

**Network Operating Agreement**

**BETWEEN**

**Cleco Power LLC**

**AND**

**City of Alexandria, LA**

This Network Operating Agreement (“Operating Agreement”), dated as of February \_\_\_\_, 2010, is entered into by and between Cleco Power LLC (“Transmission Provider or Cleco”), a limited liability company organized and existing under the laws of the State of Louisiana, and City of Alexandria, LA (“Customer or City”), a business entity organized and existing under the laws of the State of Louisiana, each individually being referred to as a Party and collectively referred to as Parties.

**RECITALS**

WHEREAS, Cleco is engaged in the business of generating, purchasing, transmitting, and distributing electric power and energy in portions of the State of Louisiana;

WHEREAS, on July 8, 1996, Cleco filed with the Federal Energy Regulatory Commission (“FERC”) an Open Access Transmission Tariff (“Tariff”) that provides for Network Integration Transmission Service (“NITS”), pursuant to which Cleco will provide Network Service, i.e.: a firm service that is intended to provide an Eligible Customer access to Cleco’s Transmission System in a manner that allows the Eligible Customer to integrate, plan, economically dispatch, and regulate its Network Resources to serve its Network Load where all or part of such Network Load is directly connected to the Transmission System;

WHEREAS, Customer owns and operates an electric utility system comprised of electric generating facilities, transmission facilities and distribution facilities which are operated to supply the retail customers of Customer;

WHEREAS, Cleco and Customer are Parties to that certain Electric System Interconnection Agreement Between Central Louisiana Electric Company, Inc. and The City of Alexandria, Louisiana (effective May 13, 1986), as may be amended, restated or replaced (the “ESIA”);

WHEREAS, Customer has requested Network Service under the Tariff;

WHEREAS, the Parties have contemporaneously executed a Network Integration Transmission Service Agreement (“Service Agreement”);

WHEREAS, Section 29.1 of the Tariff requires that as a condition of receiving service under the Tariff, Cleco and Customer enter into a Network Operating Agreement and shall have in place all contractual, technical, and/or other requirements needed to provide appropriate Balancing Area service under applicable guidelines of the NERC and the SPP;

WHEREAS, Cleco has determined that Customer is an Eligible Customer within the meaning of the Tariff and that Company may be able to provide the requested Network Service to Customer under the terms and conditions of the Tariff, the Service Agreement, and this Operating Agreement;

NOW, THEREFORE, Cleco and Customer agree as follows:

## **ARTICLE I DEFINITIONS AND PROVISIONS OF THE TARIFF**

### **Section 1.1 - Inclusion of Terms and Definitions in Tariff**

This Operating Agreement, including any attachments hereto, incorporates by reference all the provisions and definitions of the Tariff and any Service Agreement between the Parties entered pursuant to the Tariff, as the Tariff and the Service Agreement may currently exist or as they may be subsequently amended.

Capitalized terms used herein shall have the meaning specified in the Definition section of the Tariff, the Additional Definitions section of this document, or the body of this Operating Agreement.

### **Section 1.2 - Additional Definitions**

**Section 1.2.1 - Data Acquisition Equipment:** Supervisory control and data acquisition equipment ("SCADA"), remote terminal units ("RTUs"), including independent and redundant power supply, necessary to obtain information from a Party's facilities, telephone equipment, leased telephone circuits, fiber optic circuits, and other communications equipment necessary to transmit data to/from remote locations, and any other equipment or service necessary to provide for the telemetry and control requirements under this Operating Agreement. The Data Acquisition Equipment utilized by Customer to implement this Operating Agreement shall monitor analog and digital signals deemed desirable by Cleco or Customer to implement the provisions of this Operating Agreement to receive service under the Tariff.

**Section 1.2.2 - Control Center:** Shall mean the facility operated by each party to carry out the duties and responsibilities of operating their respective Balancing Authority Area.

**Section 1.2.3 – Metering Equipment:** Metering Equipment will comprise high accuracy (0.5 percent accuracy or better) solid state four quadrant meters<sup>1</sup>, metering cabinets, metering panels, conduits, cabling, high accuracy (0.3%/0.6% tolerance or better reference IEEE Standard C57.13 Table 6) current transformers, and high accuracy (0.3% tolerance or better) potential transformers which, directly or indirectly, provide input to meters or transducers, meter recording devices (e.g., solid state data receivers), telephone circuits, signal or pulse dividers, transducers, pulse accumulators, and any other equipment necessary to implement the provisions of this Operating Agreement and to receive service under the Tariff. All the Metering Equipment installed by Customer in accordance with this Operating Agreement shall conform to Cleco's standards for similar installations.

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<sup>1</sup> Unless agreed to otherwise by Cleco, the meter(s) will at a minimum provide instantaneous MW/MVAR data, hourly MWH 60-minute demand, 60-minute demand profile, kWh 60-minute demand, and kWh 60 minute demand profile data. The MW/MWH data shall be used for Balancing Authority Area operations. The kWh shall be used in NITS billing.

**Section 1.2.4 – Protective Equipment:** Includes, but shall not be limited to, protective relays, relaying panels, relaying cabinets, circuit breakers, conduits, cabling, current transformers, potential transformers, coupling capacitor voltage transformers, wave traps, transfer trip and fault recorders, which directly or indirectly provide input to relays, fiber optic communications equipment, power line carrier equipment and telephone circuits, and any other equipment necessary to implement the protection provision of this Operating Agreement.

**Section 1.2.5 – Service Agreement:** The Service Agreement for Network Integration Transmission Service and any amendments or supplements thereto entered into by and between the Customer and the Transmission Provider for service under the Tariff.

**Section 1.2.6 – Balancing Authority:** 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.

**Section 1.2.7 – Balancing Authority Area:** The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

## ARTICLE II TERM

**Section 2.1 - Term of the Agreement:** This Operating Agreement shall become effective on the date it is executed, or such other date as it is permitted to become effective by the Commission, and shall continue in effect unless and until the Tariff and/or the Service Agreement is terminated. No later than 30 days following the date of this Operating Agreement, Cleco shall file this Operating Agreement with the Commission pursuant to the Federal Power Act. Customer shall support the effectiveness of this Operating Agreement in accordance with its terms and shall not directly or indirectly seek Commission action that would modify this Operating Agreement, except that, once accepted, Customer shall have the rights specified in Article XII of this Operating Agreement. In the event the Commission modifies this Operating Agreement in response to the filing made pursuant to the second sentence of this section 2.1 in a manner that is unacceptable to either party, the Parties shall negotiate in good faith to revise this Operating Agreement consistent with any modification required by the Commission in order to restore benefits of the essential terms of this Operating Agreement. In the event the Parties are unable to agree upon modifications pursuant to the preceding sentence within a period of 30 days, this Operating Agreement shall terminate and be of no force or effect.

### **Section 2.2 - Commencement of Service:**

**Section 2.2.1 – Service to Customer’s Network Load:** The Parties to this Operating Agreement agree that Customer, through the use of its facilities, currently has in place or will have in place sufficient Metering Equipment, Data Acquisition Equipment, Protective Equipment, any other associated equipment, and software necessary for Cleco to serve Customer’s Network Load connected to Cleco’s Transmission System within Cleco’s Balancing Authority Area.

**Section 2.2.2 – Service for Generation Resources:** Prior to Cleco’s acceptance of any Network Resource, Cleco and Customer shall install, subject to the provisions of this Operating Agreement, all Metering Equipment, Data Acquisition Equipment, Protective Equipment, any other associated equipment, and software necessary for operation under this Agreement.

**Section 2.3 - Effect of Termination:** Customer's provision of notice to terminate its Service Agreement and/or the Operating Agreement shall not relieve Customer of its obligation to pay Cleco any rates, charges, fees, or costs provided for under this Operating Agreement or the Service Agreement and that are owed to Cleco as of the date of termination. The applicable provisions of this Operating Agreement shall continue in effect after expiration, cancellation, or termination hereof to the extent necessary to provide for final billings, billing adjustments, and the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Operating Agreement was in effect.

