/>		
TOTAL EXPENSE	265,467.14	19,205.60
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VARIANCE	45,433.86	6,702.82

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ELECTRIC PLAN OF OPERATION & GOVERNANCE

For Member Communities

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I. Introduction

This Plan of Operation and Governance (the “Plan”) has been prepared by the Southeast Ohio Public Energy Council (“SOPEC”) on the behalf of its current members and any future members that may join SOPEC’s governmental aggregation of electric customers (the “Aggregation Program”). The Plan contains information on the structure, governance, operations, management, funding, and policies of the Aggregation Program to be utilized for participating customers in member communities.

On November 5, 2013, the voters of Athens City and Athens County approved ballot measures that authorized governmental electrical aggregation. The City has agreed to be part of the County aggregation program as permitted under Ohio Revised Code (“R.C.”) 4928.20(A), which allows for the creation of an “opt-out” aggregation program. Subsequently, additional member communities chose to join SOPEC’s Aggregation Program. Under SOPEC’s Opt-Out Aggregation Program (defined below), electric residential and non-mercantile commercial customers located in member communities are included in the Opt-Out Aggregation Program unless they explicitly opt-out.

To comply with the Public Utilities Commission of Ohio’s (“PUCO”) regulations, SOPEC members joined together to form an “aggregation council”, which filed an application for certification as a government aggregator with the PUCO. The following Plan, which SOPEC member communities developed, has also been filed with the PUCO. The Plan was adopted after public hearings were held in accordance with R.C. 4928.20(C), and modified by the SOPEC members.

II. Description and Objectives of the Aggregation Program: Endorsement Program

This Plan includes details related to operations of the collaborations between SOPEC members, the procurement of energy supply, and the expectations of members for Suppliers (defined below). This Plan includes all information necessary for the certification of SOPEC by the PUCO as a governmental aggregator under R.C. 4928.20.

The Aggregation Program contains two types of aggregations, an “Opt-Out Aggregation Program” and an “Opt-In Aggregation Program”. Under the Opt-Out Aggregation Program, participation is voluntary for each individual customer in a member community. Individual customers will be notified of their inclusion in the Opt-Out Aggregation Program and will have the opportunity to decline service. The customers may choose any electric supplier they wish at the outset of the program and at least every three years thereafter. New member communities also shall have the opportunity to join SOPEC’s Opt-Out Aggregation Program.

Under the Opt-In Aggregation Program, SOPEC offers customers who live in SOPEC member communities the ability to join the Opt-In Aggregation Program upon their affirmative consent. Customers who want to participate in SOPEC’s Opt-In Aggregation Program can contact the Supplier to enroll. Supplier and SOPEC also may contact individuals in SOPEC member communities regarding opt-in opportunities.

SOPEC and Supplier may offer customers more than one product during the Opt-Out Aggregation process and also during the Opt-In Aggregation process. SOPEC also may endorse any competitive retail electric service supplier to offer within SOPEC’s member communities products that are not included in the Aggregation Program (“Endorsement Program”).

III. Goals of the Aggregation Program

The specific goals of the Aggregation Program are as follows:

1. To pursue reasonably priced energy supply through the bargaining power of pooled customer aggregation purchases;
2. To ensure maximum investment of energy generation dollars in local projects and energy options;
3. To secure clean and sustainable energy sources as significant portions of community energy supply if selected by member communities;
4. To include in generation supply purchases investments in local energy efficiency investments;
5. To provide, on a non-discriminatory basis, an option for aggregation of all customers who qualify under the PUCO's rules and who SOPEC and its Supplier have elected to serve;
6. To allow the eligible customers who do not wish to participate to opt-out of the Opt-Out Aggregation Program;
7. To allow customers in member communities to opt-in to an Opt-In Aggregation Program upon providing affirmative consent
8. To ensure that Suppliers provide quality, reliable service and customer service;
9. To utilize and encourage renewable energy development if and to the extent practicable through contract provisions and voluntary programs;
10. To include, to the extent possible, government accounts into the aggregation;
11. To advance community economic and energy development goals; and
12. To utilize local government powers and authorities to achieve these goals.

