



Utility Committee Meeting

AGENDA

December 2, 2008

I. CALL TO ORDER

II. MATTERS BEFORE COMMITTEE

1. [Presentation - Department of Community Affairs - WaterFirst Community](#)
2. [Discussion / Approval - Retransmission Consent Agreements](#)
3. [Discussion / Approval - Business Units Spin Off Contracts](#)

III. ADJOURN



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December 2, 2008

Item:

Presentation - Department of Community Affairs - WaterFirst Community

Department:

Additional Information:

Financial Impact:

Budgeted Item:

Recommendation / Request:

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Attachments / click to download



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Discussion / Approval - Business Units Spin Off Contracts

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[Business Units Spin Off Information](#)

October 16, 2008



RE: Business Units

Dear Participant:

Currently, MEAG provides support services to the Participants through MEAG's Marketing Services Business Unit and Distribution Services Business Unit. These services currently include: pricing and sales support; energy services; major accounts; technical support; joint contracting; training, education and safety; metering testing; joint purchasing and statewide economic development. With the exception of statewide economic development, each of these services is offered on an optional basis and the Participants can elect each year whether or not to subscribe to any or all of the offered services.

Some Participants have requested that MEAG expand these services to include activities which are not directly related to electric power. Also, we have received requests to provide these services to out of state cities and counties. These requests constitute a great compliment to the MEAG employees who have worked tirelessly to provide quality support services to the Participants. However, we have concluded that we should not expand the existing services to accommodate these requests, because of a concern that such activities could be challenged on the grounds that they are outside the scope of activities authorized by MEAG's enabling legislation.

This decision contributed to the formation of a study group for the purpose of examining both the current and alternative structures for the provision of such services. The Study Group has completed its work and has recommended a "spin off" option for your consideration.

The "spin off" option would involve the current MEAG Business Units becoming part of Electric Cities of Georgia. ECG would offer each of the existing marketing and distribution services as well as additional services which may be requested by the Participants unrelated to electric power and you would have the option to contract with ECG for any or all of such services. The details of this structure will be explained to you in depth at meetings currently being arranged by MEAG's staff, but a few comments are appropriate.

Municipal Electric Authority of Georgia
1470 Riveridge Parkway, NW
Atlanta, Georgia

Item # 3

1-800-333-MEAG 770-563-0300

Fax 770-953-3141

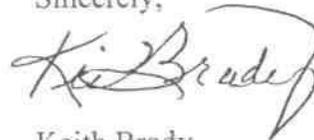
A great deal of planning and analysis preceded the "spin off" recommendation by the Study Group. The proposal provides an opportunity to significantly expand, and thereby enhance the value of, the support services offered to the Cities. Additionally, the costs of such services could potentially be reduced through economies of scale achieved by providing services to an expanded group of customers. Although any new business presents some start up issues, the MEAG Board has concluded that the potential benefits to the Cities from the "spin off" proposal are significant and therefore the Board endorses this proposal and urges each City to give it serious consideration.

If there is not sufficient support for the "spin off" option, MEAG would continue to provide marketing and distribution services, but not expanded services. Additionally, ECG related services, such as joint negotiations of pole attachment agreements, would no longer be provided by the MEAG Business Units. ECG would have to make other arrangements in order to provide such services to the Cities.

The MEAG Board is very appreciative of the efforts of the Study Group. The two options being offered to the Participants involve different risks and benefits which will be discussed in detail at the meetings currently being scheduled. As always, the input of the Participants will be a critical factor to MEAG in considering these options.

The entire MEAG staff will be available to answer any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Brady". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Keith Brady