TOWN OF FRONT ROYAL, VIRGINIA TOWN COUNCIL MEETING
TUESDAY, May 27, 2014 @ 7:00 p.m
Warren County Government Center

1. Pledge of Allegiance
2. Moment of Silence
3. Roll Call
4. Approval of the Regular Council Meeting minutes of May 12, 2014.
5. Receipt of Petitions and/or Correspondence from the Public
6. Reports:
   a. Report of special committees or Town officials and Town Manager.
      1. Report from Economic Development Authority (EDA) – Jennifer McDonald
   b. Requests and inquiries of Council members.
   c. Report of the Mayor
   d. Proposals for addition/deletion of items to the Agenda.

*7. **CONSENT AGENDA ITEMS – (ROLL CALL VOTE REQUIRED)**
   A. COUNCIL APPROVAL – Proclamation *"Parents Who Host Lose the Most"*
   B. COUNCIL APPROVAL – Resolution – VRS Employer Contribution Rate Election
   C. COUNCIL APPROVAL – Budget Amendment to Purchase Police Equipment with Asset Forfeiture Funds
   D. COUNCIL APPROVAL – Donation of Street Lights to Warren Heritage Society
   E. COUNCIL APPROVAL – Disposition of 225th Anniversary Banners
   F. COUNCIL APPROVAL - REC Interconnection Agreement
   G. COUNCIL APPROVAL - Extension of Terms of Current Council Members to Appointments
   H. COUNCIL APPROVAL - Northern Shenandoah Valley Regional Commission (NSVRC) Non-Elected Representative

**The nature of a consent agenda is such that discussion of individual items does not occur.*

8. **PUBLIC HEARING** – Adoption of the Town's Annual Appropriation Ordinance for FY 2014-2015 Budget *(1st reading)*

9. **PUBLIC HEARING** – Ordinance to Amend & Re-Enact Code Sections to Increase Water and Sewer Rates *(1st Reading)*

10. **PUBLIC HEARING** – Ordinance to Amend & Re-Enact Code Section to Increase Energy Service Fee *(1st Reading)*

11. **PUBLIC HEARING** – Ordinance to Enact Code Section to Establish a Temporary Electric Service Fee *(1st Reading)*

12. **COUNCIL APPROVAL** – Warren Heritage Society Utility Service Reimbursement

13. **COUNCIL APPROVAL** – AMPGS Stranded Cost Payment Options

Town of Front Royal, Virginia
Council Agenda Statement

Page 1
Item No. 7(A)

Meeting Date: May 27, 2014

Agenda Item: COUNCIL APPROVAL – Proclamation – *"Parents Who Host Lose the Most"*

Summary: Council has received a request from the Blue Ridge Young Marines seeking to proclaim the month of June as *"Parents Who Host Lose the Most"* in the Town of Front Royal.

Budget/Funding: None

Attachments: Proclamation and e-mail from the Blue Ridge Young Marines

Meetings: None

Staff Recommendation: Approval ✓ Denial______

Should Council wish to remove this item from the consent agenda, the following motion would allow approval of this request:

Proposed Motion: **I move that Council approve a Proclamation to proclaim June 2014 as *"Parents Who Host Lose the Most"* month in the Town of Front Royal.**

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

Tina Presley

From: Jennifer Berry
Sent: Wednesday, May 07, 2014 2:50 PM
To: Tina Presley
Subject: FW: Parens Who Host Lose the Most Proclimation

Tina,
Their request is below.
I just submitted the proclamation in the email prior to this one.

Thanks,
Jennifer

From: Kristine Villatoro [mailto:kvillato5@yahoo.com]
Sent: Thursday, May 01, 2014 5:38 PM
To: Jennifer Berry
Subject: Parens Who Host Lose the Most Proclimation

Ms. Berry,

On behalf of Blue Ridge Young Marines and recruits, I am submitting a procliamtion for Parents who host lose the Most.

Thank you.
YM CPL Villatoro
YM PFC Day
YM PFC Geffert
YM Rct A. Hickman
YM Rct C. Hickman
YM Rct J. Hickman
YM Rct R. Holmes
YM Rct A.Leutenegger
YM Rct C.Leutenegger
YM Rct K. Reeder
YM Rct R. Reeder

Parents Who Host, Lose The Most

***Parents Who Host, Lose The Most: Don't Be A Party To Teenage Drinking* Takes Place At State And Local Levels,** concentrating on celebratory times for youth, such as homecoming, holidays, prom, graduation and other times when underage drinking parties are prevalent. This program encourages parents and the ENTIRE community to send a unified message that teen alcohol consumption is unhealthy, unsafe and unacceptable.

WHEREAS, alcohol is the most commonly used illegal drug by students; and underage alcohol use is associated with traffic crashes and fatalities, other drug use, violence and gang involvement, rape, depression and suicide, and educational failure; and The Parents Who Host, Lose the Most: Don't Be a Party to Teenage Drinking campaign informs parents and other adults about the legal ramifications and health and safety risks of serving alcohol to teens.

WHEREAS, 65 percent of underage youth say they get alcohol from family and friends, even though it is illegal in Virginia for a person under 21 years of age to consume or possess alcohol, and it is illegal for an adult to provide alcohol to a person under 21 years of age; and adults who provide alcohol to those below the legal drinking age of 21 are placing the health and safety of those young persons at risk, and

WHEREAS, alcohol use by young people is dangerous, not only because of the risks associated with acute impairment, but also because of the threat to their long-term development and well-being, and

WHEREAS, it is illegal for parents to allow their child's friends to drink alcohol in their home, even with their parents' permission, and anyone found guilty of providing alcohol to youth can face criminal charges, in addition to possible civil action for damages or injury related to underage drinking, and

WHEREAS, adults have the authority and responsibility to our youth to provide them with alternative opportunities by creating alcohol-free activities, and

WHEREAS, Town of Front Royal residents refuse to provide alcoholic beverages to underage youth and to take the necessary steps to discourage this illegal and unhealthy practice, including the reporting of underage drinking to the local police, and

WHEREAS, Town of Front Royal not only discourages the use of alcohol by those below the legal age of consumption, but also exhorts all residents of Middleburg to refuse to provide alcoholic beverages to those underage youth, and will continue to take the necessary steps to discourage this illegal and unhealthy activity.

WHEREAS, prevention efforts, including parents talking with their teens and modeling appropriate behavior, are critical, particularly during prom and graduation season;

NOW, THEREFORE, BE IT RESOLVED that Town of Front Royal does hereby proclaim, June 2014 to be:
PARENTS WHO HOST, LOSE THE MOST: DON'T BE A PARTY TO TEENAGE DRINKING AWARENESS MONTH

APPROVED:		***ATTEST:***
Timothy W. Darr *Mayor of Front Royal*	FRONT ROYAL VIRGINIA	*Jennifer E. Berry, CMC* *Clerk of Council*

Town of Front Royal, Virginia
Council Agenda Statement

Page 1
Item No. 7(B)

Meeting Date: May 27, 2014

Agenda Item: COUNCIL APPROVAL – Resolution – VRS Employer Contribution Rate Election

Summary: The Virginia Retirement System (VRS) has requested that the Town determine the Employer Contribution Rate for the defined benefit retirement program. Two options are provided 1) certified rate of 14.25%, or 2) alternate rate of 12.59%. Council is requested to consider the two rates and designate one in a Resolution to be approved during the May 27, 2014 Regular Council Meeting. Staff has included the certified rate in the FY 2014-2015 Proposed Budget.

Budget/Funding: None

Attachments: Resolution and Letter from VRS

Meetings: Work Session held May 19, 2014

Staff Recommendation: Approval ✓ Denial______

Should Council wish to remove this item from the consent agenda, the following motion would allow approval of this request:

Proposed Motion: **I move that Council approve a Resolution that determines the Virginia Retirement System (VRS) Employer Contribution Rate for the defined benefit retirement program for the Town of Front Royal will be at the certified rate of 14.25%.**

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

Employer Contribution Rates for Counties, Cities,
Towns, School Divisions and Other Political Subdivisions
(In accordance with the 2014 Appropriation Act Item 468(H))

Resolution

BE IT RESOLVED, that the [Locality, School Division, or Other Political Subdivision Name] [employer code] does hereby acknowledge that its contribution rates effective July 1, 2014 shall be based on the higher of a) the contribution rate in effect for FY 2014, or b) eighty percent of the results of the June 30, 2013 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2014-16 biennium (the "Alternate Rate") provided that, at its option, the contribution rate may be based on the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to Virginia Code § 51.1-145(I) resulting from the June 30, 2013 actuarial value of assets and liabilities (the "Certified Rate"); and

BE IT ALSO RESOLVED, that the [Locality, School Division, or Other Political Subdivision Name] [employer code] does hereby certify to the Virginia Retirement System Board of Trustees that it elects to pay the following contribution rate effective July 1, 2014:

(Check only one box)

☐ The Certified Rate of _____%   ☐ The Alternate Rate of _____%; and

BE IT ALSO RESOLVED, that the [Locality, School Division, or Other Political Subdivision Name] [employer code] does hereby certify to the Virginia Retirement System Board of Trustees that it has reviewed and understands the information provided by the Virginia Retirement System outlining the potential future fiscal implications of any election made under the provisions of this resolution; and

NOW, THEREFORE, the officers of [Locality, School Division, or Other Political Subdivision Name] [employer code] are hereby authorized and directed in the name of the [Locality Name or School Division Name or both] to carry out the provisions of this resolution, and said officers of the [Locality, School Division, or Other Political Subdivision Name] are authorized and directed to pay over to the Treasurer of Virginia from time to time such sums as are due to be paid by the [Locality, School Division, or Other Political Subdivision Name] for this purpose.

____

Governing Body/School Division Chairman

CERTIFICATE

I, __________________________________, Clerk of the [Locality, School Division, or Other Political Subdivision Name], certify that the foregoing is a true and correct copy of a resolution passed at a lawfully organized meeting of the [Locality, School Division, or Other Political Subdivision Name] held at _______________, Virginia at __________ o'clock on ________________ ______, 2014. Given under my hand and seal of the [Locality, School Division, or Other Political Subdivision Name] this _____ day of _______________, 2014.

____

Clerk

This resolution must be passed prior to July 1, 2014 and received by VRS no later than July 10, 2014.

Virginia Retirement System

P.O. Box 2500, Richmond, Virginia 23218-2500
Toll free: 1-888-VARETIR (827-3847)
Web site: www.varetire.org
E-mail: vrs@varetire.org

May 2, 2014

TOWN OF FRONT ROYAL – 55226

Language in the 2013 Appropriations Act, Item 468(H), allowed localities to make an election regarding their employer contribution rate every biennium. You have the opportunity again this year to select which employer contribution rate your locality will pay, beginning July 1, 2014.

Included with this letter is the employer contribution resolution your local governing body will need to pass and then send in to communicate to VRS their election decision.

Employer Retirement Contribution Rate Election

By no later than July 1, 2014, your local governing body must approve one of the following employer contribution rate options for the defined benefit retirement plan in the biennium beginning July 1, 2014:

- 14.25% – the rate certified by the VRS Board of Trustees for the FY 2015-2016 biennium; or
- 12.59% – the alternate rate, which is the higher of the rate certified by the VRS Board for FY 2012 or 80 percent of the VRS Board-certified rate for FY 2015-2016.

Considerations in Electing Your Contribution Rate

The intent of the language in the 2013 Appropriation Act, Item 468(H) was to offer localities and schools some budget relief for the coming fiscal year with respect to the amount of their retirement contributions. However, this does not change the Board-certified rate or the recommended employer contribution rate. Therefore, if you are considering using the Alternate Rate, please be aware that doing so will:

- Reduce contributions to your employer account and the investment earnings they would have generated, which will mean there will be fewer assets available for benefits.

- Result in a lower funded ratio when the next Actuarial Valuation is performed and, thus, a higher calculated contribution rate at that time.
- Require that you include the Net Pension Obligation (NPO) under the Governmental Accounting Standards Board (GASB) Standards in your financial statements.

Deadline for Resolutions

VRS must receive your formal signed resolution for the employer retirement contribution rate election **by no later than July 10, 2014.** Please send all resolutions to Ms. ZaeAnne Sferra, Employer Coverage Coordinator at P.O. Box 2500, Richmond, VA 23218-2500.

If you have any questions about the information in this packet, please contact Ms. ZaeAnne Sferra, Employer Coverage Coordinator, at zsferra@varetire.org or (804) 775-3514.

Best regards.

Sincerely,

Robert P. Schultze
Director

Town of Front Royal, Virginia
Council Agenda Statement

Page 1
Item No. 7(C)

Meeting Date: May 27, 2014

Agenda Item: COUNCIL APPROVAL – Budget Amendment to Purchase Police Equipment with Asset Forfeiture Funds

Summary: Council is requested to consider approval of a Budget Amendment in the amount of $6,500.00 from Asset Forfeiture Funds to partially purchase a pre-owned Meggitt Firearms Training Simulator (F.A.T.S) to be used to enhance and increase the training and proficiency of police officers at a total cost of $12,500. The Police Foundation is funding $6,000.00.

