

## Policy on Asset Transfers between the Southern Operating Companies (As of 07-10)

### Background

From time to time, there are circumstances that arise where assets are transferred between Southern Company subsidiaries. These transfers may involve machinery and parts or inventory items and are reflective of Southern's philosophy of sharing items throughout the system in order to promote reliability, reduce costs, and minimize the amount of cash tied up in parts and inventory.

The transfer of assets will generally fall into one of three broad categories:

1. **Temporary transfer of capitalizable parts\*** occurs when a part is loaned from one operating company to another with the expectation that the particular part will be returned in a relatively short period of time in effectively the same condition and with essentially the same useful life (collectively "utility") as when it was transferred. Typically, the loaned part should be returned within 120 days to be considered "temporary". If the loaned part is not returned within that timeframe, there is a rebuttable presumption that the utility of the loaned part has diminished to the point that the transfer should be accounted for as a permanent transfer (as in 2.b below).
2. **Permanent transfer of capitalizable parts or other capitalizable assets** occurs in these circumstances:
  - a. Transfer of parts where the transferred part will be replaced by a part of the same utility (e.g., a new part replaced with a new part)
  - b. Transfer of parts where the transferred part will be replaced by a part with utility different from the part transferred (e.g., a new part replaced with a refurbished part)
  - c. Transfers for cash
3. **Transfer of inventory items\***

Subject to the regulatory requirements set forth below, such transfers should be accounted for as outlined in the following sections.

### Accounting for Temporary Transfers

When capitalizable parts are temporarily transferred between subsidiaries, no accounting entry should be recorded on the books of either subsidiary. Instead, the transferor should include a notation in its parts inventory system that the part has been transferred. The notation will be removed when the loaned part is returned. As indicated above, if the period for which the part has been loaned has exceeded (or is expected to exceed) 120 days, the presumption is that the utility of the loaned part has diminished. This presumption may be rebutted with corroborating evidence (e.g., representations from engineering that any diminished utility is insignificant). This evidence should be clearly documented and included in the basis for the accounting conclusion.

### Accounting for Permanent Transfers – No Loss in Utility

When a capitalizable part is permanently transferred and repayment is expected to take the form of an identical asset with no loss in utility (i.e., an "in-kind replacement"), no accounting entries are made at the time of transfer. The transferor will note in its inventory system at the time of transfer that the part has been transferred. The transferee will order the replacement asset with delivery designated for the transferor's location. The transferee will record the replacement asset as plant-in-service when received by the transferor from the vendor/supplier (when title and risk of loss transfers).

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\* The term, **capitalizable parts**, as used in this memo refers to all parts that are capitalized as a capital asset or as part of a capital asset upon installation and are depreciated over the useful life of the related asset retirement unit. The terms, **inventory** or **inventory item**, as used in this memo refers to items that are expensed upon removal from physical inventory.

**Accounting for  
Permanent Transfers –  
Difference in Utility/  
Transfers for Cash**

**Transfers between regulated subsidiaries and unregulated subsidiaries (including inventory).** When capitalizable assets or inventory are permanently transferred between entities that are under common control for cash or in exchange for other assets with utility different from the assets transferred, GAAP (see **Appendix A**) generally requires that the assets be transferred at book value, with no gain recognized on the part of the transferor and with no step-up in basis by the transferee. However, circumstances may arise where the consideration exchanged on the sale differs from book value. In those situations, reference should be made to the asset transfer matrix in **Appendix B** to determine the appropriate accounting.

**Transfers of Inventory**

If inventory is transferred and not placed into production immediately, it is reasonable to expect a timing difference between the recognition of the gain or loss by the transferor upon transfer and the expense recognition related to the inventory by the transferee. However, given the relatively immaterial amount of transfers that occur throughout the system, we believe it is highly unlikely that the amount of any such timing differences would ever be material to the consolidated financial statements or to the financial statements of an individual subsidiary.

**Regulatory Issues**

The Separation of Functions and Communications Protocol applicable to Southern Power Company (“Separation Protocol”) was established in compliance with the orders of the Federal Energy Regulatory Commission (“Commission”) in Southern Company Services, Inc., 117 FERC ¶ 61,021 (2006) and Southern Company Services, Inc., 119 FERC ¶ 61,065 (2007). Pursuant to these Commission orders, Southern Power Company is defined as a “system company” under the Code of Conduct and is a party to the Southern Company System Intercompany Interchange Contract. The Separation Protocol requires the separation of certain functions of Southern Power Company from those of other Southern Operating Companies (i.e., Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company), and imposes restrictions on certain communications and transactions between them.