The Aggregation Program involves the acquisition of competitive retail power supply. Distribution services (metering, billing, maintenance of the transmission and distribution system) will continue as a function of the local utility; but SOPEC may request Supplier(s) to take on billing responsibilities for customers participating in energy efficiency or distributed generation programs implemented by Supplier(s). The local utility will continue to own, furnish, install, calibrate, test, and maintain all meters and associated equipment used for customer billing and retail energy settlement purposes. The local utility shall be the "provider of last resort" for customers not participating in the Aggregation Program who have not elected to take service from another competitive supplier.

SOPEC will not assume title to electric generation. It will not buy and resell electric generation to the participants of the program. Instead, SOPEC will negotiate a contract with Supplier(s) to provide electric supply to the members of the aggregation program. Billing and scheduling of electric loads shall be handled by the Supplier or local utility.

IV. Rates

Under PUCO orders, the local distribution company assigns the customer classification and corresponding character of service and associated regulated rates. These rates include a monthly customer charge, a distribution charge, a transmission charge, and an access charge. Although SOPEC may participate in regulatory proceedings and represent the interests of customers regarding these regulated rates, it will not assign or alter existing customer classifications without the approval of the PUCO.

The focus of the Aggregation Program, as noted above, will be acquisition of competitive prices and terms for power supply. The prices will be set through a competitive request for proposals and contract

and negotiation process, and will be indicated on customers' bills as the "generation charge." Ohio law requires that a government aggregator separately price competitive retail electric services and that the prices be itemized on the bill of a customer or otherwise disclosed to the customer. The generation charge for each customer class, or any customer grouping by load factor or other appropriate pricing category, is expected to be lower than the utility's standard offer generation charge. All Supplier charges to the customer will be fully and prominently disclosed under the notification process, which is discussed further below.

V. Steps for Communities during the Aggregation Program Process

The process of establishing government aggregation involves a multi-step public process undertaken by the member communities or jointly through SOPEC on their behalf. The steps to authorize opt-out and opt-in aggregations are the same, except where noted below:

1. SOPEC shall develop and issue Request for Proposals ("RFPs") that incorporate and address all of the goals expressed in this Plan;
2. Competitive retail electric suppliers ("Supplier(s)") will respond to RFPs; SOPEC and its agents will engage in direct negotiations with Suppliers;
3. SOPEC shall select Supplier(s) and execute one or more supply contracts with Supplier(s);
4. The local distribution utility for each member community shall supply its electronic list of eligible customers for those communities;
5. For Opt-Out Aggregation only:
 - a. Supplier(s) will acquire an electronic list of eligible customers in member communities from the local distribution utility (this information must include applicable meter numbers and other appropriate codes);
 - b. SOPEC and selected Supplier(s) will notify customers of the opt-out process via U.S. mail utilizing the electronic customer list of addresses;
 - c. SOPEC Supplier(s) will revise the electronic customer list to remove responding opt-out customers from the list;
 - d. Supplier(s) will transmit the revised electronic customer list back to the distribution utility for customer transfer;
 - e. The distribution utility will complete the administrative transfer of participating customers (via revised electronic list) to SOPEC Supplier(s); and
 - f. Participating customers on all billing cycles will be enrolled with the selected Supplier with the beginning of a new billing cycle.
6. For the Opt-In Aggregation Program only:
 - a. SOPEC and Supplier will market and solicit customers within the SOPEC member communities;
 - b. Supplier will enroll customers in the Opt-In Aggregation Program by obtaining their affirmative consent directly (in person, by mail or facsimile), telephonically or electronically in accordance with the PUCO's rules and the applicable electric distribution utility's tariff.
7. The appropriate distribution utility for each member community will complete the administrative transfer of participating customers to the Supplier;
8. SOPEC's Supplier will ensure the firm delivery of electric supply based on the terms and conditions of the supply contract with SOPEC;
9. SOPEC and legal and technical advisors will monitor contract for compliance; and
10. SOPEC will act to protect the interests of member communities.

VI. Participation in the Aggregation Program; Endorsement Program

Opt-Out Aggregation. For purposes of an Opt-Out Aggregation Program, an “eligible customer” constitutes a customer eligible under utility or PUCO rules and which SOPEC and its Supplier have elected to serve. Customers that shall not be included in the Opt-Out Aggregation Program pursuant to utility or PUCO rules include the following:

- A customer located in the certified territory of a non-profit electric supplier;
- A customer served by transmission or distribution facilities of a municipal electric utility;
- A customer that affirmatively chooses to be included on the PUCO’s “do not aggregate” list;
- A “mercantile customer” (defined as a commercial or industrial customer that consumes more than seven hundred thousand kilowatt hours per year or is part of a national account involving multiple facilities in one or more states) that fails to affirmatively elect to participate in an aggregation program;
- A customer already in contract with another competitive retail electric service supplier;
- A customer that has opted out of the governmental aggregation program;
- A customer enrolled in the percentage of income payment plan (“PIPP”);
- A customer that has a special arrangement with the distribution utility; and
- A customer not located within the boundaries of the governmental aggregator’s member communities.