Budget/Funding: Expense 1610-7001 [Machinery & Equipment] 6500.00
Revenue 1610-3510110 [Asset Fund Balance] 6500.00
Foundation will pay directly to vendor

Attachments: Memorandum from the Chief of Police

Meetings: None

Staff Recommendation: Approval ✓ Denial_______

Should Council wish to remove this item from the consent agenda, the following motion would allow approval of this request:

Proposed Motion: **I move that Council approve a Budget Amendment in the amount of $6,500.00 from Asset Forfeiture Funds to partially purchase a pre-owned Meggitt Firearms Training Simulator (F.A.T.S) to be used to enhance and increase the training and proficiency of police officers.**

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

TOWN OF FRONT ROYAL

POLICE DEPARTMENT
23 E. JACKSON STREET
FRONT ROYAL, VIRGINIA 22630-1560

Norman A. Shiflett
Chief of Police
(540) 635-2111
(540) 635-6160 (Fax)

Date: May 8, 2014

To: Steve Burke; Town Manager

From: Norman Shiflett; Chief of Police NS

Subject: Expenditure of Asset Forfeiture Funds

The police department has come into a unique and opportune situation for training. Virginia Pistol, located in Linden, has offered to sell their Firearms Training Simulator (F.A.T.S.) to the department at an extremely reasonable price. The entire system, including re-assembly at the department and training to all the firearms instructors, can be obtained for a cost of $12,500.00. This system, if purchased at retail price would cost the department approximately $40,000.00.

The Front Royal Police Foundation has agreed to provide $6,000.00 toward the cost of the system. I am requesting to use $6,500.00 of asset forfeiture funds to cover the remaining cost of the system. The F.A.T.S. machine is a high quality training tool used to expose officers to stressful decision making scenarios involving the use of force in a safe, non-hazardous environment. Through obtaining this system, the department will be able to provide an advanced level of training to meet statutory training standards as well as complying with various case law involving firearms and the use-of-force.

My staff have briefed the Director of Finance and ascertained that there are sufficient funds within the asset forfeiture program to cover this cost. I respectfully ask that this item be placed on the Council work session agenda for May 19, 2014.

Town of Front Royal, Virginia
Council Agenda Statement

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Item No. 7(D)

Meeting Date: May 27, 2014

Agenda Item: COUNCIL APPROVAL – Donation of Street Lights to Warren Heritage Society

Summary: Council is requested to consider donation of two street light assemblies removed near the South Fork Bridge for preservation and use by the Warren Heritage Society. Town Staff removed the street lights as part of the utility relocation work for the new bridge construction, and are currently in storage.

Budget/Funding: None

Attachments: E-mail from the Executive Director of the Warren Heritage Society

Meetings: Work Session held May 19, 2014

Staff Recommendation: Approval ✓ Denial____

Should Council wish to remove this item from the consent agenda, the following motion would allow approval of this request:

Proposed Motion: **I move that Council approve a donation of two street light assemblies removed near the South Fork Bridge for preservation and use by the Warren Heritage Society.**

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

Tina Presley

From: Steve Burke
Sent: Friday, April 11, 2014 3:08 PM
To: Tina Presley
Cc: Joseph Waltz; Doug Napier; Kim Gilkey-Breeden
Subject: FW: bridge lamps

Tina,

Please add to the last work session in May.

Thanks,
Steve

Steven Burke, PE
Town Manager
Town of Front Royal
PO Box 1560
102 East Main Street
Front Royal VA 22630
(540) 635-8007 (O)
(540) 636-7475

Www.frontroyalva.com
Www.discoverfrontroyal.com

From: Patrick Farris <whsexecutivedirector@comcast.net>
Date: Friday, April 11, 2014 at 3:05 PM
To: Steve Burke <sburke@frontroyalva.com>
Subject: Re: bridge lamps

Steve Burke
Town Manager
Town of Front Royal

Mr. Burke,

The grounds of the Warren Heritage Society were enriched five years ago by the addition of a piece of the old North Fork Bridge, which has been incorporated into our landscaping and other outdoor artifacts. We are working now to secure a similar section of the South Fork Bridge.

As a result, I would like very much to have the opportunity to expand on this area of our outdoor exhibit space with the addition of two lamp posts with glass domes, all of which were recently removed by the Town from the South Fork Bridge in preparation for ensuing work on the bridge. If it would be acceptable to receive two of these light posts I would be appreciative. Also, if it would be possible to receive two additional glass domes from two of the other light posts that would be very helpful as well, as we can set those aside for replacement should the need ever arise.

I am grateful for your willingness to consider assisting us with this project,

Most sincerely,

Patrick Farris

Town of Front Royal, Virginia
Council Agenda Statement

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Item No. 7(E)

Meeting Date: May 27, 2014

Agenda Item: COUNCIL APPROVAL – Disposition of 225th Anniversary Banners

Summary: Council is requested to consider selling the remaining (40) blue and red 225th Anniversary Banners that were displayed on the streets of the Front Royal during the Town of Front Royal's 225th Anniversary Celebration of 2013. The banners were originally purchased for $58.00 each. Staff has suggested that the banners be sold at the Front Royal-Warren County Visitors' Center.

Budget/Funding: None

Attachments: None

Meetings: Work Session held May 19, 2014

Staff Recommendation: Approval ✓ Denial______

Should Council wish to remove this item from the consent agenda, the following motion would allow approval of this request:

Proposed Motion: **I move that Council authorize Town Staff to sell the remaining (40) blue and red 225th Anniversary Banners that were displayed on the streets of Front Royal in 2013, in the Front Royal-Warren County Visitors' Center at a price of $25.00.**

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

Town of Front Royal, Virginia
Council Agenda Statement

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Item No. 7(F)

Meeting Date: May 27, 2014

Agenda Item: COUNCIL APPROVAL – REC Interconnection Agreement

Summary: In July 2010, Rappahannock Electric Cooperative (REC) took ownership of the northern part of the Allegheny Power System in Virginia. Since the change, the existing document the Town had for Interconnection with PJM did not apply to REC. Council is requested to approve the REC Interconnection Agreement as presented.

Budget/Funding: None

Attachments: Agreement

Meetings: Work Session held May 19, 2014

Staff Recommendation: Approval ✓ Denial______

Should Council wish to remove this item from the consent agenda, the following motion would allow approval of this request:

Proposed Motion: **I move that Council approve the Rappahannock Electric Cooperative (REC) Interconnection Agreement as presented.**

ROLL CALL VOTE REQUIRED

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: ______

~~1/6~~3/31/2014 ~~DRAFT~~REVISIONS

INTERCONNECTION AGREEMENT

Between

TOWN OF FRONT ROYAL, VIRGINIA

and

RAPPAHANNOCK ELECTRIC COOPERATIVE

_______________, 2014

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APPENDICES

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INTERCONNECTION AGREEMENT

THIS INTERCONNECTION AGREEMENT (the "Agreement") is made and entered into as of this ______ day of __________, 2014, by and between Town of Front Royal, Virginia ("Town"), and Rappahannock Electric Cooperative, a Virginia public utility cooperative ("REC"). The Town and REC may be referred to herein individually as a "Party" or collectively as the "Parties". For the avoidance of doubt, the terms "Party" or "Parties" as used herein shall not include PJM Interconnection, L.L.C. ("PJM"), or any successor regional transmission organization ("RTO").

WITNESSETH:

1. WHEREAS, the Town of Front Royal is a Virginia municipality, owning and operating electric facilities for the distribution of electric power and energy to its customers;

2. WHEREAS, REC is a Virginia electric distribution cooperative, owning and operating electric facilities for the distribution of electric power and energy within its jurisdictional boundaries in the Commonwealth of Virginia;

3. WHEREAS, REC is electrically interconnected with the transmission system of First Energy, d/b/a Potomac Edison ("FE"), that interconnection being subject to the Interconnection Agreement between Old Dominion Electric Cooperative ("ODEC") and Potomac Edison Company d/b/a Allegheny Power ("PE") dated July 1, 2010 ("PE-ODEC Agreement"); and

4. WHEREAS, ODEC is responsible for keeping PJM fully apprised of the matters addressed in the PE-ODEC Agreement, including reliability and planning responsibilities including those obligations, the performance of which requires information and/or data input from as well as operational tasks by REC at the direction of ODEC; and

5. WHEREAS, the REC sub-transmission system is interconnected with the distribution system of the Town at certain points (the "Interconnection Points"), and such systems are operated in parallel;

6. WHEREAS, through the interconnection of REC's sub-transmission system and the Town's distribution system, REC's facilities serve as the only means for the Town to receive electric power from the transmission system of FE;

7. WHEREAS, REC is willing and able to provide to the Town, consistent with the PE-ODEC Agreement, the interconnection, transmission and other services (collectively, "Interconnection Services") that are required for the Town to furnish safe, reliable and continuous electric service to its customers, and REC recognizes the necessity of the Interconnection Services to the Town for such purposes; and

8. WHEREAS, the Town enters into this Agreement for the purpose of receiving Interconnection Services and REC enters into this Agreement for the purpose of providing Interconnection Services, all subject to the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein set forth and other valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1 - INTERCONNECTION POINTS

1.1. Identification of Interconnection Points. REC's sub-transmission system shall be interconnected to the distribution system of the Town at the interconnection points specified in Appendix I ("Front Royal Interconnection Points"), as it may be ~~amended~~ adjusted from time to time by REC to reflect the addition, termination and modification of Interconnection Points in accordance with Article 4 hereof.

1.2. Obligation to Keep Facilities in Service. Each Party shall pay for, own and have the responsibility to maintain the facilities on its side of an Interconnection Point. Subject to any agreement the Parties may reach pursuant to Article 4 concerning the termination of any Interconnection Point, REC shall keep in service throughout the term of this Agreement ~~those of~~ only its facilities ~~as~~that are required for the provision of continuous Interconnection Service to the Town. Such facilities include REC's 138/34.5 kV substation step-down transformers, 34.5 kV sub-transmission lines, and conductors, switches, relays and meters located at the Interconnection Points, all as illustrated and described in Appendix I to this Agreement, which appendix is made a material part hereof by this reference.

ARTICLE 2 - SERVICES AND SERVICE CONDITIONS

2.1. Services Provided. During the term of this Agreement, REC shall furnish Interconnection Service to the Town in accordance with this Agreement. Such Interconnection Service shall encompass those services reasonably required by the Town in order to furnish safe, reliable and continuous electric service to its customers, including interconnection service, which is defined as ~~(~~the establishment and maintenance of electrical interconnections between REC and the Town~~)~~ and sub-transmission service, which is defined as ~~(~~the receipt by REC of electrical energy into its system, and the ~~transmission and~~ delivery of such electrical energy to the Town at the Interconnection Points~~)~~.

2.2. Characteristics of Delivered Energy. All electric energy delivered by REC to the Town at the Interconnection Points shall be of the character commonly known as three-phase, 60 Hz energy and shall be delivered at the Interconnection Points at a nominal voltage of approximately 34,500 volts (34.5 kV), unless otherwise agreed by the Parties.

2.3. Avoidance of Unauthorized Use and Control of System Disturbances

(A) Each Party shall have facilities or contractual power supply arrangements adequate to serve its own load and shall exercise reasonable care to design, construct, maintain, and operate its facilities in accordance with Good Utility Practice (as defined below) and in such manner as to avoid the unauthorized utilization of the ~~generation, transmission,~~ sub-transmission or distribution facilities of the other Party (hereinafter referred to as "Unauthorized Use"). Either Party may install and operate on its system such relays, disconnecting devices, and other protection equipment, as it may deem reasonably appropriate for the protection of its system or prevention of Unauthorized Use.

(B) Except as may be otherwise expressly agreed, REC shall install, own, operate, maintain and (as necessary) refurbish or replace facilities on its side of each Interconnection Point, and the Town shall install, own, operate, maintain and (as necessary) refurbish or replace facilities on its side of each Interconnection Point.

(C) Each Party shall maintain and operate its system so as to minimize, in accordance with Good Utility Practice, the likelihood that an electrical disturbance originating on its system might impair the service of the other Party or of any system interconnected with the system of the other Party.

~~(D) Certain provisions of REC's standard "Terms and Conditions for Providing Electric Service," as such may be amended from time to time, shall be deemed to apply to the Interconnection Services provided by REC under this Agreement. The provisions deemed applicable for this purpose are listed in Appendix III and are incorporated herein by reference.~~

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2.4. Interruptions or Reductions of Interconnection Service

(A) The Interconnection Services provided under this Agreement may be interrupted or reduced only under the following conditions:

(i) as the result of the automatic or manual operation, or during system emergency conditions, ~~of~~ or during the installation of equipment ~~installed~~ for power system protection or sectionalizing;

(ii) when a Party undertakes the installation, maintenance, inspection, repair or replacement of equipment on its system, and the interruption or reduction of service that is necessary to accommodate such activity cannot, consistent with Good Utility Practice, be avoided; ~~and~~

(iii) when the Party that interrupts or reduces service determines in good faith that such action is necessary to avoid damage to equipment or injury to personnel, or to prevent or limit any instability on its system that otherwise would result in a more widespread interruption of service~~.~~; and

~~(iii)~~(iv) for any other purpose that is reasonably required and in accordance with Good Utility Practice.