In this regard, the transfer of non-power goods and services between the Southern Power Company and the other Southern Operating Companies, and the value of such goods and services, is addressed in Paragraph 8 of the Separation Protocol. Specifically, in the event of a transfer from one of the other Southern Operating Companies to Southern Power, whether directly or indirectly, the price must be the higher of market value or cost. In the event of a transfer from Southern Power to one of the other Southern Operating Companies, whether directly or indirectly, the price must not exceed market value.

Additionally, in 2008, the Commission promulgated cross-subsidization restrictions on affiliate transactions (18 C.F.R. §35.44). These restrictions impose the same pricing requirements as the Separation Protocol on the transfer of non-power goods and services between (a) a franchised public utility that has captive customers, and (b) a market-regulated power sales affiliate on non-utility affiliates.

State regulatory requirements vary from state to state and therefore should be evaluated and considered in connection with each asset transfer.

**Note:** Real property (i.e., land) is *not* a non-power good.

## Appendix A

### Transfers Between Entities Under Common Control

With respect to the accounting for transfers between affiliates, CCH's *Accounting Research Manager* provides the following guidance (emphasis added):

#### **Related Parties under Common Control (U.S. GAAP)**

##### *Summary*

As a general rule, the transferor should not recognize gains on sales and other transfers of assets between related parties under common control, and **losses should be recognized by the transferor only when an impairment in value is indicated**. Purchases, contributions, and other transfers of assets from controlled or controlling related parties generally should not be recorded by the transferee at stepped-up values.

Ernst & Young's *EYOnline* contained the following guidance with respect to related party transactions (emphasis added):

#### **R1.411 Transfers of Property (Exclusive of Financial Assets)**

[G]ain recognition is precluded by the transferor in its separate financial statements and no write-up of the assets is permitted by the transferee in its separate financial statements. **Losses on transfers should be recognized only to the extent there is an impairment, the assessment of which is independent from the transfer of the asset(s) (that is, the assessment should occur no matter who holds the asset)**. This accounting treatment is applicable regardless of the nature of the consideration (for example, cash, marketable securities) and results in the difference between any monetary consideration being paid or received and the value of the asset(s) transferred being treated as a capital transaction (that is, capital infusion or deemed distribution).

### Capitalizable Asset Transfers

Transferor	Transferee	Scenario	Consideration Paid	Accounting	Comments
1. Regulated subsidiary	Regulated subsidiary	Market value > book value	Book value	No gain by transferor; asset capitalized by transferee at book value	
2. Regulated subsidiary	Regulated subsidiary	Market value > book value	Market value	Gain recorded by transferor through an increase to accumulated depreciation; purchase price capitalized by transferee [based on FAS71 accounting]	Increase to accumulated depreciation of transferor results in reduced depreciation expense following next depreciation study; recording asset at market value by transferee results in higher depreciation expense going forward; depreciation amounts essentially offset each other from a consolidation perspective.
3. Regulated subsidiary	Regulated subsidiary	Book value > market value	Book value	No loss recorded by transferor; asset capitalized by transferee at book value	Transfer at above-market amount implies that no impairment is indicated and that transferee will be able to recover the cost of the asset through operations.
4. Regulated subsidiary	Regulated subsidiary	Book value > market value	Market value	Loss recorded by transferor; asset capitalized by transferee at market value	Transfer at amount less than book value implies that impairment exists and that a loss should be recorded by transferor.
5. Unregulated subsidiary	Unregulated subsidiary	Market value > book value	Book value	No gain recorded by transferor; asset capitalized by transferee at book value	
6. Unregulated subsidiary	Unregulated subsidiary	Market value > book value	Market value	GAAP prohibits recognizing a gain on intercompany transfers when consideration exchanged exceeds book value [in the absence of FAS71 accounting]. "Excess" consideration transferred by transferee represents a dividend from the transferee to parent followed by an additional investment by parent in the transferor.	

**Capitalizable Asset Transfers**

<i>Transferor</i>	<i>Transferee</i>	<i>Scenario</i>	<i>Consideration Paid</i>	<i>Accounting</i>	<i>Comments</i>
7. Unregulated subsidiary	Unregulated subsidiary	Book value > market value	Book value	If no impairment is indicated: no loss is recorded by transferor; asset is capitalized by transferee at book value; if impairment is indicated: a loss for the difference between book value and fair value is recognized by transferor and "excess" consideration transferred by transferee represents a dividend from the transferee to parent followed by an additional investment by parent in the transferor.	Impairment is indicated if the transferee will not be able to recover the asset's value through its installation and use (generally viewed from the perspective of a group of assets).
8. Unregulated subsidiary	Unregulated subsidiary	Book value > market value	Market value	Loss recorded by transferor; asset capitalized by transferee at market value	Transfer at amount less than book value implies that impairment exists and that a loss should be recorded by transferor.
9. Regulated subsidiary	Unregulated subsidiary	Market value > book value	Market value [due to Separation Protocol and FERC cross-subsidization rules]	Gain recorded by transferor through an increase to accumulated depreciation [based on FAS71 accounting]; purchase price capitalized by transferee	Increase to accumulated depreciation of transferor results in reduced depreciation expense following next depreciation study; recording asset at market value by transferee results in higher depreciation expense going forward; depreciation amounts essentially offset each other from a consolidation perspective.
10. Regulated subsidiary	Unregulated subsidiary	Book value > market value	Book value [due to Separation Protocol and FERC cross-subsidization rules]	No loss is recorded by transferor [based on FAS71 accounting]; asset is capitalized by transferee at book value assuming consideration paid is recoverable through installation and use	No impairment is recorded by transferor due to regulatory requirement to transfer to unregulated subsidiary at greater of book value or market value. For the transferee, impairment would be indicated if the transferee will not be able to recover the asset's value through its installation and use (generally viewed from the perspective of a group of assets).