### **ARTICLE III NETWORK SERVICE**

**Section 3.1 - Network Service:** In order to enable Customer to serve the Network Load connected to Cleco's Transmission System, this Operating Agreement sets out the terms and conditions under which Cleco and Customer will operate their respective systems and specifies the equipment that will be installed and operated. The Parties shall operate and maintain their respective systems in a manner that will allow each Party to operate its system and consistent with Cleco's ability to safely and reliably incorporate the Customer's Network Load within Cleco's Transmission System in accordance with the terms of this Operating Agreement and consistent with Good Utility Practice; provided, however, that notwithstanding any other provision of this Operating Agreement, Cleco shall retain the sole responsibility and authority for the operating decisions of the Customer and Cleco as they relate to the integrity and the security of the Transmission System. In the event of conflict between the provisions of the Tariff and this Operating Agreement or the ESIA and this Operating Agreement, the provisions of this Operating Agreement shall control.

### **ARTICLE IV BALANCING AUTHORITY AREA AND DATA EQUIPMENT**

**Section 4.1 - Balancing Authority Area Equipment:** This Article IV and Appendix B define the responsibility of the Customer and Cleco for all Data Acquisition Equipment, Metering Equipment, Protective Equipment, and any other associated equipment and software not presently installed or presently capable of accommodating provision of information necessary for service under this Operating Agreement, which may be required by either Party for the Parties to implement and operate their systems and, if applicable, Balancing Authority Areas, in accordance with Good Utility Practice.

**Section 4.2 - Balancing Authority Area Data:** The Parties shall incorporate the information obtained from Metering Equipment and Data Acquisition Equipment into each Party's Control Center as the Parties determine to be necessary to incorporate Customer's network load into the Balancing Authority Area identified in section 5.0 of the Specifications for Network Integration Transmission Service of the Service Agreement

**Section 4.3 - Customer/Cleco Data Link:** The term the "Customer/Cleco Data Link" as used in this Operating Agreement shall refer to the direct communications link between Customer's Control Center and Cleco's Coughlin Transmission Operation Center ("CTOC") that will enable CTOC, if so determined to be necessary by Cleco to receive real-time telemetry and data from Customer's Control Center and the Customer's Control Center to receive real-time telemetry and data from CTOC in accordance with Cleco's standards or practices. Cleco shall have the right to inspect such equipment and software in order to assure conformance with the Company's standards or practices. The selection of real-time telemetry and data to be received by Cleco and Customer shall be at Cleco's reasonable discretion, as deemed

necessary, including, but not limited to, reliability, security, economics, and/or monitoring of system operations. This telemetry includes, but is not limited to, loads, line flows, voltages, generator output, and breaker status at the Customer's Delivery Points and Network Resources and such other points on Customer's Facilities that may be required by SPP or by NERC or as the result of any action by SPP or NERC. To the extent a data link is found by Cleco to be necessary and Cleco or Customer requires telemetry that is not available, Customer shall, at its own expense, install (or have installed or compensate Cleco for installation) any Metering Equipment, Data Acquisition Equipment, or other equipment and software necessary for the telemetry to be received by Cleco or Customer via the Customer/Cleco Data Link. Cleco shall make the determination as to whether a Customer/Cleco Data Link is necessary to fully implement Network Integration Transmission Service and so notify the Customer (initially 60 days prior to initiation of service and from time-to-time as necessary thereafter) of its requirements.

**Section 4.4 - Computer Modifications:** Customer shall be responsible for implementing any computer modifications or changes required to its own computer system(s) as necessary to implement this Article IV. Cleco shall perform, or have performed on its behalf, all Cleco Control Center software and hardware modifications necessary to implement Article IV and bill Customer its fully loaded costs including taxes, profit, and overhead.

**Section 4.5 – Notification and Coordination Prior To Commencement Of Work:** Customer shall notify and coordinate with Cleco at least 60 days prior to the commencement of any work by Customer or contractors or agents performing on behalf of Customer that may directly or indirectly have an adverse effect on the Customer's system or Cleco's Balancing Authority Area, the Customer/Cleco Data Link, or Cleco's reliability.

## ARTICLE V METERING OF NETWORK LOAD

**Section 5.1 - Metering of Network Load:** The Network Load shall be metered by meter point at the Delivery Point(s) in accordance with Cleco's standards and practices. The amount of any energy generated on Customer's side of the meter point ("Internal Generation") shall be provided to Cleco by Customer and shall be part of Customer's Network Load for load ratio share billing purposes. In addition, Customer metered quantities, shall be provided in accordance with Section 7.16.

## ARTICLE VI NETWORK OPERATING COMMITTEE

**Section 6.1 – Network Operating Committee:** Cleco and Customer shall each appoint a member and an alternate to a Network Operating Committee (Operating Committee"), and notify the other Party of such appointment(s) in writing. Such appointment(s) may be changed at any time by similar notice. The Operating Committee shall meet as necessary to carry out the duties set forth herein. The Operating Committee shall hold meetings at the request of either Cleco or Customer, at a time and place agreed upon by the members of the Operating Committee. Each member and alternate shall be a responsible person working with the day-to-day operations of their respective system. The Operating Committee shall represent Cleco and Customer in all matters arising under this Operating Agreement that may be delegated to it by mutual agreement of the Parties hereto.

**Section 6.1.1 - Duties:** The duties of the Operating Committee shall include those specifically referred to elsewhere in this Operating Agreement, including, but not limited to the following:

- a) Coordinate operation and maintenance schedules;
- b) Establish and maintain control and operating procedures, including those pertaining to information transfers between the Parties to this Operating Agreement, consistent with the provisions of this Operating Agreement;
- c) Establish any additional data requirements necessary for Cleco to provide Network Service in accordance with the terms and conditions of the Tariff that are not specifically provided in this Operating Agreement;
- d) Review Metering Equipment, Data Acquisition Equipment, Protection Equipment, and any other equipment or software requirements, standards and procedures;
- e) Establish standards for the design, operation, and maintenance of the facilities necessary to integrate the Customer's electric system with the Transmission System (including, but not limited to, remote terminal units, metering, communications equipment, and relaying equipment);
- f) Develop redispatch procedures and issues in accordance with the Tariff and consistent with Transmission Provider's business practices and with the provisions of this Operating Agreement;
- g) Develop load curtailment procedures in accordance with the Tariff and consistent with Transmission Provider's business practices and with the provisions of this Operation Agreement; and
- h) Such other duties as may be conferred upon it by mutual agreement of the Parties hereto.

**Section 6.1.2 - Operating Committee Agreements:** Each Party shall cooperate in providing to the Operating Committee all information reasonably required in the performance of the Operating Committee's duties. All decisions and agreements, if any, made by the Operating Committee shall be evidenced in writing and signed by each member of the Operating Committee. The Operating Committee shall have no power to amend or alter the provisions of this Operating Agreement or the Service Agreement or the Tariff.

**Section 6.2 - Dispute Resolution:** In the event a dispute arises between the Parties concerning the operation or interpretation of this Operating Agreement, the Parties shall attempt to resolve the matter between themselves. In the event the Parties are unable to resolve the matter after a reasonable time period (not to exceed thirty (30) days), the dispute shall be resolved in accordance with the procedures specified in Section 12.0 of the Tariff or any other method mutually agreed to in writing by both Cleco and Customer.

## **ARTICLE VII OPERATIONS**

**Section 7.1 – General:** Cleco and Customer agree that their respective performances of this Agreement shall comply with the then-existing (or amended) manuals, standards, and guidelines of FERC (as delegated to NERC or other entity), (the "Authority"), SPP, or any successor agency or authority assuming or charged with similar responsibilities related to the operation and reliability of the North

American electric interconnected transmission grid. To the extent that this Operating Agreement does not specifically address or provide the mechanisms necessary to comply with such Authority, SPP, or successor agency or authority manuals, standards, or guidelines, Cleco and Customer hereby agree that both Parties shall provide to the other Party all such information as may reasonably be required to comply with such manuals, standards, or guidelines and shall operate, or cause to be operated, their respective facilities in accordance with such manuals, standards, or guidelines.