Eligible customers shall be notified of the Opt-Out Aggregation Program and terms and conditions of participation prior to initiation of services and be provided an opportunity to “opt-out” at no cost during a 21-day period specified in the terms and conditions of the supply contract(s). Customers may be offered a program electric supply product and one or more optional supply products through the opt-out notice. If options are provided, the customer may decline all products by opting-out of the Opt-Out Aggregation Program. Customers that do not choose to opt-out will be automatically enrolled in the program product, unless they make arrangements with the Supplier, as specified in the opt-out notice, to take one of the optional supply products.

During this 21-day opt-out period customers also may choose another competing supplier, or receive service from their local distribution company. Participating customers will be given the opportunity at least every three years after the initiation of service to opt-out of the Opt-Out Aggregation Program without interruption of their current service, or payment of a penalty or switching fee. In addition, participating customers can leave the Opt-Out Aggregation Program at any time without being subject to early termination fees. These participating customers can leave the Opt-Out Aggregation Program early in accordance with the terms and conditions of their supply contracts.

Customers who move to a SOPEC member community (including those who move from another SOPEC member community), and are considered by the distribution utility to be new electric customers, may participate in the Opt-Out Aggregation Program at the existing price and terms offered for that customer class, or other terms specified under the supply contract(s). Such new electric customers can also choose to opt-out of the Opt-Out Aggregation Program at no charge during the initial 21-day period after the postmark date on the opt-out notice and at subsequent opt-out periods of at least every three years.

Opt-In Aggregation. Supplier(s) and SOPEC may contact customers in SOPEC member communities regarding the opportunity to participate in the Opt-In Aggregation Program, or customers may contact the Supplier(s) regarding such opportunities. Supplier(s), with SOPEC's consent, will determine the terms and conditions of service, as well as the customers' rates, subject to written policies mutually agreed upon by the SOPEC and Supplier(s). For purposes of the Opt-In Aggregation Program, customers are enrolled by obtaining their affirmative consent directly (in person, by mail or facsimile), telephonically or electronically in accordance with the PUCO's rules and the electric distribution utility's tariff. Participating customers who terminate their contracts with the supplier prior to their contracts' expiration may be subject to an early termination fee which will be described in their supply contract, if applicable.

Endorsement Program. SOPEC also may initiate an Endorsement Program whereby it may endorse any competitive retail electric service supplier to offer within SOPEC's member communities products that are not included in the Aggregation Program.

VII. Notification of Opt-Out Aggregation Program Customers

Prior to initiation of Opt-Out Aggregation Program service, all opt-out eligible customers shall be notified of the opt-out terms. The process of notification shall be as follows:

1. A separate mailing
2. Newspaper notices
3. Public service announcements
4. Posting of prominent notice in the local government office building in each member community

Prior to enrollment in the Opt-Out Aggregation Program, notification shall be mailed in a timely manner for receipt by customers prior to their start

of service day. The opt-out period is 21 days. The notification shall include the following elements:

1. A summary of all actions taken by SOPEC to authorize the Aggregation Program;
2. A description of the services offered by the Opt-Out Aggregation Program
3. A statement informing customers of their right to opt-out of the Opt-Out Aggregation Program at least every three years, without interruption of their current service, or payment of a penalty or switching fee;
4. A statement indicating that any customer returning to the distribution utility after commencement of the Opt-Out Aggregation Program may pay the market price for power;
5. A statement informing customers that returning to the distribution utility may not result in that customer being served under the same rates, terms, and conditions as other customers served by the distribution utility;
6. An itemized list and explanation of all fees and charges not incorporated in the base Opt-Out Aggregation Program rates but that will be charged for participation in the Opt-Out Aggregation Program if any;
7. Disclosure of the dates covered by the Opt-Out Aggregation Program, including the estimated start date;
8. Disclosure of any credit and/or deposit requirements;
9. Disclosure of any limitations or conditions on customer acceptance into the Opt-Out Aggregation Program;
10. If applicable, inform customers whether SOPEC elected in the best interest of the Aggregation Program not to receive standby service from the electric utility under an approved electric security plan, and inform customers that

non-standard service offer rates and conditions may apply if the customer returns to the electric utility after the opt-out period;

