

January 5, 2016



Mr. Jason Bird
Rochelle Municipal Utilities
333 Lincoln Highway
Rochelle, IL 61068

Jason

Thank you for the opportunity to participate in Rochelle's RFI for Inventory Management Solutions. Our company has been providing this cost savings solution to many of our electric utility customers for several years. It was also exciting to learn our new parent company Anixter is an Illinois based company, providing Inventory Management Solutions to their customers for many years as well.

We have provided our answers and suggested solutions to the questions within your RFI. If you should happen to need additional information, please feel free to contact me at any time.

Again, thank you for the opportunity and we look forward to a great future partnership

Sincerely,

Bill Lawyer

Bill Lawyer
Regional Vice President
Anixter Power Solutions

One of the goals of ROCHELLE MUNICIPAL UTILITY is to reduce inventory. Do you have experience with other clients utilizing the following methods to reduce and subsequently manage inventory? Please describe the results achieved.

- ***Inventory Managed Inventory***
- ***Inventory Buy Back***
- ***Other***

Yes, Anixter Power Solutions is uniquely qualified and experienced, having deployed VMI solutions for many of our nation's largest utility providers including Dominion, DTE, OG&E, Oncor, PPL, and Portland General Electric, as well as many others. Our proven technology solutions are enabled by many methods of sharing data, including EDI, web services & XML, and punch-outs. Anixter Power Solutions can also accommodate custom formats specified by our VMI customers.

In terms of service levels, we have found that our VMI customers report improved material availability after the implementation of a VMI arrangement. For example, at Dominion, material availability improved to 95%+ after implementation of a VMI program with Anixter Power Solutions, up from 90%-92% prior to implementation.

Further details of our Inventory Management options follow:

Vendor Managed Inventory

Anixter Power Solutions provides VMI solutions whereby we procure materials, manage inventory, and negotiate vendor pricing. One of our most innovative solutions involves the management of a Rochelle Municipal Utility's inventory utilizing a closed loop inventory management system. Under this process, the Rochelle Municipal Utility's inventory data and work order requirements are electronically shared with the Anixter Power Solutions system through the use of an electronic exchange medium such as XML. Anixter Power Solutions processes the data and provides the Rochelle Municipal Utility with a recommended re-order quantity for each SKU managed. The Rochelle Municipal Utility accepts this re-order quantity and electronically issues a purchase order for the material. Anixter Power Solutions processes this order and ships the material to the Rochelle Municipal Utility location(s). An advance ship notice is processed and released prior to shipment of the material. Once received by the Rochelle Municipal Utility, payment is made via ERS/EFT, or by check. In addition to the vendor managed inventory being performed with the Rochelle Municipal Utility, Anixter Power Solutions also has the capability to work with manufacturers and share our inventory data via an electronic exchange medium such as XML.

Anixter Power Solutions Vendor Managed Inventory service enables Rochelle Municipal Utilities to more efficiently procure materials, manage inventory and negotiate vendor pricing. Through this program, Rochelle Municipal Utility material requirements are

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automatically met, as Anixter Power Solutions assumes responsibility for replenishment and restocking. The Rochelle Municipal Utility's current consumption and traditional usage levels dictate inventory levels, which are maintained by Anixter Power Solutions. These programs are best suited for select high volume items, as jointly determined by the Rochelle Municipal Utility and Anixter Power Solutions.

Typical results achieved by our customers in a vendor managed inventory arrangement include reduced transaction costs, as they no longer have buyers actively managing the selected items. We also find that our customers report increased inventory utilization, as excess storeroom inventories can be repositioned at other storerooms or a central warehouse. In addition, those customers engaging in our closed loop VMI process report lower transactional costs from the electronic accounts payable process.

Inventory Buy Back

Anixter Power Solutions does consider and has executed inventory buyback programs. The most prominent use of our inventory buyback program is at the inception of a new customer account where the customer has specific inventory reduction goals and Anixter Power Solutions is ramping up our inventory. Buying a customer's inventory in this situation provides the customer with a step function reduction in their inventory value and allows Anixter Power Solutions to quickly begin serving the customer. Another common use of our inventory buyback program is for initiating a Vendor Owned Vendor Managed Inventory (VOVMI) program, such as Open Bins or Vending solutions. Our VOVMI program is explained in more detail below. We will consider most any situation to buyback a customer's inventory provided it results in taking cost and the inventory out of the supply chain and doesn't just transfer the cost to Anixter Power Solutions.

Vendor Owned Vendor Managed Inventory (VOVMI)

Anixter Power Solutions currently operates a number of Vendor Owned Vendor Managed Inventory (VOVMI) programs with existing alliance customers. Our VOVMI program is a consignment solution that provides Rochelle Municipal Utilities with access to inventories without having to make the financial investment. In effect, our customers have access to materials at their facilities that are owned by Anixter Power Solutions. We implement our bar code and scanning technology that can be utilized by our Rochelle Municipal Utility or Anixter Power Solutions personnel. This creates advantages associated with electronic invoicing that can feed payables systems and work order cost accounting, further reducing our customer's costs. The Open Bin solution is the most popular of our VOVMI programs, and we are able to apply it to any category of material. We offer several variations of VOVMI depending on scale, scope, and Rochelle Municipal Utilities preference.

Please fill in the following information regarding services:

Services	Willing to perform for Rochelle Municipal Utility (Y/N)	Currently performing for Customers (Y/N)	How long have you been performing?	Performing in support of Gas Operations, Electric Operations or Both?
Forward Logistics	Y	Y	17+ Years	Y
Reverse Logistics	Y	Y	17+ Years	Y
Scheduled Deliveries	Y	Y	17+ Years	Y
Job Site Deliveries	Y	Y	17+ Years	Y
Emergency/After Hours Deliveries	Y	Y	17+ Years	Y
Investment Recovery	Y	Y	17+ Years	Y
Hazardous Materials	Y	Y	17+ Years	Y
Returns from Storerooms	Y	Y	17+ Years	Y
Returns from Job Sites	Y	Y	17+ Years	Y
Manufacturer Warranty Claims	Y	Y	17+ Years	Y
Kitting	Y	Y	17+ Years	Y
Pre-assembly	Y	Y	17+ Years	Y
Cross Docking	Y	Y	17+ Years	Y
Purchasing (Transactional)	Y	Y	17+ Years	Y
Strategic Sourcing	Y	Y	17+ Years	Y

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Services	Willing to perform for Rochelle Municipal Utility (Y/N)	Currently performing for Customers (Y/N)	How long have you been performing?	Performing in support of Gas Operations, Electric Operations or Both?
Demand Management	Y	Y	17+ Years	Y
Standardization	Y	Y	17+ Years	Y

ROCHELLE MUNICIPAL UTILITY integrated supply program includes the integrator performing purchasing functions on behalf of ROCHELLE MUNICIPAL UTILITY pursuant to demand signals. Please fill in the requested information regarding your experience in managing the following materials categories:

Categories	Forecast (Y/N)	Procure (Y/N)	Inventory (Y/N)	Handling (Y/N)	Material Coordination (Y/N)
Pole Line Hardware	Y	Y	Y	Y	Y
Capacitors	Y	Y	Y	Y	Y
Pole Top Switches	Y	Y	Y	Y	Y
MRO	Y	Y	Y	Y	Y
Streetlight mtl	Y	Y	Y	Y	Y
Substation mtl	Y	Y	Y	Y	Y
Transmission mtl	Y	Y	Y	Y	Y
Switchgear	Y	Y	Y	Y	Y
Tools	Y	Y	Y	Y	Y

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Please provide an overview of your current IT infrastructure.