The Parties also recognize that their systems are operated on an interconnected basis under the rights and obligations of Article V of the ESIA and that the provisions of the ESIA shall remain effective, unless a provision of this Operating Agreement contains specific provisions that are different from the provisions in the ESIA solely with respect to service to Customer's Network Load. In the case of any such difference, the provisions of this Operating Agreement shall control.

**Section 7.2 - Transmission Provider Obligations:** Cleco shall operate and control the Transmission System and other Cleco facilities (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational and/or reliability criteria, protocols, and directives, including those of the Authority and SPP or any successor agency or authority; and (4) in accordance with the provisions of this Operating Agreement.

**Section 7.3 - Customer Obligations:** The Customer shall operate and control its system behind its Delivery Point(s), and the generating facilities it controls located behind the Delivery Point(s): (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational and/or reliability criteria, protocols, and directives, including those of the Authority and SPP or any successor agency or authority; and (4) in accordance with the provisions of this Operating Agreement.

**Section 7.4 - Regulation of Transfer of Electric Capacity and Energy:** Customer is responsible for operating in a manner to provide for its Network Load at all times, in accordance with Good Utility Practice, the Authority and SPP requirements. Neither of the Parties hereto assumes any responsibility for the supply of any electric power or energy to the other Party.

**Section 7.5 - Co-generation and Small Power Production Facilities and Other Generation Facilities:** If a Qualifying Facility or other generation facility is located or locates in the future behind any Delivery Point where Cleco delivers energy to Customer's Network Load and the owner or operator of such Qualifying Facility sells or delivers the output of such Qualifying Facility's to any entity, the delivery of such Qualifying Facility's power and energy to any receiving entity other than the Customer shall be subject to and contingent upon proper transmission arrangements being established with Cleco prior to commencement of delivery of any such power and energy. Prior to the interconnection of such Qualifying Facility or other generation facility to any facilities that are behind the Delivery Point where Cleco delivers energy to Customer's Network Load, including facilities not owned by Customer, Cleco and Customer shall enter into such agreements as may be necessary to study the impacts of such interconnection on the Transmission System and on the facilities owned by Cleco, Customer, or third parties. Interconnection of such Qualifying Facility or other generation facility shall not occur until the Parties have entered into such further agreements as may be necessary to ensure that the operation of such Qualifying Facility or other generation facility does not impose adverse effects on the reliability of the Transmission System and Cleco's provision of service pursuant to the Tariff, the Service Agreement, this Operating Agreement, and agreements with third parties.

**Section 7.6 - Voltage Support:** At the time of commencement of service and thereafter, Customer will have sufficient reactive energy compensation and control to (i) meet voltage schedules designated by

Cleco's operations personnel for each Network Resource located on Cleco's Transmission System and where the Customer or other party on Customer's behalf operates a generation resource behind the Delivery Point or on the system of any third party, and (ii) meet power factor requirements (as specified in Appendix "A" of this Operating Agreement and that may be modified from time-to-time in accordance with Cleco's Standards or Practices) at each meter point or delivery point. If Customer does not provide the necessary reactive energy compensation and control to comply with the objectives described in this Section 7.6, Cleco shall have the unilateral right to install necessary equipment at Customer's expense as additional Direct Assignment Facilities pursuant to the Service Agreement.

**Section 7.7 - Real-time System Data Requirements:** Customer shall provide to Cleco via Data Acquisition Equipment or Customer/Cleco Data Link as specified by Cleco, at least once every four seconds (or at such other time interval as may be deemed necessary by Cleco) loads, line flows, voltages, generator outputs, breaker status, or other information that Cleco deems necessary for providing service under the Tariff and this Operating Agreement, and ensuring the security and reliability of Cleco's Transmission System.

**Section 7.8 - Other Operational Data Requirements:** The Parties shall cooperate with each other in exchanging operational data needed for the safe and reliable operation of each Party's system and to implement the provisions of this Operating Agreement, including but not limited to the following information and the information required by Section 35 of the Tariff.

**Section 7.8.1 - Annual Operating Network Resource Availability Forecast:** Customer shall provide to Cleco by October 15 of each year Customer's best forecast of the following calendar year's planned Network Resource availability forecast (e.g. all planned resource outages, including off-line and on-line dates). Such forecast shall be made using good forecasting techniques consistent with Good Utility Practice. Customer shall inform Cleco, in a timely manner, of any changes to Customer's planned annual operating Network Resource availability forecast.

**Section 7.8.1.1 - Annual Operating Conflicts Due To Transmission Constraints:** In the event that Cleco determines that the annual operating Network Resource availability forecast, as provided in accordance with Section 7.8.1 of this Operating Agreement, cannot be accommodated due to a transmission constraint on the Transmission System or the Transmission System of a third party, and such constraint may jeopardize the security of the Transmission System or the transmission system of a third party or adversely affect the economic operation of either Cleco or Customer, to the extent possible, the Operating Committee will coordinate the annual operating Network Resource availability forecast of both Parties to mitigate the transmission constraint.

**Section 7.8.2 - Daily Operating Forecast:** Customer shall provide to Cleco each day by 8 A.M. CPT a seven-day hourly forecast (beginning with next day) of all Network Loads (by delivery point), a generation commitment schedule for all Network Resources, and other relevant data reasonably determined necessary by Cleco for analysis of Transmission System reliability (the "Daily Operating Forecast"). Delivery of this information shall be accomplished by a means to be specified by Cleco.

**Section 7.8.2.1 - Operating Conflicts Due to Transmission Constraints:** In the event that Cleco determines that the Daily Operating Forecast, as provided in accordance with Section 7.8.2 of this Operating Agreement cannot be accommodated due to a transmission constraint on Cleco's Transmission System or the Transmission System of

some third party, and such constraint may jeopardize the security of the Transmission System (or other party's Transmission System) or adversely affect the economic operation of either Cleco or Customer, the provisions of Section 33.0 of the Tariff for redispatch and/or interruptions and curtailment will be implemented.

**Section 7.9 - Maintenance Of Equipment Necessary For The Metering of Network Load:** Cleco or Customer (if arrangements are made acceptable to Cleco beforehand) shall, on a regular basis or at Cleco's request (the frequency of these requests will not exceed Good Utility Practice), at Customer's expense, test, calibrate, verify, repair, replace, install and validate the Metering Equipment, Data Acquisition Equipment, and other equipment or software used to determine Network Load. Cleco shall have the right to inspect or perform such tests, calibrations, verifications, and validations of the Metering Equipment, Data Acquisition Equipment, and other equipment or software used to determine the Network Load no more frequently than annually. In the case of Metering Equipment, meters and current transformers shall be tested annually, unless mutually agreed to otherwise. Potential transformers shall be visually inspected annually. Upon Cleco's request, Customer will provide to Cleco a copy of the installation, test, and calibration records of the Metering Equipment, Data Acquisition Equipment, and other equipment or software. Cleco shall, at Customer's expense, have the right to monitor the factory acceptance test, the field acceptance test, and the installation of any Metering Equipment, Data Acquisition Equipment, and other equipment or software used to determine the Network Load. In the event Customer does not perform or cause to be performed necessary maintenance as described within this section and in accordance with Good Utility Practices, Cleco may perform or have performed at Customer's expense such maintenance.

**Section 7.10 - Notification and Coordination Prior to Commencement of Maintenance:** Cleco and Customer shall notify and coordinate with the other Party prior to the commencement of any maintenance by Cleco or Customer or contractors or agents performing on behalf of either or both that may directly or indirectly have an adverse effect on the Customer or Cleco's Balancing Authority Area, Customer/Cleco Data Link, or Cleco's reliability. Such coordination shall normally occur a minimum of 30 days prior to the commencement of work, unless mutually agreed to otherwise by the Parties.