11. A description of the opt-out process and statement that the opt-out period will last for 21 days from the date of the postmark on the written notice;
12. A customer-friendly opt-out form (e.g., a postcard) to return to SOPEC indicating whether the customer has opted out of the Opt-Out Aggregation Program.
13. A toll free phone number that customers can call to opt-out of the Opt-Out Aggregation Program.
14. Inform customers that they must return the completed opt-out form to the Supplier(s) or contact the Supplier(s) via telephone within the 21-day opt-out period to opt-out.
15. Inform customers that they shall be automatically included in the Opt-Out Aggregation Program if they do not return the opt-out form or do not call the Supplier within the 21-day opt-out period.
16. Inform customers in the terms and conditions of their supply contracts that SOPEC will not charge any early termination fees.
17. All charges to be made and a comparison of the primary terms of SOPEC's selected contract compared to the Standard Offer; and
18. Information about eligible energy efficiency and distributed energy customer options.

Customers that do not return the opt-out form within 21 days or do not call the Supplier within the 21-day opt-out period to opt-out shall be automatically included in the Opt-Out Aggregation Program.

Eligible customers who relocate to a SOPEC member community shall be included in the Opt-Out

Aggregation Program, subject to their opportunity to opt-out. The selected Supplier(s) shall provide standard opt-out notification materials to customers who have relocated to member communities, or customers who otherwise are eligible to join the Opt-Out Aggregation Program. The new customer may participate in the Opt-Out Aggregation Program at the existing price and terms offered for that customer class. Any such new or otherwise eligible electric customer can also choose to opt-out of the Opt-Out Aggregation Program at no charge during the opt-out period. At least every three years, customers may be permitted to opt-out of the Opt-Out Aggregation Program at no fee.

Consistent with the requirements of Ohio law and the regulations of the PUCO, termination of service may take place for non-payment of bills. Customers whose power supply is terminated by a selected Supplier will receive electric supply from their local distribution company. Customers may be considered for re-enrollment in the Opt-Out Aggregation Program once they have met the requirements of law and are current on bill payment.

VIII. Customer Service

Regarding all issues of customer protection (including provisions relating to slamming and blocking), SOPEC will ensure that the selected Supplier comply all statutes, rules and regulations currently in place and as may be amended from time to time. SOPEC will provide on-going customer education in member communities through public service announcements, posting of information, media press releases, advertising, and direct mailing depending on the subject and appropriate venue. SOPEC will also assist member communities with all required notifications, information, and public hearings.

SOPEC will ensure that customers are provided with adequate, accurate and understandable pricing and

terms and conditions of service, including any fees, opt-out opportunities, including the conditions under which a customer may rescind a contract without penalty.

Supplier shall utilize the billing services of the local distribution company to render timely billings to each participating customer; except where bills will be directly managed by the Supplier for the purposes of providing energy efficiency, distributed generation or other options as specified under contract.

All bills shall comply with PUCO rules, regulations, and requirements regarding the essential components and formats. Credit and collection processes concerning billing will remain the sole responsibility of the selected Supplier and the local distribution company as provided by state law. Under no circumstances shall SOPEC have any responsibility for payment of any bills.

Unless otherwise specified in customers' supply contracts, all billing shall be based on the meter readings generated by meters of the distribution company at the customer's facilities. Customer bills shall be rendered monthly. Customers are required to remit and comply with the payment terms of the distribution company and/or the Supplier. Billing may take place through the distribution company at the Supplier's option. In the event that necessary billing data is not received from the distribution company in time to prepare monthly bills, the Supplier reserves the right to issue a bill based on an estimate of the participating customer's usage for that billing period. Any over-charge or under-charge will be accounted for in the next billing period for which actual meter data is available.

