

Statement of Work No. 1: Utility Managed Services

ERTH



CORPORATION

The Corporation of the
Town of Tillsonburg

*Your Partners in
Solution Delivery*

Submitted on: June 2, 2021
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Revision Control

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1. Purpose

Due to the exit of key management employees, the Town of Tillsonburg (the “Town”) requires utility management services to assist with the financial and regulatory oversight and day-to-day operations of Tillsonburg Hydro Inc. (the “Utility Management Services”, as further defined in paragraph 2 below.) This Statement of Work No.1 (SOW No.1) sets out the terms and conditions governing the delivery of the Utility Management Services to the Town by ERTH, as agreed to by the parties.

Any capitalized terms not otherwise defined herein are defined in the MSA.

Related Documents

This Statement of Work is entered into pursuant to a Master Services Agreement made between the Town and ERTH dated July 26, 2021 (the “MSA”).

In the event of any inconsistency between the terms and conditions of the Master Agreement and the terms and conditions of this SOW, the terms and conditions of SOW will prevail.

2. Service Description

2.1. Areas within Scope

The Utility Management Services to be provided by ERTH pursuant to this SOW No.1 include:

(a) Finance and Regulatory Oversight, inclusive of:

- Assisting Town staff in preparing and filing necessary financial and regulatory requirements
- Working with staff to resolve any IESO billing issues or OEB reporting issues
- Assisting THI/Town in ensuring operations are performed in accordance with applicable financial and regulatory framework
- Assisting Town staff in preparing financial and regulatory reports for THI board and shareholder

(b) Operations Oversight (including Health & Safety), inclusive of these services:

- Assist the Town point of contact and his/her delegates with the day-to-day running of the utility, including providing advice and assistance to inside and outside staff and assisting with setting operational priorities
- Assistance with respect to engineering, design work, operational planning, capital planning, and asset management activities, as required
- Assist Town staff in preparing operational reports for THI board and shareholder
- Attend Town management, board and shareholder meetings, as required
- Assist THI in ensuring operations are performed in accordance with the Electrical Safety Authority, E&USA, OHS Standards, ISO and other applicable legislation
- Interface with Hydro One on behalf of THI, as required.
- Assist THI in establishing good and safe work practices and responding to any health and safety incidences
- Assist THI in ensuring THI’s health and safety and other training requirements are met.

2.2. Areas out of Scope

- Items not listed above are considered outside of scope. Should hours exceed estimates then a change order may be required. For greater clarity, the following services are excluded from scope:
 - Preparation of or involvement in OEB Rate Applications
 - Preparation of OEB Distribution System Plans/Asset Management Plans
 - THI Scorecard Management Discussion and Analysis

3. Assumptions and Constraints

3.1 Assumptions

The Services and fees for this engagement are based upon the following assumptions:

1. Any items not explicitly identified within the SOW are considered out of scope. Any changes to those responsibilities and/or deliverables will be considered a change in scope for the engagement. Any proposed change to the engagement scope must be in written format and with signed approval.
2. This engagement will continue to have, the support of senior staff and will be assigned sufficient priority to ensure its ongoing success.
3. The Town will assign a lead to act as a single point of contact.
4. The Town and THI will secure the appropriate staff in a timely fashion in order to discuss or review the various materials produced when required.
5. THI will provide access and support from their current IT group and any other stakeholder, as deemed necessary by ERTH throughout this engagement.
6. ERTH hours of support are 8:30am – 4:30pm, Monday to Friday, excluding ERTH Observed Statutory Holidays
7. THI will provide ERTH access to appropriate back office systems (finance, regulatory, operations)
8. THI will provide touch down office space for ERTH representatives

3.2 Constraints

The following constraints need to be considered:

- Availability of the Town and THI Resources

4. Resourcing and Time Commitment

The resourcing and time commitment to be provided by ERTH in delivering the Utility Management Services include:

- (a) Finance and Regulatory Oversight

ERTH will provide financial and regulatory resources to deliver the services described in paragraph 2(a) above. In delivering these services, an ERTH resource will attend THI's offices two (2) days per week. Resourcing for this function will be delivered by the following:

- Vice President & General Manager, ERTH Power
- Regulatory & Customer Care Manager, ERTH Power
- Accounting Financial Analyst, ERTH Power

(b) Operation Oversight (including Health & Safety)

ERTH will provide operational resources to deliver the services described in paragraph 2(b) above. In delivering these services, an ERTH operational resource will attend THI's offices one (1) day per week and attend to THI field activities one (1) day per week. ERTH operational resources will support THI staff virtually or with on-call support as needed. Resourcing for this function will be delivered by the following:

- Director of Engineering & Operations, ERTH Power
- Manager of Utility Operations, ERTH Power

5. Term and Termination

5.1. The term of this SOW No.1 shall commence on date of execution below and shall continue for three (3) months (the "Initial Term"), subject to earlier termination as provided for in the MSA.

5.2. This SOW No.1 shall automatically renew for successive one (1) month terms (each a "Renewal Term") unless either party provides the other party with no less than thirty (30) days written notice.

6. Fees, Invoicing & Payment Schedule

6.1. Fees

The fees for services outlined in this SOW No.1 shall be **Fifteen Thousand Dollars (\$15,000) per month.**

The fees payable to ERTH pursuant to this SOW No.1 are exclusive of HST, any sales, use or other taxes or governmental charges. THI is responsible for payment of all such taxes or charges, except for any taxes based solely on ERTH's net income.

For additional services not described herein that are requested in writing by the Town, ERTH will provide the Town with a change order and the Town must approve the change order and cost estimate prior to commencement of such additional services.

6.2. Invoicing & Payment Schedule

ERTH will invoice THI monthly for the services to be rendered and fees owed by the Town pursuant to this Section 6 of SOW No.1. THI shall pay such fees on behalf of the Town. For all ERTH invoices to THI on behalf of the Town, the payment terms are net 15 days.

6.3. Travel and Living Expenses

All travel and related expenses are billed as incurred plus a Per Diem of \$50/day.

7. SOW Acceptance

ACCEPTED AND AGREED:

ERTH (HOLDINGS) INC.

By: _____

Name: Laurie Palmer


Title: COO

Date: June 30/21

I have authority to bind the Corporation.

ACCEPTED AND AGREED:

THE CORPORATION OF THE TOWN OF
TILLSONBURG

By:  _____

Name: Kyle Pratt

Title: Chief Administrative Officer

Date: June 30, 2021

I have authority to bind the Corporation.