

**AGREEMENT ADDRESSING BALANCING AUTHORITY  
AREA REQUIREMENTS AND RELIABILITY STANDARDS**

This Agreement Addressing Balancing Authority Requirements and Reliability Standards (the “Agreement”) is made effective as of the Effective Date (as defined herein), by and between the City of Alexandria, Louisiana (“ALEXANDRIA”), and Cleco Power LLC (“CLECO”), a Louisiana limited liability company. ALEXANDRIA and CLECO are referred to sometimes as Party or Parties as the context may require.

**WHEREAS**, the Energy Policy Act of 2005 authorized the FERC to approve Reliability Standards with which users, owners, and operators of the bulk power system are required to comply;

**WHEREAS**, ALEXANDRIA and CLECO are users, owners, and operators of the bulk power system;

**WHEREAS**, the FERC has approved certain Reliability Standards and associated requirements proposed by the NERC, the Electric Reliability Organization authorized by the Energy Policy Act of 2005 to develop such standards;

**WHEREAS**, the NERC holds entities responsible for compliance with particular Reliability Standards based on the function those entities perform with respect to the operation of the bulk power system;

**WHEREAS**, the NERC maintains a list of entities that are registered (“Registered Entity”) and subject to the Reliability Standards, that list notes the functions for which the entities are responsible;

**WHEREAS**, ALEXANDRIA is a municipal electric utility that is a Registered Entity and, as of the date of this Agreement, is registered as a Transmission Owner, a Distribution Provider, a Generator Operator, a Purchasing-Selling Entity, a Resource Planner, a Generator Owner, and a Load Serving Entity;

**WHEREAS**, CLECO is an investor-owned electric utility which is a wholly owned subsidiary of Cleco Corporation;

**WHEREAS**, Cleco Corporation, on behalf of its subsidiaries, is a Registered Entity and, as of the date of this Agreement, is registered as a Balancing Authority, a Transmission Planner, a Transmission Owner, a Distribution Provider, a Generator Operator, a Purchasing-Selling Entity, a Transmission Operator, a Transmission Service Provider, a Resource Planner, a Generator Owner, an Interchange Authority, and a Load Serving Entity;

**WHEREAS**, pursuant to the ESIA between CLECO and ALEXANDRIA, the separate transmission systems owned by ALEXANDRIA and CLECO are interconnected at the Points of Interconnection defined in the ESIA;

**WHEREAS**, ALEXANDRIA and CLECO are parties to the Energy Agreement pursuant to which CLECO provides Energy Service, as that term is defined in that agreement, to ALEXANDRIA at the Point of Delivery, subject to the terms of the Energy Agreement;

**NOW, THEREFORE**, ALEXANDRIA AND CLECO enter into this Agreement to document the inclusion of ALEXANDRIA Load and D.G. Hunter generation in CLECO's Balancing Authority Area and to make clear their respective obligations with respect to each other for the applicable Reliability Standards.

## **ARTICLE I: DEFINITIONS**

1.1 **Definitions.** As used in the Agreement, the following defined terms shall have the meanings set forth below:

*"Affiliate"* means any entity controlling, controlled by, or under common control with such entity, where "control" means the possession, by contract or otherwise of the authority, power, right, option or ability to either (a) affirmatively direct, or cause the direction of the management and policies of a Person or (b)(i) with respect to a corporation, to vote fifty percent (50%) or more of the securities or interests having voting power (under ordinary circumstances) for the election of directors (or other comparable controlling body) of such Person or, (ii) with respect to a limited partnership, to vote fifty percent (50%) or more of the securities or interests of the general partner or, (iii) with respect to a limited liability company, to vote fifty percent (50%) or more of the securities or interests of the managing member or manager, as applicable.

*"ALEXANDRIA Load"* means the load served by ALEXANDRIA from the ALEXANDRIA System.

*"ALEXANDRIA System"* means the D.G. Hunter generation station, the ALEXANDRIA transmission and distribution facilities, all owned and operated by ALEXANDRIA.

*"Ancillary Services"* means those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of a Transmission Provider's transmission system in accordance with Good Utility Practice, more specifically defined in Schedules 1 through 6 of the Transmission Provider's OATT, as of the Signing Date.