### Capitalizable Asset Transfers

Transferor	Transferee	Scenario	Consideration Paid	Accounting	Comments
11. Unregulated subsidiary	Regulated subsidiary	Market value > book value	Book value	No gain recorded by transferor; asset capitalized by transferee at book value	
12. Unregulated subsidiary	Regulated subsidiary	Market value > book value	Market value <b>NOTE:</b> Transfers at amounts greater than book value may be prohibited by or outside the scope of FERC or PSC rules. Consult legal counsel as appropriate.	<b>GAAP prohibits recognizing a gain on intercompany transfers when consideration exchanged exceeds book value. "Excess" represents a dividend from the transferee to parent followed by an additional investment by parent in the transferor.</b>	
13. Unregulated subsidiary	Regulated subsidiary	Book value > market value	Market value	Loss recorded by transferor; asset capitalized by transferee at market value	Transfer at amount less than book value implies that impairment exists and that a loss should be recorded by transferor.
14. Unregulated subsidiary	Regulated subsidiary	Book value > market value	Book value <b>NOTE:</b> Transfers at amounts greater than market value may be prohibited by or outside the scope of FERC or PSC rules. Consult legal counsel as appropriate.	<b>If no impairment is indicated: no loss is recorded by transferor; asset is capitalized by transferee at book value; if impairment is indicated: a loss for the difference between book value and market value is recognized by transferor and "excess" consideration transferred by transferee represents a dividend from the transferee to parent followed by an additional investment by parent in the transferor.</b>	Impairment is indicated if the transferee will not be able to recover the asset's value through its installation and use (generally viewed from the perspective of a group of assets).

**Inventory Transfers\*\***

Scenario	Consideration Paid	Accounting	Comments
1. Market value > book value	Book value	No gain by transferor; inventory recorded by transferee at book value	
2. Market value > book value	Market value	Gain recorded by transferor; inventory recorded by transferee at purchase price (market value)	If inventory is not placed into production (and expensed) immediately, an overstatement of income would result on a consolidated basis. However, given the relatively small amount of inventory transferred and held, the likelihood of any error being material is remote.
3. Book value > market value	Book value	No loss recorded by transferor; inventory recorded by transferee at purchase price (book value)	
4. Book value > market value	Market value	Loss recorded by transferor; inventory recorded by transferee at purchase price (market value)	If inventory is not placed into production (and expensed) immediately, an understatement of income would result on a consolidated basis. However, given the relatively small amount of inventory transferred and held, the likelihood of any error being material is remote.

\*\* Addresses accounting issues only. Separation Protocol and FERC cross-subsidization regulations apply to inventory transfers in the same manner as they apply to capitalizable asset transfers.

## *Southeastern Electric Exchange*

### **Mutual Assistance Procedures and Guidelines**

Revised and Approved November 20, 2008

As directed by the Board of Directors of Southeastern Electric Exchange, the Mutual Assistance Committee has developed and accepted the following procedures to provide and request assistance to aid in restoring electric service when it has been disrupted and cannot be restored in a safe and timely manner by the affected company or companies alone. In approaching this task, committee members recognized the significant differences between work performed under normal circumstances and emergency restoration, as well as the fact that each member will at some time both require and supply emergency assistance. Therefore, members have reached understanding and agreement to adhere to the procedures and guidelines that follow without the necessity of formal contractual arrangements.

The Mutual Assistance Committee shall have responsibility for maintenance and revision of the *Southeastern Electric Exchange Mutual Assistance Procedures and Guidelines*. Final acceptance of this document, as well as any future modifications, must be approved by  $\frac{3}{4}$  of the appointed and serving members of the S.E.E. Mutual Assistance Committee, each operating member company having one (1) vote.

