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**Exhibit A-3**  
**"Operation and Governance Plan"**

October 18, 2000

# **CITY OF NORTHWOOD AGGREGATION PROGRAM**

## **PLAN OF OPERATION AND GOVERNANCE**

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## **Purpose**

This aggregation plan has been developed in compliance with Ohio Revised Code section 4928.20 regarding governmental aggregation of electric service consumers.

The City of Northwood Aggregation Program ("Program") seeks to aggregate the retail electric loads of consumers located in the city to negotiate the best rates for the supply and distribution of electric power. It has the potential to combine 20,000 residential, commercial and industrial customers into a buying pool that will be very attractive to marketers. Participation in the City of Northwood aggregation program is voluntary. Any individual has the opportunity to decline to be a member of the aggregation program and to return to the Toledo Edison standard offer of service or to enter into a power supply contract with any competitive retail electric supplier.

## **Process**

The process of governmental aggregation is set out in Ohio Revised Code section 4928.20. The section defines two different types of aggregation that may be enacted by a governmental entity -- opt-in aggregation and opt-out aggregation. Opt-in aggregation can occur only with the prior consent of each electric consumer. That is, the consumer must give its consent to be included in the governmental aggregation program. Under the opt-out aggregation provisions, all electric consumers within the City of Northwood will be automatically included in the governmental aggregation program. However, such customers will be given prior notice entitling them to affirmatively elect not to be part of the governmental aggregation program. These customers can opt-out during a 30-day period at the beginning of the program without paying a switching fee. A similar 30-day opt-out period will be offered every two years during which customers can leave the City's aggregation pool without paying a switching fee.

## **The City of Northwood's Aggregation Program**

City of Northwood's aggregation program will be administered by the City Administration. The City Administration currently administers the natural gas purchasing program that contracts for natural gas service to all of the City's facilities. The City has expertise in the law and regulations applicable to the aggregation program and considerable experience in contracting with marketers for energy services.

The aggregation program is designed to reduce the amount consumers pay for electric energy. City of Northwood will not buy and resell the power for the participants of the program. Instead, City of Northwood will competitively bid and negotiate a contract with a competitive retail electric supplier to provide firm, all-requirements service to the members of the aggregation program. The contract will be for fixed price service to each class of customers at a rate that is lower than the standard offer from Toledo Edison. Once the contract has been negotiated, it will be submitted to the Northwood City Council for approval.

Once the contract has been approved, notice will be sent to each customer disclosing the rates to be charged for electricity and other terms of the contract with the competitive retail electric supplier. Customers will be advised in the notice that they may opt out of the program during a 30-day period following the mailing of the notification. Customers who opt out of the City's aggregation program during this initial notification period will remain on Toledo Edison's standard service offer unless and until the customer chooses an alternative power supplier.

### **Services**

The Department of Public Utilities will provide technical analysis, competitive procurement of services, regulatory approvals, accounting and fiscal management, contract maintenance, communications, program coordination and administrative support for the City of Northwood Aggregation Program using existing staff.

### **Funding**

The primary expenses of the City of Northwood Aggregation Program are expected to be publication of notices, written notification to customers, switching fees to Toledo Edison, regulatory fees and registration with the Public Utilities Commission of Ohio. Except, possibly, for the initial notification of customers, these expenses will be the responsibility of the marketer supplying services to the aggregation program. We anticipate that the startup costs will not exceed \$10,000.

### **Notification of customers**

Following the approval of the power supply contract by Northwood City Council, the City Administration will begin notifying customers of the rates to be charged to all participants in the City of Northwood aggregation program. Notices will be sent out

by (1) a notice included within the electric bill or by a separate mailing, (2) newspaper notices; and (3) public service announcements.

The notice shall inform customers that they have the right to opt out of the City of Northwood aggregation program without penalty within 30 days after the mailing of the notice. In addition, the notice shall prominently state all charges to be applicable to service under the aggregation program including a comparison with the Toledo Edison standard offer. Finally, the notice will explain how to opt out of the City's aggregation program.

New customers moving into or within the pool will be notified in accordance with applicable state law and PUCO regulations.

### **Notification of Toledo Edison**

At the same time that customers are being notified of the contract prices under the City of Northwood aggregation program, the City Administration or its selected power supplier shall notify Toledo Edison that the City has negotiated a contract with a competitive retail electric service provider to supply firm, all-requirements service to members of the City of Northwood aggregation program. Toledo Edison will be advised to prepare for the transfer of these customers from the standard service offer to the offer of the selected power supplier.

### **Activation of customer service**

The City's marketer and Toledo Edison will identify those customers in the City currently receiving the standard offer or a special contract offer including PIPP (Percentage of Income Payment Plan) customers. Those customers who have not opted out, who have not renewed their special rate contracts and who are not on the PIPP will be transferred to the supplier selected by the City and enrolled over the period of one month. Toledo Edison shall notify each transferred customer of the transfer to the supplier of the City of Northwood aggregation program 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.

### **Customer opt-out**

Customers may opt out of the City of Northwood aggregation program at no charge within a 30-day period following the mailing of the notice containing the rates and terms of the aggregation program. Customers who provide the required opt out notice will remain customers of Toledo Edison until such time as they select a different generation provider. A 30-day period in which customers can opt-out of the aggregation program without charge will be offered every two years

### **Customer opt-in**

Customers who have left the City of Northwood aggregation program or who have moved into the City may opt-in to the City's aggregation program at any time by contacting the City or its marketer.

### **Disputes**

The procedure for handling complaints and disputes will be facilitated by the energy marketer. The chosen marketer will obtain a toll-free number for customer related complaints. Dispute resolution provisions will be in accordance with PUCO regulations.

### **Termination of power supply program**

The power supply program may be terminated upon the termination or expiration of the power supply contract without any extension, renewal or subsequent supply contract being negotiated. Each individual customer receiving power supply service under the City of Northwood aggregation program will receive notification of the termination of the program 90 days prior to termination. In the event of termination, customers in the City of Northwood aggregation program would either return to the Toledo Edison standard offer or choose an alternative supplier.

### **Rates**

The City Administration 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 Toledo Edison. The prices to be charged to customers in the City of Northwood program will be set by City Council after negotiations with the selected supplier.

## **Billing**

Toledo Edison will continue to bill customers on behalf of itself and the marketer, using an itemized format approved by the PUCO.