**Section 7.11 - Interchange and Transmission Service Scheduling:** Customer shall inform, coordinate, and schedule with Cleco all appropriate and necessary interchange and transmission service transactions on Cleco's Transmission System and on the Transmission System of any other Transmission Providers as related to service under the Service Agreement in accordance with Cleco's standards, practices, and the terms and conditions of the Tariff. Customer shall make all arrangements and receive all appropriate approvals with other Transmission Providers associated with its delivery of Network Resources to Cleco's Transmission System for and including delivery to Customers loads on Cleco's Transmission System.

**Section 7.12 – The Authority and SPP Responsibility:** Cleco is a member of the Southwest Power Pool (hereinafter sometimes referred to as "SPP"), pursuant to the Membership Agreement for the Southwest Power Pool dated October 20, 1999 ("SPP Agreement"). Cleco shall, in performing its obligations hereunder, design and operate its system in accordance with the SPP Agreement, or any successor SPP Agreement to which Cleco is a party or any agreement of any successor organization to which Cleco is a party or which governs Cleco's design and operation of its Transmission System, as it may be revised from time to time and any rules and regulations promulgated by any regulatory authority having jurisdiction, including to the extent applicable, the facilities provided for in this Operating Agreement. The Customer shall, in performing its obligations hereunder, operate its system in accordance with the SPP Agreement, or any successor SPP Agreement or successor organization agreement as it may be revised from time to time. The provisions of this Operating Agreement are not intended, nor shall they be

construed, to alter or in any manner modify each Party's obligations or preclude each Party from performing its obligations, existing or hereafter created, under the SPP Agreement (or any successor agreement or agreement of any successor organization or FERC designated entity with authority over the reliability of the operation of the Transmission System or systems with which Cleco is interconnected) or agreements with other third parties.

Each Party shall at all times be responsible for its own load, plus reserves necessary and adequate to meet its respective operating reserve responsibility, as defined by the Authority and the SPP or any successor organizations, and operate and maintain its system in a manner consistent with Good Utility Practice and rules and regulations of any regulatory or reliability authority having jurisdiction. For any criteria, procedures, terms, conditions, and the like which are not covered in this Operating Agreement or which are not applicable to a Party under the SPP Agreement, any successor agreement, or any agreement of any successor organization, each Party shall operate its system in accordance with criteria, procedures, terms and guidelines, adopted by the Authority or any successor organization or any regulatory authority having jurisdiction, as they may be revised from time to time.

If during the term of this Operating Agreement, the SPP Agreement is terminated or no longer exists, and should SPP not be replaced by a similar organization performing a like function, the SPP Agreement criteria, procedures, terms, and guidelines applicable to this Operating Agreement in effect at the time of such termination, shall remain in full force and effect, subject to any rules and regulations of any regulatory or reliability authority having jurisdiction, until such time as revisions or substitutions are mutually agreed upon by the Parties. The foregoing shall also apply, whether or not Cleco or Customer is a member of the SPP or such similar organization.

If during the term of this Operating Agreement, the Authority is terminated or no longer exists, and should the Authority not be replaced by a similar organization performing a like function, the Authority's criteria, procedures, terms and guidelines applicable to this Operating Agreement in effect at the time of such termination, shall remain in full force and effect, subject to any rules and regulations of any regulatory authority having jurisdiction, until such time as revisions or substitutions are mutually agreed upon by the Parties. The foregoing shall apply, whether or not Cleco or Customer, respectively, is a member of the Authority or such similar organization.

**Section 7.13 - Standards of Maintenance and Operation of Equipment:** Each Party, insofar as practicable, shall operate, protect, and maintain its system and facilities to avoid or minimize the likelihood of disturbances that might cause impairments of, or jeopardy to service to customers of the other Party. If either Party should fail to maintain and operate its lines, Data Acquisition Equipment, Metering Equipment, Reactive Equipment, Network Resources and other facilities set forth in this Operating Agreement in accordance with the standards referred to herein, the other Party shall have the right to disconnect from the facilities in question, after giving reasonable notice of its intention to do so. No service contemplated hereunder shall be provided that will endanger, impair, or create unsafe conditions on the system or any of the facilities of Cleco, Customer, any existing customer of either Party, or other entities with which either Party is interconnected. If either Party should be advised of, or have knowledge of, hazardous conditions existing on the lines of Cleco or Customer such Party shall have the right but not the obligation immediately to disconnect from such facilities, until the hazardous conditions have been removed and the line and other facilities shall have been placed in a safe operating condition. The Party disconnecting from the facilities of the other Party pursuant to the preceding sentence shall not have liability to the other Party because of such disconnection; the disconnecting Party shall, however, notify the other Party as soon thereafter as reasonably possible of the cause for such discontinuance and shall restore service as soon as reasonably practical when such cause has been removed.

**Section 7.14 - Right of Access:** Each Party shall, by mutual agreement, permit duly authorized representatives and employees of the other Party to enter upon its premises for the purpose of reading or checking meters, inspecting, testing, renewing or exchanging any or all of the equipment owned by the Party located on such premises and used in the performance of this Operating Agreement or for the purpose of performing any other work necessary in the performance of this Operating Agreement.

**Section 7.15 - Inaccurate Metering Adjustment:** If at any test a component of the Meter Equipment is found inaccurate by more than 0.6%, the Meter Equipment shall be adjusted, repaired and/or replaced providing accurate meter readings i.e. within 0.5% tolerance for meters, 0.3%/0.6% tolerance for current transformers depending on test amps (reference IEEE Standard C57.13 Table 6) and 0.3% tolerance for potential transformers. If the total error of the Meter Equipment exceeds 2.0%, then an adjustment shall be made in settlements between the parties to compensate for the effect of such inaccuracy. Such correction and adjustment shall be made from the date the inaccurate Meter Equipment became inaccurate, if known until the Meter Equipment was adjusted, repaired and/or replaced. If the date at which the Meter Equipment became inaccurate can not be determined, the correction shall be made for that period spanning the time immediately preceding the correction of the inaccurate Meter Equipment to that time equal to one-half the time from the date of the last previous test of the Meter Equipment where the Meter Equipment was determined accurate. Notwithstanding the foregoing, no Meter Equipment correction period shall exceed one year. If at any time Meter Equipment should fail to register or its registration should be so erratic as to be meaningless, the quantities such Meter Equipment was intended to record shall be determined from check meters if available, or otherwise from the best obtainable data. Meters shall be read monthly by the owner, and representatives of the other parties shall be afforded opportunity to be present at such readings. Arrangements with respect to reading of meters involving other systems shall be a responsibility of the operating representatives.

**Section 7.16 - Meter Reading and Data:** In addition to the requirements of Section 5.1, normal polling of month-end meter profile data by meter point and any other data deemed necessary by Cleco, shall be by meter dial-up, which access shall be provided directly to Cleco. In the event meter dial-up is unavailable, each Party shall read, or cause to be read, the meters it owns and provide that meter data to the other Party in electronic format acceptable to Cleco by no later than the third working day of each month. Additionally, each Party shall furnish to the other Party appropriate data from meter registrations and from other sources in such detail, segregation, and time periods as are established by the Operating Committee, when such data is needed for billings, settlements, special tests, operating records, or for other purposes consistent with this Operating Agreement.

**Section 7.17 - Meter Records and Logs:** In addition to meter records, the Parties shall keep such log sheets and other records as may be needed to afford a clear history of the various scheduled and actual movements of power and energy between the systems of the Parties under this Operating Agreement and the Service Agreement. The originals of all such meter records, log sheets, and other records shall be open to inspection during normal business hours by representatives of the Parties. Each Party shall furnish to the other Party appropriate data from meter registrations and other sources on a timely basis when such data is useful for settlements, special tests, operating records, or for other purposes consistent with this Operating Agreement.