*"Balancing Authority"* means the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports interconnection frequency in real time, as such meaning may be updated from time to time.

*"Balancing Authority Area"* shall have the meaning set forth in the Reliability Standards, as such meaning may be updated from time to time and, as of the execution of this Agreement, means the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority.

“*Balancing Authority Services*” means the responsibilities and obligations of CLECO set forth in this Agreement regarding inclusion of the ALEXANDRIA Load and Hunter generation, in CLECO’s Balancing Authority Area, including compliance with Reliability Standards for the Balancing Authority function, as set forth by NERC, but solely with regard to obligations and responsibilities between CLECO, as a Balancing Authority, and: (i) adjacent Balancing Authorities; and (ii) except for ALEXANDRIA, any adjacent Transmission Owners, Transmission Operators, and/or Transmission Service Providers. Any and all registration and compliance obligations and responsibilities under the Reliability Standards not provided by CLECO as Balancing Authority Services with respect to the Alexandria Load and the Alexandria System shall be and remain the obligation and responsibility of ALEXANDRIA, whether or not ALEXANDRIA has registered as the functional entity with such obligation and responsibility. Balancing Area Services shall not include any conduct or acts relating to ALEXANDRIA’s responsibility and obligation pursuant to sections 3.4.1 and 4.2 (a) of this Agreement.

“*Business Day*” means any Day on which Federal Reserve member banks in Alexandria, Louisiana, are open for business; and a Business Day will commence at 8:00 a.m. and end at 5:00 p.m., CPT, at the location of each Party’s principal place of business.

“*Capacity*” means the capability of producing electrical energy at any given time.

“*CLECO*” or “*Cleco Power LLC*,” shall have the meaning set forth in the recitals.

“*CLECO OATT*” means the Open Access Transmission Tariff filed with FERC by CLECO, as such may be amended from time to time.

“*Day*” means a calendar day.

“*Distribution Provider*” or “*DP*” shall have the meaning set forth in the Reliability Standards.

“*Effective Date*” shall have the meaning defined in the Energy Agreement.

“*Energy*” means electric energy, measured in megawatt-hours (“MWh”) or kilowatt-hours (“kWh”), with characteristics including three-phase and alternating 60 Hz current.

“*Energy Agreement*” means that certain Agreement for Wholesale Electric Energy Service between Cleco Power LLC and the City of Alexandria, Louisiana.

“*ESIA*” means that certain Electric System Interconnection Agreement between ALEXANDRIA and CLECO, as such may be amended from time to time.

“*FERC*” means the Federal Energy Regulatory Commission or any successor agency.

“*Good Utility Practice*” means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light

of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a range of acceptable practices, methods or acts that could have been expected to accomplish the desired result at a reasonable cost consistent with reliability, safety, and expedition. Good Utility Practice includes due regard for, among other things, the requirements of governmental authorities of competent jurisdiction, agencies such as NERC and any successor organization, regional reliability standards and local reliability practices.

“*Governmental Authority*” means any federal, state, local, territorial or municipal government and any department, commission, board, bureau, agency, instrumentality, judicial or administrative body thereof or established by law thereby having competent jurisdiction over the subject or Person at issue.

“*Hunter*” shall have the meaning defined in the Energy Agreement.

“*Load Serving Entity*” or “*LSE*” shall have the meaning set forth in the Reliability Standards.

“*NERC*” means the North American Electric Reliability Corporation or any successor organization.

“*Network Integration Transmission Service*” or “*NITS*” means transmission service as defined under Part III of the Transmission Provider’s OATT.

“*Network Operating Agreement*” or “*NOA*” means the Network Operating Agreement entered into between CLECO and ALEXANDRIA under Transmission Provider’s OATT.

“*Network Resource*” shall have the meaning set forth in the Transmission Provider’s OATT.

“*Point of Delivery*” shall have the meaning defined in of the Energy Agreement.

“*Power*” means Capacity, Energy or Ancillary Services or any combination thereof, as the case may be.

“*Primary Term*” shall have the meaning defined in the Energy Agreement.

“*Reasonable Diligence*” means at a particular time that degree of dedication to purpose which would be employed by a reasonable and prudent electric utility company, which in the exercise of reasonable judgment in the light of the facts known at the time, and the facts which, in the exercise of reasonable care, should be known at the time, that a particular decision is made, to accomplish a desired result at a reasonable cost under the circumstances then existing, consistent with reliability and safety.

