

FRANCHISE AGREEMENT

This FRANCHISE AGREEMENT made and entered into on this

_____, 2015, by and between:

THE CITY OF SCOTT, a political subdivision of the State of Louisiana, located in LAFAYETTE Parish, appearing herein by and through PURVIS J. MORRISON, its Mayor, duly authorized by Ordinance No. 2015-6, a certified copy of which is attached hereto and made a part hereof, and hereinafter referred to at times as "CITY," and

SOUTHWEST LOUISIANA ELECTRIC MEMBERSHIP CORPORATION, a corporation organized under the laws of the State of Louisiana, domiciled in Lafayette Parish, Louisiana, herein appearing by and through Glenn Tamporello, Chief Executive Officer and General Manager, duly authorized by the attached corporate board resolution, said party being hereinafter at times referred to as "SLEMCO";

All of the aforesaid appearers being at times hereafter collectively referred to as the "PARTIES".

WITNESSETH:

WHEREAS the PARTIES hereto recognize the fact that the CITY is expected to continue with its historic growth with an annexation of additional land into its corporate limits; and

WHEREAS the PARTIES hereto agree that the public interest will be served by an agreement between the CITY and SLEMCO granting unto SLEMCO a non-exclusive franchise; and

WHEREAS the CITY recognizes that competition relating to electric service will best serve the citizens of the CITY; and

WHEREAS in accordance with the provisions of Ordinance No. 2015-6 duly adopted by a roll call vote after public hearing by the City Council, CITY of SCOTT, on the 2nd day of April, 2015.

NOW THEREFORE, for the consideration and the agreements hereinafter set forth, the PARTIES hereto agree as follows:

1 .

The CITY does hereby give, grant and/or transfer unto SLEMCO, its successors and/or assigns a nonexclusive franchise which includes without any limitation the right and privilege for SLEMCO to distribute, deliver, sell and/or supply electricity and/or electric energy and/or electric service to any and all residential and/or commercial consumers in the CITY, including but without limitation, to any persons, firms, corporations, partnerships, parties and/or entities located throughout any and all areas of the corporate limits of the CITY as now exist or as the corporate limits may be extended from time to time during the term of this Franchise Agreement.

2.

Subject only to the applicable three hundred foot (300') rule provisions as have been enacted by the Louisiana Public Service Commission (LPSC), this Franchise Agreement does further give and grant unto SLEMCO the right to acquire, erect, construct, operate and maintain such plants, structures, transmission lines and/or systems, distribution lines and/or systems, cables, fibers, facilities and equipment as may be useful or necessary for the generation, production, transportation, distribution, delivery and/or sale of electric power and/or electric energy through the CITY which includes the right to erect, operate and maintain poles, lines, masts, supports, wires, cables, fibers, installations, transformers, braces, guys, transmission lines, conduits, conductors, substances, distribution systems and any and all other appliances, attachments and appurtenances useful or necessary in connection with the sale, transportation, delivery and/or distribution of electricity, electric energy, electric service on, over, under, along, upon and across all of the present and/or future streets, roads, highways, alleys and public places of the CITY. SLEMCO is further given the right to repair, replace or remove any portions of the aforesaid and shall be allowed to connect such facilities to any other facilities necessary for the purpose of selling, transporting and/or distributing electric service into, through or beyond the boundaries of the CITY.

3.

It is understood by and between the PARTIES hereto that the CITY shall provide to SLEMCO in writing a legal description of the corporate limits of the CITY and the CITY shall notify SLEMCO in writing of each annexation of property into the corporate limits during the term of this Franchise Agreement. Payments of all franchise fees by SLEMCO to the CITY shall begin thirty (30) days after said notifications are given to SLEMCO. The franchise fees, however, shall be paid only for customers that SLEMCO is serving within the annexed area.

4.

a) The PARTIES further agree that the services to be rendered by SLEMCO as above described shall be in such manner and from such sources as SLEMCO chooses and shall be provided at rates which shall be equal to the rates charged by SLEMCO in the general area, as approved by the Louisiana Public Service Commission. The reading of meters, services, repairs, construction, billing and collecting for services rendered shall be in accordance with the usual customary policies and procedures of SLEMCO which are applicable in the general area.

b) This franchise does not authorize SLEMCO to use the facilities for the transportation, distribution or sale of electric service for or on behalf of third parties to any person, firm, or corporation other than SLEMCO located within the boundaries of the CITY, unless and until SLEMCO has been notified, in writing, by the CITY that the interests of the CITY, including but not limited to, its

recovery of franchise fee revenue on such third party transaction, are adequately protected in connection with the provision of such third party service by SLEMCO. In the event that the operations of SLEMCO are unbundled, in connection with the adoption of a plan for retail open access or otherwise, SLEMCO will have the right to assign its franchise rights with respect to particular facilities or operations as may be necessary unbundled operations; provided, however, that any such assignment (1) shall be to any entity that, directly or however indirectly, controls, is controlled by or is under common control with SLEMCO; (2) shall not result in a reduction in the revenue received by the CITY pursuant to this Franchise; and (3) shall ensure the CITY retains all other rights and protections afforded by the Franchise.