**Section 7.18 - Other Obligations:** Neither Party assumes any obligation or responsibilities under this Operating Agreement for the other Party other than as specifically set forth herein and, without limitation of the foregoing, specifically assumes no obligations or responsibilities with regard to the following:

- a. obtaining or paying for Transmission Service beyond such Party's interconnections with other utilities;

- b. supplying reactive energy to serve Customer's reactive load to maintain voltage at any Delivery Point or to maintain system stability;
- c. provide regulation or load following service for the other Party's loads, or,
- d. pay any fees or penalties for non-compliance with criteria, regulations or other directives from third parties.

## **ARTICLE VIII ANCILLARY FUNCTIONS AND SERVICES**

**Section 8.1 - Ancillary Function:** Ancillary functions are all those functions necessary to support, the transmission of electric power and energy from resources to load while maintaining reliable operation of Cleco's transmission system in accordance with Good Utility Practice. As required in accordance with Section 35.2 of the Tariff, a Network Integration Transmission Service Customer must obtain services for or provide certain Ancillary Functions under this Section 8. The Customer shall either:

- (i) operate as a Balancing Authority Area under applicable guidelines of the Authority, SPP or any successor agency or authority assuming or charged with similar responsibilities related to the operation and reliability of the North American electric interconnected transmission grid;
- (ii) satisfy its Balancing Authority Area requirements, including all Ancillary Services, by contracting with the Transmission Provider; or
- (iii) satisfy its Balancing Authority Area requirements, including all Ancillary Services, by contracting with another entity consistent with Good Utility Practice which satisfies the Authority and regional requirements or the requirements of any successor agency or other reliability authority.

The specific ancillary functions required are Scheduling, System Control and Dispatch, Reactive Supply/Voltage Control from Generation Sources, Regulation and Frequency Response, Energy Imbalance, Operating Reserve-Spinning, and Operating Reserve-Supplemental as described in Section 3 of the Tariff. Cleco will provide and the Customer will purchase these Ancillary Services to the extent required under Section 3 of the Tariff. Contractual arrangements for the provision of Ancillary Services will be specified in the Service Agreement.

## **ARTICLE IX NETWORK PLANNING**

**Section 9.1 - Network Planning Information:** In order for Cleco to plan, on an ongoing basis, to meet Customer's firm long-term requirements for Network Service, Customer shall, in addition to the information required in Section 29.2 of the Tariff, provide Cleco with the information listed below, and any other data reasonable necessary for Cleco to plan for and provide Network Service. This type of information is consistent with Cleco's information requirements for planning to serve its Native Load Customers and is consistent with Cleco's ten year planning process.

**Section 9.1.1 - Annual Planning Network Load Forecast:** Customer shall provide Cleco no later than October 15 of each year Customer's best forecast of the monthly peak Network Load

by meter point in both kW and kVAR for the following ten calendar years. Such forecast shall be made using forecasting techniques consistent with Good Utility Practice.

**Section 9.1.2 - Annual Planning Network Resource Forecast:** Customer shall provide to Cleco no later than October 15 of each year (i) Customer's best forecast of the subsequent ten years' planned Network Resources and all pertinent information regarding such Network Resources, (ii) a copy of Customer's most current firm purchased power commitments (including the underlying agreement for purchased power) for the next ten years on a unit-specific basis for any Network Resource which is a firm unit-specific purchased power resource, and (iii) for purchased power commitments that are non unit-specific, any information necessary for Cleco (including the underlying agreement for purchased power) to model how the purchased power commitment would be dispatched by Customer to meet the Network Load. The information provided by Customer pursuant to this Section 9.1.2 shall not be deemed a substitute for the written notice required for designating new Network Resources under Section 30.2 of the Tariff.

**Section 9.1.3 - Annual Planning Network Transmission Facilities:** Customer shall provide Cleco its best forecast of any planned internal transmission facilities on the Customer's systems (lines, transformers, reactive equipment, etc.) for each of the subsequent ten calendar years.

**Section 9.1.4 - Technical Data Format:** Customer shall provide to Cleco the best available data associated with Network Loads, Network Resources, and transmission facilities for modeling purposes in an electronic format as specified by Cleco. The electronic format specified by Cleco shall be a format commonly used in the electric utility industry.

## ARTICLE X COST RESPONSIBILITY

**Section 10.1 - Costs:** Unless specifically expressed otherwise within Appendix B, Customer shall be responsible for all costs reasonably incurred by Customer and Cleco to implement the provisions of this Operating Agreement including, but not limited to, engineering, administrative and general expenses, taxes, material, and labor expenses associated with the specifications, design, review, approval, purchase, installation, maintenance, modification, repair, operation replacement, checkouts, testing, upgrading, calibration, removal, relocation of equipment, or software. Cleco shall utilize Good Utility Practice to appropriately control said costs. Customer shall be responsible for the commitment and dispatch of generation, at its sole expense, as specified in section 7.8.2.1 necessary for the provision of network integration transmission service.

**Section 10.2 - On-Going Maintenance:** Unless specifically expressed otherwise within Appendix B, Customer shall be responsible for all costs reasonably incurred by Customer and Cleco for on-going operation and maintenance of the facilities required to implement the provisions of the Operating Agreement. Such work shall include, but is not limited to, normal and extraordinary engineering, administrative and general expenses, material, and labor expenses associated with the specifications, design review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, calibration, removal, or relocation of equipment required in the field, at Cleco's Control Center and at the Customer's Control Center to accommodate this Operating Agreement. If Customer fails to perform necessary maintenance in accordance with Good Utility Practice or fails to perform the duties as described in sections 7.9 and 7.13, Cleco may perform, or have performed on its behalf, at Customer's expense any such maintenance or duties, including costs that Cleco may incur with

respect to maintenance of the equipment as identified within Appendix B on the Customer's side of the ownership change identified in Appendix C.

**Section 10.3 – Cost of Compliance with Directives of Third Parties:** Each Party shall be responsible for costs attributable to the facilities or operations of that Party incurred at the direction of any third party relating to operating circumstances or directives relating to that Party's responsibility for the reliability of the interconnected grid. Where Customer fails to act when required by such directive or acts in any manner that is not consistent with such directive, Customer shall pay any costs incurred by Cleco by reason of such action or inaction, including penalties and costs associated with increasing or reducing generation of real and reactive power and costs incurred in operation of the Transmission System caused by Customer's action or inaction.

## **ARTICLE XI INSURANCE**

**Section 11.1 - Liability and Indemnification:** The provisions of Section 10.2 of the Tariff shall be applicable to the Customer.

**Section 11.1.1 - Insurance:** In the event that Cleco determines that Customer may not have the resources or authority to meet its indemnification obligations under the Tariff, Cleco may require that Customer procure, or cause to be procured, a policy or policies of liability insurance to cover generally all indemnifiable liabilities which might arise under this Operating Agreement. Cleco shall be designated under such policy or policies as either the named insured or an additional named insured.

## **ARTICLE XII UNILATERAL CHANGES AND MODIFICATIONS**

**Section 12.1 - Unilateral Changes And Modification:** Nothing in this Operating 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 Operating Agreement, or for termination of such service consistent with this Operating 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 Operating Agreement is necessary for the provision of Network Integration Transmission Service and, therefore, no Party shall propose a change to this Operating Agreement that is inconsistent with the rates, terms and conditions of such service or with the requirement of Section 7.8.2.1 and Article X of this Operating Agreement.

## **ARTICLE XIII GENERAL PROVISIONS**

**Section 13.1: In addition to the provisions of the Tariff, the following provisions shall apply:**

**Section 13.1.1 - Disturbances:** Each Party shall, insofar as practicable, protect, operate and maintain its system and facilities as to avoid or minimize the likelihood of disturbances which

might cause impairment of or jeopardy to service to the customers of the other Party, or to systems interconnected therewith.

