CFO-B
JUL - 3 2012

EnerScope
A DIVISION OF LILCO, INC. (FLA.)

187 Mill Landing
Rochester, New York 14626
Phone: (585) 865-8956 Fax: (585) 865-1745

June 15, 2012

RECEIVED
CITY CLERK'S OFFICE
2012 JUN 27 AM 11: 41
NORTH TONAWANDA, N.Y.

Scott P. Kiedrowski
City of North Tonawanda
Office of The City Clerk –Treasurer
City Hall
216 Payne Avenue
North Tonawanda, N.Y. 14120

RE: Waster Treatment Plant
Energy Procurement Bid and
Services of EnerScope

Dear Scott,

I appreciate Dave Scott's efforts to arrange meeting with you, he, and I to begin processing the 2012/2013 renewal bid for Natural Gas purchases for the Waste Treatment Facility. I will be forwarding to you via email copies of our Specifications and Supplier Mailing List to go with the hard copies I delivered today. This letter should also act as an attachment, as you requested, to EnerScope's annual renewal engagement letter for services from the period July 1, 2012 through June 30, 2013.

As I indicated, for the last several years (almost 20 years), we simply relied on Paul Drof, Gary Franklin and most recently Paula Sattelberg to advance our renewal agreement under their cover letter. We ask that you forward this letter and our renewal agreement to the Mayor and Common Council on our behalf to request approval for renewal of our services.

First, our services include presiding over the annual bid for Natural Gas purchases from Independent Natural Gas Suppliers. We provide the City with the use of our Specifications – updated to reflect the latest estimates and changes in that market. We attend the bid opening and prepare a comprehensive report recommending the winning bidder and detail the potential costs and savings for the bid year. Thereafter, we administer the bid terms daily insuring compliance by the winning bidder and insuring cost effective pricing for the bid period. Finally, we report monthly to you the results of those efforts and measure them for savings and accuracy.

Our services are fee based and remain the same for this year. EnerScope has provided advantages year-after-year in both better bid results, protection from erroneous billing and overall savings using the transportation gas program. Most recently, Supplier Bid Margins have gone down by 11% and 16% in each of the past 2 years and the Average Price per MCF of gas has gone down by 15% and 36% versus bid day outlook in each of the last two years.

We appreciate your business and look forward to renewing our services for another year.

Respectfully,
George Dall

EnerScope
A Division of LILCO, Inc. [FLA.]

187 MILL LANDING
ROCHESTER, NEW YORK 14626

Phone (585) 865-8956

ENGAGEMENT AGREEMENT

THIS AGREEMENT, DATED JUNE 14, 2012 IS BETWEEN NORTH TONAWANDA WASTE TREATMENT FACILITY, 830 RIVER ROAD, NORTH TONAWANDA, NEW YORK 14120 (CLIENT) AND EnerScope, A DIVISION OF LILCO, INC. [FLA.], 187 MILL LANDING, ROCHESTER, NEW YORK 14626 (CONTRACTOR).

PURPOSE OF ENGAGEMENT

THE CONTRACTOR IS AN EXPERT IN ENERGY RELATED MATTERS AND WISHES TO PROVIDE THE SERVICES LISTED BELOW TO THE CLIENT.

THE CLIENT DESIRES TO USE THE SERVICES OF THE CONTRACTOR TO PROVIDE ENERGY RELATED CONSULTING SERVICES AS OUTLINED BELOW.

SCOPE OF SERVICES

THE CONTRACTOR WILL PROVIDE THE FOLLOWING SERVICES DAILY, WEEKLY, MONTHLY AND SUCH OTHER TIME PERIODS AS REQUIRED:

- **RECEIVE AND RECORD METER READINGS FROM THE CLIENT AS REQUESTED BY THE CONTRACTOR.**
- **TRANSCRIBE, POST, AND RECORD METER READINGS RECEIVED FROM THE CLIENT, TRACK CONSUMPTION BY ACCOUNT FOR THE PURPOSES OF ORDERING NATURAL GAS FOR THE CLIENT FROM SELECTED NATURAL GAS SUPPLIERS AS DESIGNATED BY THE CLIENT AND, WHERE REQUIRED, SUPPLY METER READINGS TO UTILITIES.**
- **ADJUST, AMEND, AND CORRECT, AS REQUIRED, ORDERS FOR NATURAL GAS FOR EACH ACCOUNT.**
- **COORDINATE ALL SHIPMENTS OF NATURAL GAS WITH DESIGNATED NATURAL GAS SUPPLIERS ON BEHALF OF THE CLIENT.**
- **REVIEW NECESSARY DOCUMENTATION AND CONFIRM ALL GAS SHIPMENTS AS REQUESTED BY THE CONTRACTOR FROM THE DESIGNATED NATURAL GAS SUPPLIER ON BEHALF OF THE CLIENT.**
- **RECEIVE COPIES OF ALL RELATED INVOICES FOR THE PURCHASE OF NATURAL GAS FROM DESIGNATED SUPPLIERS AND ALL TRANSPORTATION DATA AND INVOICES FROM THE LOCAL UTILITY DISTRIBUTION COMPANY.**
- **AUDIT ALL CHARGES TO THE CLIENT BY THE DESIGNATED NATURAL GAS SUPPLIER AND LOCAL UTILITY DISTRIBUTION COMPANY AND ARRANGE FOR ANY ADJUSTMENTS AS REQUIRED.**
- **PREPARE REPORTS FOR EACH CALENDAR MONTH OF THE BID PERIOD TO MEASURE COST SAVINGS FOR THE CLIENT.**
- **PREPARE SUCH OTHER REPORTS AND CORRESPONDENCES AS REQUESTED BY THE CLIENT.**
- **ADMINISTER ALL TERMS AND CONDITIONS OF BIDS AND CONTRACTS FOR NATURAL GAS PURCHASES THAT THE CLIENT HAS ENTERED INTO.**