Anixter Power Solutions Power Solutions has a full-time, dedicated team of 40 IT professionals, which implement any IT integration requirements with our alliance customers and who work to continuously improve services and system capabilities with our utility clients. This team has years of experience interfacing with and integrating into multiple supply chain ERP systems and work management systems, including SAP.

We use a standard software development life cycle (SDLC) process for our integration process, and are experienced implementing with customers who prefer to use Scrum or Agile methodologies. We use a project manager and project plan to identify and manage milestones and tasks to verify they are complete. Anixter Power Solutions IT team's experience allows us the ability to do complete system-to-system integration utilizing XML, EDI or any custom format. We have integrated at varying levels of transaction sets based on Rochelle Municipal Utilities need.

Do you utilize bar code technology?

Yes. Anixter Power Solutions SX.Enterprise materials management system allows us to provide bar coding and labeling capabilities. We are currently bar coding and labeling for many of our Alliance partners to their specifications, which include Purchase Order Number, Release Number, Item ID Number and Quantity. An example of a label that we currently provide to a large utility customer is shown below:



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Our solutions suite includes bar coding of products or product locations, bar code scanning technology. We couple these solutions and tie them together on a single software platform that allows the data to flow seamlessly. The Anixter Power Solutions solution suite is truly a “plug and play” environment allowing Rochelle Municipal Utility to start with an advanced bar coding solution. We believe a broad application of bar coding technology, coupled with our operating platform, can significantly reduce operating inventories while maintaining adequate material availability levels.

As an example, Anixter Power Solutions provides bar code scanning technology to a major customer to assist them in the product replenishment process. The customer’s warehouse personnel utilize Anixter Power Solutions provided scanning devices to read bar code labeled bins as the material is requested and consumed, then the device transmits this information to our ERP system, SX.Enterprise. Anixter Power Solutions automatically replenishes the material based upon usage and predefined stocking levels (min/max). This system has reduced our utility partner’s inventory investment, while increasing their fill rates. Furthermore, the process around the RF device has allowed the utility’s warehouse staff to be more productive, while providing improved inventory control. In other similar models, Anixter Power Solutions personnel perform the scanning function for items within a specific Vendor Managed Inventory (VMI) area, using the same methodology of scanning and replenishing based on stocking levels.

The bar code scanning technology offers a robust solution individually, and when it is coupled with one or more of the solutions mentioned above, Rochelle Municipal Utility stands to realize an even great level of visibility and traceability of product consumption and levels.

How have you applied technology to provide innovative Rochelle Municipal Utility supply chain solutions? Provide specific examples.

Anixter Power Solutions is committed to technology and annually invests millions of dollars to support our industry leadership. For our utility business, we maintain our own subset of resources that have developed customized integrated solutions to support our strategic relationships today and tomorrow. Some of our technology solutions include:

- SX.Enterprise (ERP System)
- TWL (Total Warehouse Logistics RF solution)
- Quote Exchange (Sourcing Portal)
- HALO (Anixter Power Solutions Automated Logistics Operations)
- HQMS (Anixter Power Solutions Quality Management System)
- MicroStrategy (Web Based Performance Reporting)
- WebSphere (Ecommerce Platform)
- Oracle PDM and PDQ (Master Data Management)
- Liaison (Data Integration and Transformation)
- CribMaster (Vending Machines)

Additionally, Anixter Power Solutions hires new personnel with experience in common customer ERP platforms such as SAP, Ventyx, Oracle, PeopleSoft, etc. Existing Anixter Power Solutions customers facing IT personnel are routinely trained on major ERP system instance upgrades. We plan to continue our strong focus on IT innovation and believe this will continue to differentiate Anixter Power Solutions as the industry leader.

Our customized IT solutions are proven for lowering our customer's costs, automating work processes and increasing the speed of supply chain execution. Technology expertise is one vital advantage that Anixter Power Solutions can contribute in order to minimize risk, ensure savings, and capitalize on advanced technologies. For example, many of our customer's have taken advantage of Anixter Power Solutions expertise in advanced technologies in eCommerce, having had Anixter Power Solutions implement an eCatalog solution. Sample utility customers include:

- Avista Corp
- Bonneville Power Admin.
- Dominion Generation
- Dominion Virginia Power
- Duke Energy Florida Inc.
- Georgia Power Company
- Idaho Power Company
- Kansas City Power & Light
- Midwest Energy Cooperative
- PacifiCorp
- Pinnacle West Capital Corp
- Portland General Electric
- PPL
- PSE&G
- Puget Sound Energy
- Richmond Power & Light
- Southern Iowa Electric Coop
- Tacoma Public Utilities

A recent example of a customer for whom Anixter Power Solutions provided a unique technology solution is APS. At APS, Anixter Power Solutions provides an online E-Storefront designed specifically for APS and its contractors as a user interface website/software. To initiate the program, Anixter Power Solutions set up the catalog of materials that comprised the E-Storefront based on APS's approved products list. Once the E-Storefront set up was

complete, it was easily accessible to APS and contractor personnel via a web enable desk or lap top computer.