#### Section I

#### Understanding Among Members Regarding Mutual Assistance

##### **1. Members of Southeastern Electric Exchange understand and agree:**

- 1.1 That members will work together to minimize risk to all parties. Responding Companies will provide assistance (personnel and equipment) on a not-for-profit basis, and Requesting Companies will reimburse Responding Companies for all expenses incurred in providing the assistance. <sup>1</sup>
- 1.2 To adhere to and operate in accordance with the procedures contained in this document (the *Southeastern Electric Exchange Mutual Assistance Procedures and Guidelines*).
- 1.3 That should there be any conflict in procedures and guidelines contained in the *S.E.E. Mutual Assistance Procedures and Guidelines* and other regional or national mutual assistance agreements, guidelines, principles, or procedures, S.E.E. members will adhere to the procedures approved by the S.E.E. Mutual Assistance Committee when assisting or requesting assistance from fellow members through the Joint Mobilization Conference Call Procedure outlined in this document.

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1. In this document the terms Responding Company and Requesting Company refers to both the company and its employees.



Section II  
General Guidelines / Responsibilities

**2. Personnel Safety**

- 2.1 Whether providing or receiving assistance, personnel safety will be the preeminent objective and responsibility of all participants.
- 2.2 The Requesting Company agrees to make every effort to avoid moving Responding Company personnel into harms way during the initial, first-wave mobilization.
- 2.3 Responding Company will follow its own safety rules, except as noted in 2.5 and 2.6 below.
- 2.4 Responding Company is responsible for following its own personal protective grounding practices.
- 2.5 Responding Company will immediately report any and all accidents to Requesting Company (both incidence and injury).
- 2.6 Switching procedures will be handled as the Requesting Company designates, provided that the procedures do not violate the safety rules of the Responding Company.
- 2.7 Requesting Company will provide information on their switching and tagging rules. Requesting Company switching/blocking tags will be used.
- 2.8 Security personnel requirements shall be discussed and mutually agreed upon by the Requesting and Responding Companies prior to deployment of armed security personnel.
- 2.9 Any deployment of "Security Personnel" – armed or otherwise – must comply with Federal, State, and Local regulations.

**3. Maintenance of Contact Roster**

- 3.1 In order to facilitate efficient communication and response, S.E.E. member utilities will share the following information:
  - The names, contact numbers (work phone, home phone, cellular phone, and pager), and e-mail addresses for three (3) individuals authorized to participate in Joint Mobilization Conference Calls.
  - If available, the telephone number for the 24-hour operations / dispatch center for the member company.
  - If available, a satellite telephone number for the 24-hour storm or operations / dispatch center.
  - If available, a corporate storm / emergency center 24-hour telephone number, if different from the 24-hour operations / dispatch telephone number.
- 3.2 The Southeastern Electric Exchange office will be responsible for maintaining and updating the Member Company Contact Roster at least every three months.

#### **4. Code of Conduct**

- 4.1 Whether providing or receiving assistance, all personnel will be expected to conduct themselves in a professional and responsible manner.

#### **5. Communication With Contractors**

- 5.1 Members understand the need for clear communication with contractors working on their systems and are encouraged to explain the joint mobilization process discussed in this document.

#### **6. Definition of Emergency Assistance Period**

- 6.1 Members agree that the emergency assistance period shall commence when personnel and/or equipment expenses are initially incurred by the Responding Company in response to the Requesting Company's needs. This includes any request for the Responding Company to prepare its employees and/or equipment for travel to the Requesting Company's location but to await further instructions before departing. This preparation time should begin when normal work activities for Responding Company stop and preparations dedicated to supporting the off system effort begin. Except as noted in ¶ 6.3, the emergency assistance period shall terminate when such employees and/or equipment have returned to their point of origin and reasonable time required to prepare the equipment for return to normal activities (e.g. cleaning trucks, restocking minor materials, etc.).
- 6.2 The length of stay by Responding Company personnel will be mutually agreed to by both companies. Generally, this period should not exceed 14 consecutive days, including travel time to the work area and return to the point of origin. When mutual assistance assignments go beyond this time frame, S.E.E. members agree that Responding Company personnel will usually be changed out (rotated) rather than take extended reset periods (days off). Responding and Requesting companies may agree upon exceptions to this procedure.
- 6.3 It is understood and agreed that if Responding Company's or its Holding Company's system is threatened during any time after it has mobilized to provide mutual assistance, any part or all of the Responding Company's native and contract workforce may be recalled. In these instances:
  - It is understood and agreed that the decision to terminate assistance and recall employees lies solely with the Responding Company.
  - If recall of Responding Company's workforce becomes necessary, the Requesting Company will be responsible for all expenses incurred by Responding Company until the Responding Company returns home and vehicles are cleaned and stocked for normal work activities.
  - If Responding Company's workforce is recalled to another of the Responding Company's locations other than their original point of origin, the Requesting Company will be responsible for travel costs to the alternate location not to exceed that which would have been incurred had the workforce returned to their original point of origin.

