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VIA ELECTRONIC FILING

Ms. Sallie Tanner
Executive Secretary
Georgia Public Service Commission
244 Washington Street SW
Atlanta, GA 30334

Re: City of Bainbridge, Georgia—Application for Certificate of Authority to Provide Competitive Local Exchange Service (Docket No. 44678)

Dear Ms. Tanner:

On September 26, 2022, the City of Bainbridge, Georgia (“Applicant” or “Bainbridge”) submitted to the Georgia Public Service Commission (“Commission”) an application for a certificate of authority to provide competitive local exchange service in the State of Georgia (“Application”) pursuant to O.C.G.A. § 46-5-163(b).¹

After the Application was filed, Applicant received requests for additional information from Commission staff via email on October 6, 2022, January 5, 2023, and January 25, 2023. As directed by Commission staff, Applicant hereby submits the following responses to these inquiries:

1. “Provide the accounting procedures you have or will put in place to prevent cross-subsidization.”

To prevent cross subsidization, the FTTH Network will be operated through Applicant’s Telecommunication Fund, a separate fund on Bainbridge’s books.

Importantly, the Telecommunication Fund is an enterprise fund. Pursuant to the enterprise approach to accounting, the FTTH Network’s revenues and expenditures will be segregated into a distinct fund with its own financial statements, and thus will not be commingled with the revenues and expenses stemming from other Bainbridge activities.

All Bainbridge employees working on the FTTH Network are 100% allocated to this operation, with the exception of one employee: The Enterprise Fund Marketing Coordinator. 50% of this employee’s time is allocated to the FTTH Network, while the remaining 50% is allocated to the Applicant’s Gas Department.

In order to reflect this 50/50 allocation and avoid cross-subsidization—and as a product of its enterprise accounting methodology—Applicant’s budget has been structured such that 50% of

¹ See City of Bainbridge, Georgia—Application for Certificate of Authority to Provide Competitive Local Exchange Service, Docket No. 44678, Document No. 191629 (filed Sep. 26, 2022).

the Enterprise Fund Marketing Coordinator's salary is paid from the Telecommunication Fund, and the remaining 50% is paid from the fund that supports the Gas Department's operations. The Applicant's payroll system is programmed to distribute the two halves of the Enterprise Fund Marketing Coordinator's salary from these respective funds automatically.

Additionally, the FTTH Network and the Gas Department utilize two distinct office spaces, which are separated by an adjoining door. Any work that the Enterprise Fund Marketing Coordinator does for the FTTH Network or the Gas Department is performed using separate workspaces and computers that are located within each department's respective designated office spaces.

The FTTH Network's office space and equipment are allocated for the exclusive use of the FTTH Network operation, as no other Bainbridge departments utilize this office space or equipment for their business. The FTTH Network also has a bucket truck, fiber splicing trailer, and fiber reel trailer at its disposal, each of which are similarly allocated to the FTTH Network exclusively and are budgeted from the Telecommunication Fund.

2. "Provide documentation that verifies the City of Bainbridge officials voted to approve this venture."

Bainbridge officials approved the FTTH Network last year when the Bainbridge City Council voted to authorize the issuance of a \$60,000,000 bond package, referred to as the City of Bainbridge, Georgia Combined Utilities Revenue Bonds, Series 2021 ("Series 2021 Bonds").

The proceeds from the Series 2021 Bonds are to be used to finance a series of projects to improve Applicant's utility systems, including the telecommunication system. One such project is the FTTH Network, for which \$8,000,000 has been budgeted.

Please find a copy of the Second Supplemental Bond Ordinance implementing the Series 2021 Bonds, which references Applicant's telecommunication systems in the preamble, in [Attachment 1](#) below. A copy of the approved minutes from the meeting in which the Bainbridge City Council approved this bond ordinance has also been included in [Attachment 2](#).

3. "The application states, you have applied for a \$5,000,000 grant for the initial startup cost, has that been procured? If not, where will the startup cost come from?"