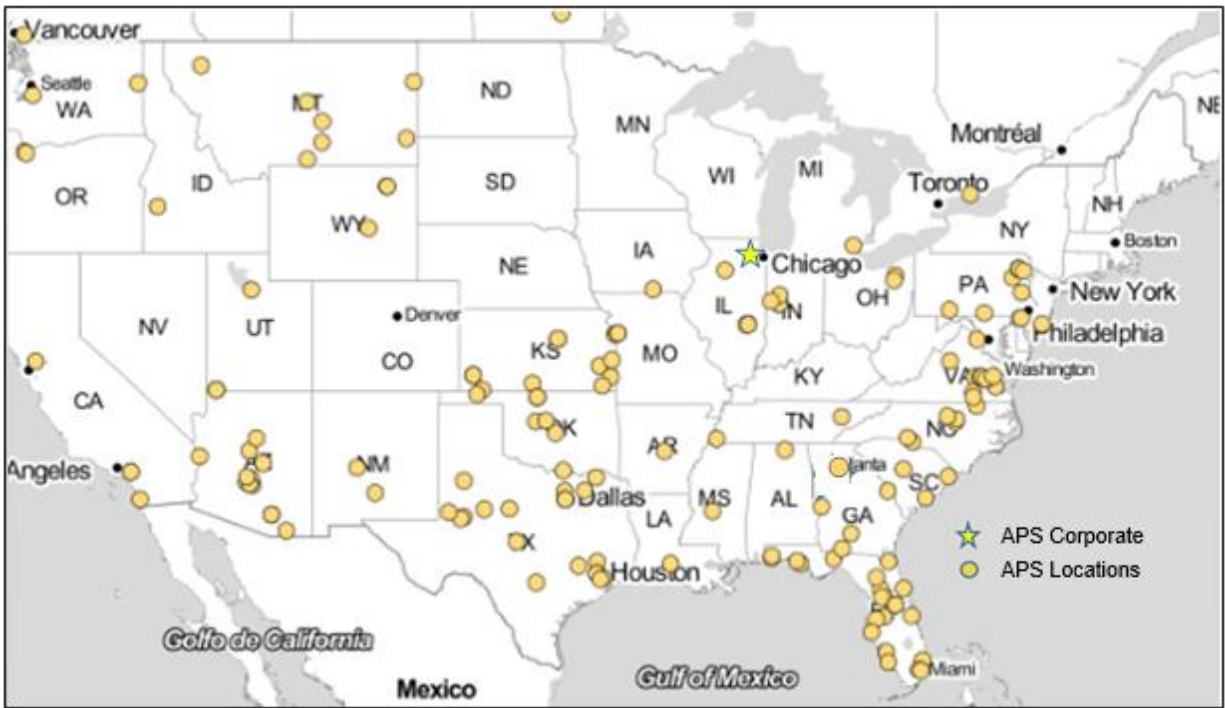
Once logged on to the E-Storefront, APS contractor personnel are able to reconcile material use on an APS Work Order basis. This information is then converted into a material order and an approval notification is sent to APS. APS personnel approve the material order and Anixter Power Solutions creates an invoice to APS in our SX.e ERP system. In parallel, Anixter Power Solutions initiates the necessary material replenishment activities and delivers materials to the contractor's facilities based upon agreed upon stocking levels.

Do you have experiences in serving broad geographic areas? If yes, please describe your experience including the breadth of services provided.

Anixter Power Solutions has extensive experience providing full supply chain solutions to our alliance partners, over broad geographic areas throughout the United States and Canada, including replenishment, material management, logistics and technical support. Anixter Power Solutions currently has 100+ branches across the U.S. and Canada. Please see our following response for additional details.

Please provide a map illustrating your geographic coverage which identifies your corporate headquarters, regional distribution centers, local branches, etc.

Please see the following map for Anixter Power Solutions comprehensive geographic coverage of Rochelle Municipal Utility territory and the greater United States:



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What types of performance metrics have you utilized previously to demonstrate the efficiency of your services? Please include examples of the performance levels you have achieved.

Anixter Power Solutions has developed a number of business performance measurements, for use both internally and with our alliance partners, to monitor trends in performance from implementation through end-state. Many of these productivity and performance indicators are automatically run and distributed without manual intervention on a daily, weekly and monthly basis from our data warehouse, utilizing Outlook. We strive for continuous improvement and utilize feedback we receive from our customers to improve our processes.

One of the key performance indicators (KPI) that we track and include in our alliance agreements is an overall Rochelle Municipal Utility satisfaction rating. We define this KPI as:

Rochelle Municipal Utility Satisfaction - defined as any item that the customer is dissatisfied with including:

- Shipment received on-time
- Correct material shipped
- Correct quantity shipped
- Material packaged correctly
- Shipment correctly labeled
- Shipment in acceptable condition
- Packing list complete
- Material invoiced accurately

We measure this based on the total number of line items shipped less the number of customer dissatisfaction issues divided by the number of line items shipped.

Other basic baseline metrics typically proposed and used are as follows:

- Line Item Fill Rate
- Inventory Turns
- Shipping Accuracy
- Aging Backorder PI
- Material Availability PI
- Cost savings achieved

Please describe your experience in delivering year over year savings on the price of materials.

Anixter Power Solutions is currently engaged in many Continuous Improvement programs to ensure that savings are regularly achieved. These programs revolve around the supply chain elements that drive total cost of ownership, our customer's business objectives, streamlining processes, and creating crew efficiency. Many of our continuous improvement platforms are driven by our IT integration and eCommerce products. Key cost elements we target include: product first cost, inventory, personnel, product standardization, and SKU rationalization. We design a custom suite of services to address each individual customer's unique circumstances.

A listing of the services and capabilities that we apply to drive continuous improvement and total cost reduction follows:

- Strategic Sourcing & Procurement
- Warehouse & Material Handling
- Kitting, Packaging and Bar Coding
- Logistics
- Inventory Management
- Performance Management & Reporting
- Emergency Response

Although individual customer results vary based on where they reside in the supply chain continuum, we have made significant impacts on our customer's first costs, inventory level, supply chain personnel efficiency, and crew efficiency. Customer examples follow:

For the **Dominion T & D Business Unit:**

- Open Bins For Consumables and Hardware
- VMI
- eStorefront – custom eCatalog
- Emergency Stock Management
- Web Order Entry for Tool & Safety Products
- Advanced Shipping Notices to Trigger Auto Receipts
- Text Messaging for Delivery Notices
- Storm Material Web Site
- Kitting & Packaging for Projects
- Job Site Delivery
- Management of Steel Conductor Reels & Scrap Conductor
- Project Trailers
- Substation Trailers

- Transmission Materials Management, Including Yard Management, VMI, & Creation of a Virtual Inventory:
 - Numerous Projects
- Reverse Logistics
- HQMS Quality Tracking
- Rubber Goods (Blankets & Hoses) & Hot Sticks Testing Trailer
- Customized Solutions
 - Live Front Switches Barrier Board Kitting
 - Daily Backorder Reporting
 - Customized Packing Slips
 - Customized Recloser Repair Process
 - Sub-Station Battery Accessories Management

For the **Dominion Generation** Business Unit:

- VMI Solution Managing more than 12,000 SKU's Servicing 13 Dominion Generation Plants
- Standardization of Rain Suits, Trash Bags, & Hot Sticks – Reduced Cost \$30K Annually, Inventory by \$100K
- Web Based Order Entry
- eStorefront With 65,000 SKU's
- Back Hauling Of Rubber Goods
- Vending
- Outage Planning
- Outage Trailers
- Lighting Assessments
- Warranty Tool Program
- Nuclear Disaster Kits
- Project Kitting / Trailers

At **PPL** we have implemented, or are implementing, the following Joint Process Improvement Programs:

- Open Bins
- Steel Reel Management & Wood Reel Recycling
- Vendor Managed Vendor Owned Inventory (VMVOI) for All Third Party Contractor Electric Distribution Work
- Our Contractor Reservation Center – A Web Based Work Management System that Integrates PPL's Contractors' Work Schedules with Anixter Power Solutions ERP System Allowing Contractors to Order Materials on a Job Basis

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- Job Site Delivery
- Transmission Materials Management, Including Yard Management, VMI, & Creation of a Virtual Inventory:
 - Susquehanna – Roseland & North Pocono Projects

At **DTE** we have implemented, or are implementing, the following Joint Process Improvement Programs:

- SAP & SX.e ERP Systems Integration to automate planning, purchasing, receiving, and invoicing transactions
- Integrated Supply Management of the Energy Delivery Business
- Open Bins at Various DTE Locations
- Electric Delivery Project VMI & VMVOI Programs
- Contractor Yard Management
- Cohabitation with Utilicon (3rd Party Constructor) At Our Romulus, MI Facility To Reduce Construction Costs
- Wire & Cable Management
- Gas Products Materials Management
- Vending in Energy Delivery & Generation Business Units
- Nuclear Tool Cage Management

In addition, we have many of the same programs implemented, or a being implemented, at: KCP&L, PGE, PHI, Salt River Project, Oklahoma Gas & Electric, and Oncor.

Furthermore, as the largest utility distributor in North America, Anixter Power Solutions is also often the largest customer to most manufacturers in the industry. We have the broadest product and service portfolio in the industry as well as the deepest manufacturer relationships, thus allowing us access to the best products at the most competitive prices. More importantly, with the increasing demand for product and both supply and pricing concerns, our buying power provides ROCHELLE MUNICIPAL UTILITY increased certainty and stability moving forward.

Please explain your technical method for establishing an optimized and dynamic customer inventory portfolio.

Anixter Power Solutions joins forces with our VMI customer's to draw upon the expertise of our Global Sourcing Center and their Category Management organization. Anixter Power Solutions can work with Rochelle Municipal Utility to establish an optimized and dynamic inventory portfolio, to review and compare all spend categories, and to ensure we have the best sourcing strategy and solution for each specific category. Most likely, this will be a combination of leveraging Rochelle Municipal Utilities existing category contracts, as well as Anixter Power Solutions existing agreements. Other methods we can utilize for inventory optimization include the following:

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Stocking Level Assessment

Anixter Power Solutions will deploy a team of stockroom specialists to build a facility specific product database to include on-hand quantities. This database, coupled with Rochelle Municipal Utilities information around usage, lead-time, and order minimums, will be used to assess the current physical environment. One output of this process is baseline stocking levels (minimum/maximum) that will be utilized to monitor available inventory and reorder points. This same process will be used across all customer facilities to ensure accurate start up data in which to develop a measureable baseline. The database build process timeline is critical to the implementation launch, and will be dependent upon access to the facility and availability of pertinent information.

Elimination of Contingent Inventory

Anixter Power Solutions will leverage the information developed in the stocking level assessment to identify excess inventory, also referred to as contingent inventory. Identification of contingent inventory is critical as it can represent low usage or surplus-buy material and opportunities for improved purchasing and inventory leveraging practices. All contingent inventories will be assessed, and with the help of Rochelle Municipal Utility, an appropriate disposition plan will be developed and executed resulting in reduced safety stock, better leveraged inventory, reduced operating costs tied to purchasing, and increased product storage capacity. This process is scalable and will be deployed across the customer's fleet to drive similar improvements. As this process is an output of the stocking level assessment phase, the same stipulations for timeline completion are evident.

Product/SKU Standardization and Rationalization

A significant benefit for Rochelle Municipal Utility as an Alliance partner is being a recipient of a "category, name, and type" structure that links Rochelle Municipal Utility and Anixter Power Solutions SKU codes into one cross-referenced data base. This database provides the capability to quickly identify "like for like" parts and enable our sourcing and standardization efforts.

Anixter Power Solutions can dedicate a team of seasoned industry and IT professionals to cull through the SKU data of the in scope items and engage key customer stakeholders and manufacturers, to identify and prioritize standardization opportunities. Utilizing discipline and rigor, the cross-functional team will be responsible for validating technical and commercial viability, developing a sound business case, preparing a detailed implementation and change management plan, executing the initiative, and validating the results.

Please describe the current breadth and depth of inventory you are currently managing for existing Electric Utility customers.

Anixter Power Solutions Power Solutions retains the largest North American distribution and transmission integrator portfolio. Our seasoned national category management sourcing team

oversees more than \$2B in direct utility related spend and supports more than \$6B spend across the Anixter Power Solutions enterprise.

Anixter Power Solutions average annual inventory value is approximately (USD) \$1,700,000,000.

What practices or processes do you utilize to optimize warehousing facilities and reduce warehousing costs?

Warehouse Layout Optimization

Warehouse Layout Optimization encompasses several services, including:

- Stocking Level Assessment
- VMI / Bar Code Solutions
- Elimination of Contingency Inventory
- Point of Use and Outage Solutions
 - Software Utilization
 - Free Issue Bins
 - Vending Machines

One of the services we offer that has been beneficial to many of our customer's is our warehousing layout program where we assess a customer's ability to maximize cubing capacity and subsequent layout suggestions for both space consideration and efficiency maximization of material flow.

Typical benefits realized by our customer's through the use of an Anixter Power Solutions solution incorporating warehouse layout optimization include:

- Improved warehouse throughput
- Increased warehouse capacity

Storeroom Management

Warehousing, logistics and materials management are core competencies for Anixter Power Solutions. Our approach to managing the warehousing and logistics function is to utilize our systems, tools and standard operating procedures to drive efficiencies and continuous improvement. We currently manage storerooms for many utilities, including Oncor.

DC/Warehouse Operations

Anixter Power Solutions performs DC/Warehousing operations for many utilities, including Oncor. We perform all warehousing functions including but not limited to receiving, putting away, picking, packing, order fulfillment and kitting.

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Typical benefits realized by our customer's through the use of an Anixter Power Solutions solution incorporating DC/Warehouse Operations include:

- 25% - 40% reduction in warehouse/storeroom cost through operational optimization, improved field operations coordination, warehouse / storeroom reduction

Cross Docking

Anixter Power Solutions utilizes different colors of shrink wrap for shipments that will be cross docked through a Utility's central warehouse. The different shrink wrap colors help warehouse personnel determine the cross docked shipment and storeroom to be shipped to.