IX. Customer Protections

The following customer protection provisions are anticipated to be contained in customers' contracts with the Supplier(s):

1. Title to and risk of loss with respect to the electric energy will transfer from the Supplier to participating customers at the Point-of-Sale, which is the customer's side of the meter.
2. Energy delivered pursuant to the customer's supply contract will begin on the first meter reading date following the scheduled initiation of service date for each rate class or customer group, or individual customer as described in the customer supply contract, or as soon as necessary arrangements can be made with the distribution company thereafter and will end on the last meter reading date prior to the expiration date. The Supplier has the right to request a "special" meter reading by the distribution company to initiate energy delivery and agrees to accept all costs (if any) for such meter reading. The participating customer also has such a right, and similarly would bear the costs (if any) of such special meter reading.
3. Recognizing that electricity provided under the customer's supply contract shall be ultimately delivered by the distribution company, to the extent permitted by law, the Supplier shall not be liable for any damage to a participating customer's equipment or facilities, or any economic losses, resulting directly or indirectly from any service interruption, power outage, voltage or amperage fluctuations, discontinuance of service, reversal of service, irregular service or similar problems beyond the Supplier's reasonable control. To the extent permitted by law, except as expressly stated in the supply contract, the Supplier will make no representation or warranty, express or implied (including warranty of merchantability or of fitness for a particular purpose), with respect to the provision of services and electric energy.
4. Given the increasing interest in and need for high levels of reliability, the supply contract will help assure that participating customers in SOPEC member communities receive power supply with

reliability equal to that of native load customers for the distribution company. The Supplier is providing generation and transmission services, and participating customers must rely upon the distribution company for regional transmission, and local transmission and distribution services for ultimate delivery of electricity where reliability problems occur. However, within the scope of electric energy supplier obligations, the Supplier shall take or adopt all reasonable steps or measures to avoid any unnecessary outages, service interruptions, capacity shortages, curtailments of power supply, voltage reductions, and any other interference or disruption of electric supply to Point-of-Delivery, and shall give the highest priority of supply to the electricity made available under the customer's supply contract consistent with the requirements of law and equivalent to network service available to native load customers.

X. Customer Complaints

It is important that customer complaints be directed to the proper party. The selected Supplier shall ensure that each participating customer receives a printed copy of a toll-free number to call regarding service problems or billing questions. The Supplier shall refer reliability, line repair, or service interruption, and billing issues to the local distribution company. The Supplier(s) shall handle all complaints in accordance with applicable laws and regulations. Problems regarding the selected Supplier can be directed to SOPEC or the PUCO. SOPEC will continue to monitor the selected Supplier for compliance with customer protection provisions in the customer's contract with Supplier and timely resolution of customer problems. Problems regarding the selected Supplier(s) can be directed to SOPEC or the PUCO. Customers may contact the Public Utilities Commission of Ohio for assistance at 1-800-686-7826 (toll free) or for TTY

at 1-800-686-1570 (toll free) from 8:00 a.m. to 5:00 p.m. weekdays, or at www.PUCO.ohio.gov. The Office of the Ohio Consumers' Counsel ("OCC") represents residential utility customers in matters before the PUCO. The OCC can be contacted at 1-877-742-5622 (toll free) from 8:00 a.m. to 5:00 p.m. weekdays, or at www.pickocc.org. SOPEC can be contacted at support@sopecinfo.org or 740-677-2759.

At the request of SOPEC, the selected Supplier(s) shall provide a periodic summary of the number and types of customer service issues and complaints that arose to date, and the status of resolution of those issues and complaints. If such reports indicate problem in the selected Supplier's service, SOPEC will pursue timely remedial action or consider the Supplier in breach of its supply contract with SOPEC.

XI. Termination of Participation in the Opt-Out Aggregation Program

The Opt-Out Aggregation Program may be terminated for participating customers in two ways:

1. Upon the termination or expiration of the power supply contract for all member communities without any extension, renewal, or subsequent supply contract being negotiated; or
2. At the decision of an individual member community to cancel its membership in SOPEC.

In the event of termination of the Opt-Out Aggregation Program, each customer receiving power supply services under the Opt-Out Aggregation Program will receive notification of termination of the program ninety days before termination. SOPEC shall utilize appropriate processes for entering, modifying, enforcing, and terminating agreements pertinent to the Opt-Out Aggregation Program consistent with the requirements of local ordinances or resolutions, state and federal law.