Applicant has not been awarded the grant funding for which it applied, although Applicant understands that the Governor's office is looking to repurpose additional funds for which the Applicant remains eligible.

Should Applicant ultimately be unable to obtain any state or Federal funding support, the startup costs for the FTTH Network will come from the proceeds of the Series 2021 Bonds referenced in response to Question 2 above.

Best regards,



Christopher S. Huther

Attachments

Attachment 1: Second Supplemental Bond Ordinance

SECOND SUPPLEMENTAL BOND ORDINANCE

WHEREAS, the City of Bainbridge, Georgia (“City”) authorized the issuance of not to exceed \$60,000,000 in aggregate principal amount of City of Bainbridge, Georgia Combined Utilities Revenue Bonds, Series 2021 (“Series 2021 Bonds”), pursuant to an ordinance duly enacted at a meeting of the Mayor and Council of the City on October 19, 2021, as supplemented by the Supplemental Bond Ordinance, enacted on November 16, 2021 (collectively, “Original Ordinance”);

WHEREAS, the Original Ordinance provides, among other things, that the Series 2021 Bonds shall not exceed \$60,000,000 in principal amount, shall bear interest at a rate not to exceed 5% per annum, shall mature not later than December 1, 2051, and the maximum annual debt service on the Series 2021 Bonds in any sinking fund year shall not exceed \$4,250,000;

WHEREAS, the Original Ordinance provides, among other things, that the proceeds of the Series 2021 Bonds shall be used to finance in whole or in part the costs of (a) renovating, adding, extending, and expanding the (i) water system, (ii) sanitary sewer system, (iii) road system, (iv) natural gas distribution system, and (v) telecommunication system (collectively, “2021 Projects”), and (b) paying costs of issuance relating to the Series 2021 Bonds;

WHEREAS, the Original Ordinance provides that the application of the proceeds of the Series 2021 Bonds, the principal amount of the Series 2021 Bonds maturing in each year (through the operation of a sinking fund or otherwise), the interest rate on each such maturity and the optional redemption provisions applicable thereto will be determined by the City pursuant to a supplemental ordinance;

WHEREAS, it is proposed that the City should determine the application of the proceeds of the Series 2021 Bonds, the principal amount of the Series 2021 Bonds maturing in each year, the interest rate on each such maturity and the optional redemption provisions applicable thereto; and

WHEREAS, it is proposed that the City should ratify the use and distribution of the Preliminary Official Statement, dated December 8, 2021 (“Preliminary Official Statement”) and authorize the execution, use and distribution of the Official Statement, dated the date hereof (“Official Statement”);

WHEREAS, the City proposes to enter into the Bond Purchase Agreement (“Purchase Agreement”), between the City and Stifel, Nicolaus and Company, Incorporated (“Underwriter”), dated December 16, 2021, providing for the sale of the Series 2021 Bonds to the Underwriter;

WHEREAS, this Second Supplemental Bond Ordinance with the Original Ordinance are, collectively, the “Bond Ordinance”; and

WHEREAS, capitalized terms used but not defined herein shall have the meanings assigned to them in the Bond Ordinance; and

NOW, THEREFORE, BE IT ORDAINED by the City, and IT IS HEREBY ORDAINED by the City, as follows:

Section 1. Terms of the Series 2021 Bonds. The Series 2021 Bonds shall be dated as of their date of delivery. The Series 2021 Bonds shall be in the aggregate principal amount, mature, bear interest, and shall be subject to optional and mandatory redemption as set forth in Exhibit A attached hereto.

Section 2. Application of Proceeds. From the net proceeds derived from the sale of the Series 2021 Bonds (\$55,015,000.00 par amount, plus original issue premium of \$10,273,514.05, less purchaser’s discount of \$467,627.50), the following payments shall be made, simultaneously with the issuance and delivery of the Series 2021 Bonds, to the extent and in the manner herein set forth:

- (a) \$236,346.52 shall be remitted to Build America Mutual Assurance Company to pay premiums associated with the Municipal Bond Insurance Policy and the Debt Service Reserve Insurance Policy;

(b) \$4,236,155.00 shall be deposited in the Capitalized Interest Fund created pursuant to the Bond Ordinance and used to pay capitalized interest;

(c) \$60,074,429.70 shall be deposited in the Construction Fund created pursuant to the Bond Ordinance and used to finance the 2021 Projects;

(d) \$273,955.33 shall be deposited into the Cost of Issuance Fund created pursuant to the Bond Ordinance and used to pay costs of issuance of the Series 2021 Bonds.