5.

a) SLEMCO shall at all times be subject to all laws, statutes, ordinances, codes, rules, regulations, standards and procedures regarding the construction, operation or maintenance of facilities owned by SLEMCO, whether Federal, State or local, now in force or which, hereby may be promulgated (including, but not limited to zoning, land use, historic preservation ordinances, safety standards and other applicable requirements). However, if any term of condition of this ordinance shall be in conflict with any local ordinance, code, rule or regulation, the provisions in this ordinance shall govern and control. SLEMCO shall obtain all necessary permits or approvals for construction, maintenance and operation.

b) In maintaining its properties, SLEMCO shall not unnecessarily or unreasonably damage, impair or obstruct the streets, roads, highways, alleys sidewalks and public grounds, and SLEMCO shall at its own expense, without unreasonable delay, make all necessary repairs to remedy any damages or remove any obstruction caused by its operation hereunder in accordance with industry or the standards of the CITY, whichever is greater.

c) SLEMCO shall use reasonable precautions to avoid damage or injury to persons or property, and shall indemnify and hold and save harmless the CITY from all damages, losses and/or expense caused by the negligence or fault of agents or employees of SLEMCO, while exercising any of the *rights* and privileges herein granted.

d) SLEMCO is hereby granted the right and privilege of cutting and trimming trees, shrubbery and vegetation on all CITY right-of-ways in order to properly maintain its electric lines and electric service, and to cut down, from time to time, all dead, weak, leaning or dangerous trees, shrubbery, etc., that are tall enough to strike or endanger its lines and distribution system.

6 .

It is understood by the PARTIES that all changes or rearrangements made necessary in SLEMCO distribution and/or transmission lines in connection with the improvements of streets,

lanes, public roads, bridges, or other public places shall be made by SLEMCO, its successors or assigns, at no cost to the CITY and SLEMCO shall likewise repair all damages to the streets, lanes, public roads, bridges, or other public places caused by the construction or maintenance of its said distribution and transmission lines.

7 .

SLEMCO agrees and binds and obligates itself to fully protect and indemnify the CITY from any and all third party claims, demands, actions, causes of action, damages, and expenses arising as a result of the construction, erection, maintenance, and operation of the SLEMCO electrical transmission and distribution lines and system within the corporate limits of the CITY. The foregoing notwithstanding, the aforesaid indemnity does not apply to the CITY or its employees, agents, and/or representatives if the CITY, or its employees, agents, and/or representatives are negligent.

8 .

For and in consideration of this Franchise Agreement herein granted and all of the rights and privileges herein granted to SLEMCO, it is understood and agreed that SLEMCO shall collect and pay the CITY a monthly Franchise fee, for the use of its public rights of way and for the privilege of selling electricity within the corporate limits of the CITY, the sum of which shall be equal to five (5%) percent of gross electric reporting revenues collected by SLEMCO from consumption sold by SLEMCO to its customers within the corporate limits of the CITY and based on SLEMCO rates as approved by the Louisiana Public Service Commission. Gross revenues, as above referred to, shall not include the following:

- (a) Revenue received by SLEMCO from billing to CITY accounts.
- (b) Revenue from the kilowatt-hour consumption derived from selling or exchanging power to or with other utilities.
- (c) Revenue received from collection of delinquent fees.
- (d) Revenues derived from collections for payments of any taxes or assessments, which are remitted directly to and on behalf of any Federal, State, Parish, Municipal or Local Governmental Units.
- (e) SLEMCO revenues not attaching to electric energy sales.
- (f) Revenues received from industrial customers involved in manufacturing processes.

9

It is understood and agreed by the PARTIES that the payment aforesaid shall be made at such intervals and pursuant to such accounting as is mutually agreed upon between the CITY and SLEMCO, provided, however, that all payments made pursuant to this Agreement shall be reconciled at the close of the calendar year by statements showing the gross revenue collected by SLEMCO from the retail sale and

delivery of electric energy in the CITY corporate limits. Subject to other Provisions of this Franchise Agreement and the total amount due to the CITY listed thereon and any amount not theretofore paid before the close of the said calendar year shall be paid by SLEMCO within thirty (30) days after the end of the calendar year.