(B) Except in the event of emergency situations, ~~T~~the Interconnection Services provided under this Agreement may not be interrupted or reduced unless the Party that seeks to interrupt or reduce service has first:

(i) determined that other operating actions that would not require the interruption or reduction of Interconnection Service are not practicable under the circumstances;

(ii) identified and taken reasonable steps to minimize the extent of the disruption to the other Party's operations that is expected to result from the interruption or reduction of Interconnection Service; and

(iii) given commercially reasonable advance notice of the interruption or reduction of Interconnection Service to the other Party, unless notice is precluded due to emergency circumstances, in which case such notice is to be provided as soon as practicable thereafter.

(C) In implementing any interruption or reduction of Interconnection Services to any of the Interconnection Points, REC shall not accord the Town a lower priority of service than REC accords other sub-transmission and distribution circuits affected by the subject interruption or reduction.

(D) With respect to any load curtailment directive received by REC or the Town:

(i) REC shall be solely responsible for any responding to any emergency load curtailment directives given to REC by PJM, ODEC or any other entity.

(ii) The Town shall be solely responsible for ~~any~~ responding to any emergency load curtailment directives given to the Town by PJM or any other entity.

(iii) In responding to any emergency load curtailment directive given to REC by PJM, ODEC or any other entity, REC shall curtail only its own customer load and shall neither (1) intentionally reduce the amount of power delivered to the Town at the Interconnection Points in order to comply with the directive, nor (2) perform any operations that would affect the amount of power flowing through the Interconnection Points to serve the Town, except as otherwise provided in this Agreement.

2.5. Restoration of Interconnection Service Following Interruption or Reduction

(A) The Party that interrupts or reduces the Interconnection Services provided under this Agreement shall:

(i) as promptly as practicable, provide the other Party with a good-faith estimate of when the service will be fully restored;

(ii) restore such service at the earliest time possible after system conditions permit; and

(iii) take no actions that might intentionally impair the quality or reliability of Interconnection Services following the restoration of service, or fail to take actions, to the extent subject to REC's control, when such failure might intentionally impair the quality or reliability of Interconnection Services following restoration of service.

(B) In restoring any interruption or reduction of Interconnection Services to any of the Interconnection Points, REC shall treat the Town in the same manner and with the same priority of service restoration as REC treats its other sub-transmission and distribution circuits affected by the subject interruption or reduction.

2.6. Operating Responsibilities

(A) REC will receive power from its interconnections with FE and deliver it to the Town at the Interconnection Points while expending efforts no less rigorous in regard to reliability than it expends in serving its own customers and in accordance with REC's standard "Terms and Conditions for Providing Electric Service.

(B) Each Party shall at all times operate and maintain its equipment in a manner consistent with Good Utility Practice and the National Electrical Safety Code ("NESC") in order to permit such Party to operate those facilities in accordance with this Agreement.

(C) The Parties shall coordinate such operating arrangements as may be necessary for each of them to inspect, maintain, upgrade, refurbish or replace facilities on its side of an Interconnection Point. Such coordination shall be implemented in a timely manner taking into account the nature and scope of the activities contemplated, and shall take place between operating personnel of REC's ~~control~~ dispatch center and the Town's Director of Energy Services (or equivalent head of the Town's electric system) or the Manager of Operations (or equivalent head of the Town's construction/operations/maintenance personnel).

(D) It is intended that the electrical systems of the Parties normally shall be operated consistent with and in compliance with the applicable mandatory reliability standards issued by the North American Electric Reliability Corporation and approved by the Federal Energy Regulatory Commission, as those standards may be amended from time to time. Each Party shall be independently and solely responsible for achieving and maintaining compliance with any such standards as may be applicable to its facilities and for bearing any penalties or costs arising from such Party's non-compliance.

2.7. Access to Interconnection Points. Each Party shall have a non-transferable, non-assignable right to access ~~the premises,~~ structures, and facilities of the other Party for the purpose of installing, inspecting, operating, maintaining and (as necessary) refurbishing or replacing facilities and equipment at the Interconnection Points. Any exercise of such access right shall conform to the prior notice and other requirements of each Party's applicable operating procedures, rules and regulations (if any). Each Party shall provide reasonable prior notice prior to undertaking any action for purposes of this Section 2.7.

2.8. Good Utility Practice. The term "Good Utility Practice" as used herein shall mean any of the applicable practices, methods and acts: (a) otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practice, reliability, safety and expedition and (b) required by applicable law or regulation. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, or acts generally accepted in the electric utility industry.

ARTICLE 3 - CHARGES AND BILLING

3.1. Charges for Service. Each month during the term of this Agreement, REC shall invoice the Town for the costs of providing Interconnection Service as specified in Appendix II. The REC costs subsumed within the monthly charges ~~are as follows:~~ include the Town's allocable share of facilities costs, line extension costs, metering costs/credits, and electricity charges for telemetering equipment.

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~~(A) Facilities Costs: an allocable share of the costs of REC facilities, identified in Appendix I, that are used in providing Interconnection Service to the Town (see Appendix II, footnote 1).~~

~~(B) Line Extension Costs: capital contribution and maintenance charge paid by the Town for an agreed-upon line extension to the Town's Happy Creek substation (see Appendix II, footnotes 2 and 3).~~

~~(C) Metering Costs: costs to REC of owning and maintaining meters used to measure service provided to the Town, except to the extent the costs of particular meters may be included in other charges pursuant to Appendix II, and less any credits for meter removal (see Appendix II, footnotes 4, 5 and 6).~~

~~(D) Telemetering Power Costs: costs of electricity provided by REC to serve telemetering equipment owned by the Town or by a third-party owner for the Town's benefit (see Appendix II, footnote 7).~~

3.2. Continuation of Charges. The charges identified in Section 3.1 and in Appendix II will continue for as long as the facilities are needed for providing Interconnection Service to the Town.

3.3. Delinquent Charges. REC's monthly invoice shall be considered presented when mailed or when otherwise delivered by REC to the Town. Any amount not paid by the date on which the next following monthly invoice is issued shall be considered delinquent, and a Late Payment Charge (calculated as specified in REC's then-current Schedule of Fees and Charges, Schedule F) will be applied to the unpaid amount.

3.4. Disputed Bills. If the Town disputes any portion of a monthly invoice rendered by REC hereunder, it shall notify REC in writing of the nature of the dispute and the amount of the monthly invoice affected by the dispute. The existence of a dispute shall not entitle the Town to withhold timely payment of the disputed portion of REC's monthly invoice. Any dispute will be submitted in writing to the Coordinating Committee (as defined below) for resolution in accordance with Article 6. If the Coordinating Committee does not resolve the dispute within ninety (90) days after the written submission of the dispute, the dispute thereafter shall be subject to the dispute resolution procedures specified in Article 8.

ARTICLE 4 – ADDITIONS AND MODIFICATIONS TO, AND TERMINATION OF, INTERCONNECTION POINTS

4.1. Additions or Changes to, or Termination of, Facilities Comprising the Interconnection Points. The Parties acknowledge that, from time to time during the term of this Agreement, it may be necessary or desirable to add one or more new Interconnection Points or to modify or terminate one of more of the existing Interconnection Points identified in Appendix I. The Parties by written amendment to this Agreement may add, modify, remove, relocate or terminate facilities comprising the Interconnection Points, and any such additional, modified, removed, relocated or terminated facilities shall be reflected in a revised Appendix I and II as appropriate. The Parties shall work in good faith to reach agreement on arrangements for the addition of new Interconnection Points and the modification, removal, relocation or termination of existing Interconnection Points, including charges for service provided through any additional or modified facilities or Interconnection Points required in the future.

4.2. Allocation of Costs Associated with Changes to Interconnection Points.

(A) Each Party shall pay for, own and have the responsibility to maintain the facilities on its side of the Interconnection Point. If a Party desires to add a new Interconnection Point or to modify, remove, relocate, or terminate an existing Interconnection Point, and if such change shall require investment in and/or would require modification of the other Party's facilities, the Party desiring the change shall notify the other Party in writing of the desired change. Such notification shall be provided in a timely manner taking into account the scope and nature of the efforts necessary to implement the desired change. The Parties thereafter shall negotiate in good faith to reach agreement on a reasonable allocation of the costs that would be incurred by each Party to implement the desired change, taking into account the benefits each would realize from the proposed addition to, or modification of, existing facilities. Unless the Parties mutually agree otherwise, the Party requesting such modification, relocation, discontinuance, or addition shall be fully responsible for all costs incurred as a result of modifying the Facilities at an Interconnection Point or relocating, discontinuing, or adding such Interconnection Point.

(B) Upon request, each Party shall provide the other Party with a written preliminary, non-binding estimate of the costs it would incur to implement any proposed addition to, or modification of, existing facilities. Such estimate shall include, at a minimum, a breakdown by labor~~,~~ and materials~~, vehicle costs, outside services and overhead costs~~ to perform such work.

~~(B)~~(C)If the Parties are unable to reach agreement on the allocation of the costs each would incur to implement any proposed addition to, or modification of, existing facilities, the matter shall be referred in writing to the Coordinating Committee for resolution.

~~(C) Upon request, each Party shall provide to the other Party data and other information that would facilitate an evaluation of the benefits each Party would realize from the proposed addition to, or modification of, existing facilities. Such~~

~~data and other information may be exchanged pursuant to suitable confidentiality arrangements, if requested by either Party.~~

~~(D) If the Parties are unable to reach agreement on the allocation of the costs each would incur to implement any proposed addition to, or modification of, existing facilities, the matter shall be referred in writing to the Coordinating Committee for resolution. If the Coordinating Committee does not resolve the allocation of costs within ninety (90) days after the written submission of the matter, the allocation of costs thereafter shall be subject to the dispute resolution procedures specified in Article 8.~~

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4.3. No Limitation on Construction of New Interconnection Points.

(A) Nothing in this Article 4 shall be interpreted or construed to limit a Party's right to construct a new Interconnection Point even though the circumstances giving rise to the need for a new Interconnection Point might be addressed in accordance with Good Utility Practice by modifying and/or upgrading such Party's existing facilities.

(B) Notwithstanding the provisions of Section 4.3A, if the addition of a new Interconnection Point would materially adversely affect the reliability or safety of the other Party's facilities or system, the Party desiring the new Interconnection Point shall be required to prepare and submit a plan for mitigating the adverse impact and may not proceed with implementing the new Interconnection Point until any disagreement on such mitigation is resolved.

(C) If the Parties are unable to reach agreement on the mitigation of any adverse impact resulting from a proposed new Interconnection Point, the matter shall be referred in writing to the Coordinating Committee for resolution. If the Coordinating Committee does not resolve the mitigation of adverse impact within ninety (90) days after the written submission of the matter, the mitigation of adverse impact thereafter shall be subject to the dispute resolution procedures specified in Article 8.

ARTICLE 5 – METERING AND METER MAINTENANCE AND TESTING

5.1. Type of Meters Required. REC's meters at the Interconnection Points shall be billing quality demand and energy interval meters.

5.2. Meter Inspection and Testing. Each of REC's meters at/near the Interconnection Points shall be inspected and tested in accordance with the latest ANSI Standards and at least once every five (5) years, or at any other mutually agreed interval thereafter. More frequent meter testing may be performed at the reasonable request of the Town, and will be performed at the Town's expense if the meter is found to be within the established ANSI tolerances. REC shall inform the Town in advance of impending meter testing, and will coordinate with the Town to have a Town representative attend and witness the tests.

5.3. Required Accuracy of Meters. The accuracy of the revenue meter shall be maintained at two-tenths of one percent (0.2%) accuracy or better, and the revenue meter test shall require a meter standard with accuracy traceable to the National Institute of Standards and Technology ("NIST").

REC shall repair or replace, at its own expense, a revenue meter that has a percent accuracy error that is found to be more than ±0.2%.

5.4. Metering Records. REC shall maintain necessary records that demonstrate compliance with all meter tests and maintenance conducted in accordance with Good Utility Practice for the life of each Interconnection Point. The Town shall have reasonable access to such records, subject to applicable law and any confidentiality requirements. Test results for each meter will be provided to the Town upon request and, except for testing performed at the request of the Town, where the meter is found to be within the established ANSI tolerance, at no cost to the Town.

5.5. Availability of Metered Data. If the Town or any other entity is obligated to provide to PJM information regarding the Town's demand or energy use, REC shall provide or make available to the entity so obligated the demand and energy values recorded by REC's meters at the Interconnection Points. Such readings shall be provided or made available no less often than is required for the obligated entity to comply with applicable data reporting requirements of the PJM Open Access Transmission Tariff, the PJM Operating Agreement, the PJM Reliability Assurance Agreement or other relevant PJM documents.