Typical benefits realized by our customer's through the use of an Anixter Power Solutions solution incorporating cross docking include:

- Improved central warehouse productivity
- Improved inventory availability at storerooms
- Reduced inventory lead time at storerooms

How long does it typically take your company to establish a new facility to service a company the size of ROCHELLE MUNICIPAL UTILITY?

It typically takes 90 days or less for Anixter Power Solutions to establish a new facility. If the situation calls for a substantial increase in square footage, Anixter Power Solutions has a knowledgeable and experienced real estate group. This group has a number of dedicated resources, as well as the services of the well regarded real estate brokerage firm CBRE to assist in identifying suitable locations to meet both short- and long-term needs.

What practices or processes do you utilize to optimize your logistics program and employed assets?

HALO - Anixter Power Solutions Automated Logistics Operations

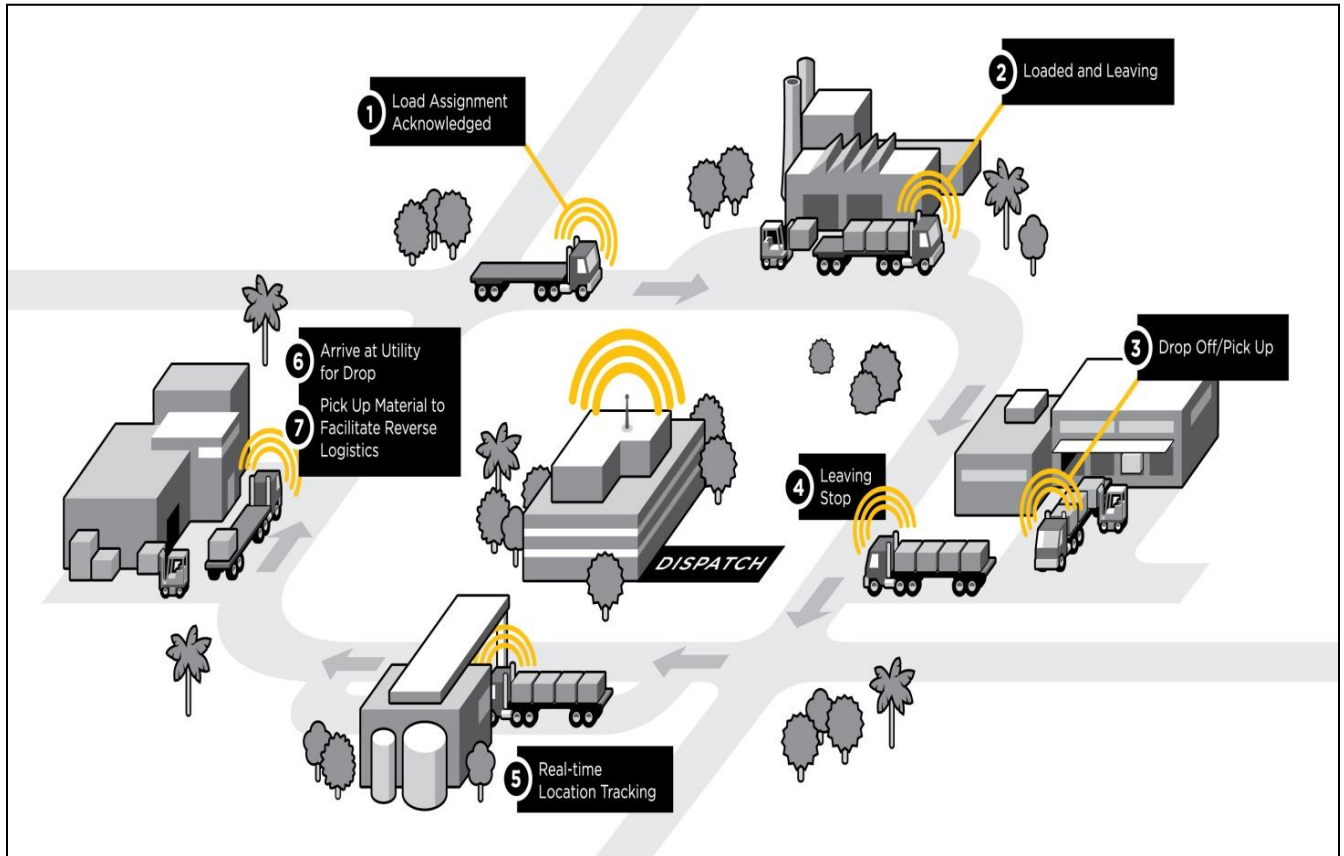
Our HALO (Anixter Power Solutions Automated Logistics Operations) software allows us to dynamically route our deliveries, in real-time. Additionally, our HALO logistics software provides visibility into shipments once they leave our warehouse. HALO provides real time information as to material loaded on the truck, truck location via GPS and electronic signature capture for completed deliveries.

Features and benefits of this program include:

- Automated DOT inspections
- GPS tracking
- Electronic signature capture for deliveries
- Mobile data collection
- Route monitoring and performance

- J1708 ECM Data Capture
- Two way messaging
- Dynamic routing
- Exception reports and alerts

Following is a diagram of our HALO system:



Describe your logistics processes for providing emergency and storm restoration support?

Anixter Power Solutions currently maintains storm stock for several of our alliance customer's. This inventory is held separately from the inventory that we stock to fulfill non-storm related orders.

Storm support services is an area in which Anixter Power Solutions excels. With respect to inventory management for and during storm events, similar to outages, the key to successful storm recovery is in adequate disaster recovery planning. We also realize that, unlike a planned generation outage, storm events are emergent and require immediate response. We also retain strong manufacturer relationships and have the ability to influence material production for our main customer's. These relationships proved invaluable during Hurricane Sandy and other major storm events, where the magnitude of the storm events overwhelmed national

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inventories. Anixter Power Solutions has a full suite of Emergency and Storm support related services that we offer.

Approach highlights include:

- Proactive service Rochelle Municipal Utility can count on
- Documented storm plan
- Our experts work as an extension of Rochelle Municipal Utilities team, on-site and behind the scenes
- Anixter Power Solutions can help Rochelle Municipal Utilities be prepared in advance, long before an event
- Post storm review
- Inventory return and reconciliation
- Systems and processes to accurately track storm consumption
- Development of storm plan document
 - Communication process
 - Demand signal process
 - Inventory requirements
 - SKU cross reference for approved part numbers
 - Storm kits
 - Resources
 - Redundant Data Center

Anixter Power Solutions is very experienced at responding to storms and emergencies. Over the past few years, we have responded to ice storms, tornados, hurricanes and wild fires. Anixter Power Solutions has demonstrated on numerous occasions our ability to play a major role in assisting utilities in storm restoration efforts for each company's service area, most recently with the East coast super storm Sandy in 2012, the 2011 hurricane season in the Mid-Atlantic United States, the Midwest ice storms in 2008 and 2009, and the California wildfires in 2007. We realize the vital role we play in supplying Rochelle Municipal Utilities needs to bring their customers back on line in the aftermath of major natural disasters.

