

**Service Agreement for  
Network Integration Transmission Service  
Between  
Cleco Power LLC  
and  
City of Alexandria, Louisiana**

- 1.0 This Network Service Agreement (“Agreement”), dated as of \_\_\_\_\_, is entered into, by and between Cleco Power LLC (the “Transmission Provider or Cleco”), and City of Alexandria, Louisiana (the “Transmission Customer”) each individually being referred to as a “Party” and collectively referred to as “Parties”.
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a valid request for Network Transmission Service under the Transmission Provider’s Open Access Transmission Tariff (“Tariff”).
- 3.0 The Transmission Customer has complied with all Application procedures for service under this Agreement in accordance with the provisions of Section 29 of the Tariff.
- 4.0 The Transmission Customer will provide to the Transmission Provider a Network Service deposit in the amount to be determined in accordance with the provisions of Section 29.2 of the Tariff.
- 5.0 Service under this Agreement shall commence on the later of: (1) January 1, 2010 and/or (2) the first of the month following the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, and/or (3) such other date as it is permitted to become effective by the Commission and/or (4) the date which an agreement is executed, separate and apart from this Agreement regarding the respective obligations under the NERC Reliability Standards for Cleco and Transmission Customer and/or (5) the effectiveness of the NOA. Service under this Agreement shall terminate sixty (60) months from the beginning of service under this Agreement or on December 31, 2014, whichever is later.
- 6.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Transmission Service in accordance with the provisions of Part III of the Tariff, this Agreement, and the Network Operating Agreement (“Operating Agreement”) between the Parties. In the event of conflict between the provisions of the Tariff and this Agreement, the provisions of this Agreement shall control.
- 7.0 Any notice or request made to or by either Party regarding this Agreement shall be made as indicated in Section 10.2 of the Specification for Network Integration Transmission Service attached hereto.

8.0 The Tariff and the specifications for Network Integration Transmission Service attached hereto are incorporated herein and made a part hereof by this reference.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Cleco Power LLC

By: \_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

City of Alexandria, Louisiana

By: \_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**SPECIFICATIONS FOR NETWORK INTEGRATION  
TRANSMISSION SERVICE**

- 1.0 Term of Transaction  
Start Date: January 1, 2010  
Termination Date: Sixty (60) months after commencement of service  
TSR: 73489531

- 2.0 Description of Network Resources and Network Loads for Network Integration  
Transmission Service.

Transmission Customer's generation assets and qualifying capacity purchases will serve as Network Resources

<u>Plant</u>	<u>Capacity Designated (MW)</u>	<u>Transmission System/ Control Area</u>
Rodemacher 2	56	Cleco/Cleco
DG Hunter Unit #3	55	Alexandria/Cleco
DG Hunter Unit #4	85	Alexandria/Cleco

Such Network Resources may be changed as provided in sections 29 and 30 of the Tariff. Transmission Customer shall deliver or caused to be delivered Network Resources to the Transmission System as defined in the OATT.

The Transmission Customer Network Load located within Cleco's Transmission System is forecast as follows:

	<u>Summer (MW)</u>	<u>Winter (MW)</u>
Forecast Year 01:	179	117
Forecast Year 02:	182	119
Forecast Year 03:	186	121
Forecast Year 04:	190	124
Forecast Year 05:	193	126
Forecast Year 06:	194	127
Forecast Year 07:	195	128
Forecast Year 08:	196	128
Forecast Year 09:	198	129
Forecast Year 10:	198	129

Cleco shall deliver Transmission Customer's Network Resources to Transmission Customer's Network Load at the following "Delivery Points".

1. Alexandria's interconnection to Cleco Power LLC near Alexandria's Twin Bridges Substation, more particularly described in the Electric Interconnection Agreement between Cleco Power LLC the City of Alexandria, Louisiana; and
2. Alexandria's interconnection to Cleco Power LLC near Alexandria's Hunter Substation, more particularly described in the Electric Interconnection Agreement between Cleco Power LLC the City of Alexandria, Louisiana.

3.0 Service under this Agreement is subject to the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

3.1 Transmission Charge:

Network Service is billed on a monthly cycle. The Transmission Customer shall pay a monthly Demand Charge, which shall be determined by multiplying its Load Ratio Share times one twelfth of the Transmission Provider's Annual Transmission Revenue Requirements specified in Attachment H of the Transmission Providers OATT.