“*Reliability Coordinator*” means the entity that is the highest level of authority who is responsible for the reliable operation of the bulk electric system, and has the operating tools, processes and procedures, including the authority to prevent or mitigate emergency operating situations in both next-day and real-time operations. The Reliability Coordinator for the CLECO Balancing Authority Area is the Southwest Power Pool, Inc., or such successor organization as may assume the Reliability Coordinator function.

“*Reliability Standards*” means the reliability requirements for planning and operating the North American bulk electric power system as set forth by the NERC and that define the functions that must be performed to ensure the dependable operation of the bulk electric power system, as such Reliability Standards may be amended, restated, or renamed from time to time.

“*Responsible Entity*” means the organization responsible for completing the tasks assigned to functions as necessary to comply with Reliability Standards, as determined by NERC.

“*Signing Date*” shall have the meaning set forth in the preamble.

“*SPP*” means the Southwest Power Pool, Inc. or any successor organization.

“*Succeeding Term*” shall have the meaning defined in the Energy Agreement.

“*Transmission Provider*” means any electric utility, transmission operator, independent coordinator of transmission, or other entity that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce from whom Network Integration Transmission Service or Ancillary Services are necessary for the delivery of Capacity and Energy to the ALEXANDRIA Load at the Point of Interconnection, such Transmission Provider as of the Signing Date being CLECO.

## ARTICLE II: TERM

2.1. **Term.** This Agreement shall become effective on the Signing Date and shall continue in effect through the Primary Term and any Succeeding Term of the Energy Agreement and terminate at the termination of the Energy Agreement, unless earlier terminated pursuant to an express right of termination herein contained.

2.2 **Effect of Non-Continuation.** Unless the Parties agree otherwise, ALEXANDRIA shall use its best efforts to (i) register as a Balancing Authority and assume responsibility for all NERC or SPP responsibility associated with such function, or (ii) transfer ALEXANDRIA Load and Hunter generation to another Balancing Authority Area and complete such transfer prior to or upon the termination of this Agreement. CLECO will cooperate with ALEXANDRIA in connection with such transfer. CLECO assumes no responsibility for performing any functions or requirements for any Reliability Standards, including, but not limited to, Balancing Authority reliability functions or for any penalties, assessments, or any other obligations related to the Reliability Standards, for the ALEXANDRIA Load, Hunter generation and the ALEXANDRIA System, upon and after termination of this Agreement. Termination of this Agreement shall not

relieve either party of any liability or monetary obligation, with respect to this Agreement, arising from conduct, action, or inaction that occurred prior to such termination.

### **ARTICLE III: INCLUSION OF ALEXANDRIA LOAD AND HUNTER GENERATION IN THE CLECO BALANCING AUTHORITY AREA**

**3.1 Balancing Authority Area.** The Parties agree that, by the Effective Date of the Energy Agreement, ALEXANDRIA Load and Hunter generation – both at the Point of Interconnection – shall be added to and included in CLECO’s Balancing Authority Area and the inclusion of the ALEXANDRIA Load and Hunter generation in CLECO’s Balancing Authority Area shall continue throughout the Primary Term and any Succeeding Term of the Energy Agreement.

**3.2 Compliance with Orders.** Each Party shall be bound by the relevant interpretations and final orders of FERC, NERC and SPP regarding the actions that are required to be taken by each Party in order to fulfill its obligations under this Agreement.

#### **3.3 CLECO Responsibilities.**

**3.3.1 Balancing Authority Responsibilities.** CLECO agrees to perform all requirements of the Reliability Standards required of a Balancing Authority for CLECO’s Balancing Authority Area, which, pursuant to Section 3.1 of this Agreement, includes ALEXANDRIA Load and Hunter generation. CLECO, under this Agreement, assumes no obligation of performing any services or complying with Reliability Standards for any functions other than Balancing Authority on the ALEXANDRIA side of the Points of Interconnection with respect to the ALEXANDRIA Load or the ALEXANDRIA System.

