**Exhibit A-3 “Operation and Governance Plan”**

**ELECTRIC AGGREGATION**

**PROGRAM**

**CITY OF WILMINGTON, OHIO**

**PLAN OF OPERATION**

**AND GOVERNANCE**



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1. Purpose of Electric Aggregation Program

This aggregation plan has been developed in compliance with Ohio Revised Code, Section 4928.20 regarding governmental aggregation of electric service. The City of Wilmington ("the City") Aggregation Program ("Program") seeks to aggregate the retail electric loads of consumers located in the City to negotiate the best rates for the generation supply of electric power. It has the potential to combine residential, commercial and industrial customers into a buying pool that will be attractive to third party suppliers (“Suppliers”). Participation in the Program is voluntary. Any individual customer (“Member”) has the opportunity to decline to be a member of the aggregation program and to return to the Dayton Power & Light standard offer of service or to enter into a power supply contract with any competitive retail electric supplier. This Plan of Operation will not be adopted until two public hearings are held in accordance with section 4928.20 ( C ) of the Ohio Revised Code.

2. The Process for Municipal Aggregation

The process of governmental aggregation is set forth in Ohio Revised Code section 4928.20. The section defines opt-out aggregation that may be enacted by a governmental entity. Under the opt-out aggregation provisions, all electric consumers within the City will be automatically included in the Program. However, such customers will be given prior notice entitling them to affirmatively elect not to be part of the Program. These customers can opt-out during a 21-day period after the election. A similar opt-out period will be offered every two years during which Members can leave the City's aggregation pool without paying a switching fee. In November 2003, Wilmington voters approved the development of the program.

All eligible load centers within the City under 100 kW peak demand will be automatically enrolled in the aggregation program. For commercial and industrial customers with a peak load demand of 100 kW or greater, special metering data may need to be furnished to alternate suppliers to receive a price offer. In addition, only accounts with “shoppable” rate codes, as defined by Dayton Power & Light may participate in the Program.

The Supplier and Dayton Power & Light will identify those customers in the City who have not opted out, who have not renewed their special rate contracts, who are not on the Percentage of Income Payment Plan (PIPP) and who are not on Dayton Power & Light's "Opt-Off Marketing List." These customers will be transferred to the Supplier selected by the City and enrolled over the period of one month. Dayton Power & Light shall notify each transferred customer of the transfer with its last bill for standard offer service. Service under the new Supplier shall begin at the start of the billing period following the transfer.

3. Terms and Conditions of Enrollment

3.1 Rates

The City shall receive proposals from electric suppliers using a competitive selection process. The request for proposals shall require the suppliers to offer a generation charge for each customer class, load grouping or other appropriate category that is lower than the standard offer from Dayton Power & Light. Members will not be switched unless a supplier can be found offering prices less than the respective member shopping credits. The prices to be charged to Members in the Program will be set by City Council after negotiations with the selected Supplier. Members were notified of the rates and terms of the Program through the local newspaper, local Cable TV Channels and the City’s web site. Opt-out forms will be docketed with the PUCO 10 days prior to mailings.

3.2 Charges

Dayton Power & Light will continue to bill for Federal Phase I Clean Air Act Compliance, Late Payment, Electric Fuel Component and Monthly Service Fee, etc. These charges apply whether a Member switches or not. Switching generation suppliers will not result in any new charges.

3.3 Switching Fees

At the present time, Dayton Power & Light is requiring a per customer switching fee for those customers who voluntarily remain in a government aggregation program and are switched to an alternate Supplier. The City's Request for Proposal (RFP) was written to require the selected Supplier to pay for the group's switching fee.

3.4 Terms

The aggregation program is designed to reduce the amount consumers pay for electric energy. The City will not buy and resell the power to the participants of the program. Instead, the City will competitively bid and negotiate a contract with a competitive retail electric supplier to provide firm, all-requirements generation service to the members of the aggregation program.

Customers who meet the following criteria will become members of the aggregation program:

* Are up to date with their bill payment;
* Have not Opted-out of the program;
* Are not on the Percentage of Income Payment Plan (PIPP); and
* Have a shoppable rate code.

3.5 Opt-Out Disclosure

The City is using an Opt-out form of Governmental Aggregation pursuant to section 4928.20 of the Ohio Revised Code. The City will disclose to the person owning, occupying or using the load center that the person will be enrolled automatically in the aggregation program and will remain so enrolled unless the person affirmatively elects by the following procedure not to be so enrolled. Any such person that opts out of the aggregation program pursuant to stated procedure shall default to the standard service offer provided by Dayton Power & Light until the person chooses an alternative supplier.

Procedure:

1. The City distributed the Opt-Out Form (refer to Exhibit A-4 “Automatic Aggregation Disclosure”);
2. Recipients have 21 days to notify the City; and
3. The City will exclude those opting out from the Program.
4. Customers will receive written notification from Dayton Power & Light Corp. stating that they are about to be switched and have 7 days if they wish to rescind the contract.

4. Policies for Customers Moving Into/Out of the Municipality

Members who have left the Program, or who have moved into the City, may contact the City or its Supplier at any time to obtain enrollment information. There is however, no guarantee that customers opting-in at a later date will receive the same price, terms and conditions as did the initial participants. Suppliers are unable to hold price offerings for an unlimited amount of time, and if the City asks for such a requirement, the price offering received from suppliers will be higher to reflect the greater risk.

Customers may opt out of the Program at no charge within a 21-day period following passage of the ballot. Two public hearings will be held shortly after the ballot to discuss the plan of operation and the process for opting-out. Customers who provide the required opt-out notice will remain customers of Dayton Power & Light until such time as they select a different generation provider. A similar period in which customers can opt-out of the Program without charge will be offered every two years.

