



The Agreement for Joint Venture and Co-operation Tomahawk REA and EQUS

Tomahawk REA entered into the Agreement for Joint Venture and Co-operation with EQUS in May 2015 because the Board of Directors lost trust and confidence with the previous Distribution System Operator (DSO). As your elected Board we explored several options before making a unanimous decision which we felt would ensure the viability of the Tomahawk REA.

That decision was to seek out another system operator – one that could provide new construction, ongoing maintenance, power trouble response, complete pole changes, and manage vegetation. **We did not want a piece meal solution to our system operations.**

We were very familiar with the quality of service that EQUS provided its membership and knew that EQUS would and could incorporate that quality service and operational standards as Tomahawk REA's distribution system operator.

Rather than simply sign a multi-year DSO contract (as we have done in the past with DSOs) **we looked to the advantages of how increasing our co-operation with another successful REA could benefit Tomahawk REA.** The result was the Agreement for Joint Venture and Co-operation (Agreement). Some of the beneficial aspects of the Agreement are outlined below.

1. **We worked collaboratively to complete a cost of service study** to determine appropriate 2015 DT rates. We ensured the agreed upon budget would not result in unanticipated invoices for poorly estimated work as occurred previously.
2. We were concerned about the loss of potential members because of installation costs and under the Agreement terms, potential Tomahawk REA members can take advantage of the EQUS Investment in Services program enabling them to mitigate upfront costs and become Tomahawk REA members – **making our REA stronger.**
3. We listened when members told us they wanted better communication and **began a newsletter program.** We also worked with EQUS to ensure that as changes occurred, one or the other of us was informing the membership.
4. We are working with EQUS to **computerize the Tomahawk REA files** – resulting in a modern filing system and one that is safeguarded in an industry recognized software program that can generate numerous reports. This system will allow us to identify those members who wish their communications electronically and those requests can be accommodated easily.
5. Our agreement includes the commitment from EQUS to provide monthly operating reports that are reviewed regularly at the Board meetings and incorporates additional communications from EQUS on specific operation topics in a timely manner.
6. **It is a multi-year agreement.** This is not uncommon in the industry as operating a distribution system is a comprehensive undertaking. It would be unreasonable to ask a company to undertake the site identification and recording, hire additional employees, increase inventory and expand their administration for an annual contract. The risk in a short-term contract would be the company may not make the necessary investment for a single-year contract and therefore would not be able to truly provide the level of service that the Tomahawk REA Board was seeking for the members.