10

It is further understood and agreed by and between the parties hereto that the right, privilege, and Franchise hereby granted SLEMCO shall remain in full force and effect for a period of ten (10) years commencing on June 1, 2015 and ending on May 31, 2025. This Franchise hereby automatically applies to and includes all of the corporate limits of the CITY and all persons, firms, corporations, and legal entities within such limits, as the said corporate limits may be extended from time to time within the said the (10) year period, it being understood that this Franchise shall continue in full force and effect as to all areas subsequently annexed to the CITY from and after the date of such annexation, until the expiration of the ten (10) year period above fixed on May 31, 2025.

1 1 .

It is further understood and agreed by the PARTIES that these franchise payments herein provided to be made by SLEMCO to the CITY will be reduced in an amount equal to the sum of any new or increased taxes of any nature whatsoever levied by the CITY and payable by SLEMCO, subsequent to the date of this Franchise Agreement (except uniform taxes based on property value).

1 2 .

In the event that the CITY shall at any time elect to levy a CITY Consumer Service Charge on SLEMCO customers within the CITY, it is understood and agreed that SLEMCO shall bill and collect for and on behalf of the CITY such CITY Consumer Service Charges, which amounts shall be shown separately on the bills as an amount being charged by the CITY and collected on its behalf by SLEMCO. The amount of this charge shall be determined by the Mayor and CITY Council. There shall be exempted from the foregoing: (1) those charges for kilowatt-hours unpaid by customers and (2) those receipts billed to the CITY. It is understood and *agreed* that the payments to the CITY for the aforesaid amounts collected by SLEMCO on behalf of the CITY shall be made monthly and pursuant to such accounting as is mutually agreed upon between the CITY and SLEMCO; provided, however, that all such payments made pursuant to this Agreement shall be reconciled at the close of each calendar year by statements showing the total kilowatt-hours to which the charges apply and the total amount due to the CITY and any amounts not therefore paid to the close of the said calendar year shall be paid by SLEMCO within thirty (30) days after the end of the said calendar year.

13.

It is understood that in the event any provision, part, word, section, subsection, sentence, clause or phrase of the Franchise Agreement shall be in conflict with any Ordinance of the CITY of SCOTT, the provision of the Ordinance shall prevail.

14.

If any provision, part, word, section, subsection, sentence, clause or phrase of this Franchise Agreement should be held invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Franchise Agreement. The PARTIES do hereby declare the provisions hereof to be severable and in the event that a particular provision, part, word, section, subsection, sentence, clause or phrase should be deemed unconstitutional or invalid, the remaining provisions, parts, words, sections, subsections, sentences, clauses and phrases will not be affected and shall continue in full force and effect.

THUS DONE AND SIGNED in the presence of the undersigned competent witnesses after due and complete reading of the whole.

WITNESSES:

CITY OF SCOTT

Lauren Theunissen
Printed Name: Lauren Theunissen

By: Purvis D. Morrison
PURVIS MORRISON, Mayor

Date: 5-7-15

Kendra Charks
Printed Name: Kendra Charks

SOUTHWEST LOUISIANA ELECTRIC
MEMBERSHIP CORPORATION

Printed Name: _____

By: _____
Glenn Tamporello, Chief Executive Officer
and General Manager

Printed Name: _____

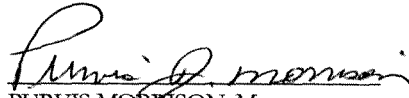
Date: _____

STATE OF LOUISIANA

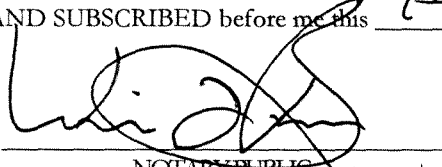
PARISH OF LAFAYETTE

BEFORE ME, the undersigned authority personally came and appeared PURVIS MORRISON, who after being duly sworn, declared:

That he is the Mayor of the CITY OF SCOTT and is duly authorized to sign the foregoing instrument approved by the CITY Council of the CITY OF SCOTT, Louisiana; that he signed the said instrument for and on behalf of the CITY OF SCOTT in the presence of the witnesses set opposite his name, that his signature thereto is true and genuine.


PURVIS MORRISON, Mayor

SWORN TO AND SUBSCRIBED before me this 7th day of May 2015.