## Section III

### The Joint Mobilization Conference Call Procedure

#### **7. Purpose and Rationale for Joint Mobilization Call Procedures**

- 7.1 The following procedures are intended to enhance and in no way hamper the mobilization goals of member companies during emergencies.
- 7.2 Because response time is critical in emergency situations, the Joint Mobilization Conference Call provides a mechanism that allows members to quickly request assistance and identify the number and status of all available regional resources.
- 7.3 The conference call format should:
  - Provide members with the opportunity to understand the entire scope of the emergency situation, including the number of companies expecting to be impacted and the potential damage to each.
  - Allow members to discuss and evaluate weather forecasts from different sources.
  - Result in the most efficient, effective and equitable allocation of available resources while mitigating the financial risk associated with early mobilization of resources.

#### **8. Agreement / Understanding – Joint Mobilization Procedures**

- 8.1 Members agree to adhere to the procedures contained in this section to request, identify and mobilize emergency mutual assistance resources. The understood exception being when an event impacts a single member utility and the impacted utility anticipates a short restoration time requiring assistance from only neighboring (adjacent) utilities. In this instance, the impacted member may contact neighboring utilities directly to arrange assistance. However, because emergency events tend to expand and impact more than one utility over time, members are encouraged to use the Joint Mobilization Conference Call procedures described below for all mutual assistance requests.
- 8.2 Members understand and agree that participation on Joint Mobilization Conference Calls is restricted to employees of member companies of Southeastern Electric Exchange, unless otherwise agreed by members of the Mutual Assistance Committee.
- 8.3 Members understand that conversations between member utilities during Joint Mobilization Conference Calls may be confidential and proprietary. Therefore, with the exception of general deployment data / information, members agree not to share or release any information shared between member utilities during Joint Mobilization Conference Calls unless mutually agreed.

## **9. Initiation of the Joint Mobilization Conference Call**

- 9.1 Typically, the member that expects to be impacted first by an event will initiate the conference call.
- 9.2 Members agree to initiate a conference call anytime they experience or are threatened by an event so significant that they anticipate needing resources beyond the capabilities of their neighboring (adjacent) utilities to restore their system.
- 9.3 Procedure for initiating the conference call:
  - During normal business hours, the initiating member will notify any S.E.E. staff member (phone number 404-233-1188) that they wish to hold a conference call for storm response, give the staff member the toll-free conference call number, date, and time for the call (specifying time zone). S.E.E. will call all members, providing conference call information and send a follow-up e-mail note, confirming this information. After every call, S.E.E. will send out an e-mail providing a summary of the conference call discussion.
  - After normal working hours and on weekends, members initiate the call by contacting the Executive Director of S.E.E., at home or on his cell phone. The Director will contact members as described above. If the S.E.E. Director cannot be reached, the initiating member will use the S.E.E. Mutual Assistance Contact Roster to contact members directly.

## **10. Responsibilities of Company Initiating Conference Call**

- 10.1 The company initiating the conference call will designate an individual to serve as moderator for the conference call. The moderator will:
  - Call the roll of member companies.
  - Present the weather forecast for his / her company service territory. At their discretion, the initiating company may have a weather consultant present the current forecast.
  - Ask other members for input regarding the weather forecast / predictions.
  - Present an estimate of predicted impact / damages and when these are expected to occur. If the event is large enough to impact more than one member's service territory, the moderator will ask other members for their projected damage assessments.
  - Present an estimate of resources needed. If the event is large enough to impact more than one member's service territory, the moderator will ask other members for their projected resource needs.
  - By roll call, ask all non-impacted members to state the numbers of resources available to assist once their territories are no longer threatened.
  - When appropriate, the moderator will lead discussion of staging areas to be used by assisting companies; transportation concerns, such as evacuation orders, fuel availability, DOT exemptions, etc.; and, the availability of non-member resources that may be available to assist impacted members.
  - Keep the call moving and minimize the length of the call as much as possible.
  - When appropriate, notify non-S.E.E. members via the EEL Restore Power list serve.
  - Set the date and time for future conference calls.

## **11. Responsibilities of Non-Initiating Members Participating In Conference Calls**

- 11.1 Members agree not to release or dispatch ANY resources (contract or native) unless committed to and confirmed by a Requesting Company. It is understood that Responding Companies' territories must be free from significant threat before resources can be committed and dispatched.
- 11.2 On the first Joint Mobilization Conference Call, non-threatened / non-impacted members will be prepared to specify the numbers of their employee and contractor distribution line, transmission line, vegetation management, and damage assessment personnel available to assist impacted companies, including an estimate of when these resources can be dispatched. If Requesting Companies identify needs in other areas (such as IT, safety, etc.), assisting members will be given time (usually 24 hours) to identify available resources in these additional areas.
- 11.3 To enhance safety and flexibility, upon request non-threatened / non-impacted members will be prepared to identify staging areas available in their territories.
- 11.4 Upon request non-threatened / non-impacted members will assist with DOT exemptions for crews traveling through their service territories.