**3.3.2 Compliance with Reliability Standards.** CLECO shall comply with all applicable Reliability Standards and operate consistent with Good Utility Practice in performing Balancing Authority Services under this Agreement. CLECO shall comply with any applicable directive of the Reliability Coordinator. CLECO will provide prompt oral notice to ALEXANDRIA, with a written confirmation within 10 days, of any such directive that materially affects the performance of reliability responsibilities by CLECO or ALEXANDRIA under this Agreement, provided that such notice is not a prerequisite to any required action by CLECO.

#### **3.4 ALEXANDRIA Responsibilities.**

**3.4.1 Maintenance of ALEXANDRIA’s System.** ALEXANDRIA will be solely responsible for the maintenance and operation of the ALEXANDRIA System in accordance with applicable FERC, NERC and SPP requirements, including but not limited to the Reliability Standards. ALEXANDRIA will inform CLECO as soon as practicable of any system disturbance or other event involving ALEXANDRIA’s service of the ALEXANDRIA Load which affects CLECO’s performance of CLECO’s reliability responsibilities under this Agreement.

**3.4.2 ALEXANDRIA Agrees to Follow CLECO Instructions.** ALEXANDRIA shall comply with all operational instructions issued by CLECO (i) in CLECO’s capacity as a Balancing Authority and (ii) in accordance with the directions of the Reliability Coordinator.

3.4.3 Duty to Cooperate. ALEXANDRIA will cooperate and provide reasonable support to CLECO to enable CLECO to perform its Balancing Authority Services under this Agreement. ALEXANDRIA shall cooperate and provide reasonable support to CLECO in connection with any audit or investigation, as well as any mitigation plans, by SPP, NERC or FERC regarding CLECO's compliance with the requirements of the Reliability Standards.

3.5 **Obligation to Provide Information.** Each Party shall provide the other Party with any data and information related to this Agreement and compliance with the Reliability Standards, and each Party shall provide the other Party the right to examine and inspect any data and information related to the Party's respective obligations under this Agreement in such Party's possession, including but not limited to all log books, meter data, operational data and similar records as necessary to comply with CLECO's reliability responsibilities under this Agreement, including without limitation any information required by FERC, NERC, or the SPP to determine compliance by a Party with Reliability Requirements and any audit or investigation by FERC, NERC, or the SPP relating to Reliability Requirements. The Parties agree to cooperate to maintain the confidentiality of commercially sensitive information, and to execute such non-disclosure agreements between them as may be necessary for that purpose.

#### ARTICLE IV: RELIABILITY FUNCTIONS

4.1 **Record-Keeping Obligations.** Each Party shall maintain such records as are required by SPP, NERC, the Reliability Coordinator, any applicable Governmental Authority, and this Agreement, and all data, documents, or other materials relating to or substantiating any charges, costs or expenses payable or reimbursable by the other Party under and in accordance with the requirements of this Agreement, for a minimum period, in each instance, the longer of the term required by the applicable Reliability Standard or three (3) years from the date on which the records are created.

#### 4.2 **NERC Regulation and Compliance.**

(a) Obligations of ALEXANDRIA. ALEXANDRIA shall be solely responsible for complying with the Reliability Standards (i) applicable to the functions for which it is a Registered Entity and (ii) for the ALEXANDRIA System, regardless of whether or not ALEXANDRIA has registered as a Registered Entity for such reliability functions, except and only to the extent that CLECO has expressly assumed the obligations of complying with Reliability Standards pursuant to this Agreement. ALEXANDRIA shall cooperate and provide reasonable support to CLECO in connection with any audit or investigation, as well as any mitigation plans, by SPP, NERC or FERC regarding CLECO's compliance with the requirements of the Reliability Standards.

(b) Obligations of CLECO. In addition to the Reliability Standards associated with the Balancing Authority Services set forth in this Agreement, CLECO shall be solely responsible for complying with the Reliability Standards applicable to the functions for which it is a Registered Entity regarding its owned and operated distribution, transmission, and generation assets. CLECO shall cooperate and provide reasonable support to ALEXANDRIA in connection

with any audit or investigation, as well as any mitigation plans, by SPP, NERC or FERC regarding ALEXANDRIA's compliance with the requirements of the Reliability Standards.

(c) ALEXANDRIA and CLECO are each responsible for complying with the Reliability Standards applicable to the functions for which it is a Registered Entity even if the other Party is simultaneously responsible for complying with those Reliability Standards in its own capacity as a Registered Entity.

