**Worthington, Michele R.**

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| **From:** | Batts, John P. |
| **Sent:** | Thursday, March 09, 2017 3:15 PM |
| **To:** | Daiss, Ann P. |
| **Cc:** | Hardwick, Jan; DeBardelaben, David B.; Reppucci, Carmine A.; Curtis, Lindsey D.; Worthington, Michele R.; Barron, Tami M.; Rosenthal, Michael D. |
| **Subject:** | Affiliate Service Agreement |
| **Attachments:** | 2017 Service Agreement between SCS and SoLinc.pdf |

Ann: Attached is a copy of the new Affiliate Service Agreement which also includes the service standards and costs of the LTE network being billed to the OPCos through SCS. This document has been reviewed by Mac Beale from a regulatory standpoint. The original is in the mail for your to sign. Please sign the agreement and Exhibit B. Please let me know if you have any questions. John

Return fully executed original to:
John Batts
Southern Linc
BIN #: 79490

- Please give copy to Stuart Price

# AFFILIATE SERVICE AGREEMENT

This Affiliate Service Agreement (this "Agreement"), effective this 1st day of January, 2017 (the "Effective date"), is between Southern Communications Services, Inc. d/b/a Southern Linc, a Delaware corporation, having its principal place of business at 5555 Glenridge Connector, Suite 500, Atlanta, GA 30342, ("Southern Linc"), and Southern Company Services, Inc., an Alabama corporation, having its principal place of business at 30 Ivan Allen Jr. Boulevard N.W., Atlanta, GA 30308 ("SCS") (individually a "Party," collectively, the "Parties"). Southern Linc seeks to provide SCS and its client companies a cost structure for wireless voice and data services. SCS seeks to accept structure serving as a contracting and billing agent for its client companies. Accordingly, for the value received, the Parties agree to the following terms and conditions:

## TERMS AND CONDITIONS

1. Wireless Services. During the term of this Agreement, Southern Linc will provide SCS, for use by SCS and its client companies, wireless communications and data services as set forth in Exhibit A.

2. Legal Compliance. At this time, Southern Linc's current wireless voice and data service offerings are unique with no comparable service available commercially and thus may not be benchmarked to a market place. With this agreement, Southern Linc provides its service offerings to SCS at a pricing structure at or below cost and thus complies with the Federal Energy Regulatory Commission ("FERC") regulations. This Agreement and all activities taken hereunder will be construed and undertaken in accordance with all applicable laws, regulations and orders including, without limitation, FERC regulations. In the event this Agreement or the performance thereof conflicts with any rules, regulation or order of any properly constituted regulatory authority, adopted before or after the making of this Agreement, then the Parties will promptly negotiate appropriate amendatory provisions to carry out to the extent feasible the intent of the Agreement.

3. Coordination of Activities and Access to Facilities. During the term of this Agreement, the Parties will coordinate their activities as to maximize the responsiveness of the wireless and data services to SCS and its client companies, and specifically to satisfy in the most efficient and reliable fashion the wireless communications and data requirements of the Southern integrated electric utility system operations. Such coordination will require joint planning, mutual assistance, and physical accommodation of each Party's equipment. With respect to all such coordination activities, each Party is to be responsible for these costs which are incurred on its behalf. To obtain wireless voice and data services and to conduct their respective operations on the most efficient and reliable basis, the Parties will provide each other access to use of each other's facilities in return for compensation. Notwithstanding the foregoing, the Parties will cooperate to document the ownership of property to avoid unintentionally encumbering the assets owned by each other.

4. Payment. Each month, SCS will pay the charges for the Southern Linc communications and data services set forth in Exhibit B as such exhibit may be revised from time to time.

5. Term and Termination. The initial term of the Agreement will commence on the effective date hereof and will remain in effect for one (1) year. The initial term will be automatically extended for successive renewal terns of one (1) year each, unless either Party gives notice to the other Party not later than one

hundred and eighty (180) days prior to the then scheduled expiration date of the initial term or renewal term, as the case may be of its intent to terminate this Agreement.

6. Successors and Assigns. This Agreement will be binding upon the Parties and their successor and assigns. Except for assignments for the purpose of obtaining financing, this Agreement will not be assigned without the written permission of Southern Linc.

7. Severability. If any provision of the Agreement is found illegal or unenforceable by a court of competent jurisdiction, then the Agreement will remain in full force and effect and the Parties will substitute for such provision a legal and enforceable provision that most nearly affects the Parties' intention with respect to such unenforceable provision.