Rochelle Municipal Utility and the restoration of service to your customer's is the top priority of Anixter Power Solutions. As a marquis customer, Rochelle Municipal Utility would receive the highest level of attention and service.

Please describe the program and processes you have in place to manage material quality and integrated supply management process integrity.

Anixter Power Solutions utilizes the Anixter Power Solutions Quality Management System (Anixter Power Solutions Quality Management System – an incident control module that Anixter Power Solutions associates use to document and resolve Rochelle Municipal Utility issues (such as under-shipments, manufacturing defects, and incorrect pricing) that occur from current or previous transactions. HQMS is an incident control module that will document and resolve Rochelle Municipal Utility, Contractor, and Anixter Power Solutions identified issues that occur during the course of business.

HQMS captures information about any issues that arises including: individual identifying the issue, Rochelle Municipal Utility, supplier, issue description (internal or external), root cause analysis, action plan for resolution, responsible individual and key milestone dates. Anixter Power Solutions employs this program to ensure continual improvement in all areas of operations, and to make sure that problems are identified, evaluated and resolved in a timely fashion.

Characteristics of HQMS include:

- A web-based operations platform for managing the quality process
- “Cradle to grave” management of the quality process for any and all issues
- Automatic user notification that an issue has been entered into the system and has been resolved
- Tracking and reporting of historical trend information
- Creates the structure for continuous improvement activities; including Root Cause and Failure Modes and Effects Analyses

Describe your material receipt inspection process.

Anixter Power Solutions begins our process of material receipt by performing a commercial inspection of the products we receive. At our facilities our associates perform a commercial receipt inspection of inbound products consisting of verifying:

- Manufacturer part number
- Order quantity
- Proper packaging and labeling
- There are no obvious manufacturing defects
- There is no damage resulting from any: handling, transportation, weather, fire, flood, etc.

Our associates utilize the Anixter Power Solutions Total Warehouse Logistics (TWL) system to capture the results of the receiving process utilizing RF hand held scanners to ensure all pertinent information is uploaded into our SX.e ERP system accurately. Any Over, Short, Damaged, or Discrepant (OSD&D) findings are documented at the time of receipt. Depending on the nature of the discrepancy, the materials are either refused or segregated for assessment and resolution.

Describe how your company resolves identified material defects.

Any Over, Short, Damaged, or Discrepant (OSD&D) findings are documented at the time of receipt. Depending on the nature of the discrepancy, the materials are either refused or segregated for assessment and resolution. Supplier related quality issues are documented in our Anixter Power Solutions Quality Management System (HQMS). HQMS documents the identified quality issue, assigns an individual to resolve the issue, defines the action plan to resolve the issue, including identification of Steps to Prevent Recurrence, provides management approval of the action plan, and tracks completion of the action plan. This process includes the product manufacturer, as required, including their participation in the definition of Steps to Prevent Recurrence.

What is your company's approach to providing governance and oversight to an engagement with a company the size of ROCHELLE MUNICIPAL UTILITY?

Governance Program Structure

Anixter Power Solutions Governance model is a proven executive oversight and governance methodology that ensures a smooth implementation and creates a structured platform for routine communication, continuous improvement, and success. This methodology has been time-tested at many municipal VMI customers similar in size to Rochelle Municipal Utilities.

Our most successful client relationships typically include proactive management involvement from multiple stakeholders at various levels such as Engineering, Operations, Standards/Methods Group(s), IT, Finance, Supply Chain Operations and Executive Management. In this method, as continuous improvement initiatives are mutually addressed, our diligent process will rapidly capture savings through timely implementation of cost reduction and business process improvement efforts.

Anixter Power Solutions Governance Program utilizes Six Sigma (6S) as a highly disciplined project management process that focuses on developing and consistently delivering extremely high quality results. As Anixter Power Solutions and Rochelle Municipal Utility management teams collectively select initiatives for continuous improvement, a project schedule is created for each initiative and the deliverables of all accountable parties are tracked and monitored in a playbook action tracker. Tracker actions are viewable by all parties on a shared drive and are updated for frequent management review during steering committee review sessions.

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Anixter Power Solutions is a strong supporter of sound governance and we are very comfortable in a transparent, collaborative governance environment. Our governance model is structured to:

- Sustain executive sponsorship to ensure “big picture” focus, strategic alignment on key objectives, and project management rigor to drive cost saving initiative execution.
- Establish Continuous Improvement objectives designed to perpetually remove cost from the supply chain.
- Achieve Continuous Improvement objectives.
- Maintain focus on performance utilizing key performance indicators (KPIs).
- Translate best practices we have developed internally and collaboratively with our alliance customer’s.
- Improve communication, leading to enhanced service levels and faster response times.

Describe your experience for providing material and logistics support to third party construction contractors that are performing work for a Utility customer.

Anixter Power Solutions is very experienced in providing material and logistics support to third party construction contractors.

Examples of experience at specific customer’s follow:

DTE

DTE has entered into an agreement with the City of Detroit to rebuild its infrastructure. As it takes place, the City will transfer ownership to DTE. Anixter Power Solutions work for DTE on their City Infrastructure Project represents an evergreen contract based on performance, with project work extending through 2021. The project covers the entire electrical system for the city and suburbs of Detroit.

Material Scope: Supply of main electrical distribution equipment and hardware for DTE, as well as the procuring and handling of engineered equipment (poles, transformers, conductor, switchgear, etc.)

Services Scope: Integrated Supply Services for DTE Contractors; Procurement and all materials management for DTE contractors, as well as order fulfillment for DTE crews.

Anixter Power Solutions also supports DTE’s core crew work, including material fulfillment to DTE’s main distribution center.

PPL

Contractor of Choice (COC) System Reinforcement (Mountain Top, PA). Anixter Power Solutions is the exclusive materials manager for PPL's system reinforcement "Contractor of Choice" (COC) program; Anixter Power Solutions provides comprehensive sourcing, procurement, warehousing, kitting, wire cutting, packing, logistics and other materials management in support of the COC program.