(d) Except as provided in Article III of this Agreement, neither ALEXANDRIA nor CLECO shall be required under this Agreement, the Energy Agreement, or the ESIA to perform or be responsible for compliance with any Reliability Standards for or on behalf of the other Party.

**4.3 Material Change in Reliability Standards.** If the Reliability Standards change in a manner that materially changes the obligations of the Parties from that contracted hereunder, the Parties shall negotiate in good faith to modify such obligations to ensure compliance with Reliability Standards and maintain a substantially identical allocation of benefit and burdens between the Parties under this Agreement.

## **ARTICLE V: PENALTIES AND LIABILITY**

**5.1 Balancing Authority Services.** As a Balancing Authority, CLECO is responsible for paying any monetary penalty imposed by FERC, NERC or SPP for violation of any Balancing Authority Reliability Standards (i) applicable to CLECO or (ii) applicable to or as a result of the inclusion of ALEXANDRIA Load and Hunter generation in CLECO's Balancing Authority Area pursuant to this Agreement. CLECO shall provide ALEXANDRIA written notice of any such monetary penalty imposed upon CLECO. If ALEXANDRIA's acts or omissions are responsible, in whole or in part, for CLECO's failure to comply with such Balancing Authority Reliability Standards, ALEXANDRIA shall be responsible for that portion of the monetary penalty that is commensurate with ALEXANDRIA's comparative responsibility for the violation. In accordance with Section 5.3 of this Agreement, ALEXANDRIA shall reimburse CLECO for ALEXANDRIA's uncontested share of any such monetary penalties within thirty (30) Days of ALEXANDRIA's receipt of written notice of the monetary penalty imposed upon CLECO.

### **5.2 Reliability Standards.**

**5.2.1 CLECO Liability.** In addition to CLECO's responsibilities and liabilities as a Balancing Authority described in Sections 3.3 and 5.1 of this Agreement, CLECO is liable for any monetary penalty and the cost of mitigation measures imposed by FERC, NERC or SPP for violation of any Reliability Standard for which CLECO is responsible.

**5.2.1.1** CLECO shall provide ALEXANDRIA written notice of any such monetary penalty or mitigation measures imposed upon CLECO if ALEXANDRIA's acts or omissions are responsible, in whole or in part, for CLECO's failure to comply with such Reliability Standards. In the event that ALEXANDRIA's acts or omissions are responsible, in whole or in part for CLECO's failure to comply with such Reliability

Standard, ALEXANDRIA shall be responsible for that portion of the monetary penalty and the cost of mitigation measures that is commensurate with ALEXANDRIA's comparative responsibility for the violation. In accordance with Section 5.3 of this Agreement, ALEXANDRIA shall reimburse CLECO for ALEXANDRIA's uncontested share of any such monetary penalties within thirty (30) Days of ALEXANDRIA's receipt of written notice of the monetary penalty imposed upon CLECO.

5.2.1.2 CLECO shall also be responsible for that portion of a fine or penalty assessed to ALEXANDRIA that is caused, in whole or in part, by the actions or inactions of CLECO commensurate with CLECO's comparative responsibility for the violation of the Reliability Standard(s) in accordance with Section 5.2.2.1 of this Agreement.

5.2.2 ALEXANDRIA Liability. ALEXANDRIA is liable for any monetary penalty and the cost of mitigation measures imposed by FERC, NERC or SPP for violation of any Reliability Standard for which ALEXANDRIA is responsible.

5.2.2.1 ALEXANDRIA shall provide CLECO written notice of any such monetary penalty or mitigation measures imposed upon ALEXANDRIA if CLECO's acts or omissions are responsible, in whole or in part, for ALEXANDRIA's failure to comply with such Reliability Standards. In the event that CLECO's acts or omissions are responsible in whole or in part for ALEXANDRIA's failure to comply with such Reliability Standards, CLECO shall be responsible for that portion of the monetary penalty and the cost of mitigation measures that is commensurate with its comparative responsibility for the violation. In accordance with Section 5.3 of this Agreement, CLECO shall reimburse ALEXANDRIA for CLECO's uncontested share of any such monetary penalties within thirty (30) Days of CLECO's receipt of written notice of the monetary penalty imposed upon ALEXANDRIA.