8. Entire Agreement. The Agreement constitutes the entire Agreement between the Parties with respect to the transactions contemplated herein, and supersedes all prior oral or written agreements between the Parties. The Agreement may be amended only by a writing signed by both Parties.

9. Governing Law. The validity, interpretation and performance of this Agreement and each of its provisions will be governed by Georgia law.

10. Notice. Any notices under the Agreement will be in writing and delivered to the individual and address designated below (or at such other addresses as will be given in writing by the Parties to one another).

**SIGNED AND DELIVERED.**

**SOUTHERN COMMUNICATIONS SERVICES, INC. d/b/a/ SOUTHERN LINC WIRELESS**

By: _____

Print Name: Carmine Reppucci

Title: CFO, VP & Treasurer

Date: 3/9/2017

**SOUTHERN COMPANY SERVICES, INC.**

By: _____

Print Name: Ann P. Daiss

Title: SVP, Comptroller & CAO

Date: 3.16.2017

# EXHIBIT A

## Wireless Voice and Data Services

**Coverage Area**

- Greater than 80% of affiliate service territory of 120,000 square miles

**Network Availability**

- Aggregate cell site availability averaging at least 99.9% for each calendar year

**Power Backup Systems**

- Battery backup at 100% of sites in affiliate service territory
- Generators at 92% of sites

**Call Quality**

- Dispatch call queuing during the monthly Busy Hour not to exceed an average of 5% for each calendar year
- Cellular call completion rate during the monthly Busy Hour to exceed an average of 98% for each calendar year
- Dropped cellular call rate not to exceed an average of 2% or each calendar year

**Emergency Response Assurances**

- The following resources will be available 24 hours a day, 7 days a week to respond to a Storm Emergency:
  - Network operations monitoring from main switch office;
  - Customer solutions call center personnel available to answer customer calls and respond to customer requests; and
  - On-call field technicians who will be in route in 3 hours.
- Emergency response plan and experienced storm response team
- Emergency personnel available to consult with affiliate management to determine the most appropriate course of action for each Customer Storm Emergency
- A local inventory of spare infrastructure equipment maintained for deployment as needed during emergency situations
- Towers designed for high wind speed and ice loading
- Portable cell sites and generators
- Portable cell site with satellite switch-to-site transport
- Telecommunications Service Priority for switch-to-site transport recovery
- Spare microwave equipment as backup for switch-to-site transport
- Dedicated field operations recovery team
- Technicians trained in generator and HVAC repair

**Wireless Services Provided**

- Access to full featured digital wireless communications network
- Seamless network access across Southern Company footprint
- Premier dispatch radio technology
- Rugged user handsets

- Instant Linc dispatch service, including group and private call, unlimited minutes for all users
- Centralized customer talk group management
- Very large talk groups capable of supporting thousands of simultaneous participants
- Instant Linc priority for private and group dispatch calls
- Affiliate management of fleet participants
- Dispatch service when operating off-network
- Talk group scan feature
- Emergency alert and call features
- Cellular phone service for unlimited minutes for all users
- Unlimited text messaging for all users
- Prioritized wireless communications in times of network congestion
- Wireless data services

**Other Service Level Assurances**

- Assigned sales reps
- Dedicated customer solutions reps
- Outage notification
- Coordinated outage scheduling and notification with affiliates
- Coordination with affiliates for Linc system upgrades
- Utilization of a spare dispatch switch during network software upgrades to minimize down time

# EXHIBIT B

## Pricing

I. Service Fees

SCS is budgeted to pay Southern Linc a 2017 annual service fee not to exceed $108 million. The annual service fee will be paid in 12 equal monthly payments of $9 million. If during 2017 Southern Linc's financial results are better than expected, Southern Linc may, at its sole discretion, pass on those savings to SCS as a reduction in the monthly service fee. These service fees include unlimited lines of service for voice and data.

II. Other Fees

SCS and its client companies may purchase phones, other equipment and technician services directly from Southern Linc priced per FERC regulations and guidelines.

This revised Exhibit B to the Affiliate Service Agreement (the "Agreement") effective as of January 1, 2017, between Southern Linc and SCS is hereby acknowledged and agreed to in accordance with Section 4 of the Agreement this 9th day of March, 2017.

Southern Communications Services, Inc.
d/b/a Southern Linc

By: _____

Title: CFO, VP & Treasurer

Southern Company Services, Inc.

By: Art P. Davis

Title: 3-16-2017