Project Scope includes:

- Operation of a dedicated 60,000 SF facility in Mountain Top, PA to support PPL's project materials needs
- Support of more than 30 contractors under the program
- Implementation of Anixter Power Solutions Reservation Center portal, to allow contractors and crews to view project materials, and release all or partial materials for the job as required

Examples of related material and logistics support services which Anixter Power Solutions provides follow:

Job Kitting

Anixter Power Solutions has extensive experience with job kitting for distribution, transmission and substation projects, as well as the creation of storm kits in areas prone to storm events. We have performed job kitting for more than 25 utility customers. Upon request by Rochelle Municipal Utility, Anixter Power Solutions can provide project-specific materials as job-specific kits (a "Job Kit") that will be shipped in its entirety to a specified jobsite or Rochelle Municipal Utility contractor facility. Partial shipments of Job Kits by Anixter Power Solutions would not be allowed unless authorization is obtained from Rochelle Municipal Utility prior to shipment. Anixter Power Solutions will shrink-wrap Job Kits and will label each pallet of kitted material with the appropriate Rochelle Municipal Utility work order number and the material detail listing the contents of each pallet. This kitting service offers significant savings through the elimination of handling and holding costs.

Job Site Delivery

Anixter Power Solutions delivers materials directly to job sites for many of its customer's. This service tends to be of the greatest value to utilities that are located in or near large metropolitan areas. Additionally, this service is particularly useful to alliance customer's that require kitting services. To provide job site delivery, Anixter Power Solutions maintains delivery equipment with off-loading capabilities using a "tail-gator" forklift that is mounted on the rear of the trailer or truck-chassis. Our trucks are also equipped with GPS and cell phones. Many times, new streets or subdivision are not located on maps and GPS and cell phone technology is required. Job site delivery helps utilities reduce costs by eliminating the expenses of handling and storing material, along with labor costs as large, highly-paid line crews are replaced by Anixter Power Solutions delivery personnel.

Reservation Center

Anixter Power Solutions Reservation Center provides our customer's or their contractor with access to view, edit and release materials for delivery for a particular job. We will receive an EDI purchase order from our customer's for a specific job with a complete list/bill of materials to complete the work. Anixter Power Solutions will enter this information into our ERP SX.Enterprise creating a sales order, allocating material, and providing usage information to our sourcing and procurement teams to manage inventory replenishment. We will then post a virtual order on our secure web portal, the Reservation Center. Further details regarding the Reservation Center can be found in our response to 10.1.2.

How do you track and report the consumptions of materials by individual third party construction contractors?

Anixter Power Solutions Reservation Center provides our customer's or their contractor with access to view, edit and release materials for delivery for a particular job.


The Reservation Center is an authorization user based system; therefore, one contractor cannot see another contractor's orders. However, we have built in the flexibility to provide our customer's with global visibility to all of the contractors that are performing the work for material provided by Anixter Power Solutions. We will work with Rochelle Municipal Utility to identify the list of companies and users authorized to create the environment initially, additional companies and users can be added very easily. After configuration and authorization has been defined users will be trained how to use the system to:

- View orders that have been assigned to their company to perform
- Schedule deliveries of items necessary for work to be performed
- Review material requests and deliveries
- Visibility to inventory balances and material on hands
- Request additional material based on project needs; requires short online form to be completed that can be sent with invoice
- Close orders to move them into a completed queue

Providing contractors with the flexibility to schedule, manage and review the list/bill of materials for a job improves productivity, Reservation Center reduces material shortages and improves the overall supply chain. Sample functionality is displayed below:

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Work Request - Material Request



Reservation Center

Cathy Sierra
[Sign out](#)

Overview
Work Orders
Material Request

Material Request

<p>WO Number 110132</p> <p>HDS Tracking No 1602202</p> <p>Job Description OCR IN 34406N33665 32-02</p> <p>Contract Number</p> <p>In Service Date 4/21/2011</p> <p>Orig Sched Date 4/4/2011</p> <p>COC Start Date <input type="text" value="4/21/2011"/> Save</p>	<p>3PL Location MT</p> <p>Last Trans Type ADD</p> <p>Region SUSQUEHANNA</p> <p>Site Information JOHNSON RD Mt Pleasant Twp, N/A</p> <p>WO Status Not Scheduled</p>
---	---

Work Order Note (Show Details...)

Search for in Cust Part No Go


Avail to Ship

 +
 N+S

	Cust Part No	HDS Part No	Description	UOM	Vendor	PCat	QOH	HDS Aval	LTD	Org WO Qty	Net Avail	Requested Qty
<input type="checkbox"/>	0000118245	400103PPL	INSUL LINE POST/TD W/ BAIL CLMP TOP 5-1/2"	EA	W.H. SALISBURY & COMPANY	IN20	100000	99988	0	1	1	<input type="text" value="0"/>
<input type="checkbox"/>	0000118245	400103PPL	INSUL LINE POST/TD W/ BAIL CLMP TOP 5-1/2"	EA	W.H. SALISBURY & COMPANY	IN20	100000	99988	0	1	1	<input type="text" value="0"/>
<input type="checkbox"/>	0000118257	NPVN10XB00350	INSU LINE POST VERT CLAMP TOP POLYM	EA	MACLEAN POWER SYSTEMS	IN20	100000	99983	0	2	2	<input type="text" value="0"/>
<input type="checkbox"/>	0000140337	Y1ZENTBM11	CUTOUT FUSED OPEN 7.8KV 110 100 10 KA	EA	ABB INC TRANSFORMER DIV	PE10	100000	99886	0	6	6	<input type="text" value="0"/>
<input type="checkbox"/>	0000140337	Y1ZENTBM11	CUTOUT FUSED OPEN 7.8KV 110 100 10 KA	EA	ABB INC TRANSFORMER DIV	PE10	100000	99886	0	6	6	<input type="text" value="0"/>


- Review WR Details and Material Lists
- Update Material Quantities (Increase/Decrease)
- View APS Inventory Levels & Lead Times
- Request WRs to APS to Schedule Deliveries
- Drill-down WR Capabilities for Shipping & Material Adds

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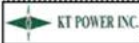
26

Work Request – Schedule Delivery



Reservation Center

Cathy Sierra
[Sign out](#)