**Section 13.1.2 - Billing And Payment:** Billing and payment pursuant to this Operating Agreement and the Service Agreement shall be in accordance with Section 34.0 of the Tariff.

**Section 13.1.3 - Filing Fees:** Cleco shall pay for all FERC filing fees for filings initiated by Cleco. Customer shall pay for all FERC filing fees for filings instituted by Cleco at Customer's sole request. All negotiated settlements between the Parties which require a FERC filing fee that have not been preceded by a Cleco filing shall be shared equally between the Parties.

**Section 13.1.4 - Expanded Network Operation:** In the event a new Customer load is added under the Tariff, this Operating Agreement will be modified as necessary.

**Section 13.1.5 – Generator Performance:** Customer warrants and guarantees that, at all times, it shall attain the following (together, “Performance Guarantees”):

- a) Customer is willing and able to commit and operate its generation equipment in accordance with the requirements of the Cleco Tariff and this Operating Agreement.
- b) Customer is willing to commit sufficient generation to meet its load and reserve responsibility and the requirements of the Cleco Tariff and this Operating Agreement.
- c) Customer’s generators are, and will continue to be, in operational order and fully capable of responding to the requirements under the Cleco Tariff and this Operating Agreement.
- d) Customer shall maintain an adequate number of qualified personnel to operate and maintain its generators.

**Section 13.2 - Compliance:** Customer shall perform or cause to be performed sufficient tests and procedures, satisfactory to Cleco, to demonstrate compliance with the Performance Guarantees.

**Section 13.3 - Liquidated Damages:** The Parties agree that it would be extremely difficult to precisely determine the amount of actual damages that would be suffered due to Customer’s failure to meet the Performance Guarantees, but that liquidated damages are a fair and reasonable approximation of the amount of actual damages that will be suffered by Cleco as a result of such failure, and that these liquidated damages do not constitute a penalty or a method to secure performance of this Operating Agreement. Because of the uncertainty in calculating actual damages, any liquidated damages paid by the Customer to Cleco in the event that Customer does not attain the Performance Guarantees and fails to shed load in accordance with the requirements of section 7.8.2.1, shall be an amount equal to the load requested to be shed (in MW), but not shed, times the higher of \$100/MW or 110% of the market price for energy during the hour(s) times 2. These liquidated damages are the exclusive remedy for the Customer's failure to attain the Performance Guarantees. However, no liquidated damages shall be paid to Cleco if: (1) the Customer's failure to attain the Performance Guarantees is caused by an event beyond Customer's reasonable control or reasonable ability to cure and Customer sheds load consistent with this Operating Agreement; or (2) the Parties have otherwise agreed.

## Article XIV

## MISCELLANEOUS

**Section 14.1 - Assignment:** Neither Party shall assign this Operating 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 Operating Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Operating 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 Operating Agreement to any Person or entity succeeding to all or substantially all of the assets of said Party whose creditworthiness is equal to or higher than that of such Party, or (iv) transfer or assign this Operating Agreement to any person or entity that assumes operational control over Transmission Provider's Transmission System for purposes of providing transmission service to 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.

**Section 14.2 - Notices:** Except as otherwise specified herein, any notice, demand for information or documents required or authorized by this Operating 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 14.2, or to such other address as such Party may designate for itself by notice given in accordance with this Section 14.2 and to the addresses set forth in this Section 14.2. 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.

All Notices to Cleco Power: Cleco Power LLC 2180 St. Landry Hwy St. Landry, Louisiana 71367 Attn: Manager, Transmission Operations Phone: (318) 838-3121 Facsimile: (318) 838-3180	Payments: Cleco Power LLC P.O. Box 5000 Pineville, Louisiana 71361 Attn: Cleco Support Group LLC Treasury Services
Transmission Scheduling: Attn: Control Dispatcher Phone: (318) 838-3125 Facsimile: (318) 838-3180	Wire Transfer: BNK: Bank One ABA: 071 000 013 ACCT: 5737400
Cleco Power LLC Duns: 62-778-1503 Federal Tax ID Number: 72-0244480	
All Notices to Customer: 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	Transmission Scheduling: Attn: Steve Hurley Phone: (318) 473-1301 Facsimile: (318) 473-1325
Duns: 071944490 Federal Tax ID Number: 72-6000014	

**Section 14.3 - Choice of Law:** This Operating 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 Operating Agreement.

**Section 14.4 - Entire Agreement:** This Operating 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 Operating Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

**Section 14.5 - Waiver:** Any waiver at any time by a Party of its rights with respect to any default under this Operating Agreement, or with respect to any other matter arising in connection with service under this Operating Agreement, shall not constitute or be deemed a waiver with respect to any other default or other matter arising in connection with service under this Operating 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.

**Section 14.6 - 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.

**Section 14.7 - 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: such term or provision shall be fully severable; this Operating Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof;

- a. 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
- b. 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.

**Section 14.8 - Counterparts:** This Operating 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.

**Section 14.9 - 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 Operating 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. .

**Section 14.10 - 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.

**Section 14.11 - Third Parties:** This Operating 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.

**Section 14.13 - 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.

IN WITNESS WHEREOF, the Parties hereto have caused this Operating Agreement to be executed by their duly authorized officers, and copies delivered to each Party, to become effective as of the effective date.

Cleco Power LLC

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

Name

\_\_\_\_\_

Title

\_\_\_\_\_

Date

City of Alexandria, Louisiana

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

Name

\_\_\_\_\_

Title

\_\_\_\_\_

Date

**NETWORK OPERATING AGREEMENT - APPENDIX A**

**POWER FACTOR REQUIREMENTS AT EACH COMPANY DELIVERY POINT  
TO A CUSTOMER THAT DOES NOT CONNECT TO A NETWORK RESOURCE**

“ON PEAK” - The On-Peak hours are the hours during the On Peak Period. On-Peak Period includes the hours ending 0700 to 2200 at the Prevailing Central Standard Time, Monday through Friday, excluding Thanksgiving day, Christmas day, New Year’s day, Memorial day, Independence day, and Labor day.

DELIVERY POINT	POWER FACTOR RANGE (High Side)
Twin Bridges	0.95 lead to 0.95 lag
Hunter	0.95 lead to 0.95 lag

“OFF PEAK” - The Off-Peak hours are all hours not designated above as On-Peak hours.

DELIVERY POINT	POWER FACTOR RANGE (High Side)
Twin Bridges	0.95 lead to 0.95 lag
Hunter	0.95 lead to 0.95 lag

Above ranges will be adhered to except for momentary deviations or at the written consent of Cleco.

## **NETWORK OPERATING AGREEMENT - APPENDIX B**

### **COMPANY AND CUSTOMER RESPONSIBILITIES – ENGINEERING, CONSTRUCTION, OPERATIONS, AND MAINTENANCE**

#### **Standards for Construction of Facilities:**

Each Party shall construct and at all times maintain its lines, equipment, and other facilities provided for in this Appendix B in accordance with standards and specifications at least equal to those provided by the National Electrical Safety Code of the American National Standards Institute and other applicable recognized utility standards and practices.

Plans for the installation by Customer of protective equipment and devices on or in connection with facilities provided under this Appendix B shall be submitted to Cleco for approval before such equipment is installed for the purpose of attaining proper coordination and reliability of the interconnected transmission system, but such approval shall not be construed to constitute a guaranty of the adequacy of any such equipment or devices. Neither shall the foregoing approval be unreasonably withheld. The installation of such equipment and devices shall conform with Good Utility Practice.

The Substation(s) and any other point(s) of physical connection between the Parties shall be upgraded as mutually agreed and determined by joint planning between the Parties or by an RTO or other equivalent entity vested with planning authority. Each Party shall be responsible for upgrading and/or replacing the facilities, if any, that each owns which are part of the interconnected transmission system. Such upgraded systems shall provide for the continuance of the interconnection(s) between Cleco and Customer under this Operating Agreement.