5. Billing Procedures

The City will utilize the coordinated billing services of Dayton Power & Light and the selected Supplier. We anticipate residential customers will receive a single bill from Dayton Power & Light that itemizes among other things, the cost of generation provided by the selected supplier. In some instances, dual billing will be used for commercial and industrial group members. In these instances, one bill will be sent from the Supplier and one will be sent from Dayton Power & Light for their respective services.

1. Procedures for Handling Customer Complaints

Members will have multiple means of addressing complaints. As a general rule, concerns regarding service reliability should be directed to Dayton Power & Light as appropriate, questions regarding the Program administration should go to the City, and any unresolved disputes should be directed to the Public Utilities Commission of Ohio and/or The Ohio Consumers Council. Listed below is a table of toll-free numbers for members to call for assistance.

|  |  |  |
| --- | --- | --- |
| **Nature of Complaint** | **Contact** | **Phone Number** |
| Power interruptions or outages | Dayton Power & Light |  |
| Power turn on/off | Dayton Power & Light |  |
| Billing disputes | Dayton Power & Light |  |
| Joining/Leaving Program | Supplier | See optout notice |
| Program Regulatory Questions | Buckeye Energy Brokers | 1-866-302-2237 |
| Unresolved Disputes | Public Utilities Commission | 1-800-686-7826 |
| Unresolved Disputes | Ohio Consumers Council | 1-877-742-5622 |

7. Rights and Responsibilities of Program Members

7.1 Universal Access to Aggregation Program

"Universal access" is a term derived from the traditional regulated utility environment in which all customers desiring service receive that service. For the purposes of this Program this will mean that all existing customers within the City borders shall be eligible for service from the contracted supplier under the terms and conditions of the supply contract. It is a goal of the Program to provide the basis for aggregation of all Members on a non-discriminatory basis.

Service under the Program shall include all customer classes in adherence with universal service principles and requirements, and the traditional non-discriminatory practices of local government. Contracts with all Suppliers shall contain provisions to maintain these principles and equitable treatment of all customer classes.

Existing customers in the City currently receiving electric power through an Affinity Group offer or other similar mechanism will become members of the Program. Those members wishing to rejoin their group will need to Opt-out of the Program. Residents who are currently PIPP customers are not eligible to become Program Members.

7.2 Dispute Resolution

Members should make all efforts to address complaints or concerns in accordance with the guidance provided in section 6.0 "Procedures for Handling Customer Complaints" of this plan. If Members are unable to unable to resolve their concerns through these channels, they may contact the Public Utilities Commission of Ohio (1-800-686-7826) for addition assistance.

7.3 Bill Payment

Members are required to remit and comply with the payment terms of Dayton Power & Light and/or their supplier if dual billing is used. This Program will not be responsible for late or no payment on the part of any of its members. Collection and credit procedures remain the responsibility of Dayton Power & Light, the selected Supplier and the individual Member.

7.4 Leaving the Aggregation Program

Members who wish to opt-out of the program may do so:

1. During the program’s initial 21-day opt-out period;
2. Every two years without paying a switching fee; and
3. At any other time, but may be required to pay a switching fee

8. Reliability of Power Supply

The Program will only effect the generation source of power. Dayton Power & Light will continue to deliver power through their transmission and distribution systems. Responsibility for maintaining system reliability continues to rest with the local utility. If Members have service reliability problems they should contact Dayton Power & Light for repairs. The PUCO has established "Minimum Reliability Standards" for all utilities operating distribution systems in Ohio. Customer outages, duration of outages, interruptions, etc., will be monitored to ensure reliability remains at satisfactory levels.

In addition to maintaining the "wires" system, Dayton Power & Light is required to be the "Provider of Last Resort." This means, should the selected supplier fail for any reason to deliver any or all of the electricity needed to serve the Members needs, Dayton Power & Light will immediately provide for the shortfall. Dayton Power & Light would then bill the supplier for the power provided on their behalf. The Members would incur no additional cost.

9. Supplier Qualification Selection Criteria

Only Suppliers meeting strict criteria will be considered. The selected Supplier will need own generating facilities or be directly affiliated with a utility that does. Suppliers will need to be certified by the Public Utilities Commission of Ohio and registered with Dayton Power & Light to do business in their service territory. Both the certification and registration ensure that Suppliers are managerially, technically, and financially competent to perform the services they offer.

The successful bidder shall also demonstrate its creditworthiness by possessing an investment grade long-term bond ratings from at least two of the following rating agencies:

Standard & Poors BBB or Higher

Moody's Investors' Services Baa3 or Higher

10. Funding the Aggregation Program

The primary expenses of the Program are expected to be publication of notices, written notification to customers, switching fees due to Dayton Power & Light, regulatory fees and registration with the Public Utilities Commission of Ohio. Except, possibly, for the initial notification of customers, these expenses and administrative fees will be the responsibility of the selected Supplier.

11. Maintenance and Reporting of the Aggregation Program

The City will rely on its consultant Buckeye Energy Brokers, Inc. to monitor and report on a quarterly and annual basis. Buckeye Energy will track the performance of the selected Supplier, report on estimated savings and provide an analysis of current and future market conditions. Quarterly and Annual Reports will be provided to the Public Utility Commission. Members wishing to view the reports should make arrangements to do so by contacting the City Administration during normal working hours.

12. Professional Assistance

Due to the complexity of deregulation of the electric utility industry, the City will consult with and obtain the necessary expertise to represent and administer the Program. The City has contracted with Buckeye Energy Brokers, Inc. to provide energy consulting services.