Overview
Work Orders
Material Request
Schedule Delivery

Schedule Delivery

<p>WO Number 310436</p> <p>HDS Tracking No 1602208</p> <p>Job Description BLOOMSBURG 69-12 SUB-REC 77-7</p> <p>Contract Number</p> <p>In Service Date 3/31/2011</p> <p>Orig Sched Date 3/31/2011</p> <p>COC Start Date <input type="text" value="3/31/2011"/> Save</p>	<p>3PL Location MT</p> <p>Last Trans Type ADD</p> <p>Region SUSQUEHANNA</p> <p>Site Information ER201789BLSBRG 69-12 SUB-REC 77-7 E/201789, PA SP15409 Bloomsburg 69-12kV sub-reconductor 3 miles of the 77-7 12 kV OH line</p> <p>WO Status Not Scheduled</p>
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<p>Default Delivery Loc <input type="text" value="PPL COC - 3KT POWER"/></p> <p>Address <input type="text" value="123 test address"/> <input type="text"/> <input type="text"/></p> <p>City <input type="text" value="ALLENTOWN"/> State <input type="text" value="PA"/> Zip <input type="text" value="18101"/></p>	<p>Delivery Date <input type="text" value="3/31/2011"/></p> <p>Ship Via <input type="text" value="HDS Delivery"/></p> <p>Additional Shipping Information <input style="width: 100%; height: 40px;" type="text"/></p>
--	---

Cust Part No	Description	HDS Part No	Org WO Qty	Net Avail	Requested Qty
0000343823	CONDUIT, PVC, RIGID, 3 IN, 10 FT, SCH 40 PLASTIC, COUPL	TC6415254	30	0	30

- Schedule WR Material Delivery
- Review Delivery and Shipping Instructions
- Schedule Multiple Delivery Dates or Locations
- Ship Complete or Partial Deliveries
- Enter Shipping Instructions/Notes
- Designate Rush Orders “Hot Shots”
- Select/Enter Delivery Locations

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Work Request - Add Products Window

Add Products

Material Search for in Whse

Cust Part No	HDS Part No	Description	UOM	PCat	Stock Type	Vendor No	On Hand	Whse Avail	On Order	Lead Time	Whse
0000147379	PORTUNUSXLP1000R	WIRE #4/0 TRIPLEX 1000FT REEL	Wire	Stock	3006274	100000	100000	0	0	0	appl
0000144082	PPL-0000144082	CABLE SPEC OIL SW CNTRL #12 3 600V/3 PH ASSEMBLE	Wire	Stock	3030681	0	0	0	91	91	appl
0000144083	PPL-0000144083	CABLE SPEC VOLTAGE CONTROL #10 600V ASSEMBL	Wire	Stock	3030681	0	0	0	28	28	appl
0000147207	PPL-0000147207	WIRE TIE 1.108" 3470' AL	Wire	Stock	3006503	0	0	0	42	42	appl
0000147236	PPL-0000147236	WIRE TIE	Wire	Stock	3006503	0	0	0	42	42	appl
0000147242	PPL-0000147242	CBL BARE FOR BELTZBAINB CROSS1970.7 ACSR 5800FT	Wire	Order as Needed	3005019	0	0	0	133	133	appl

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Material Queue

Cust Part No	HDS Part No	Description	UOM	PCat	Stock Type	Vendor No	On Hand	Whse Avail	On Order	Lead Time	Whse	Qty Requested
0000144082	PPL-0000144082	CABLE SPEC OIL SW CNTRL #12 3 600V/3 PH ASSEMBLE	Wire	Stock	3030681	0	0	0	91	91	appl	<input type="text" value="30"/>
0000147379	PORTUNUSXLP1000R	WIRE #4/0 TRIPLEX 1000FT REEL	Wire	Stock	3006274	100000	100000	0	0	0	appl	<input type="text" value="800"/>

- Request Additional Materials
- Searches by:
 - Customer Part #
 - Description
 - APS Part #
 - PCAT
 - Vendor
 - Visibility to APS Inventory Levels
 - Enter Reason and Notes for Material Add-ons
 - User, Reason, and Notes Captured

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ROCHELLE MUNICIPAL UTILITY requires emergency restoration support to assist with Logistics functions such as manning staging sites and assisting with expediting material replenishment.

Provide an overview of you emergency response capabilities.

Emergency Response Overview

After regular business hours, Rochelle Municipal Utility will have access to Anixter Power Solutions through the use of our cellular phones which enable us to be available 24/7. Our facilities are available 24 hours a day every day of the year. Anixter Power Solutions will provide Rochelle Municipal Utility with contact names, phone numbers and cell phone numbers in the order in which they should be contacted. This contact list includes branch and management level personnel up through executives. There should be no occasion when an emergency contact cannot be made.

Anixter Power Solutions recognizes the paramount importance of our response to Rochelle Municipal Utility in the event of an emergency. Anixter Power Solutions has worked with several customer's to integrate directly into their emergency response plans, being proactively accountable, creating added value and expediting our response time. Anixter Power Solutions will work with Rochelle Municipal Utility to become an integral part of the team by embedding itself within customer current emergency plans, and combining it with our own Emergency Operating Procedures (EOPs).

Each emergency response begins with notification. As soon as it is identified that Rochelle Municipal Utilities infrastructure is threatened or impacted by an event, we immediately notify the local branch personnel. Based on severity of the event, we notify every Anixter Power Solutions branch in the nation, putting them on notice in case they may be needed. In addition, we will notify key manufacturers, informing them to be prepared to support with materials and dedicated production where necessary.

During the emergency response, our branch personnel will provide immediate delivery of needed materials. For material needs in excess of our inventories, our Sourcing team will begin the expediting process from all sources available. Our Sourcing team will also provide options for alternative materials available to Rochelle Municipal Utility with items that will cross reference but may not be on the customer approved list. We will work with Rochelle Municipal Utility to get all necessary specifications needed for quick/one-time approvals of alternative materials.

Post-Emergency Evaluation

Within 30 days after any significant emergency has occurred, Anixter Power Solutions and Rochelle Municipal Utility will schedule a meeting to evaluate Anixter Power Solutions performance and to determine future improvements to the emergency response.

Provide specific examples of emergency response support activities and experience with your Integrated Supply partners.

Anixter Power Solutions is very experienced at responding to storm restorations and emergencies. Emergency response is one of our most prominent core competencies. Over the past few years, we have responded to ice storms, tornados, hurricanes and wild fires. Anixter Power Solutions has demonstrated on numerous occasions our ability to play a major role in assisting utilities in emergent restoration efforts for each company's service area. Most recently, we assisted with the tornadoes impacting OG&E this year, the East coast super storm Sandy in 2012, the 2011 hurricane season in the Mid-Atlantic United States, the Midwest ice storms in 2008 and 2009, and the California wildfires in 2007. We realize the vital role we play in supplying customer needs to bring their customer's back on line in the aftermath of major natural disasters.

Rochelle Municipal Utility and the restoration of service to your customer's during emergencies will be the top priority of Anixter Power Solutions. As a marquis customer, Rochelle Municipal Utility would receive the highest level of attention and service. We have documented letters of recommendation for our emergency responses from many of our customer's including Vectren, Progress Energy, Dominion, Alliant Energy and OG&E.