To implement the request for service, the following additions and changes must be made:

**CLECO RESPONSIBILITIES:** All Cleco work shall be performed at the expense of the Customer and be based on Cleco's fully loaded costs including taxes, profit, and overhead.

#### **Cleco Control Center Changes and Additions:**

Work to be initially performed at Cleco's Control Center for implementation of service includes, but is not necessarily limited to; establishing new dynamic Delivery Point(s) (tie) between Customer and Cleco (if applicable), creation of displays, paper logs, accounting processes, and database changes. These planned modifications and additions to Cleco's Control Center operation are typical for other loads similarly situated within Cleco's system.

**CUSTOMER RESPONSIBILITIES:** Procurement, installation, and maintenance of all equipment identified within this section on Customer's side of the Point-of-Delivery are solely at the Customer's expense and in accordance with Cleco standard practices for similarly situated applications.

#### **Data Acquisition Equipment:**

All data acquisition equipment will be purchased, programmed, installed, and maintained by Cleco. This equipment shall be paid for by the Transmission Customer or their assignee.

**Data acquisition equipment required is as follows:**

- One GE-Harris D20 Remote Terminal Unit (RTU) shall be installed at Alexandria's Hunter Generating Plant. Alexandria is to provide space in the plant for the RTU, with access to both front and rear in a climate controlled room. 125VDC power and 120VAC power shall also be supplied by the Transmission Customer or their assignee.
- The RTU CPU at Twin Bridges Substation shall be replaced with a D20ME processor module for DNP communication to the meters.

**Communications Equipment and Circuits:**

All telephone equipment, leased telephone circuits, fiber optic circuits and other communications equipment and cabling necessary to provide for the telemetry requirements shall be paid for by the Transmission Customer or their assignee. The sections below identify what equipment and circuits that will be owned and maintained by the Transmission Customer or their assignee and Cleco.

**Communications equipment that will be owned and maintained by the Transmission Customer or their assignee is as follows:**

- Dial-up connections will be required to all six meters to be installed at the Hunter Generation Plant.
- Dial-up connections will be required to the two meters to be installed at the Twin Bridges Substation.
- A two-wire RS-485 shielded data link is required between each meter and the RTU at the locations listed above. The data links shall be purchased and installed by the Transmission Customer or their assignee.

**Communications equipment that will be owned and maintained by Cleco is as follows:**

- Fiber optic terminal equipment necessary to establish a 4-wire data circuit between the Hunter Generating Plant RTU and the Pineville substation. This equipment will be purchased and installed by Cleco but paid for by the Transmission Customer or their assignee.
- A two-wire RS-485 shielded data link is required between the meters at the Pineville Substation.

**Metering Equipment:**

Metering equipment consists of high accuracy, solid state four quadrant meters, metering cabinets, metering panels, conduits, cabling, metering accuracy (ANSI 0.3% accuracy class or better) current transformers (CT), and metering accuracy (ANSI 0.3% accuracy class or better) potential transformers (PT) which, directly or indirectly, provide input to meters or transducers, meter recording devices (e.g., solid state data receivers), signal or pulse dividers, transducers, pulse accumulators, and any other equipment necessary to implement the provisions of the Network Operating Agreement ("NOA").

All metering equipment located at the Hunter Generating Plant and the Twin Bridges Road substation shall be paid for, installed, and maintained by the Transmission Customer or their assignee except for the meters. The meters will be purchased, programmed, owned, and maintained by Cleco, but paid for and installed by the Transmission customer or their assignee. The metering equipment located at

the Pineville substation will be installed, owned, and maintained by Cleco but paid for by the Transmission Customer or their assignee. All meters will be tested yearly by Cleco and, if desired, witnessed by the Transmission Customer or their assignee.

- Items currently in place that meet or exceed requirements:
  - Metering CTs on Generator #3 at the Hunter Generating Plant
  - Metering PTs on Generator #3 at the Hunter Generating Plant
  - Metering CTs on Generator #4 at the Hunter Generating Plant
  - Metering PTs on Generator #4 at the Hunter Generating Plant
  - Metering CTs on Generator 3 Reserve Auxiliary Transformer (RAT) at the Hunter Generating Plant
  - Metering CTs on Generator 4 RAT at the Hunter Generating Plant
  - Metering CTs on Generator 3 Main Auxiliary Transformer (MAT) at the Hunter Generating Plant
  - Metering CTs on Generator 4 MAT at the Hunter Generating Plant
  - Metering CTs at the Twin Bridges to Rapides tie point
  - Metering PTs at the Twin Bridges to Rapides tie point
  - Metering CTs at the Pineville to Hunter tie point
  - Metering PTs at the Pineville to Hunter tie point
  
- Items that need to be replaced or added to meet requirements:
  - Generator 3 meter at Hunter needs to be replaced.
  - Generator 4 meter at Hunter needs to be replaced.
  - Generator 3 MAT meter at Hunter needs to be replaced.
  - Generator 4 MAT meter at Hunter needs to be replaced.
  - Generator 3 RAT meter at Hunter needs to be replaced.
  - Generator 4 RAT meter at Hunter needs to be replaced.
  - The two (2) tie point meters at the Twin Bridges Substation need to be replaced.
  - The two (2) tie point meters at the Pineville Substation need to be replaced.
  - The (4) four PTs on the two MAT buses to be replaced with 0.3% accuracy class (4200/120 V).
  - The (4) four PTs on the two RAT buses to be replaced with 0.3% accuracy class (4200/120 V).

The required metering equipment at the Hunter Generating Plant includes only Units 3 and 4 since these are the only units defined in the NITS Application. If in the future, Units 1 or 2 become operational, all metering requirements must be reviewed and corrected as necessary.

The estimated costs of the Direct Assignment Facilities are itemized in Attachment 1.

### **Other Contractual Arrangements**

Transmission Customer and Cleco shall enter into good-faith negotiations for the establishment of necessary contract terms that clearly allocate responsibilities regarding compliance with reliability related criteria and any charges that may be appropriate for integration of Transmission Customer into the Cleco Balancing Authority Area.

### Attachment 1 - Direct Assignment Facilities

#### Control Center Changes and Additions

Changes and additions	\$10,000
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#### Data Acquisition Equipment

RTU at Hunter	\$10,000
RTU CPU at Twin Bridges	\$4,000

#### Communications Equipment and Circuits

Fiber optic terminal equipment for Hunter RTU	\$25,000
Dial-up connection to meters at Hunter	\$200 install plus \$60/month
Dial-up connection to meters at Twin Bridges	\$200 install plus \$60/month
RS-485 meter data links to RTU at Hunter (6)	\$1000
RS-485 meter data links to RTU at Twin Bridges (2)	\$100
RS-485 meter data links to RTU at Pineville (2)	\$100

#### Metering equipment

Meters at Hunter (6)	\$30,000
Meters at Twin Bridges (2)	\$10,000
Meters at Pineville (2)	\$10,000
PTs for Unit 3 and 4 MAT buses (4)	\$6,000
PTs for Unit 3 and 4 RAT buses (4)	\$6,000