5.6. Meter Failure. If REC-owned metering equipment at an Interconnection Point fails to register at any time, the Parties shall cooperate in estimating the energy delivered through the failed meter using the best available data and load estimation techniques.

ARTICLE 6 – COORDINATING COMMITTEE

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6.1. Establishment of Coordinating Committee. A Coordinating Committee shall be established as provided for in this Agreement. REC and the Town shall each appoint appropriate members to the Coordinating Committee and designate, in writing, said appointments to the other Party. Such representatives and alternates shall be persons familiar with the sub-transmission, distribution and substation facilities of the Parties they represent and shall be fully authorized to perform the principal duties listed below.

6.2. Duties of the Coordinating Committee. The principal duties of the Coordinating Committee shall be as follows:

(A) to establish mutually beneficial operating and control procedures;

(B) to establish accounting and billing procedures;

(C) to coordinate maintenance schedules to an extent agreed to by the Parties; to consider changes to existing Interconnection Points, including any changes to a Party's interconnection facilities at any such Interconnection Point where such change will affect the proper coordination of protective devices, and to consider new Interconnection Points pursuant to the terms of this Agreement;

(D) to coordinate planning for joint operations and construction of interconnection facilities in accordance with Good Utility Practice, to keep the other Party informed of a Party's future needs and plans, and to consider the joint study and development of additions to, or alterations of existing interconnection facilities, and to address any changes necessitated by altered needs and plans of a Party with the goal of producing the greatest aggregate benefits to REC and the Town; and

(E) to perform those other duties that this Agreement requires to be done by the Coordinating Committee.

6.3. Frequency of Coordinating Committee Meetings. The Coordinating Committee shall meet no less often than once each calendar year at a mutually agreeable time, date and place to take such actions as may be required to meet its responsibilities as described above.

6.4. Limitations on Coordinating Committee Duties. The Coordinating Committee shall not be authorized to amend or modify any of the terms or conditions of this Agreement. Any such amendment or modification shall require a written contractual amendment and formal approval by the governing body of each Party.

6.5. Disputes. Any issue, question or dispute not resolved by the Coordinating Committee shall be subject to the dispute resolution procedures set forth in Article 8.

ARTICLE 7 – HOLD HARMLESS

7.1. Hold Harmless by REC. To the maximum extent permitted by law, REC shall hold harmless and defend the Town from and against any losses, liabilities, costs, expenses, suits, actions, claims and other obligations: (a) arising out of injuries or death to persons (including employees of REC) or damage to property caused by or in any way attributable to the ownership or operation of the REC system; or (b) resulting from the breach of this Agreement by REC, except that REC's obligation to hold the Town harmless shall not apply to the extent of any liabilities arising from the negligence, gross negligence or intentional misconduct of the Town or by its employees, officers, and contractors or the breach of this Agreement by the Town.

7.2. Hold Harmless by the Town. To the maximum extent permitted by law, the Town shall hold harmless and defend REC from and against any losses, liabilities, costs, expenses, suits, actions, claims and other obligations: (a) arising out of injuries or death to persons (including employees of the Town) or damage to property caused by or in any way attributable to the ownership or operation of the Town's system; or (b) resulting from the breach of this Agreement by the Town, except that the Town's obligation to hold REC harmless shall not apply to the extent of any liabilities arising from the negligence, gross negligence or intentional misconduct of REC or by its employees, officers, and contractors or the breach of this Agreement by REC.

ARTICLE 8 – DISPUTE RESOLUTION

8.1. Reservation of Rights. Notwithstanding the availability of the option for the Parties to engage in Voluntary Arbitration (as defined below) by mutual agreement, each Party reserves the right to enforce the terms of this Agreement at any time before any judicial or administrative tribunal having lawful jurisdiction over the controversy and in doing so to pursue any and all remedies as may be available at law, in equity or by contract.

8.2. Voluntary Arbitration

(A) Matters Subject to Arbitration. In the event of disagreement between the Parties with respect to (1) any matter herein specifically made subject to arbitration, (2) any question of operating practice involved in performance of this Agreement, (3) any question of fact involved in the application of provisions of this Agreement, or (4) the interpretation of any provision of this Agreement, the matter involved in the disagreement may, if both Parties mutually agree in writing, be submitted to arbitration in the manner hereinafter provided.

(B) Appointment of Arbitrators. The Party calling for arbitration shall serve notice in writing upon the other Party, setting forth in detail the subject or subjects to be arbitrated. Within a period of fifteen (15) days from the receipt of the original notice, the Party calling for the arbitration shall, by written notice to the other Party, call for appointment of a board of arbitrators skilled with respect to matters of the character involved in the disagreement, naming one arbitrator in such notice. The other Party shall, within ten (10) days after the receipt of such call, appoint a second arbitrator, and the two so appointed shall choose and appoint a third. In case such other Party fails to appoint an arbitrator within said ten (10) days, or in case the two so appointed fail for ten (10) days to agree upon and appoint a third, the Party calling for the arbitration, upon five (5) days' written notice delivered to the other Party, shall apply to the person who at the time shall be the most senior Judge of the United States District Court for the Eastern District of Virginia for appointment of the second or third arbitrator, as the case may be. In no event shall arbitration be unreasonably delayed, and the Parties agree to complete arbitration in an efficient and reasonable manner, time being of the essence.

(C) Arbitration Procedure. The arbitration proceeding shall be conducted ~~in~~at a mutually agreeable location convenient to both parties ~~Front Royal, Virginia unless the Parties shall agree on a different location~~. The board of arbitrators shall afford adequate opportunity to the Parties to present information with respect to the question or questions submitted for arbitration and may request further information from either or both Parties. The findings and award of the majority of the board of arbitrators shall be final and conclusive with respect to the question or questions submitted for arbitration and shall be binding upon the Parties; provided, however, that any such findings and award may not in any way vary the expressed terms of this Agreement or in any way extend the expressed scope and intent hereof. The decision of the board of arbitrators may be entered in any court of competent jurisdiction. All costs incurred in connection with the arbitration shall be paid in equal parts by the Parties hereto, unless the award shall specify a different division of the costs. The Parties shall continue to perform under this Agreement during the pendency of any dispute or disagreement hereunder.

Comment [WU1]: Please verify place of arbitration.

8.3. Effect on Performance. Unless directed otherwise by a court or governmental agency of competent jurisdiction, no Party shall cease or delay performance of its obligations under this Agreement during the existence of any dispute or the pendency of any proceeding to resolve it, and the Parties shall pay to each other all amounts owing and not subject to dispute or offset.

ARTICLE 9 –TERM AND TERMINATION OF AGREEMENT

This Agreement shall be effective as of the date of execution by both Parties and shall remain in effect for a term of ten (10) years thereafter. Following expiration of the initial ten (10) year term, this Agreement shall continue in effect from year-to-year thereafter unless terminated by either Party upon not less than one (1) year's prior written notice to the other Party.

ARTICLE 10 – REGULATORY AUTHORITIES

This Agreement is made subject to the jurisdiction of any governmental authority or authorities having jurisdiction over this Agreement.

ARTICLE 11–FORCE MAJEURE

11.1 Excuse of Performance. Notwithstanding anything to the contrary under this Agreement, ~~N~~neither Party shall be in default of any obligation hereunder if and to the extent such Party's performance is prevented by an event of Force Majeure.

11.2 Definition. Force Majeure shall mean any event that prevents or delays a Party's performance hereunder, which event could not have been reasonably avoided by the due diligence of the Party claiming Force Majeure. Such events include, but are not defined by or limited to, acts of God, strikes, lockouts, labor disputes, acts of a public enemy, acts of sabotage, acts of terrorism, wars, blockades, insurrections, riots, epidemics, landslides, earthquakes, fires, hurricanes, storms, tornadoes, floods, washouts, civil disturbances, explosions, accidents, or the binding order of any court, legislative body, or governmental authority which has been resisted in good faith by all reasonable legal means. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the Party claiming suspension.

11.3 Obligations of Party Claiming Force Majeure. A Party unable to fulfill any obligation by reason of any causes beyond its control shall use diligence to remove such disability with appropriate dispatch. Each Party shall (i) provide prompt written notice of such Force Majeure event to the other Party which notice shall include a~~m~~n estimate of the expected duration of such event, and (ii) attempt to exercise all reasonable efforts to continue to perform its obligations under this Agreement.

ARTICLE 12 – ASSIGNMENT

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Parties. This Agreement may not be assigned by either Party without the written consent of the other Party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, this Agreement may be assigned by a Party without the other Party's consent (i) to a successor to which substantially all of the business and assets of such Party shall be transferred, (ii) to an affiliate of the assigning Party for the purposes of a corporate restructuring, or (iii) to a Party's lenders in connection with any secured financing or refinancing.

ARTICLE 13 – MISCELLANEOUS PROVISIONS

13.1 Waivers. Any waiver at any time by either Party of its rights with respect to default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter. Any delay, short of the statutory period of limitation, in asserting or enforcing any right under this Agreement, shall not be deemed a waiver of such right.

13.2 Written Notices. Notices and communication made pursuant to the Agreement shall be deemed to be properly given if delivered in writing, postage paid to the following:

If to REC: Ron Harris, Manager of Engineering & Power Supply
Rappahannock Electric Cooperative
247 Industrial Court
Fredericksburg, VA 22408

If to the Town: Mr. Steven M. Burke, P.E., Town Manager
Town of Front Royal
102 E. Main Street
Front Royal, VA 22630

13.3 Applicable Law. The validity and meaning of this Agreement shall be governed by the laws of the Commonwealth of Virginia.

13.4 No Partnership or Joint Venture. This Agreement is not intended, and shall not be construed, interpreted or applied, to create a partnership or joint venture, nor to create a lease or other similar arrangement. It is intended that each Party shall continue to be the legal and equitable owner of its assets.

13.5 No Passage of Title to Electricity. Title to electricity received by REC for delivery to the Town shall not pass to REC. The Town shall retain title to all electricity received by REC for delivery to the Town pursuant to this Agreement.

13.6 Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

13.7 Complete Agreement. This Agreement constitutes the complete agreement among the Parties pertaining to the matters set forth herein notwithstanding any written or oral statements made prior to the date hereof. This Agreement shall not be amended except by a written instrument executed by each Party hereto and formally approved by an authorizesd representative or ~~each Party's~~ governing body, as may be applicable~~.~~

Comment [WU2]: Ron Harris usually approves these types of agreements as REC's authorized representative.

13.8 No Third-Party Beneficiaries. This Agreement is made solely for the benefit of the Parties, and shall not be construed as made for the benefit of any person not a Party hereto.

13.9 Effect of Section Headings. Section headings or section titles appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of the text.

13.10 Severability. In the event any provision of this Agreement is held invalid by a court having competent jurisdiction, such provision shall be deleted from the Agreement and shall not affect the validity of any other provision hereunder.

13.11 Non-waiver. The failure of either Party to require strict performance of any provisions of this Agreement by the other Party or the forbearance to exercise any right or remedy shall not be construed as a waiver by such Party of the right to require strict performance of any such provision or as the relinquishment by such Party of any such right or remedy it might have with respect to any subsequent breach of such provision.

~~13.11~~13.12 REC Terms & Conditions Agreement. Notwithstanding anything to the contrary under this Agreement, the provisions of REC's standard "Terms and Conditions for Providing Electric Service" (a copy of which is attached hereto), as such may be amended from time to time, are incorporated herein and shall apply to the Interconnection Services provided by REC under this Agreement.

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~~13.12~~13.13 Items Incorporated by Reference.

(A) Appendices. The following appendixes, including all pages thereof, are hereby incorporated into this Agreement by this reference as material and enforceable terms and conditions hereof:

Appendix I: "Front Royal Interconnection Points"
Appendix II: "Calculation of ~~Facilities~~Monthly Charges"

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(B) The Recitals to this Agreement are incorporated into this Agreement by this reference as material and enforceable terms and conditions hereof.

IN WITNESS WHEREOF, the Parties have caused two (2) copies of this Agreement, each to be considered an original, to be signed by their lawfully authorized representatives as of the day and year first above written.