During the first twelve months of service, the Demand Charge paid by the Transmission Customer shall be based on its average monthly peak(s) occurring coincident with the Transmission Provider's system peaks for those months that have transpired since the commencement of this Network Service. At the end of month twelve of service, Transmission Provider shall true-up with Transmission Customer (and only this Transmission Customer) the billings made during this first year of service. This true-up shall be accomplished by substituting the Transmission Customer's actual Demand Charge calculated in month twelve of service into the previously issued twelve invoices to the Transmission Customer. The difference between the sum of these twelve revised bills and the original twelve invoices issued to the Transmission Customer shall be invoiced or refunded to the Transmission Customer, whichever is appropriate, with interest calculated pursuant to section 35.19a of the Commission's Regulations from the date the original invoice was paid until the date of the revised invoice or until refunds are made. The Transmission Customer shall pay, or the Transmission Provider shall refund, only the net amount owed as a result of the true-up provided for the first year of service.

Following month twelve (12) of service, the Demand Charge shall be based on the Transmission Customer's average twelve-month peak occurring coincident

with the hours of Transmission Provider's monthly system peaks during the preceding twelve (12) months.

Transmission Provider is a party to a pre-OATT Electric System Interconnection Agreement ("LEPA ESIA") between Transmission Provider and Louisiana Energy and Power Authority ("LEPA") originally dated January 1, 1991, as amended. Pursuant to the LEPA ESIA, Transmission Provider, among other things, provides delivery service on behalf of LEPA to the Delivery Points (the Delivery Service) for that portion of LEPA's ownership of Rodemacher Power Station Unit No. 2 that is designated by Transmission Customer as a Network Resource under section 2.0 of these Specifications for Network Integration Transmission Service ("Transmission Customer's Rodemacher Network Resource"). In order to avoid duplicative billing for delivery service to Transmission Customer's Network Load, Transmission Provider will credit its invoices for transmission service under this Agreement by an amount equal to the charges actually billed to LEPA by Transmission Provider for transmission of the Contract Demand at the Alexandria delivery point in Appendix B of the LEPA ESIA, as it may be effective from time to time (currently 55 MW), at the rate for firm transmission service under the LEPA ESIA, as it may be effective from time to time (currently \$1.20/kw-month), during any period in which Cleco Wholesale Power Marketing ("CPWM") is acting as LEPA's agent for purposes of managing the Delivery Service. During any period in which CPWM is not acting as LEPA's agent for purposes of managing the Delivery Service, the amount of the credit on invoices for service under this Agreement shall be reduced to an amount equal to the amount actually billed to LEPA by Transmission Provider, if any, for the amount of the Transmission Customer's Rodemacher Network Resource or such alternate resource actually delivered by the Transmission Provider to the Alexandria delivery point under the LEPA ESIA.

This credit will appear on the Transmission Customer's monthly Network Service Transmission invoice for the first month after after service under the LEPA ESIA. In the event of an adjustment to the amount actually paid by LEPA for which a credit has been provided, Transmission Provider shall pay refunds or Transmission Customer shall pay a surcharge for the amount by which LEPA's payments to Transmission Provider were less than or greater than the amount credited to Transmission Customer, such refunds or surcharge to be increased by interest at the rate of interest provided in section 35.19a of FERC's regulations from the date Transmission Customer paid the invoice reflecting a credit that is adjusted until the date the refund or surcharge is paid. Upon expiration of this Agreement, Transmission Provider will continue to submit and Transmission Customer shall continue to pay invoices for services rendered prior to expiration of this Agreement, until all services have been billed and settled and until all crediting pursuant to this provision has been completed. This crediting

mechanism shall remain effective until such time as the Alexandria delivery point in Appendix B of the LEPA ESIA is reduced to 0 or is otherwise terminated. Transmission Customer shall remain subject to all of the provisions of the OATT whenever its Designated Network Resources are used other than for service to its Network Load.

3.2 System Impact and/or Facility Study Charges(s):  
To be billed separately

3.3 Direct Assignment Facilities Charge:

The Transmission Customer shall be responsible for new revenue quality metering and communications equipment as required in the Network Operating Agreement.