NOTARY PUBLIC
Printed Name William T. BABU
Notary No: 37651

STATE OF LOUISIANA

PARISH OF LAFAYETTE

BEFORE ME, the undersigned authority personally came and appeared Glenn Tamporello, who after being duly sworn, declared:

That he is the Chief Executive Officer and General Manager of Southwest Louisiana Electric Membership Corporation and is authorized to sign the foregoing instrument by Resolution of the Board of Directors of Southwest Louisiana Electric Membership Corporation; that he signed the said instrument for and on behalf of Southwest Louisiana Electric Membership Corporation, in the presence of the witnesses set opposite his name, that his signature thereto is true and genuine.

Glenn Tamporello, Chief Executive
Officer and General Manager

SWORN TO AND SUBSCRIBED before me this _____ day of _____, 2015.

NOTARY PUBLIC
Printed Name _____
Notary No: _____

ORDINANCE NO. 2015-6

**AN ORDINANCE OF THE CITY OF SCOTT, LOUISIANA, GRANTING UNTO
SOUTHWEST LOUISIANA ELECTRIC MEMBERSHIP CORPORATION A
NON-EXCLUSIVE FRANCHISE FOR THE CONSTRUCTION, MAINTENANCE AND
OPERATION OF POLES, WIRES AND APPURTENANCES FOR ELECTRIC
TRANSMISSION AND DISTRIBUTION IN THE CITY OF SCOTT, LOUISIANA**

WHEREAS, the City Council for the City of Scott recognizes that it has certain authority and power to grant a non-exclusive franchise to any person to use and occupy the streets, alleys, and public places in the City of Scott, and to obstruct the same or any part thereof by constructing, maintaining, and operating poles, wires, and appurtenances for electric transmission and distribution as provided by LSA-R.S. 33:4401, and the hereafter proposed action is within said authority and is in the best interest of the citizens of the City of Scott.

BE IT ORDAINED by the Mayor and City Council for the City of Scott, in regular session assembled, that the following ordinance is hereby adopted within the corporate limits of the City of Scott, Louisiana, to-wit:

SECTION 1. - NON-EXCLUSIVE FRANCHISE.

Upon the effective date of this ordinance, the City of Scott hereby grants unto the Southwest Louisiana Electric Membership Corporation a non-exclusive franchise for the construction, maintenance and operation of poles, wires, and appurtenances for electric transmission and distribution within the corporate limits of the City of Scott, Louisiana, said franchise to be conducted in accordance with the attached "Franchise Agreement". The Mayor is authorized to execute said agreement on behalf of the City of Scott.

SECTION 2. - EFFECTIVE DATE.

This ordinance shall become effective on June 1, 2015.

SECTION 3. - REPEAL OF CONFLICTING ORDINANCES.

All other ordinances or parts therein in conflict herewith are hereby repealed.

This ordinance having been submitted to a vote in regular session assembled of the Mayor and the City Council of the City of Scott, the vote thereon being as follows:

YEAS: Tonya Carola Jun-Scott Richard Troy Bergeron
Terry Montanet _____
NAYS: _____
ABSENT: _____
ABSTAIN: _____

WHEREUPON, the presiding officer declared the above Ordinance duly adopted on this 2 day of April, 2015.

Donna B. Jumonville
DONNA B. JUMONVILLE-CITY CLERK

Purvis J. Morrison
PURVIS J. MORRISON-MAYOR

2 I certify that the above Ordinance was presented to the Mayor by me on the day of April, 2015.


DONNA B. JUMONVILLE -CITY CLERK

2 I acknowledge receipt of the above Ordinance from the City Clerk on the day of April, 2015.


PURVIS J. MORRISON - MAYOR

I hereby APPROVE the above Ordinance on this 2 day of April, 2015.


PURVIS J. MORRISON - MAYOR

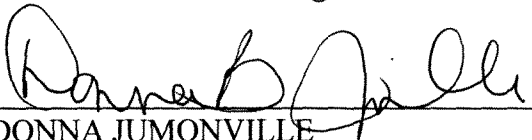
2 I certify that the above Ordinance was received by me from the Mayor on the day of April, 2015.


DONNA B. JUMONVILLE -CITY CLERK

C E R T I F I C A T E

I, Donna Jumonville, City Clerk for the City of Scott, do hereby certify that the above and foregoing is a true and exact copy of Ordinance No. 2015-6 adopted by the City Council for the City of Scott at its regularly scheduled meeting on April 2, 2015, at which time a quorum was present and voting; and that same has not been revoked or rescinded.

THUS DONE AND SIGNED on this 7 day of May, 2015.


DONNA JUMONVILLE
CITY CLERK