## **12. Resource Allocation and Mobilization**

- 12.1 When more than one company has requested emergency assistance, all members understand and agree that it is the responsibility of the Requesting Companies to agree upon the allocation of available first wave and subsequent member company resources.
- 12.2 Members agree that, in general, resources will be allocated on the basis of severity of need, based on:
  - Predicted impact – percentage / degree of system loss and estimated time customers will have been without power.
  - Storm timing – which company will be first impacted.
  - Travel time.
  - Availability of other non-S.E.E. member controlled resources.
  - The intent will be to allocate available resources to meet all member company needs in the most efficient and equitable manner possible.
- 12.3 Members agree that final dispatch of committed resources is to be coordinated directly between the Requesting Company and the Responding Company (or its contractor(s), where applicable).

## **13. Responsibilities of S.E.E. Coordinator**

- 13.1 The Southeastern Electric Exchange coordinator, (usually the Executive Director), will be responsible for notifying members of Joint Mobilization Conference Calls in accordance with ¶ 9.3.
- 13.2 The Southeastern Electric Exchange coordinator will be responsible for producing and distributing conference call summary notes including the S.E.E. Resource Summary spreadsheet after each conference call.

- 13.3 When more than one company has requested emergency assistance, the Southeastern Electric Exchange coordinator will serve as moderator of conference calls between impacted companies to allocate S.E.E. resources.

## Section IV

### Requesting Company Responsibilities

#### **14. Requesting Company – Responsibilities Prior to Mobilization**

- 14.1 To the extent possible, the Requesting Company is expected to clearly communicate the degree of devastation and working conditions Responding Company personnel should expect to encounter upon arrival at the emergency restoration work area.
- 14.2 The Requesting Company is expected to inform the Responding Company if their requirements for the maintenance of receipts differs from the procedures stated in ¶ 19.5.
- 14.3 To facilitate communications, the Requesting Company may opt to provide a single point of contact (Coordinator) to interact with the Responding Company.
- 14.4 The Requesting Company will provide the Responding Company with the name and contact information for their “company contact” as required on the RESPONDING COMPANY INITIAL INFORMATION SHEET before Responding Company personnel leave their point of origin.
- 14.5 Requesting Company will coordinate with their state DOT officials concerning emergency exemptions and any other transportation issues that will facilitate the Responding Company's trip to and from the Requesting Company.
- 14.6 The Requesting Company is encouraged to communicate general guidelines with Responding Companies. Items covered may include labor contractual issues, safety issues, contact personnel, vehicle fueling arrangements, typical standard construction, meal and lodging arrangements, and other items that will be of benefit to the responding personnel and their supervision.

#### **15. Requesting Company – Responsibilities During Emergency Assistance Period**

- 15.1 The Requesting Company will establish expectations for work, including start time and duration.
- 15.2 The Requesting Company will provide materials unless specifically noted otherwise.
- 15.3 When necessary, the Requesting Company will provide a guide with communications capability, portable radios or cellular telephones to assist responding team leaders.
- 15.4 The Requesting Company will authorize Responding Company to use cellular phones as a method of communication. Where cellular service is unavailable, it is understood that satellite phones may be used until such time that cellular service is restored in the Requesting Company's area
- 15.5 The Requesting Company will provide vehicle security for parking areas unless specifically agreed otherwise.

- 15.6 With the exception of food and lodging during travel to and from the final work site, the Requesting Company will handle all food, lodging and incidental support needed by Responding Company unless both companies agree for Responding Company to handle these logistics.
- 15.7 Requesting and Responding companies should agree on the provision of laundry services.
- 15.8 Requesting Company will make and communicate provisions for Responding Company personnel to make personal long distance telephone calls during the emergency response period. For example, the Requesting Company may authorize the Responding Company to purchase pre-paid long distance calling cards for responding crew members or authorize the use of company or employee owned cellular phones for an agreed upon maximum number of minutes. As a general rule, Requesting Company agrees to allow and reimburse a maximum of 10-minutes personal long distance telephone charges per employee per day. Any personal cellular phone charges or pre-paid calling card expenses shall be included in the supporting documentation on the company's preliminary invoice, subject to 19.5.
- 15.9 Requesting Company understands that the Responding Company will not incur hotel-related expenses other than lodging, unless agreed to by the Requesting Company prior to their occurrence. For example, phone calls made from rooms, room service, in-room movies, mini bar usage, etc. should not be incurred.