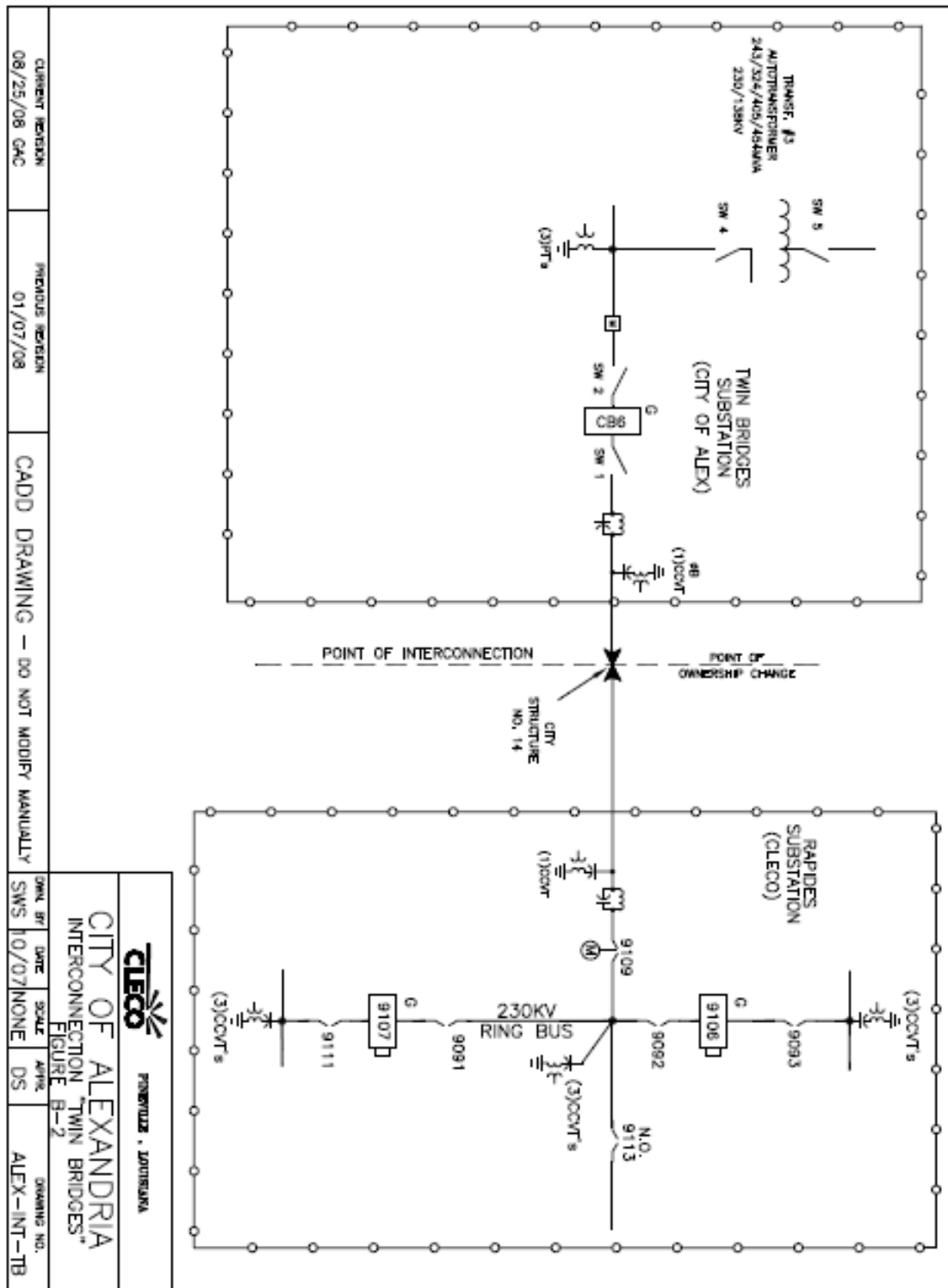
Total estimated installed cost is \$112,600, plus \$120/month for communications circuits.

Estimated tax gross-up for equipment paid for by Transmission Customer, but owned by Cleco is \$37,000.

All costs are estimates and include material and installation.

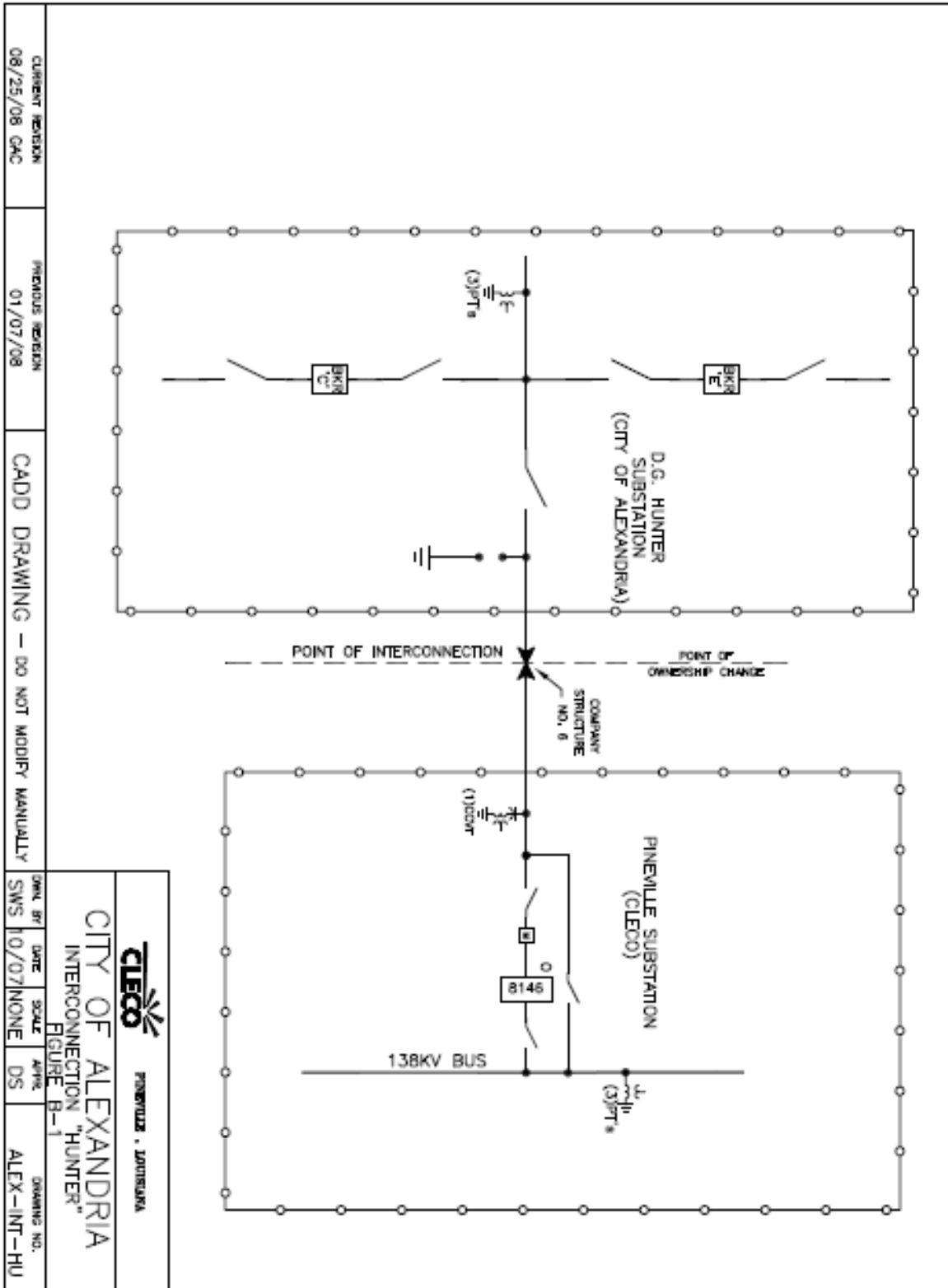
Lead time is estimated to be 12 weeks.

**NETWORK OPERATING AGREEMENT - APPENDIX C**



Interconnection – Twin Bridges

CURRENT REVISION 08/25/08 GAC	PREVIOUS REVISION 01/07/08	CADD DRAWING — DO NOT MODIFY MANUALLY	DATE 10/07/08	SCALE NONE	APPROVED DS	DRAWING NO. ALEX-INT-TB
CITY OF ALEXANDRIA INTERCONNECTION "TWIN BRIDGES" FIGURE B-2			SHEET NO. SWS			
			CLECO PRINCIPALS • LOUISIANA			



Interconnection - Hunter