5.2.2.2 ALEXANDRIA shall also be responsible for that portion of a fine or penalty assessed to CLECO that is caused, in whole or in part, by the actions or inactions of ALEXANDRIA commensurate with ALEXANDRIA's comparative responsibility for the violation of the Reliability Standard(s) in accordance with Section 5.2.1.1 of this Agreement or by the actions or inactions of ALEXANDRIA commensurate with ALEXANDRIA's comparative responsibility for the violation of the Balancing Authority Reliability Standard(s) in accordance with Section 5.1 of this Agreement.

5.3 **Shared or Disputed Liability.** In determining whether and to what extent a Party is responsible for any part of monetary penalties or mitigation measures imposed by FERC, NERC or SPP with respect to the other Party's violation of its obligations pursuant to this Agreement, the Parties shall use good faith efforts to reach agreement on the proper apportionment of responsibility and amount of the monetary penalty or mitigation measures that should be assumed by each Party before payment is due FERC, NERC or SPP. If such dispute is not resolved before payment is due, the Party assessed the monetary penalty or mitigation measures ("Assessed Party") shall pay the penalty or cost of mitigation measures and the Parties shall resolve the dispute in accordance with Article VII of this Agreement. In the event that the Assessed Party is ultimately found not to be responsible for all or any portion of the penalty or

mitigation measures, the Assessed Party shall be entitled to be paid by the Party found responsible for some or all of the penalty or mitigation measures (“Non-Assessed Party”), in addition to the costs prescribed by Section 7.4 of this Agreement, the amount of the penalty or cost of mitigation measures for which the Non-Assessed Party was found liable, plus interest at a rate and calculated in accordance with 18 C.F.R. 35.19a, on that amount of the penalty or cost of mitigation measures calculated from the date the Assessed Party paid the penalty or cost of mitigation measures until the date it is paid by the Non-Assessed Party. The Non-Assessed Party will pay the Assessed Party no later than ten (10) Business Days from the date of the issuance of the order affixing responsibility.

#### **5.4 Challenges to Penalties, Sanctions and Other Non-Monetary Directives.**

5.4.1 If a Party (the “Responsible Party”) elects to challenge a monetary penalty, non-monetary sanction or other non-monetary directive noticed by FERC, NERC or SPP for performance or non-performance of activities related to this Agreement for which the Responsible Party is responsible under the Balancing Authority Reliability Standards or the other Reliability Standards, the Responsible Party shall notify the other Party (the “Non-Responsible Party”) in writing of its decision to challenge and shall consult with the Non-Responsible Party regarding the potential risks, costs and liabilities resulting from the challenge before filing any such challenge. The Non-Responsible Party shall cooperate with Responsible Party in initiating and pursuing such challenge, and the Parties shall assume their own costs of initiating and pursuing such challenge.

5.4.2 If the Responsible Party does not elect to challenge a monetary penalty, non-monetary sanction or other non-monetary directive noticed by FERC, NERC or SPP for the performance or non-performance of activities related to this Agreement for which the Responsible Party is responsible under the Balancing Authority Reliability Standards or the other Reliability Standards, but the Non-Responsible Party desires to challenge such monetary penalty, non-monetary sanction or other non-monetary directive, then the Non-Responsible Party shall notify the Responsible Party in writing of its decision to challenge and consult the Responsible Party regarding the potential risks, costs and liabilities resulting from the challenge before filing such challenge. The Responsible Party shall cooperate with the Non-Responsible Party in initiating and pursuing such challenge, and the Parties shall assume their own costs of initiating and pursuing such challenge.

### **ARTICLE VI: INDEMNIFICATION AND LIABILITY**

6.1 **No Special Damages.** IN NO EVENT SHALL ANY PARTY, OR ITS AFFILIATES, BE LIABLE TO ANY OTHER PARTY FOR SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES HEREUNDER, OR LOSS OF PROFITS OR DAMAGES FOR BUSINESS INTERRUPTION. EACH PARTY HEREBY RELEASES THE OTHER PARTY AND ITS AND THEIR AFFILIATES AND REPRESENTATIVES, AND COVENANTS NOT TO SUE ANY OF THEM FOR, ANY SUCH SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, OR LOSS OF PROFITS OR BUSINESS INTERRUPTION.