## 16. Requesting Company - Procedures for Releasing Responding Companies

- 16.1 During emergencies impacting more than one member company simultaneously, each Requesting Company will develop and send the S.E.E. coordinator a proposed "Release Schedule" 48-hours before releasing any contract or utility (members & non-member) crews. This release schedule will include: Names of utilities and contractors to be released, the numbers and specialty (distribution line, transmission line, vegetation, etc.) of workers from each utility and / or contractor being released, the on-site contact or the coordinator of the crews being released, and the date and approximate time the crews expect to be released.
- 16.2 During emergencies when Responding Company contract and / or utility resources are already deployed and working to provide restoration help to one member company and another member company (or companies) is impacted by another emergency, or, in the case of hurricanes, a second landfall of the storm, the company that obtained help first agrees to:
- NOT retain personnel solely to perform maintenance, street lighting work, or clean up type work and will aggressively work to release personnel.
  - Immediately prepare a release schedule which includes details listed in ¶ 16.1 above, including projected release dates.
  - Provide realistic ETR's and release dates to the SEE coordinator for dissemination to the second Requesting Company (or companies). Since this could mean the difference in going days away or waiting on resources closer that may become available, it is essential that release dates be as accurate as possible. **Note: Should the emergency situation described above develop before Responding Company personnel arrive at the initial restoration area, these resources will be reallocated to Requesting Companies in accordance with the provisions of Section 12 and ¶ 17.3 of these procedures and guidelines.**

16.3 In the emergency situation described in ¶ 16.2 above, the initial and secondarily impacted companies agree to:

- Immediately hold an “impacted companies” conference call (as described in ¶13.3) to negotiate reallocation of the resources on the release schedule developed by the first impacted company as well as any other resources not already committed.
- Regarding personnel released by the first impacted company, secondary Requesting Companies will contact the resources (companies) allocated to them to determine if those persons will agree to re-deploy or be changed out (rotated) in accordance with ¶ 6.2.

16.4 In all emergency situations, the Requesting Company will make every effort to notify each Responding Company's mutual assistance contact 24-hours in advance of the anticipated final release of their utility personnel.

### **17. Requesting Company – Responsibility for Reimbursement of Expenses And Indemnification of Responding Company**

17.1 Members understand and agree that the provision of emergency mutual assistance is a not-for-profit endeavor for Responding Companies. Therefore, the Requesting Company will reimburse all costs and expenses incurred by the Responding Company in the provision of the emergency assistance for the entire emergency assistance period as defined in ¶ 6.

17.2 If Responding Company resources are released after mobilization but before being utilized, the Requesting Company will reimburse Responding Company for all incurred preparation and travel expenses including reasonable time required to prepare the equipment for return to normal activities after returning to their point of origin.

17.3 During emergencies impacting more than one member, Responding Company resources may be re-assigned either: en route to the Requesting Company; at an initial staging area before reaching the Requesting Company; or at the Responding Company's final staging area. Additionally, resources may be assigned to assist a second Requesting Company after completing work for the initial Requesting Company. **Note:** In any of these instances, unless otherwise mutually agreed, the utility that receives the re-assigned Responding Company resources will be responsible for all Responding Company costs from the time of re-assignment.

17.4 Requesting Company will reimburse members for expenses incurred in the provision and management of interim staging areas (i.e. labor and miscellaneous expenses provided by the host utility to operate the staging area, but not including any Responding Company crew costs). In emergencies involving more than one Requesting Company, staging costs will be shared by Requesting Companies on a prorated basis based on the resources committed to each entering (logged into) the staging site.

17.5 Provided proper supporting documentation is included, the Requesting Company will pay all (preliminary and final) invoice(s) from Responding Company within 60 calendar days after receipt of invoice(s).



- 17.6 Requesting Company shall indemnify and hold Responding Company harmless from and against any and all liability for loss, damage, cost or expense which Responding Company may incur by reason of bodily injury, including death, to any person or persons or by reason of damage to or destruction of any property, including the loss of use thereof, which result from furnishing emergency assistance and whether or not due in whole or in part to any act, omission, or negligence of Responding Company except to the extent that such death or injury to person, or damage to property, is caused by the willful or wanton misconduct and/or gross negligence of the Responding Company. Where payments are made by Responding Company under a worker's compensation or disability benefits law or any similar law for bodily injury or death resulting from furnishing emergency assistance, Requesting Company shall reimburse the Responding Company for such payments, except to the extent that such bodily injury or death is caused by the willful or wanton misconduct and/or gross negligence of the Responding Company.
- 17.7 In the event any claim or demand is made or suit or action is filed against Responding Company alleging liability for which Requesting Company shall indemnify and hold harmless Responding Company under paragraph (17.6) above, Responding Company shall promptly notify Requesting Company thereof, and Requesting Company, at its sole cost and expense, shall settle, compromise or defend the same in such manner as it in its sole discretion deems necessary or prudent.