SCOPE OF SERVICES (CONT'D)

-ACT AS AGENT FOR THE CLIENT FOR THE PURPOSES OF MANAGING THE NATURAL GAS PURCHASES.
- INFORM THE CLIENT OF COMPLIANCE REQUIREMENTS WITH UTILITIES AND ASSIST THE CLIENT IN RESPONDING TO ANY AND ALL REQUESTS MADE BY UTILITIES AND NATURAL GAS SUPPLIERS OR REQUIRED BY THEM TO THE CLIENT FOR COMPLIANCE.
- ASSIST CLIENT IN PREPARATION OF ALL BUDGETS FOR UTILITIES AS REQUESTED BY THE CLIENT.
- ASSIST CLIENT PERSONNEL IN GAINING KNOWLEDGE OF UTILITY RELATED COSTS AND SERVICES AND PROGRAMS.
- PROVIDE PRELIMINARY COST SAVING ESTIMATES, OBJECTIVES AND PRELIMINARY ANALYSIS FOR ANY UTILITY RATE CASE INTERVENTION.
- PROVIDE ASSISTANCE FOR ADDITIONAL COST SAVING OPPORTUNITIES OFFERED BY DEREGULATION OPPORTUNITIES OF THE UTILITIES AND ASSIST IN NEGOTIATION OF SAME.
- PROVIDE ALL BIDDING ADMINISTRATION AS REQUIRED AND, FOR AN ANNUAL FEE PREPARE ALL NECESSARY DATA FOR A BID FOR THE 2012/2013 AND FORWARD FISCAL YEARS.
– OFFER AND ENTERTAIN SUCH OTHER SERVICES AS MAY BE BECOME AVAILABLE TO THE CLIENT TO ENHANCE COST REDUCTIONS IN UTILITY COSTS.

TERMS AND COSTS

THE AGREEMENT WILL BEGIN NO LATER THAN JULY 1, 2012 AND REMAIN IN FORCE THROUGH JUNE 30, 2013 OR EXPIRATION OF THE BID PERIOD, WHICHEVER IS LATER. CONTRACTOR AND CLIENT WILL MUTUALLY AGREE TO ANY EXTENSIONS AND THE FORM THERETO.

THE RENEWAL ANNUAL FEE WILL BE $3,600.00 ($300.00 PER MONTH)0 INCLUSIVE FOR ONE (1) ACCOUNT.

IN ADDITION, THE ANNUAL FEE FOR BIDDING FOR THE 2012/2013 FISCAL YEAR WILL BE $600.00.

ADDITIONAL SERVICES WILL BE PROVIDED AS REQUESTED AT A RATE OF $85.00 PER HOUR FOR RECURRING TYPE SERVICES. ALL RATE CASE INTERVENTION, LOBBYING ASSISTANCE, WILL BE PROVIDED AT AN HOURLY RATE OF BETWEEN $50.00 AND $125.00 DEPENDING ON THE SERVICE. ALL ADDITIONAL SERVICES WILL REQUIRE REIMBURSEMENT FOR OUT-OF-POCKET COSTS AS INCURRED. ADDITIONAL SERVICES REQUESTED AT SIGNING ARE ATTACHED AS ADDENDUM AND MARKED HERE ACCORDINGLY (IF ADDENDUM CHECK BOX _____)

BY THEIR SIGNATURE BELOW, BOTH CLIENT AND CONTRACTOR AGREE TO THE TERMS AND CONDITIONS OUTLINED ABOVE.

FOR CONTRACTOR:	FOR CLIENT:
_____	_____
EnerScope	NORTH TONAWANDA WASTE TREATMENT
BY: GEORGE H. DALL JR	BY: _____