Interoffice - Memorandum

To: Trustees and Fiscal Officer

From: Judith C. Boyko, Township Administrator

Date: August 23, 2013

RE: **BUSINESS ITEM: MOTION TO APPROVE SECOND AMENDMENT TO THE MASTER AGREEMENT EFFECTIVE JANUARY 1, 2014 THROUGH DECEMBER 31, 2015 BETWEEN WEST CHESTER TOWNSHIP BOARD OF TRUSTEES AND FIRSTENERGY SOLUTIONS, CORP. TO SUPPLY ELECTRIC AND TO PROVIDE CERTIFICATION SERVICES TO A GOVERNMENTAL AGGREGATOR AND AUTHORIZE TOWNSHIP ADMINISTRATOR TO EXECUTE AGREEMENT**

West Chester has contracted with First Energy Solutions (FES) as its electric aggregation provider since 2010 initially as a two (2) year term and then with an extension. In that time period, participating accounts ranged from 16,000 to 12,000 with a calculated average savings per account of $655.81 and aggregate savings of $9,136,646.93 over Duke Energy's price to compare during the same period. With the Township aggregation programs, there are no guarantees for savings and although the Township's programs are opt-out, any account can cancel at any time with no penalty.

The contract with FES as the Township's aggregation program electric supplier expires December 2013. Over the last month, I have previously reported and presented at Trustee meetings the RFP process conducted by Mark Burns and its results to prepare for the expiration of the Township's electric supplier contract. After receiving direction from a majority of the Board, present at the August 13th Trustee meeting, I directed Mark Burns to solicit best and final offers from the two (2) most competitive bidders which were shared with the Trustees previously.

As you hopefully have already perused the previously sent results of the best and final bids, clearly FES, the current supplier, offered the more competitive rate and accepted all the Township's terms and conditions. The rate quoted, 5.02 cents/kWh, for a twenty-four (24) month contract, starting January 1, 2014 through December 31, 2015, is less than the current program's rate. I have provided documentation to the Board at and for every step of this process. The expectation for a vote on a contract at the August 27th meeting should be expected and should not be a surprise.

MOTION TO APPROVE SECOND AMENDMENT TO THE MASTER AGREEMENT EFFECTIVE JANUARY 1, 2014 THROUGH DECEMBER 31, 2015 BETWEEN WEST CHESTER TOWNSHIP BOARD OF TRUSTEES AND FIRSTENERGY SOLUTIONS, CORP. TO SUPPLY ELECTRIC AND TO PROVIDE CERTIFICATION AND OTHER RELATED ADMINISTRATIVE SERVICES TO A GOVERNMENTAL AGGREGATOR AND TO AUTHORIZE THE TOWNSHIP ADMINISTRATOR TO MAKE NON-SUBSTANTIVE CHANGES IF NECESSARY WITH LAW DIRECTOR APPROVAL AND TO EXECUTE ALL NECESSARY DOCUMENTS TO EFFECTUATE THE SECOND AMENDMENT

PROPOSED

SECOND AMENDMENT TO THE MASTER AGREEMENT TO PROVIDE SERVICES TO AN AGGREGATED GROUP BETWEEN WEST CHESTER TOWNSHIP, OHIO AND FIRSTENERGY SOLUTIONS CORP.

This Second Amendment ("Amendment") is entered into this _____ day of _____, 2013 ("Effective Date"), by and between the signatories to the Master Agreement; West Chester Township, Ohio ("Township"), a township and political subdivision organized and existing under the laws of the State of Ohio and FirstEnergy Solutions Corp. ("FES"), an Ohio corporation with its principal place of business at 341 White Pond Drive, Akron, Ohio (the "Parties").

RECITALS

WHEREAS, FES and West Chester Township are parties to a certain Master Agreement to Provide Services to an Aggregated Group dated April 14, 2010 ("Master Agreement") as amended by the First Amendment to the Master Agreement dated February 28, 2012.

WHEREAS, the Parties have mutually agreed to renew the Agreement for the Term beginning with January 2014 meter read dates through December 2015 meter read dates ("Renewal Term");

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. During the Renewal Term, Participating Customers shall be billed in accordance with the Pricing provisions contained in the Renewal Term's Second Amendment Attachment A dated August 2013, which replaces the First Amendment Attachment A to the Master Agreement. The Second Amendment Attachment A is attached as **Second Amendment Attachment A to Master Agreement Between West Chester Township, Ohio and FirstEnergy Solutions Corp. August 2013.**

2. If Duke Energy's ("Duke's") rate RS, DS (up to 100 kW), or DM (up to 100 kW) falls to a price lower than the Township's Renewal Pricing during the Renewal Term, FES, at its option and upon written request from the Township, may offer to match Duke's price. If FES does not match Duke's price, FES shall return all electric aggregation subscribers to Duke's default service within one billing cycle after receipt of written direction from the Township, or without such direction continue to serve the Customers at the contract price.

PROPOSED

3. FES will not intentionally directly market to Aggregation Members. However, nothing herein shall prevent FES from soliciting and entering into agreements for the supply and delivery of electricity with retail customers that are not Aggregation Members (customers who have not enrolled in the Aggregation Program or who have opted out). The Township recognizes that FES may have affinity programs or other opportunities to sell and deliver to retail customers located in the Township's boundaries, and this Agreement does not bar such actions by FES.

IN WITNESS WHEREOF, the undersigned have caused this Second Amendment to be duly executed as of the Effective Date.

FIRSTENERGY SOLUTIONS CORP.
FirstEnergy Solutions Corp.:

Signed:_____
Printed: _____
Title:_____
Date: _____

WEST CHESTER TOWNSHIP, OHIO

Signed:_____
Printed: Judith C. Boyko
Title: Township Administrator
Date: _____

PROPOSED

Second Amendment Attachment A to Master Agreement
Between
West Chester Township, Ohio and FirstEnergy Solutions Corp.
August 2013

Pricing and Other Conditions to Retail Generation Service Offer

Renewal Term:

Beginning with January 2014 meter read dates through December 2015 meter read dates

Renewal Pricing:

5.02¢ per kWh

Eligible Rate Codes:

RS, DS (up to 100 kW), DM (up to 100 kW)

National accounts (e.g. McDonald's, BP, Dollar General) as well as any eligible commercial accounts with annual usage over 700,000 must "opt-in" to the program.

Termination Fee:

None

Administrative Services:

- Design, print and mail the Opt-out letter to all eligible participants including a sheet of Frequently Asked Questions to provide assistance.
- Administer the Opt-out process including database preparation, handling of opt-out form information, and final enrollment list compilation.
- Provide a call center to handle information calls.
- Provide to West Chester Township's consultant, Independent Energy Consultants, Inc. the program's customer counts and consumption information on a monthly basis. The data are needed to support PUCO reports on behalf of West Chester Township and consultant's quarterly reports to West Chester Township.