XII. Termination of Participation in the Opt-In Aggregation Program

Termination of the Opt-In Aggregation Program will be governed by the terms of individual opt-in customers' supply contracts. An individual Opt-In Aggregation Program customer who chooses to terminate participation in the Aggregation Program before the expiration of the customer's supply contract(s) may be required to pay an early termination fee, if applicable. Any obligation to pay an early termination fee, if any, will be made a part of the customer supply contract(s). Opt-In Aggregation Program Customers who move from a member community will have no penalties or early termination fees.

XIII. Organizational Structure

Each SOPEC member community shall have one representative in the SOPEC Assembly; which will serve as the legislative body for the organization. Members shall elect a Board of Directors. The Board of Directors of SOPEC shall oversee the implementation and operation of the Aggregation Program consistent with the provisions of the R.C. 4928.20 and the Bylaws of the SOPEC organization.

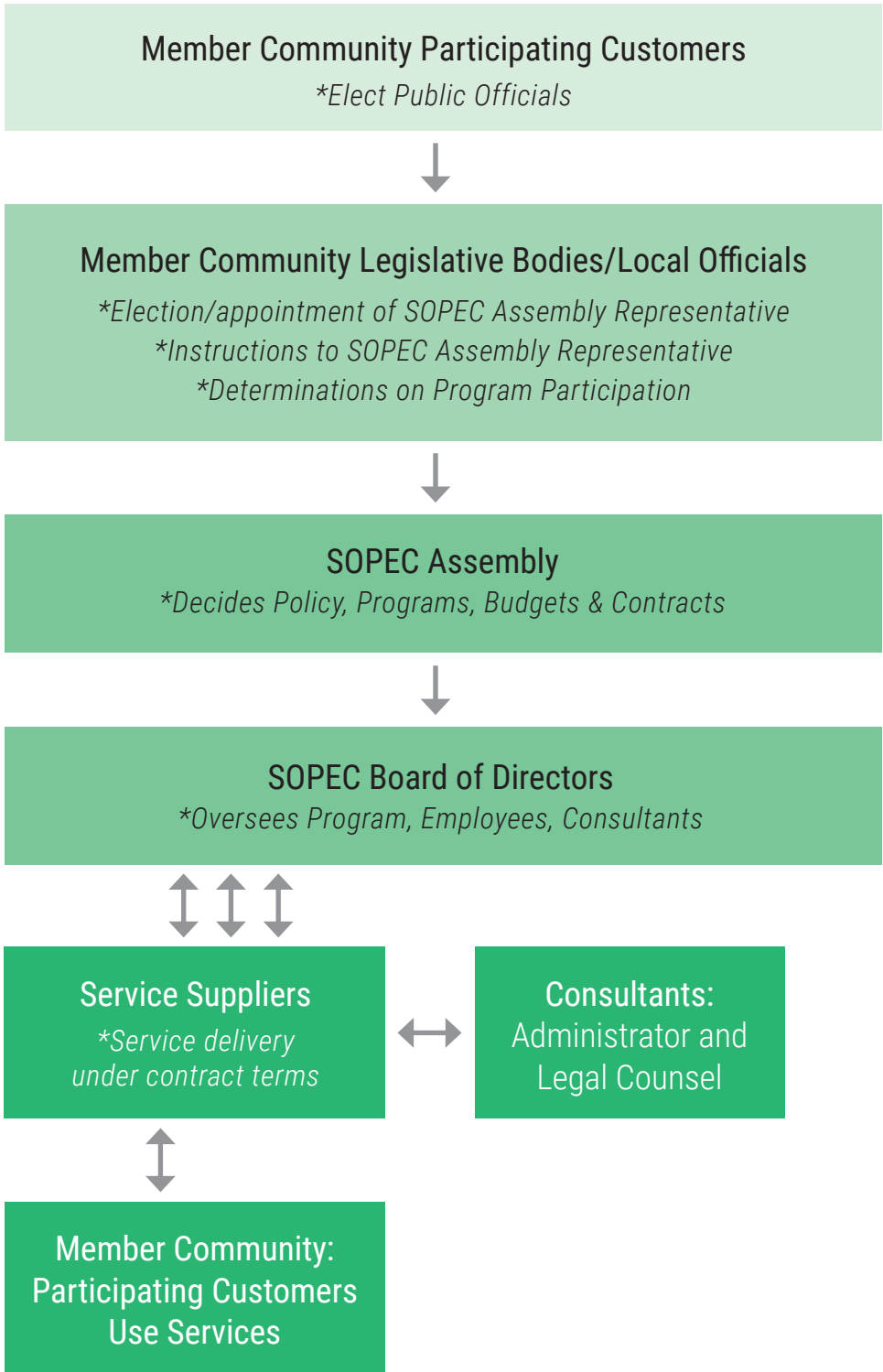
SOPEC shall act as agent for member communities to establish the Aggregation Program in accordance with law and to provide managerial, technical, and financial resources to acquire service and other guarantees sufficient to protect customers and the electric distribution utility. SOPEC may contract with service providers to achieve this purpose.