Section 3. Approval of Insurance Agreements and Insurance-Related Provisions. The execution, delivery, and performance of the Municipal Bond Insurance Commitment (“Insurance Commitment”) and the Municipal Bond Debt Service Reserve Insurance Commitment (“Reserve Insurance Commitment”) providing for the issuance of a Municipal Bond Insurance Policy (“Policy”) and a Municipal Bond Debt Service Reserve Insurance Policy (“Reserve Policy”) related to the issuance of the Series 2021 Bonds, by and between the City and the Build America Mutual Assurance Company (“BAM”), be and the same are hereby authorized. The Insurance Commitment and Reserve Insurance Commitment shall be in substantially the form attached hereto, respectively, as Exhibit B-1 and Exhibit B-2, subject to such minor changes, insertions or omissions as may be approved by the City Administrator of the City, and the execution, and/or ratification of execution, of the Insurance Commitment and the Reserve Insurance Commitment by the City Administrator is hereby authorized and the City Administrator’s execution shall be conclusive evidence of such approval. The Debt Service Reserve Agreement shall be in substantially the form attached hereto as Exhibit C, subject to such minor changes, insertions or omissions as may be approved by the Mayor of the City, and the execution of the Debt Service Reserve Agreement by the Mayor of the City, and the execution of the Debt Service Reserve Agreement by the Mayor of the City as hereby authorized shall be conclusive evidence of any such approval. As a further inducement to issue the Policy and the Reserve Policy, the insurance requirements and reserve policy requirements as are attached hereto and incorporated herein by reference, respectively, as Exhibit D-1 and Exhibit D-2, are hereby ratified, and approved.

Section 4. Approval of Purchase Agreement. The execution, delivery, and performance of the Purchase Agreement providing for the purchase and sale of the Series 2021 Bonds, by and between the City and the Underwriter, a copy of which is attached hereto as Exhibit E, be and the same is hereby authorized. The Purchase Agreement shall be in substantially the form attached hereto, subject to such minor changes, insertions or omissions as may be approved by the Mayor of the City, and the execution of the Purchase Agreement by the Mayor of the City as hereby authorized shall be conclusive evidence of any such approval.

Section 5. Ratification and Authorization of Preliminary Official Statement and Official Statement. The use and distribution of the Preliminary Official Statement, a copy of which is attached hereto as Exhibit E, are hereby ratified, and approved. The use, distribution and execution of the Official Statement are hereby authorized, provided that the Official Statement is in substantially the same form as the Preliminary Official Statement. The execution of the Official Statement by the Mayor of the City, as hereby authorized shall be conclusive evidence of the approval of any such changes.

Section 6. Designation of Bond Registrar, Paying Agent, and Authentication Agent; Designation of Depositories and Custodians.

(a) Regions Bank, in the City of Atlanta, Georgia, is hereby designated as Bond Registrar, Paying Agent, and Authentication Agent for the Series 2021 Bonds, the Sinking Fund Custodian, and the Construction Fund Custodian.

(b) First Port City Bank in the City of Bainbridge, Georgia, is hereby designated as Revenue Fund Depository, the Renewal and Extension Fund Custodian, and the Rebate Fund Custodian.

(c) The City, from time to time, may designate in writing, by an authorized officer of the City, a successor Bond Registrar, Paying Agent, and Authentication Agent, depository or custodian of any

fund or account described in the Original Ordinance; provided such successor agrees to comply with the relevant provisions of Original Ordinance, as supplemented.

Section 7. Amendments to Original Ordinance.