**6.2 Limitation on CLECO's Liability and ALEXANDRIA's Indemnification.**

ALEXANDRIA SHALL AT ALL TIMES INDEMNIFY, HOLD HARMLESS, DEFEND, AND SAVE HARMLESS CLECO AND ITS SUCCESSORS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUBCONTRACTORS, FROM ANY AND ALL DAMAGES, LOSSES, CLAIMS (INCLUDING CLAIMS AND ACTIONS RELATING TO INJURY TO OR DEATH OF ANY PERSON), OR DAMAGE TO PROPERTY, DEMANDS, SUITS, RECOVERIES, COSTS AND EXPENSES, COURT COSTS, ATTORNEY FEES, AND ALL OTHER OBLIGATIONS BY OR TO THIRD PARTIES, ARISING OUT OF, RELATING TO OR RESULTING FROM ALEXANDRIA'S ACTIONS OR INACTIONS UNDER THIS AGREEMENT.

**6.3 Limitation on ALEXANDRIA's Liability and CLECO's Indemnification.** CLECO SHALL AT ALL TIMES INDEMNIFY, HOLD HARMLESS, DEFEND, AND SAVE HARMLESS ALEXANDRIA, ITS SUCCESSORS, AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUBCONTRACTORS, FROM ANY AND ALL DAMAGES, LOSSES, CLAIMS (INCLUDING CLAIMS AND ACTIONS RELATING TO INJURY TO OR DEATH OF ANY PERSON), OR DAMAGE TO PROPERTY, DEMANDS, SUITS, RECOVERIES, COSTS AND EXPENSES, COURT COSTS, ATTORNEY FEES, AND ALL OTHER OBLIGATIONS BY OR TO THIRD PARTIES, ARISING OUT OF OR RESULTING FROM CLECO'S PROVISION OF SERVICE OR ACTIONS OR INACTIONS UNDER THIS AGREEMENT.

## ARTICLE VII: DISPUTE RESOLUTION

**7.1 Dispute Resolution.** The dispute resolution procedures set forth in this Article VII will govern the resolution of any dispute, claim or controversy arising out of, under or relating to this Agreement and any right or obligation hereunder, or the breach or termination thereof ("Dispute"), unless otherwise provided in this Agreement or mutually agreed to by the Parties in writing.

**7.2 Notice and Informal Resolution.** A Party claiming a Dispute has arisen under this Agreement ("Disputing Party") shall provide the other Party ("Non-Disputing Party") with written notice of the Dispute ("Notice"). The Disputing Party's Notice shall provide the basis for the Dispute and, if feasible, identify the requested relief. Upon receipt of the Disputing Party's Notice, the Non-Disputing Party shall have thirty (30) days to provide a written response to the Disputing Party. A failure by the Non-Disputing Party to respond to a Notice within the thirty (30) day period will be deemed agreement by the Non-Disputing Party with the Notice, including the basis for the Dispute and the requested relief. In the event that the Non-Disputing Party disagrees with the Disputing Party's Notice, the Parties shall have thirty (30) days from the Disputing Party's receipt of the Non-Disputing Party's response to the Notice to resolve the Dispute.

**7.3 Litigation and Venue.** In the event the Parties do not resolve the Dispute within thirty (30) days from the Disputing Party's receipt of the Non-Disputing Party's response to its Notice, the Disputing Party shall retain all legal rights it has to seek redress of the matter before FERC or the United States District Court for the Western District of Louisiana.

7.4 **Attorneys' Fees and Costs.** In the event the Dispute is resolved by a final order of FERC or the court, the prevailing party shall be entitled to reimbursement from the non-prevailing party of its attorneys' fees and costs resulting therefrom.

## ARTICLE VIII: DEFAULT

8.1 **Default.** A Default shall be deemed to have occurred in the event that a Party (the "Defaulting Party") fails, for any reason, to meet its material obligations under this Agreement and such failure continues uncured for fifteen (15) Days after written notice thereof from the other Party. Upon the occurrence of a Default, the non-Defaulting Party may terminate this Agreement under Section 8.2 and pursue such other rights and remedies available under law.