Outline of Structure:

1. Community Citizens: Customers can influence the program through elections that put in place officials that will appoint and control the assembly members.
2. Member Communities Legislative Bodies/Local Officials: Local officials may act on program and policy issues. They may individually choose to participate in additional programs of SOPEC, or terminate the community's participation in SOPEC. They may also raise issues directed to them by customers for the SOPEC Assembly and Board to address.
3. SOPEC Assembly: This is the legislative body of the organization, reviews its policies and contracts, and votes in the Board of Directors.
4. SOPEC Board of Directors: The Board of Directors shall manage the day-to-day operations of SOPEC, and may appoint agents and contract for services, and shall keep the Assembly informed of such actions.
5. Service Suppliers: Suppliers will contract with SOPEC to provide retail electric supply, energy efficiency, and local energy as part of contracts; and will report to SOPEC in carrying out these responsibilities.
6. Member Community Participating Customers: Participating customers in member communities will benefit from the professional representation and consumer protections provided under the negotiated service contracts. Individual customers may opt-out of participation and may also bring issues before their local legislative body.

SOPEC MEMBER ELECTRIC AGGREGATION PROGRAM

Organizational Structure



XIV. Certification

No governmental aggregator shall send an opt-out disclosure notice to potential customers of an aggregation prior to the governmental aggregator being certified by the commission. The certification of governmental aggregators is governed by Chapter 4901:1-21-16 of the Ohio Administrative Code ("O.A.C.") and R.C. 4928.20. R.C. 4928.20 allows municipalities, townships, and counties to join together and combine their resources for development and implementation of an electric aggregation program.

XV. Aggregation Program Funding

SOPEC offers member communities the opportunity to gain market leverage, share resources, and reduce administrative and other costs for developing, implementing and providing oversight for the Aggregation Program. Funding for these activities is anticipated to be provided by the selected Supplier(s) with an appropriate kilowatt hour charge to all participating customers to cover costs of the program. Such funds will be collected by the Supplier and paid to SOPEC. In the event additional funding for SOPEC is required, each SOPEC member may be assessed an annual fee pursuant to the agreement establishing SOPEC. The funding will be utilized for all Aggregation Program Operations.

XVI. Modification of SOPEC's Plan

All material modifications to the SOPEC Plan shall be approved by majority vote of the SOPEC Board of Directors and ratified by a majority vote of the SOPEC General Assembly. By adopting this Plan, SOPEC member communities agree that future modifications to the Plan resulting from changes in law or regulations may be made automatically by SOPEC without further action of the SOPEC members or General Assembly.

Reflections and Feedback

As a community leader, what are some energy-related goals you have for your community? Try to list three. (Ex. Replacing aging and inefficient heating/cooling in municipal buildings; on-site solar generation for school or government buildings)

How do your goals align with the current SOPEC vision and strategies? Do they result in a price reduction on utility bills, import substitution, perhaps both, or perhaps another value or strategy for the community?

Please list and briefly describe any businesses in your community that are interested in electric savings and could benefit from participation in areas of SOPEC programming, such as the Renewable Energy Development Assistant (REDA) grant program?

Please list and describe any energy or utility projects or programming areas you would like to see SOPEC develop that were not described in this guide.

Please provide any additional feedback that would be helpful to SOPEC staff or the SOPEC Board of Directors in better serving your community.

Contacts and Resources

Please feel free to share these resources and contact information with members of your community who have questions about their energy utility bills, energy projects, or want to get involved with the Southeast Ohio regional energy economy.

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State Government Resources

Visit the sites below to review information about state-regulated utilities and compare retail electric and natural gas rates available in the de-regulate market.

www.puco.ohio.gov

www.energychoice.ohio.gov

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