3.4 Ancillary Services Charges:

3.4.1 The Scheduling, System Control and Dispatch Service as described under the Tariff, Schedule 1 shall be provided by the Transmission Provider and charged to the Transmission Customer.

3.4.2 The Reactive Supply and Voltage Control from Generation Sources Services as described under the Tariff, Schedule 2 shall be provided by the Transmission Provider and charged to the Transmission Customer.

3.4.3 The Regulation & Frequency Response as described under the Tariff, Schedule 3 shall be provided by the Transmission Provider and charged to the Transmission Customer.

3.4.4 The Energy Imbalance Service as described under the Tariff, Schedule 4 shall be provided by the Transmission Provider and charged to the Transmission Customer.

3.4.5 The Operating Reserve – Spinning Reserve Service as described under the Tariff, Schedule 5 shall be provided by the Transmission Provider and charged to the Transmission Customer.

3.4.6 The Operating Reserve – Supplemental Reserve Service as described under the Tariff, Schedule 6 shall be provided by the Transmission Provider and charged to the Transmission Customer.

4.0 Losses:

Energy Losses as outlined in Section 28.9 and Schedule 9 of the Tariff, exclusive of losses for delivery of Transmission Customer's Rodemacher Network Resource to the

Delivery point under the LEPA ESIA, shall be financially settled by the Transmission Customer or as otherwise agreed upon by the Transmission Provider and the Transmission Customer and shall be separate from any other loss compensation arrangements between the Parties.

5.0 Balance Authority Area of Load:

The City of Alexandria shall be part of the Cleco Balancing Authority Area, but this NITSA does not address any contractual arrangements which must be put in place to insure all compliance issues are addressed.

6.0 Gross Receipt Taxes:

The Customer shall reimburse Cleco for all taxes levied by any governmental authority, except for any income taxes or ad valorem taxes, on revenues derived from the provision of service under this Agreement.

7.0 Unilateral Changes and Modifications:

Nothing in this Agreement shall be construed as affecting in any way the right of the Party providing service to unilaterally make application to the FERC for a change in the rates, charges, terms and conditions of service provided in this Agreement, or for termination of such service consistent with this Agreement, pursuant to Section 205 the Federal Power Act and the Rules and Regulations of the FERC promulgated thereunder or of the Party receiving service to make application for change pursuant to section 206 of the Federal Power Act; provided, however, that it is expressly recognized that this Agreement is necessary for the provision of Network Integration Transmission Service and, therefore, no Party shall propose a change to this Agreement that is inconsistent with the provision of such service.

8.0 Billing and Payment:

Billing and payment pursuant to the Operating Agreement and this Service Agreement shall be in accordance with Section 34.0 of the Tariff.

9.0 Designation of Parties Subject to Reciprocal Services Obligation Pursuant to Section 6 of the Tariff:

Transmission Customer is subject to the obligation to provide to Cleco service that is comparable to the service provided under this Service Agreement.

10.0 Miscellaneous:

10.1 Assignment: Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent may be withheld in the exercise of its sole discretion; provided, however, either Party may, without the consent of the other Party (and without relieving itself from

liability hereunder), (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Agreement to an affiliate of such Party which affiliate's creditworthiness is equal to or higher than that of such Party, (iii) transfer or assign this Agreement to any Person or entity succeeding to all or substantially all of the assets whose creditworthiness is equal to or higher than that of such Party, or (iv) transfer or assign this Agreement to any Person or entity that assumes operational control over Transmission Provider's Transmission System for purposes of providing transmission service to Transmission Customer using such Transmission system; provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.

10.2 **Notices:** Except as otherwise specified herein, any notice, demand for information or documents required or authorized by this Agreement to be given to a Party shall be given in writing and shall be sufficiently given if delivered by overnight courier or hand delivered against written receipt or by email or other electronic transmission or by facsimile transmission addressed as set forth in this Section 10.2, or to such other address as such Party may designate for itself by notice given in accordance with this Section 10.2 and to the addresses set forth in this Section 10.2. Notice by facsimile, electronic mail or other electronic transmission or hand delivery shall be effective at the close of business on the day actually received, if received during business hours on a business day, and otherwise shall be effective at the close of business on the next business day. Notice by overnight mail or courier shall be effective on the next business day after it was sent.