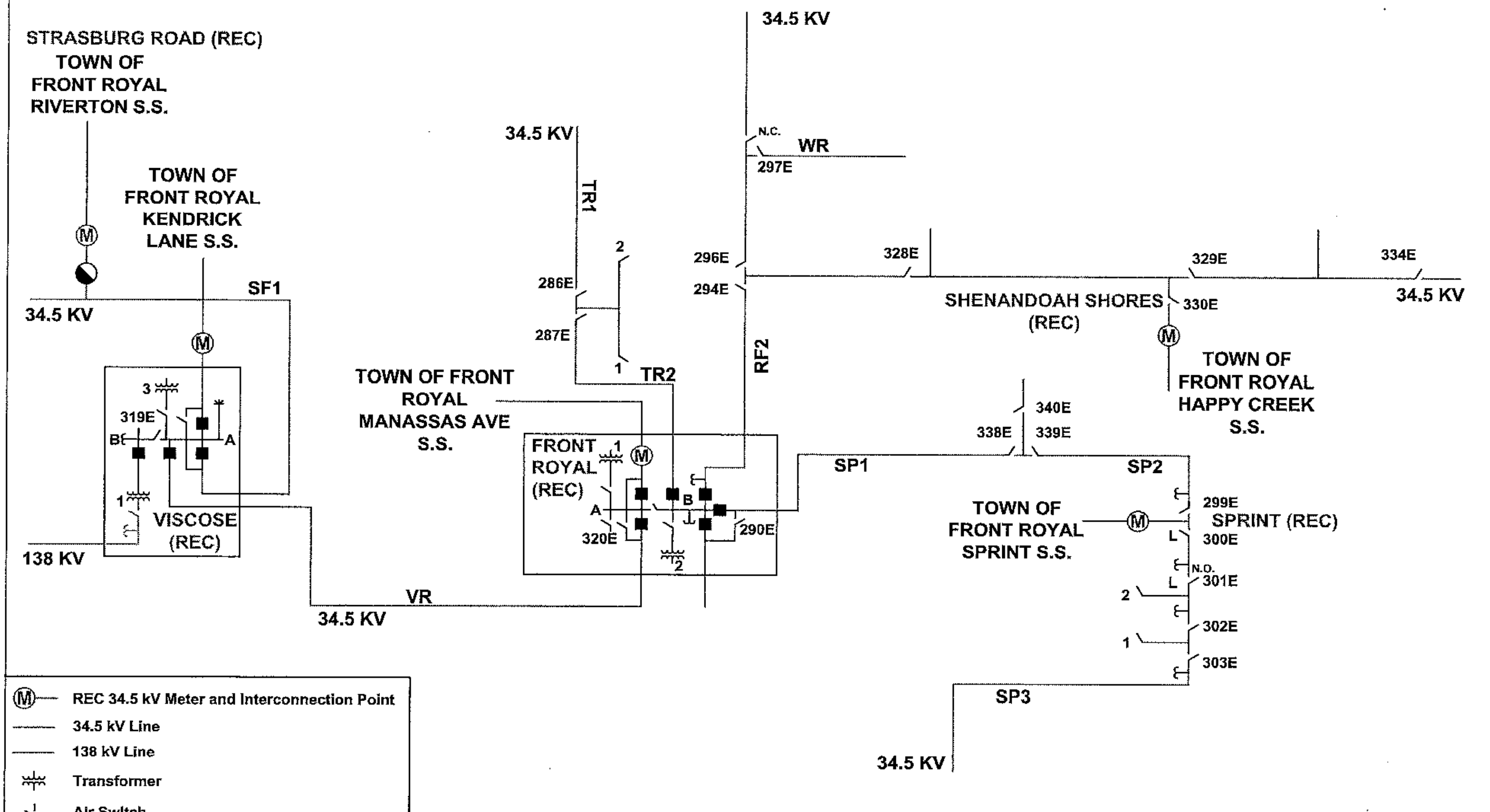
Town of Front Royal

By: ______________________
Printed Name: Steven M. Burke, P.E.
Title: Town Manager

Rappahannock Electric Cooperative

By: ______________________
Printed Name: Ronald Harris
Title: Manager of Engineering and Technical Services

APPENDIX I - FRONT ROYAL INTERCONNECTION POINTS



- REC 34.5 kV Meter and Interconnection Point
- 34.5 kV Line
- 138 kV Line
- Transformer
- Air Switch
- 34.5 kV Circuit Breaker
- 34.5 kV Recloser

Rappahannock Electric Cooperative
A Touchstone Energy® Cooperative

DR. BY: DATE:	JL 4/26/12	JL 8/20/12	JL 8/23/13	JL 11/27/13

APPENDIX I – FRONT ROYAL INTERCONNECTION POINTS

The systems of the Parties shall be interconnected at the Interconnection Points described below. Electric power and energy delivered at the Interconnection Points shall be measured by suitable metering equipment provided by REC (REC designation with Town's designation in parentheses).

1.1 **Front Royal – 6TH St (Manassas Ave)** – The point hereby designated and hereinafter called the "Front Royal – 6TH St Interconnection Point." The point of interconnection is that point where REC's installed 34.5 kV sub-transmission attaches to the Town's dead-end insulators on the Town's steel structure in their Manassas Ave Substation.

1.2 **Viscose (Kendrick Lane)** – The point hereby designated and hereinafter called the "Viscose Interconnection Point." The point of interconnection is that point where REC's installed 34.5 kV sub-transmission line attaches to the stirrups feeding REC'S lightning arresters on REC's 34.5 kV meter pole VA2120 just outside REC's Viscose Substation.

1.3 **Sprint (Sprint)** – The point hereby designated and hereinafter called the "Sprint Interconnection Point." The point of interconnection is that point where REC's installed 34.5 kV sub-transmission line attaches to the Town's dead-end insulators one pole past REC's primary meter pole VA2929.

1.4 **Shenandoah Shores (Happy Creek) –** The point hereby designated and hereinafter called the "Shenandoah Shores Interconnection Point." The point of interconnection is that point where REC's dead-end insulators on pole AP1270660 attach to the Town's 34.5 kV line feeding their Happy Creek Substation.

1.5 **Strasburg Road (Riverton)** – The point hereby designated and hereinafter called the "Strasburg Road Interconnection Point." The point of interconnection is that point where REC's dead-end insulators on REC's primary meter pole (location number 36654004055) attach to the Town's 34.5 kV line feeding their Riverton Substation.

APPENDIX II

TOWN OF FRONT ROYAL
CALCULATION OF MONTHLY CHARGES

	Existing Charges (7/1/03 NITSA)		Newer Charges	Newest Charge		Old Meters Removal Credit	New ION Meters Charge	Total
34.5 kV Facilities (excluding meters) (9)	Front Royal - 6th St (Manassas Ave) / Viscose (Kendrick Lane)	Sprint	Shenandoah Shores (Happy Creek)	Strasburg Road (Riverton) (7)	Subtotal	7/15/11 (5)	7/15/11 (6)	Charges
Monthly Distribution Charge (1)	$16,195.50				$16,195.50			$16,195.50
Annual Distribution Charges (1)	$194,346.00				$194,346.00			$194,346.00
Town Contribution of Capital Funds (2)			$77,567.99					
Monthly maintenance-only Charge Rate (3)			0.56%					
Monthly Distribution Charges		$319.02	$430.50		$749.52			$749.52
Annual Distribution Charges		$3,828.24	$5,166.03		$8,994.27			$8,994.27
Metering								
Monthly Distribution Charge (4)	$559.00	$182.50			$741.50			$741.50
Annual Distribution Charges	$6,708.00	$2,190.00			$8,898.00			$8,898.00
Billing								
Monthly Billing Charge	$165.00	$70.00	$73.17		$308.17			$308.17
Annual Billing Charge	$1,980.00	$840.00	$878.04		$3,698.04			$3,698.04
Total Monthly Distribution Charges	**$16,919.50**	**$571.52**	**$503.67**	**$797.17**	$18,791.86	$86.89	$149.13	$18,854.10
Total Annual Distribution Charges	**$203,034.00**	**$6,858.24**	**$6,044.07**	**$9,566.04**	$215,936.31	$1,042.68	$1,789.56	$226,249.23

Notes:

(1) See Appendix A of December 11, 1998 Stipulation and Agreement in Docket No. ER98-2048.

(2) Funds (excluding tax adder) paid by the Town for 34.5 kV line extension (including metering) to the Town's Happy Creek substation (WR# 1263267).

(3) Monthly charge rate for Shenandoah Shores based on Potomac Edison 2006 Low Voltage Revenue Requirement.

(4) Meter charges for Shenandoah Shores are included in the Town Contribution of Capital Funds figure.

(5) Old meters removal credit for 4 metering points = (0.56%)($1,758.90)(Shen Shores) + (1.46%)($5,276.70)(Front Royal/Viscose/Sprint) = $86.69.

(6) Ion Meter Charge for 4 metering points = (1.11%)($13,434.82) = $149.13.

(7) Strasburg Road monthly charge = (52,308.14--non-metering costs)(1.37%) + (3,628.35--metering costs)(2.22%) = $797.17.

(8) Substation names in the column headings are those of REC and, in parentheses, the Town's names for those substations.

(9) Electricity used by the Town's or 3rd-party tele-metering equipment shall be billed monthly per the applicable REC rate schedule based on the estimated usage (presently 438 kwhs/month/location).

(10) All Facilities installed after June 1, 2010 shall be constructed for and the costs charged to the Town according to the most recent REC Rate Schedule EF.

Town of Front Royal, Virginia
Council Agenda Statement

Page 1
Item No. 7(G)

Meeting Date: May 27, 2014

Agenda Item: COUNCIL APPROVAL – Extension of Terms of Current Councilmembers Previously Appointed to Committees

Summary: Council is requested to extend terms of those members of Council whose terms will end June 30, 2014 on various committees to continue to serve until December 31, 2014.

- Vice Mayor - N. Shae Parker
- Northern Shenandoah Valley Regional Commission (NSVRC) Alternate Representative - Vice Mayor N. Shae Parker
- Library Board Ex-officio Member - Vice Mayor N. Shae Parker
- Royal Phoenix Easement Committee - Councilman Sayre

Budget/Funding: None

Attachments: None

Meetings: Work Session held May 19, 2014

Staff Recommendation: Approval ✓ Denial____

Should Council wish to remove this item from the consent agenda, the following motion would allow approval of this request:

Proposed Motion: **I move that Council extend the terms of those members of Council whose terms will end June 30, 2014 on various committees to continue to serve until December 31, 2014.**

- **Vice Mayor - N. Shae Parker**
- **Northern Shenandoah Valley Regional Commission (NSVRC) Alternate Representative - Vice Mayor N. Shae Parker**
- **Library Board Ex-officio Member - Vice Mayor N. Shae Parker**
- **Royal Phoenix Easement Committee - Councilman Sayre**

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

Town of Front Royal, Virginia
Council Agenda Statement

Page 1
Item No. 7(H)

Meeting Date: May 27, 2014

Agenda Item: COUNCIL APPOINTMENT – Northern Shenandoah Valley Regional Commission (NSVRC) Non-Elected Representative

Summary: Council is requested to appoint a non-elected representative to serve on the Northern Shenandoah Valley Regional Commission (NSVRC) for a 3-year term, said term expires June 30, 2017. Director of Planning & Zoning Jeremy Camp currently serves in this position.

Budget/Funding: None

Attachments: None

Meetings: Work Session held May 19, 2014

Staff Recommendation: Approval ✓ Denial______

Should Council wish to remove this item from the consent agenda, the following motion would allow approval of this request:

Proposed Motion: **I move that Council appoint Director of Planning and Zoning Jeremy Camp as the non-elected representative to serve on the Northern Shenandoah Valley Regional Commission (NSVRC) for a 3-year term, said term expires June 30, 2017.**

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SG

Town of Front Royal, Virginia
Council Agenda Statement

Page 1
Item No. 8

Meeting Date: May 27, 2014

Agenda Item: PUBLIC HEARING – Adoption of the ANNUAL APPROPRIATION ORDINANCE FOR FY 2014-2015 PROPOSED BUDGET *(1st Reading)*

Summary: Council is requested to affirm on its first reading adoption of the Town's Annual Appropriation Ordinance for fiscal year 2014-2015 proposed budget. Appropriations would be effective July 1, 2014 through June 30, 2015.

Budget/Funding: None

Attachments: Proposed Budget Ordinance

Meetings: Work Sessions held February 3; March 31; April 7; April 21; May 5, 2014.

Staff Recommendation: Approval ✓ Denial_______

Proposed Motion: **I move that Council affirm on its first reading adoption of the Town's Annual Appropriation Ordinance for fiscal year 2014-2015 proposed budget.**

ROLL CALL VOTE REQUIRED

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

ANNUAL APPROPRIATION ORDINANCE
FOR THE
TOWN OF FRONT ROYAL, VIRGINIA

FOR THE FISCAL YEAR ENDING JUNE 30, 2015
AN ORDINANCE MAKING APPROPRIATIONS OF SUMS OF MONEY FOR ALL NECESSARY EXPENDITURES OF THE TOWN OF FRONT ROYAL, VIRGINIA FOR THE FISCAL YEAR ENDING JUNE 30, 2015 TO PRESCRIBE THE PROVISOS, TERMS, CONDITIONS, AND PROVISIONS WITH RESPECT TO THE TERMS OF APPROPRIATION AND THEIR PAYMENT, AND TO REPEAL ALL ORDINANCES WHOLLY IN CONFLICT WITH THIS ORDINANCE, AND ALL PARTS OF ALL ORDINANCES INCONSISTENT WITH THIS ORDINANCE TO THE EXTENT OF SUCH INCONSISTENCY.

BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF FRONT ROYAL, VIRGINIA:

SECTION 1

That the following sums of money are herby appropriated for the general governmental purposes herein specified for the fiscal year ending June 30, 2015

GENERAL FUND EXPENDITURES

General Government	$	1,060,620
Financial Administration		839,970
Legal		404,425
Law Enforcement Services		4,146,145
General Property Maintenance		1,017,240
Planning and Zoning Administration		442,075
Risk Management/Insurance		605,650
Economic Development		8,515
Information Technology		886,870
Transfers/Contingency Reserve		456,175
TOTAL GENERAL FUND EXPENDITURES	**$**	**9,867,685**

STREET FUND EXPENDITURES

Public Works		373,885
State Highway Maintenance		1,617,800
TOTAL STREET FUND EXPENDITURES	**$**	**1,991,685**

ECONOMIC DEVELOPMENT FUND & SPECIAL PROJECTS

Debt Service		125,740
Community Development Projects		379,840
Asset Forfeiture		12,000
TOTAL ECONOMIC DEVELOPMENT/SPECIAL PROJECTS	**$**	**517,580**

and the following sums of money are herby appropriated for the enterprise operations specified for the year ending June 30, 2015

DEPARTMENT OF ENERGY EXPENDITURES		
Operations	$	2,524,780
Purchase of Bulk Electricity		12,650,000
Transfer to General Fund		1,471,000
TOTAL ENERGY EXPENDITURES	**$**	**16,645,780**
WATER FUND EXPENDITURES		
Administrative		116,460
Water Plant Operations		1,682,045
Maintenance of Lines		1,041,965
Meter Reading		104,560
Debt Service		1,150,000
Transfers/Contingency Reserve		663,355
TOTAL WATER FUND EXPENDITURES	**$**	**4,758,385**
SEWER FUND EXPENDITURES		
Administrative		118,985
Sewer Plant Operations		2,198,550
Maintenance of Lines		865,670
Debt Service		750,000
Transfers/Contingency Reserve		750,000
TOTAL SEWER FUND EXPENDITURES	**$**	**4,683,205**
SOLID WASTE EXPENDITURES		
Operations		929,570
Transfers/Contingency Reserve		67,230
TOTALSOLID WASTE FUND EXPENDITURES	**$**	**996,800**
TOTAL ALL FUNDS ~ EXPENDITURES	**$**	**39,461,120**

REVENUES
TO BE PROVIDED AS FOLLOWS

GENERAL FUND

Real Estate Property Tax [$.0725 Per $100. assessed valuation]		970,000
Public Service Property Tax & Tax Penalties		45,500
Personal Property Tax [$.64 Per $100. assessed valuation]		567,000
Other Local Taxes		4,337,000
Permits and Fees		30,000
Fines and Forfeitures		195,000
Revenue from Use of Money and Property		90,250
Public Right-of-Way Use Fees [ROW]		10,000
Intergovernmental Funding		613,850
Interfund Transfers:		
Electric		1,471,000
Water		663,355
Sewer		750,000
Solid Waste		67,230
Miscellaneous		57,500
TOTAL GENERAL FUND REVENUE	**$**	**9,867,685**

STREET FUND

State Highway Maintenance Funds		1,700,000
Revenue from Use of Money and Property		9,000
Improvement Assessments		2,000
Transfer from General Fund		280,685
TOTAL STREET FUND REVENUE	**$**	**1,991,685**

ECONOMIC DEVELOPMENT FUND & SPECIAL PROJECTS

Economic Development Debt Service [$.0175 Per $100. assessed valuation]		125,740
Asset Forfeiture		12,000
Community Development [$.0400 Per $100. assessed valuation]		379,840
TOTAL ECONOMIC DEVELOPMENT/SPECIAL PROJECTS	**$**	**517,580**

DEPARTMENT OF ENERGY

Revenue from Use of Money and Property		70,000
Connection Fees		75,000
Internal Loan Repayment		150,000
Sale of Services		16,294,880
Miscellaneous		55,900
TOTAL DEPARMENT OF ENERGY REVENUE	**$**	**16,645,780**

WATER FUND

Revenue from Use of Money and Property		50,000
Antenna Rentals		70,000
Sale of Services		4,558,385
Connection Fees		75,000
Miscellaneous		5,000
TOTAL WATER FUND	**$**	**4,758,385**

SEWER FUND

Revenue from Use of Money and Property		46,000
Sale of Services		4,442,205
Connection Fees		150,000
Miscellaneous		45,000
TOTAL SEWER FUND	**$**	**4,683,205**

SOLID WASTE FUND

Revenue from Use of Money and Property		15,000
Sale of Services		968,800
Sale of Materials ~ Recyclables		13,000
TOTAL SOLID WASTE FUND	**$**	**996,800**
TOTAL ALL FUNDS ~ REVENUE	**$**	**39,461,120**

SECTION II

All moneys appropriated as shown by the items contained in Section I are appropriated upon the provisos, terms, conditions and provisions hereinafter set forth in connection with said items and those set forth in this section.

<u>Paragraph One</u>

I. To provide for the current and other expenditures of the Town of Front Royal, Virginia; for the fiscal year beginning July 1, 2014 and ending June 30, 2015 the tax rates have been set at:

A. Upon all real estate the rate shall be set at $0.13 for each $100.00 of assessed valuation.
B. Upon all personal property and machinery and tools the rate shall be set at $0.64 for each $100.00 of assessed valuation. Except, that personal property described in Town of Front Royal Code 75-49(B), that has been specifically accepted for special classification by the designated official, shall remain at $0.32 for each $100.00 of assessed valuation for such volunteer fire or rescue members' single vehicle used to respond to calls or perform other official duties.

II. Assessed valuation of property shall be determined and certified to the Town of Front Royal by the Commissioner of the Revenue of Warren County, and the State Corporation Commission on Public Service Corporation Property. All taxes 1st installment shall be due and payable on or before June 5, 2014 and second installment due on or before December 5, 2014. For taxes not paid on or before due date for each installment a penalty of ten percent of the tax due will be added to the tax due. Interest at the annual rate of ten percent of the tax due will be added after December 31, 2014 on all unpaid taxes.

III. Proration of Personal Property Tax

A. Tax levied and prorated on monthly basis. Tangible personal property tax shall be levied and collected on motor vehicles, trailers, and boats which have acquired a situs within the Town after January 1 of any tax year for the remaining portion of the tax year. When any person acquires a motor vehicle, trailer or boat with situs in the Town after January 1 and situs remains in the Town after such acquisition, the tax shall be assessed against the new owner for the remainder of the tax year. Such tax shall be prorated on a monthly basis. For purposes of proration, a period of more than one-half of a month shall be counted as a full month and a period of less than one-half of a month shall not be counted.

B. Relief or refund. When any motor vehicle, trailer, or boat loses its situs within the Town after January 1 or after the day on which it acquires a situs within the Town (hereafter "situs day"), the tax shall be relieved, prorated on a monthly basis, and the appropriate amount of tax refunded if such tax has already been paid, upon application by the owner to the Commissioner of the Revenue and notice to the Commonwealth of Virginia Department of Motor Vehicles (if applicable); provided however that no refund shall be made if the motor vehicle, trailer, or boat acquires a situs within the Commonwealth in a non-prorating locality.

C. Relief, refund or credit on sale. When any person sells or otherwise transfers title to a motor vehicle, trailer, or boat with a situs in the Town after January 1 or situs day, the tax shall be relieved, prorated on a monthly basis, upon application by the owner to the Commissioner of the Revenue and notice to the Commonwealth of Virginia Department of Motor Vehicles (if applicable), and the appropriate amount of tax already paid refunded or credited by the Treasurer, at the option of the taxpayer, against the tax due on any motor vehicle, trailer, or boat owned by the taxpayer during the same tax year.

D. Time Limitation for refund; minimum refund. Any refund required shall be made within thirty (30) days of the date such tax is relieved. No refund of less than five dollars ($5.00) shall be issued to a taxpayer, unless specifically requested by the taxpayer.

E. Conditions for certain tax credits. Any person who moves from a non-prorating locality to the Town in a single tax year shall be entitled to a property tax credit in the Town if (i) the person was liable for personal property taxes on a motor vehicle, trailer, or boat and has paid those taxes to a non-prorating locality; and (ii) the owner replaces for any reason the original vehicle, trailer, or boat upon which taxes are due to the non-prorating locality for the same tax year. The Town shall provide a credit against the total tax due on the replacement vehicle, trailer, or boat in an amount equal to the tax paid to the non-prorating locality for the period of time commencing with the disposition of the original vehicle, trailer, or boat and continuing through the close of the tax year in which the owner incurred tax liability to the non-prorating locality for the original vehicle, trailer or boat.

F. Exemptions of property for which tax has been paid to another jurisdiction. Tangible personal property which was legally assessed by another jurisdiction in the Commonwealth and on which the tax has been paid is except from taxation under this section for the tax year or portion thereof during which such property was legally assessed by other jurisdiction and taxes were paid to that jurisdiction and not refunded in whole or in part.

G. Filing of returns. Filing procedures shall be in compliance with the Warren County Code.

H. Billing for less than full year. Notwithstanding any other date for billings and payment of personal property taxes, the Town may bill all personal property taxes assessed for a portion of the tax year on or after December 15 of each year.

I. Due date of taxes. The taxes shall be due not less than thirty (30) days after the date of the tax bill or due date on the tax bill, whichever is later.

J. Time limit for applications. Any taxpayer entitled to a refund or credit must make application therefore to the Director of Finance no later than three (3) years from the last day of the tax year during which the motor vehicle, trailer or boat lost situs, was sold or had its title transferred.

Paragraph Two

Subject to the qualifications contained in this ordinance all appropriations made out of the General Fund, Street Fund, Economic Development Fund, Special Projects Fund, Service District Fund, Special Revenue Fund, Electric Fund, Water Fund, Sewer Fund, and Solid Waste Fund are declared to be maximum, conditional and proportionate appropriations, the purpose being to make the appropriations payable in full in the amount named, if necessary, and then only in the event the aggregate revenues collected and available during the fiscal year for which the appropriations are made are sufficient to pay all the appropriations in full. Otherwise the said appropriations shall be deemed to be payable in such proportions as the total sum of all realized revenue of the General Fund, Street Fund, Economic Development Fund, Special Projects Fund, Service District Fund, Special Revenue Fund, Electric Fund, Water Fund, Sewer Fund, and Solid Waste Fund is to the total amount of revenues estimated to be available in the said fiscal year by Town Council.

Paragraph Three

All balances of the appropriations payable out of the General Fund, Street Fund, Debt Service Fund, Special Projects Fund, Service District Fund, Special Revenue Fund, Electric fund, Water Fund, Sewer Fund and Solid Waste Fund of the Town Treasury unencumbered at the close of business on the thirtieth day of June, 2014, except as otherwise provided for, are hereby declared to be lapsed into the Town Treasury. Such unencumbered balances shall be used for the payment of the appropriations that may be made in the appropriation ordinance for the fiscal year beginning July 1, 2014. However, nothing in this paragraph shall be construed to be applicable to unencumbered balances remaining to the credit of any Sinking Fund, or any funds created by the setting up of special revenues, but such balances shall be used in financing the proposed expenditures of these funds for the fiscal year beginning July 1, 2014.

Paragraph Four

The director or administrative office in charge of a department shall have the authority to transfer moneys between line items and categories within the budgeted appropriations of such department. No department receiving appropriations under the provisions of this ordinance shall exceed the total amount of its appropriation except with the prior consent and approval of the Town Council or the Town Manager. Where the Town Manager is the administrative officer in charge of a department, no prior consent or approval shall be required for such department to exceed its appropriation. The Town Manager can transfer moneys within any Fund to provide for such expenditure in excess of a department's budgeted appropriation. No Fund receiving appropriations under the provisions of this ordinance shall exceed the total amount of its appropriation except with the prior consent and approval of the Town Council who may then authorize by resolution the transfer of moneys between the Funds. If any such department or fund shall exceed the amount of its appropriation without such consent and approval, the director or administrative officer, in the discretion of the Town Council, may be deemed guilty of neglect of official duty and may be subject to removal therefore.

Paragraph Five

Nothing in this section shall be construed as authorizing any reduction to be made in the amounts appropriated in this ordinance for the payment of interest, bonds, or contributions to any Sinking Fund on the bonded debt of the Town Government.

Paragraph Six

None of the moneys mentioned in this ordinance in connection with the General Fund, Street Fund, Economic Development Fund, Special Projects Fund, Service District Fund, Special Revenue Fund, Electric Fund, Water Fund, Sewer Fund, and Solid Waste Fund shall be expended for any purpose other than those for which they are appropriated except as provided in Paragraph Four. It shall be the duty of the Director of Finance to see that this provision is strictly observed and to report to the Town Manager any irregularities.