(a) Section 215 of the Original Ordinance is repealed and all references to Section 215 in the Original Bond are stricken and replaced with references to Section 510.

(b) The City agrees that any and all payments or transfers to the City from revenues or income of the System shall be paid or transferred after the payment of debt service on the Series 2021 Bonds and Parity Bonds, if any, and the replenishment of the Debt Service Reserve Account (including the reimbursement of amounts due to BAM) pursuant to Section 503(e) of the Bond Ordinance.

Section 8. Ratification of Original Ordinance. Except as otherwise provided specifically herein, all of the terms and provisions of the Original Ordinance are hereby ratified and reaffirmed. Capitalized terms used herein and not defined shall have the meanings assigned to them in the Original Ordinance.

Section 9. No Personal Liability. No stipulation, obligation or agreement herein contained or contained in any agreement authorized by this Second Supplemental Bond Ordinance shall be deemed to be a stipulation, obligation or agreement of any officer, director, member, agent or employee of the City in his or her individual capacity.

Section 10. General Authority. From and after the execution and delivery of the documents hereinabove authorized, the proper officers, directors, members, agents and employees of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed and are further authorized to take any and all further actions and to execute and deliver any and all other documents and certificates as may be necessary or desirable in connection with the issuance of the Series 2021 Bonds and the execution, delivery and performance of the agreements authorized by this Second Supplemental Bond Ordinance.

Section 11. Actions Approved and Confirmed. All acts and doings of the officers, directors, members, agents, and employees of the City which are in conformity with the purposes and intents of this Second Supplemental Bond Ordinance and in the furtherance of the issuance of the Series 2021 Bonds and the execution, delivery and performance of the agreements authorized by this Second Supplemental Bond Ordinance are, in all respects, approved and confirmed.

Section 12. Severability of Invalid Provisions. If anyone or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions and shall in no way affect the validity of any of the other covenants, agreements and provisions hereof or of the Original Ordinance or the Series 2021 Bonds.

Section 13. Repealing Clause. Any and all ordinances or resolutions or parts of ordinances or resolutions in conflict with this Second Supplemental Bond Ordinance shall be and the same hereby are repealed, and this Second Supplemental Bond Ordinance shall be in full force and effect from and after its enactment.

Section 14. Effective Date. This Second Supplemental Bond Ordinance shall be effective immediately upon its enactment.

APPROVED AND ENACTED: December 16, 2021.

CITY OF BAINBRIDGE, GEORGIA

By: [Signature]
Mayor

Attest: [Signature]
City Clerk



Attachment 2: Bainbridge City Council Meeting Notes

**SPECIAL CALLED MEETING - MINUTES
CITY OF BAINBRIDGE, GEORGIA
THURSDAY, DECEMBER 16, 2021
8:30 A.M.**

PRESENT: MAYOR EDWARD REYNOLDS, PRESIDING

COUNCIL MEMBERS: KREGG CLOSE, DON WHALEY, GLENNIE BENCH,
ROSLYN PALMER, AND SYLVIA WASHINGTON

CITY STAFF: CITY MANAGER CHRIS HOBBY, ASSISTANT CITY
MANAGER ROY OLIVER, ALLIE GODWIN AND LISA
TAYLOR

GUESTS: MICHAEL KOZLAREK, TREY MONROE, AND EDITH
MILLER

ABSENT: PHIL LONG

INVOCATION AND PLEDGE TO THE FLAG

Councilwoman Bench gave the invocation and all those assembled pledged allegiance to the flag.

CONNSIDERATION OF SECOND SUPPLEMENTAL BOND ORDINANCE

Upon a motion offered by Councilwoman Bench and seconded by Councilman Close, the Council voted 5-0 to approve the Second Supplemental Bond Ordinance as presented.

ADJOURNMENT

With there being no further business, Mayor Reynolds adjourned the meeting at 8:45 a.m.

BY:



EDWARD REYNOLDS, MAYOR

ATTEST:



ALLIE GODWIN, COUNCIL CLERK