<p><b>All Notices:</b>                  Cleco Power LLC                  2180 St. Landry Hwy                  St. Landry, Louisiana 71367                  Attn: Manager, Transmission Operations                  Phone: (318) 838-3121                  Facsimile: (318) 838-3180</p>	<p><b>Payments:</b>                  Cleco Power LLC                  P.O. Box 5000                  Pineville, Louisiana 71361                  Attn: Cleco Support Group LLC, Treasury Services</p>
<p><b>Transmission Scheduling:</b>                  Attn: Control Dispatcher                  Phone: (318) 838-3125                  Facsimile: (318) 838-3180</p>	<p><b>Wire Transfer:</b>                  BNK: Bank One                  ABA: 071 000 013                  ACCT: 5737400</p>

<p><b>Cleco Power LLC:</b>                  Duns: 62-778-1503                  Federal Tax ID No: 72-0244480</p>	
<p><b>All Notices:</b>                  City of Alexandria                  P. O. Box 71                  Alexandria, LA 71309-0071                  Attn: Director of Utilities                  W/ Copy to : City Attorney                  Phone: (318) 449-5008                  Facsimile: (318) 449-5080</p>	<p>Duns: 071944490                  Federal Tax ID Number: 72-6000014</p>
<p><b>Transmission Scheduling:</b>                  Attn: Steve Hurley                  Phone: (318) 473-1301                  Facsimile: (318) 473-1325</p>	

- 10.3 **Choice of Law:** This Agreement shall be governed by, and construed in accordance with, the Law of the State of Louisiana, exclusive of conflicts of Laws provisions of such state that would apply the Laws of another jurisdiction. Each Party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement.
- 10.4 **Entire Agreement:** This Agreement constitutes the entire understanding between the Parties and supersedes any and all previous understandings between the Parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.
- 10.5 **Waiver:** Any waiver at any time by a Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with service under this Agreement, shall not constitute or be deemed a waiver with respect to any other default or other matters arising in connection with service under this Agreement. Any waiver must be delivered in writing executed by an authorized representative of the Party granting such waiver. The failure or delay of either Party to require performance by the other Party of any provision hereof shall not affect its right to require performance of such provision unless and until such performance has been waived by such Party in writing in accordance with the terms hereof. No waiver by either Party of any term or condition hereof, in any one or more instances, shall be deemed to be or construed

as a waiver of the same or any other term or condition hereof on any future occasion.

- 10.6 Modification or Amendment: No modification or amendment of any provision hereof shall be valid unless it is in writing and signed by both Parties and filed with and accepted by the Commission to the extent necessary.
- 10.7 Severability: If any term or provision hereof or the application thereof to any Person or circumstance is held to be illegal, invalid or unenforceable under any present or future law or by any governmental agency:
- 10.7.1. such term or provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof;
  - 10.7.2. the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom; and
  - 10.7.3. the Parties shall negotiate in good faith to agree upon legal, valid and enforceable substitute provisions to carry out the purposes and intent of the illegal, invalid or unenforceable terms and provisions.
- 10.8 Counterparts: This Agreement may be executed in counterparts, all of which shall constitute one (1) agreement binding on both Parties hereto and shall have the same force and effect as an original instrument, notwithstanding that both Parties may not be signatories to the same original or the same counterpart.
- 10.9 Confidentiality: Each Party shall, to the maximum extent permitted by law, maintain the confidentiality of information provided by the other Party relating to service under this Agreement that is designated as confidential by the providing Party or required by law or regulation to be treated as confidential. In the event that the Party receiving confidential information receives a request in any administrative or judicial forum that could result in the disclosure of confidential information, the receiving Party shall promptly notify the other Party of such request and shall seek to maintain the confidentiality of such information to the extent permitted in such administrative or judicial forum.
- 10.10 Independent Contractors: The Parties are independent contractors. Nothing contained herein shall be deemed to create an association, joint venture, partnership or principal/agent relationship between the Parties hereto or to impose any partnership obligation or liability on either Party. Neither Party shall have any right, power or authority to enter into any agreement or commitment, act on behalf of, or otherwise bind the other Party in any way.

- 10.11 Third Parties: This Agreement is intended solely for the benefit of the Parties. Nothing herein shall be construed to create any duty or liability to, or standard of care with reference to, any other Person.
- 10.12 Headings: The headings contained herein are solely for the convenience of the Parties and should not be used or relied upon in any manner in the construction or interpretation hereof.