## Section V

### Responding Company – Procedures / Responsibilities

#### **18. Responding Company – Responsibilities Prior to Mobilization**

- 18.1 To the extent possible, the Responding Company is expected to clearly communicate the degree of devastation and working conditions that their responding employees should expect to encounter upon arrival at the emergency restoration work area.
- 18.2 To facilitate communications, the Responding Company may opt to provide a single point of contact (Coordinator) to interact with the Requesting Company.
- 18.3 Responding Company will complete and forward the *RESPONDING COMPANY INITIAL INFORMATION SHEET* before departing their home location.
- 18.4 If requested, Responding Company will provide a copy of completed *PERSONNEL LISTING FORM* as soon as the information becomes available.
- 18.5 Responding Company's telecommunications personnel shall contact Requesting Company's telecommunications personnel and local FCC authorities to make any temporary telecommunications arrangements.
- 18.6 Prior to traveling, Responding Company will reach agreement with the Requesting Company regarding the provisions for Responding Company personnel to make personal long distance telephone calls during the emergency response period as described in 15.8 above. This agreement should preclude any telephone charges from any lodging facility by the Responding Company personnel, except in case of emergency local 911 calls.

- 18.7 Responding Company agrees not to load extra emergency stock on trucks unless specifically requested by the Requesting Company.
- 18.8 When Responding Company's available contractor resources have been allocated to a Requesting Company through the Joint Mobilization Conference Call procedures, the Responding Company will:
- Provide Requesting Company with contact information for their on-site contractors.
  - Alert their contractors that their assistance has been requested and that they will be contacted by the Requesting Company.
  - Give their contractors the Requesting Company contact information.
  - Encourage their contractors to respond to the S.E.E. member's request for help with all contract crews being released from the Responding Company's work site.

**19. Responding Company – Responsibilities During Emergency Assistance Period**

- 19.1 Responding Company will handle all communication needs within their teams. This could include acquiring additional communications equipment, such as portable repeaters, to ensure continuous communication capabilities.
- 19.2 The Responding Company will be responsible for performing normal maintenance on their vehicles and equipment during the emergency assistance period and this work will be covered in their standard hourly/daily rates.
- 19.3 Responding Company will maintain daily records of time and expenses for personnel and equipment. This documentation will be provided with their preliminary invoice.
- 19.4 When the Requesting Company has provided specific guidance in advance that differs from that in ¶ 19.5, the Responding Company will maintain and furnish the requested documentation of expenses with their preliminary invoice.
- 19.5 Unless otherwise agreed prior to mobilization, members agree that Responding companies will maintain and furnish upon request receipts for all individual expenses / purchases made during the emergency assistance period in accordance with the IRS requirements in effect at the time assistance is requested.

**20. Responding Company – Responsibilities End Of Emergency Assistance Period**

- 20.1 Responding Company should submit their "preliminary invoice" to Requesting Company within 60 calendar days from date released by the Requesting Company. Responding Company will provide supporting documentation at the time the preliminary invoice is mailed. Requesting Utility should receive final invoice within 90 calendar days from invoice date of preliminary invoice. An *S.E.E. INVOICE COVER SHEET* shall be included with the Responding Company's billing package.
- 20.2 Responding Companies agree to maintain auditable records of billed expenses for emergency mutual assistance sufficient to satisfy the legal / statutory requirements and obligations incumbent upon the Requesting Company.

Attachments:

Attachment I – Joint Mobilization Conference Call Outline  
Attachment III – Emergency Assistance Personnel Listing Form

Attachment II – Responding Company Initial Information Sheet  
Attachment IV – S.E.E. Invoice Cover Sheet



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### Member Companies



Allegheny Power Service Corp.  
Monongahela Power Company  
The Potomac Edison Company



Virginia Electric and Power Company



OGE Energy Corporation



AEP Texas Central Company  
AEP Texas North Company  
Appalachian Power Company  
Columbus Southern Power  
Indiana Michigan Power  
Kentucky Power Company  
Ohio Power Company  
Public Service of Oklahoma  
SW Electric Power Company



Duke Energy Carolinas, Inc.  
Duke Energy Indiana, Inc.  
Duke Energy Kentucky, Inc.  
Duke Energy Ohio, Inc.



Atlantic City Electric Company  
Delmarva Power & Light Company  
Potomac Electric Power Company



Progress Energy Carolinas, Inc.  
Progress Energy Florida, Inc.



Entergy Arkansas, Inc.  
Entergy Gulf States Louisiana, LLC  
Entergy Louisiana, LLC  
Entergy Mississippi, Inc.  
Entergy New Orleans, Inc.  
Entergy Texas, Inc.



South Carolina Electric & Gas Co.



Baltimore Gas & Electric



Kentucky Utilities Company  
Louisville Gas & Electric Company



Alabama Power Company  
Georgia Power Company  
Gulf Power Company  
Mississippi Power Company  
Southern Company Services  
Southern Nuclear Operating  
Company Inc.





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