8.2. **Notice of Termination In the Event of Default.** In the event of a Default under section 8.1, the non-Defaulting Party may terminate this Agreement by providing written notice of termination to the Defaulting Party. In the event that notice of termination is given under this Section 8.2, this Agreement shall terminate on the date specified in such notice of termination, which date shall be no earlier than sixty (60) Days after the date such notice of termination is given and no later than one hundred and twenty (120) Days after such notice is given; provided, however, that CLECO shall continue to provide the Balancing Authority Services required by this Agreement until ALEXANDRIA either (i) obtains a replacement provider of Balancing Authority Services, or (ii) obtains or is denied an order from FERC or a relevant court requiring the continued provision of such services by CLECO. ALEXANDRIA shall use best efforts to transfer ALEXANDRIA Load and ALEXANDRIA System to another Balancing Authority Area as soon as practicable after the notice of termination is issued, and complete such transfer prior to or upon the termination of the Agreement, and CLECO shall cooperate in effecting such transfer.

## ARTICLE IX: GENERAL PROVISIONS

9.1 **Entire Agreement; Amendment; Counterparts.** The Parties agree that all prior discussions and understandings regarding the subject matter of this Agreement are merged in this Agreement, and this Agreement constitutes the sole understanding of the Parties hereto. Neither this Agreement nor any provision thereof can be modified or waived in any way, except in writing by all signatories to the Agreement. This Agreement may be executed in multiple counterparts, with original counterparts to be exchanged among the Parties; and these multiple counterparts, taken together, shall constitute the Agreement as a whole.

9.2 **Severability.** If any term or provision hereof, or the application thereof to any person or circumstance, shall to any extent be contrary to any applicable law or regulation or otherwise invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is contrary, invalid or unenforceable shall not be affected thereby.

9.3 **No Waiver.** Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter.

9.4 **Recording.** Each Party acknowledges and agrees that the other may record telephone conversations and other discussions of this Agreement, consistent with NERC requirements.

9.5 **Notices and Other Communications.** All written notices required by this Agreement and other written communications to the other Party shall be sent by hand delivery, certified mail, return receipt requested, or facsimile (with the original of any facsimile being sent by mail for record purposes only and without affecting the validity of the facsimile ) to the following individuals:

If to ALEXANDRIA:

**City of Alexandria, Louisiana**  
P.O. Box 71  
Alexandria, LA 71309  
Attn: Michael Marcotte, Director of Utilities  
Facsimile No. (318) 449-5080  
E-mail: Michael.Marcotte@cityofalex.com

If to CLECO:

**Cleco Power LLC**  
2030 Donahue Ferry Road  
Pineville, Louisiana 71360  
Attn: Manager, NERC Compliance  
Facsimile No. (318) 484-4935  
E-mail: Mark.MacDonald@cleco.com

**With a copy to**  
Cleco Corporation  
2030 Donahue Ferry Road  
Pineville, Louisiana 71360  
Attn: Legal Department  
Facsimile No. (318) 484-7685  
E-mail: Mark.Pearce@cleco.com

or to such other address as may be designated by the addressee by notice to the Parties.

9.6 **Governing Law.** This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Louisiana and any applicable Federal law, without regard to principles of conflict of laws.

9.7 **No Third Party Beneficiaries.** This Agreement confers no rights whatsoever upon any person other than the CLECO and ALEXANDRIA and shall not create, or be interpreted as creating, any standard of care, duty or liability to any person not a Party hereto.

9.8 **Headings.** The headings used for the Articles and Sections herein are for convenience only and shall not affect the meaning or interpretation of the provisions of this Agreement.

9.9 **Interpretation.** In any dispute between the terms or provisions of this Agreement and the terms or provisions of the Energy Agreement, the terms or provisions of the Energy Agreement shall control.

9.10 **Independent Parties.** This Agreement is between two utilities that are contracting independently with respect to the obligations to be performed hereunder. Unless it provides expressly to the contrary, no provision of this Agreement shall be construed as creating any agency or other special relationship between the Parties other than that of independent, contracting parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement, as of the dates written below, and agreed to be bound hereby.

**CITY OF ALEXANDRIA, LOUISIANA**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date signed: \_\_\_\_\_

**CLECO POWER LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date signed: \_\_\_\_\_