Paragraph Seven

Allowances out of any of the appropriations made in this ordinance by any or all of the Town departments, bureaus, or agencies to any of their officers and employees for expenses on account of the use of such officers and employees of their personal automobiles in the discharge of their official duties shall not exceed the standard mileage rate as determined by the IRS (56 cents per miles as of January 1, 2014).

Paragraph Eight

All traveling expense accounts shall be submitted on forms and according to regulations prescribed or approved by the Town Manager.

Paragraph Nine

All moneys from the sale of general government real estate or other property shall be set aside in a separate account of the General Fund and subject to expenditure only through appropriate action of the Council. Except, where the Council shall have specified that the moneys from sale of an item or a class of property shall be paid into a specified account of a Town department.

Paragraph Ten

All moneys collected by any department, bureau, agency or individual of the Town Government shall be paid into the Town Treasury not later than the day immediately following the day of collection.

Paragraph Eleven

the Fund budgets in Section I as included in the general budget are hereby adopted and made the official budget document of the Town of Front Royal. It is expressly provided that the restrictions with respect to the expenditure of the moneys appropriated shall apply only to the lump sum amounts for the classes of expenditures, of Funds, which have been included in this ordinance.

Paragraph Twelve

All ordinances and parts of ordinances inconsistent with the provision of this ordinance are hereby repealed.

THIS ORDINANCE SHALL BECOME EFFECTIVE JULY 1, 2014.

APPROVED:

____

Timothy Darr, MAYOR

ATTEST:

______________________________Jennifer Berry, TOWN CLERK

This Ordinance was approved at the Regular Meeting of the Town of Front Royal, Virginia on its second reading, conducted ___________________, 2014 upon the following recorded vote:

Thomas H. Sayre	Yes/No	Bret W. Hrbek	Yes/No
Hollis L. Tharpe	Yes/No	Eugene R. Tewalt	Yes/No
N. Shae Parker	Yes/No	Daryl L. Funk	Yes/No

A public hearing on the above was held on _____________, 2014, having been advertised in the Northern Virginia Daily on _____________, 2014 and ______________, 2014

Approved as to form and legality

____

Douglas W. Napier, Town Attorney Date:

Town of Front Royal, Virginia
Council Agenda Statement

Page 1
Item No. 9

Meeting Date: May 27, 2014

Agenda Item: PUBLIC HEARING – Ordinance to Amend & Re-Enact Code Section to Increase Water and Sewer Rates *(1st Reading)*

Summary: Council is requested to affirm on its first reading an Ordinance to amend and re-enact Front Royal Town Code Sections 134-22; 134-22.4; 134-30; 134-31.1 and 134-31.2 to increase rates and large meter fees for both sanitary sewer service and water service. Water rates are proposed to increase 6.5% and sewer rates are proposed to increase 10%. Once approved, increases would be incorporated on utility bills after July 1, 2014 as presented.

Budget/Funding: None

Attachments: Proposed Ordinance

Meetings: Work Sessions held March 31; April 7; April 21; May 5, 2014.

Staff Recommendation: Approval ✓ Denial______

Proposed Motion: **I move that Council affirm on its first reading an Ordinance to amend and re-enact Front Royal Town Code Sections 134-22; 134-22.4; 134-30; 134-31.1 and 134-31.2 to increase rates and large meter fees for both sanitary sewer service and water service as presented.**

ROLL CALL VOTE REQUIRED

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

AN ORDINANCE TO AMEND AND RE-ENACT FRONT ROYAL TOWN CODE SECTIONS 134-22.1 (A)(B), 134-22.4(A), 134-30(B)(I), 134-31.1(A)(B), AND 134-31.2(A) SO THAT RATES AND LARGE METER FEES FOR BOTH SANITARY SEWER SERVICE AND WATER SERVICE ARE INCREASED

WHEREAS, the Town of Front Royal is mandated to upgrade the Town of Front Royal's water treatment process to further reduce disinfection by-product issues within the water system; and,

WHEREAS, the Town of Front Royal is mandated to upgrade the Town of Front Royal's wastewater treatment process to reduce nutrient loading discharged to the Chesapeake Bay; and,

NOW THEREFORE, BE IT ENACTED by the Town Council of the Town of Front Royal, Virginia that Sections 134-22.1, 134-22.4, 134-30, 134-31.1 and 134-31.2 of the Front Royal Town Code is hereby amended and re-enacted as follows:

134-22.1 SANITARY SEWER SERVICE RATES

The monthly base rates for sanitary sewer service usage shall be as follows:

A. Base rate, up to three thousand (3,000) gallons per month: **seventeen** ~~fifteen~~ dollars and **thirty** ~~seventy two~~ cents **($17.30)** ~~($15.72)~~

B. All sanitary sewer service usage exceeding three thousand (3,000) gallons per month: **fourteen** ~~thirteen~~ dollars and **eighty-eight** ~~fifty-three~~ cents ($14.88) ~~($13.53)~~ per month, for each one thousand (1,000) gallons thereafter.

C. No change

134-22.2 – No Change
134-22.3 – No Change

134-22.4 SEWER SERVICE RATES-COMMERCIAL AND INDUSTRIAL LAUNDRIES

A. In-Town Laundries: The monthly rates for sewer service usage by licensed commercial or industrial laundries located within the corporate limits of the Town of Front Royal shall be as follows:

1. All sanitary sewer service usage for the first one hundred thousand (100,000) gallons: **fifteen** ~~fourteen~~ dollars and **ninety-six** ~~fifty-one~~ cents **($15.96)** ~~($14.51)~~ per one thousand (1,000) gallons.

2. All sanitary sewer usage from one hundred thousand one (100,001) gallons to five hundred thousand (500,000) gallons: **fourteen** ~~thirteen~~ dollars and **fifty-one** ~~nineteen~~ cents **($14.51)** ~~($13.19)~~ per one thousand (1,000) gallons.

3. All sanitary sewer service usage above five hundred thousand (500,000) gallons: **<u>thirteen</u>** ~~twelve~~ dollars and **<u>seventy-eight</u>** ~~fifty-three~~ cents **<u>($13.78)</u>** ~~($12.53)~~ per thousand (1,000) gallons.

B. No change

134-22.5 through 134.29 – No Change

<u>PROVISIONS APPLICABLE PARTICULARLY TO WATER</u>

134-30 CONNECTION CHARGE ESTABLISHED

A. No Change

B. The connection charge for water service exclusively used for fire-suppression systems will be based on the line size, according to the following fee schedule:

1. Three-inch line or smaller: two thousand one hundred twenty-four dollars ($2,124.00), plus thirty**<u>-nine</u>** ~~seven~~ dollars and **<u>sixty-seven</u>** ~~twenty-five~~ cents **<u>($39.67)</u>** ~~($37.25)~~ per month.

2. Four-inch line: four thousand two hundred forty-eight dollars ($4,248.00), plus seventy-**<u>nine</u>** ~~four~~ dollars and **<u>thirty-two</u>** ~~forty-eight~~ cents **<u>($79.32)</u>** ~~($74.48)~~ per month.

3. Six-inch line: eight thousand four hundred ninety-five dollars ($8,495.00), plus one hundred **<u>sixty-one</u>** ~~fifty-one~~ dollars and **forty-nine** ~~sixty-three~~ cents **<u>($161.49)</u>** ~~($151.63)~~ per month.

4. Eight-inch line: twelve thousand seven hundred forty-three dollars ($12,743.00), plus two hundred **<u>forty</u>** ~~twenty-six~~ dollars and **<u>eighty</u>** ~~eleven~~ cents **<u>($240.80)</u>** ~~($226.11)~~ per month.

5. Ten-inch line: sixteen thousand nine hundred ninety-one dollars ($16,991.00), plus three hundred **<u>twenty</u>** dollars and **<u>fourteen</u>** ~~sixty~~ cents **<u>($320.14)</u>** ~~($300.60)~~ per month.

6. Twelve-inch line: twenty-one thousand two hundred forty dollars ($21,240.00), plus three hundred **<u>ninety-nine</u>** ~~seventy-five~~ dollars and **<u>forty-eight</u>** ~~ten~~ **<u>($399.48)</u>** ~~($375.10)~~ per month.

C. No change
D. No change
E. No change
F. No Change
G. No change
H. No Change

I. There will be an additional monthly charge for each water meter exceeding one (1) inch in size according to the following fee schedule:

1. One-and-one-fourth inch meter: **seventeen** ~~sixteen~~ dollars and **thirty-five** ~~twenty-nine~~ cents **($17.35)** ~~($16.29)~~ per month.

2. One-and-one-half inch meter: **twenty-three** ~~twenty-one~~ dollars and **twenty-eight** ~~eighty-five seventy~~ cents **($23.28)** ~~($21.85)~~ per month.

3. Two-inch meter: fifty-**five** ~~one~~ dollars and **thirty-one** ~~ninety-four~~ cents **($55.31**) ~~($51.94)~~ per month.

4. Three-inch meter: two hundred **ninety** ~~seventy-two~~ dollars and **seventeen** ~~forty-six~~ cents **($290.17)** ~~($272.46)~~ per month.

5. Four-inch meter: three-hundred **seventy-seven** ~~fifty-nine~~ dollars and twenty-**two** cents **($377.22)** ~~($354.20)~~ per month.

6. Six-inch meter: five hundred **eighty** ~~forty-four~~ dollars and **thirty-three** ~~ninety-one~~ cents **($580.33)** ~~($544.91)~~ per month.

J. No change
K. No change
L. No change

134-31 – No Change

134-31.1 WATER SERVICE RATES
The monthly rates for water service usage shall be as follows:

A. Base rate, up to three thousand (3,000) gallons per month: nine dollars and **ninety-two** ~~thirty-one~~ cents **($9.92)** ~~($9.31)~~ per month.

B. All water service usage exceeding three thousand (3,000) gallons per month: **eight** ~~seven~~ dollars and **fifty-one** ~~ninety-nine~~ cents **($8.51)** ~~($7.99)~~ per month, for each one thousand (1,000) gallons thereafter.

C. No change

134-31.2 WATER SERVICE RATES-COMMERCIAL AND INDUSTRIAL LAUNDRIES

A. In-Town Laundries: The monthly rates for water service usage by licensed commercial or industrial laundries located within the corporate limits of the Town of Front Royal shall be as follows:

1. The first one hundred thousand (100,000) gallons: **nine** ~~eight~~ dollars and **fourteen** ~~fifty-eight~~ cents **($9.14)** ~~($8.58)~~ per one thousand (1,000) gallons.

2. One hundred thousand one (100,001) gallons to five hundred thousand (500,000) gallons: **eight** ~~seven~~ dollars and **thirty** ~~seventy-nine~~ cents **($8.30)** ~~($7.79)~~ per one thousand (1,000) gallons.

3. Above five hundred thousand one (500,001) gallons: seven dollars and **eighty-nine** ~~forty-one~~ cents **($7.89)** ~~($7.41)~~ per one thousand (1,000) gallons.

This ordinance shall become effective July 1, 2014.

APPROVED:

____

Timothy W. Darr, Mayor

ATTEST:

____

Jennifer E. Berry, Clerk of Council

THIS ORDINANCE was approved at the Regular Meeting of the Town of Front Royal, Virginia on its second reading, conducted ________________2013, upon the following recorded vote:

Thomas H. Sayre	Yes/No	Bret W. Hrbek	Yes/No
Hollis L. Tharpe	Yes/No	Eugene R. Tewalt	Yes/No
N. Shae Parker	Yes/No	Daryl L. Funk	Yes/No

A public hearing on the above was held on ______________,2014 having been advertised in the Northern Virginia Daily on ____________,2014 and ______________,2014.

Approved as to form and legality:

____

Douglas W. Napier, Town Attorney

Date: ____/____/____

Town of Front Royal, Virginia
Council Agenda Statement

Page 1
Item No. 10

Meeting Date: May 27, 2014

Agenda Item: PUBLIC HEARING – Ordinance to Amend & Re-Enact Code Section to Increase Energy Service Fee *(1st Reading)*

Summary: Council is requested to affirm on its first reading an Ordinance to amend and re-enact Front Royal Town Code Section 12-1 Energy Services Fees to increase the fee for the second and additional electric meter inspections from $25.00 to $40.00; and establish a temporary electric service fee for less than 100 ampere service at $65.00 as presented. Increase in fees would be effective July 1, 2014

Budget/Funding: None

Attachments: Proposed Ordinance

Meetings: Work Session held February 18, 2014

Staff Recommendation: Approval ✓ Denial______

Proposed Motion: **I move that Council affirm on its first reading an Ordinance to amend and re-enact Front Royal Town Code Section 12-1 Energy Services Fees to increase the fee for the second and additional electric meter inspections from $25.00 to $40.00; and establish a temporary electric service fee for less than 100 ampere service at $65.00 as presented.**

ROLL CALL VOTE REQUIRED

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

AN ORDINANCE TO AMEND AND RE-ENACT FRONT ROYAL TOWN CODE CHAPTER 12-1 PERTAINING TO FEES

WHEREAS, after Town Staff reviewed various fees in the Town Code, they presented their revision to Town Council during a Work Session held February 18, 2014; and,

NOW THEREFORE, BE IT ENACTED, by the Town Council of the Town of Front Royal, Virginia, that Chapter 12 of the Front Royal Town Code is hereby amended and re-enacted as follows:

12-1 ENERGY SERVICES FEES

Electric Meter Inspections (1st within 12 mo.)	No Charge
Electric Meter Inspection (after 12 months)	~~$25.00~~ **$40.00** per inspection
Installation of Pole for Dusk-to-Dawn Light	$150.00
<u>Temporary Electrical Service not to exceed 100 amperes in capacity and requiring one service drop</u>	**<u>$65.00</u>**
<u>Temporary Electrical Service for larger residential and commercial services</u>	**<u>See Chapter 70-23(F) in Town Code</u>**
Underground Utility Inspection	$50.00 per inspection

This ordinance shall become effective July 1, 2014.

APPROVED:

____

Timothy W. Darr, Mayor

ATTEST:

____

Jennifer E. Berry, Clerk of Council

THIS ORDINANCE was approved at the Regular Meeting of the Town of Front Royal, Virginia on its second reading, conducted ________________2014, upon the following recorded vote:

Thomas H. Sayre Yes/No

Hollis L. Tharpe Yes/No

N. Shae Parker Yes/No

Bret W. Hrbek Yes/No

Eugene R. Tewalt Yes/No

Daryl L. Funk Yes/No

A public hearing on the above was held on _____________,2014 having been advertised in the Northern Virginia Daily on ____________,2014 and ________________,2014. The Ordinance was enacted at the Regular Meeting of the Town Council held ________________2014.

Approved as to form and legality:____

Douglas W. Napier, Town Attorney Date: ____/____/_____

Town of Front Royal
Energy Services
P.O. Box 1560
Front Royal, Virginia 22630-1560
(540) 635-3027 Fax: (540) 635-5497

Memo

To: Steve Burke, Town Manager

From: Joseph Waltz, Director of Energy Services

Date: January 10, 2014

Re: Adjustment to the fee charged for meter-testing

As part of the budget process, staff has evaluated all the fees associated with the Energy Services Department. All fees were appropriate except the meter-testing fee. The Town currently offers one (1) free test a year and additional requested tests are charged twenty-five dollars ($25.00) each.

After evaluation, it was determined that the Town will need to raise this fee to forty dollars ($40.00) to recover all costs associated with this activity. The following is a brief summary:

Labor w/ overhead	$ 34.25
Vehicle & Equipment	$ 8.00
Total	$ 42.25

If you have any questions, please feel free to call me.

1

Town of Front Royal, Virginia
Council Agenda Statement

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Item No. 11

Meeting Date: May 27, 2014

Agenda Item: PUBLIC HEARING – Ordinance to Enact Code Section to Establish Temporary Electric Service *(1st Reading)*

Summary: Council is requested to affirm on its first reading an Ordinance to enact Front Royal Town Code Section 70-23.F ELECTRIC CHARGES to establish a temporary electric service fee for residential greater than 100 ampere service and for commercial service to incurred costs as presented.

Budget/Funding: None

Attachments: Proposed Ordinance

Meetings: Work Session held February 18, 2014

Staff Recommendation: Approval ✓ Denial______

Proposed Motion: **I move that Council affirm on its first reading an Ordinance to enact Front Royal Town Code Section 70-23.F ELECTRIC CHARGES to establish a temporary electric service fee for residential greater than 100 ampere service and for commercial service to incurred costs as presented.**

ROLL CALL VOTE REQUIRED

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: ________

AN ORDINANCE TO-ENACT FRONT ROYAL TOWN CODE CHAPTER 70-23(F) PERTAINING TO THE ESTABLISHMENT OF TEMPORARY ELECTRICAL SERVICE

WHEREAS, after Town Staff review it was determined that the Town Code did not address the establishment of temporary electrical service. This determination was presented to Town Council during a Work Session held February 18, 2014; and,

NOW THEREFORE, BE IT ENACTED, by the Town Council of the Town of Front Royal, Virginia, that Chapter 70-23(F) of the Front Royal Town Code is hereby enacted as follows:

ELECTRIC RATE CHARGES

70-23 ELECTRIC CHARGES

F. 1. For residential temporary electrical service not to exceed 100 amperes in capacity and requiring one service drop existing distribution facilities will be charged a fee (Chapter 12)

2. For larger residential and commercial temporary services, the charge will be at the customers' expense. The Town will perform the installation and bill the customer for the actual costs of such installation, including labor, vehicle usage and materials used, less the value of any salvageable materials recovered during the removal process of the temporary service.

This ordinance shall become effective July 1, 2014.

APPROVED:

____
Timothy W. Darr, Mayor

ATTEST:

____
Jennifer E. Berry, Clerk of Council

THIS ORDINANCE was approved at the Regular Meeting of the Town of Front Royal, Virginia on its second reading, conducted ______________2014, upon the following recorded vote:

Thomas H. Sayre	Yes/No	Bret W. Hrbek	Yes/No
Hollis L. Tharpe	Yes/No	Eugene R. Tewalt	Yes/No
N. Shae Parker	Yes/No	Daryl L. Funk	Yes/No

A public hearing on the above was held on _____________,2014 having been advertised in the Northern Virginia Daily on ____________,2014 and _______________,2014. The Ordinance was enacted at the Regular Meeting of the Town Council held _______________2014.

Approved as to form and legality:

____
Douglas W. Napier, Town Attorney   Date: ____/____/_____

Town of Front Royal
Energy Services
P.O. Box 1560
Front Royal, Virginia 22630-1560
(540) 635-3027 Fax: (540) 635-5497

Memo

To: Steve Burke, Town Manager

From: Joseph Waltz, Director of Energy Services

Date: February 11, 2014

Re: Additional fee to Chapter 12 and Chapter 70-23 on Temporary Electrical Service

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The Town charges our customers $65.00 to establish a temporary electrical service. It came to my attention late last week that this service fee is not in the Town code. After research, we have been using this fee since the mid 1990's but nothing was put into the code. Staff evaluated the temporary electrical service fee and the current rate of $65.00 will cover the cost of residential temporary electrical service. The cost will not support a larger residential or commercial temporary service.

I propose to add the following to the Town code section Chapter 12 and 70-23 Electric rates:

F. <u>Charges for Temporary Electrical Service</u>

1. For residential temporary electrical service not to exceed 100 amperes in capacity and requiring one service drop off existing distribution facilities will be charged a fee of $65.00.
2. For larger residential and commercial temporary services, the charge will be at the customer expense. The Town will perform the installation and bill the customer for the actual costs of such installation, including labor, vehicle usage and materials used, less the value of any salvageable materials recovered during the removal process of the temporary service.

If you have any questions, please feel free to call me.

Town of Front Royal, Virginia
Council Agenda Statement

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Item No. 12

Meeting Date: May 27, 2014

Agenda Item: COUNCIL APPROVAL – Warren Heritage Society Utility Service Reimbursement

Summary: Vice Mayor Parker requests that Council consider a reimbursement of the expense of utility services at 101 Chester Street for the Warren Heritage Society for FY 2014-2015 in an amount not to exceed $10,000.00.

Budget/Funding: None

Attachments: None

Meetings: Work Session held May 5, 2014

Staff Recommendation: Approval ✓ Denial______

Proposed Motion: **In accordance with the authority granted local governments by Virginia Code Section 15.2-953, I move that Council make a donation of $10,000.00 in money from FY2014-2015 Budget to be used toward payment of the utility bills of the Warren Heritage Society, Inc., a Virginia nonprofit organization in the Town of Front Royal that is engaged in commemorating historical events, located at 101 Chester Street.**

ROLL CALL VOTE REQUIRED

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

Town of Front Royal, Virginia
Council Agenda Statement

Page 1
Item No. 13

Meeting Date: May 27, 2014

Agenda Item: COUNCIL APPROVAL – AMPGS Stranded Cost Payment Options

Summary: Following the cancellation of the AMPGS Project as a coal-fired project in November 2009, American Municipal Power (AMP) engaged in legal counsel for its participants in prosecuting or depending any claims resulting from the cancellation. The stranded cost for this project was approximately $145 million. As the legal process continues, participants decided in April that it was time for members to start the process of re-payment of the net AMPGS standard liability cost which for the Town of Front Royal is $500,270.00. Staff has discussed payment options with AMP and there is a 1% interest rate for payment plans. Staff recommends paying approximately $3,000.00 per month for 15 years to AMP until the Town has completed the rate study to determine the impact of full payment on the Town's fund balance. Council is requested to approve a payment option for the liability cost.

Budget/Funding: None

Attachments: Letter from AMP

Meetings: Work Session held May 19, 2014

Staff Recommendation: Approval ✓ Denial_______

Proposed Motion: **I move that Council approve a payment of $3,000.00 per month for fifteen (15) years at an interest rate of 1% to American Municipal Power (AMP) for the re-payment of the net AMPGS standard liability cost, until the Town has completed a rate study to determine the impact of full payment on the Town's Fund Balance.**

ROLL CALL VOTE REQUIRED

*Note: Motions are the formal & final proposal of Council, proposed motions are offered by Staff for guidance
*To be clear and concise, motions should be made in the positive

Approved By: SB

To: Steven Burke, Town Manager

From: Marc S. Gerken, P.E., President/CEO

Subject: AMPGS Stranded Cost Payment Options

Date: April 16, 2014

The purpose of this memo is to inform you, as a participant in the AMPGS project, the Town of Front Royal's net AMPGS liability for stranded costs currently held on AMP's revolving line of credit facility (LOC) at March 31, 2014, including any payments made by the Town, is $500,270.00 (please see **Attachment A**). Stranded costs are subject to change, including future borrowings costs on the LOC. That amount does not include allocation of the $34,881,074 Plant Held for Future Use potential liability.

Subject to the continued renewal of the LOC, AMP is prepared to assist the Town with a payment plan of your choosing for a payback period of up to 15 years. The Town may choose to include these payments as part of their monthly power invoice from AMP or pay their respective AMPGS liability in one or several lump sum payments. AMP prefers that these amounts would be invoiced to your municipality through the AMP monthly power supply invoices in order for these costs be recovered through your power cost adjustment. Please utilize **Attachment B** to this memo to make your selection, being sure an authorized signatory executes the document and returning **Attachment B** to the attention of Marty Engelman (mengelman@amppartners.org, 614-540-0851) at AMP headquarters, 1111 Schrock Rd, Columbus, OH 43229 by June 1, 2014.

AMP would like to emphasize the expectation that whatever payment option is chosen, the payment option should not cause the Electric Fund to exhibit an annual operating loss at any time during the payment period or cause the municipality to fail any covenants for its own debt service, AMP Joint Venture (JV) debt service if a participant in a JV, or reflect unfavorably on the municipal's AMP project participation.

As you have questions in deciding your payment options or would like assistance in determining the potential effects on your Electric Fund of a particular payment option under consideration, please contact Chris Deeter (cdeeter@amppartners.org, 614-540-0848) at AMP.

	Original Ordinance kW	AFEC Allocation kW	AMPGS Stranded Costs	AMPGS AFEC Credit	AMPGS Plt held future use Credit	Less Municipal Payments	**Net AMPGS Stranded Liability**
Front Royal	8,059	4,930	1,394,525	(529,788)	(364,467)	-	500,270
Plus:							
Potential Plant Held for Future Use Liability							364,467
				Total			864,737

We ask that you please complete this form and return to the attention of Marty Engelman (mengelman@amppartners.org, 614-540-0851) at AMP headquarters, 1111 Schrock Rd, Columbus, OH 43229 by June 1, 2014.

Options for Payment of AMPGS Sunk Costs (More than one option can be selected) also Options (after contacting AMP) may be modified in the future as necessary:

☐ Option A– Single Lump Sum Payment $__________ Month and Year___________

☐ OptionB – Multiple Lump Sum Payments through power supply invoices up to 15 years

-Please include in monthly power supply invoice(s) during year(s) as indicated below:

☐ $_______________per Month in Year _______
☐ $_______________per Month in Year _______
☐ $_______________per Month in Year _______
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☐ $_______________per Month in Year _______

☐ OptionC – Multiple Lump Sum Payments, separately invoiced up to 15 years

-Please send a separate monthly or annual invoice(s) during year(s) as indicated below:

☐ $___________per Month or Annual ___________ in Year _______
☐ $___________per Month or Annual ___________ in Year _______
☐ $___________per Month or Annual ___________ in Year _______
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☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______

If there is a desire to pay on your municipality's Plant Held for Future Use potential liability, please contact Chris Deeter (cdeeter@amppartners.org, 614-540-0848) at AMP for assistance and payment arrangements.

If you want to make any other payment arrangements, also please contact Chris Deeter (cdeeter@amppartners.org, 614-540-0848) at AMP for assistance with alternate payment arrangements.

____
Community

____
Authorized Representative Name (Printed)

____
Authorized Representative Signature

____
Date