

ORDINANCE # _____

AN ORDINANCE GRANTING TO DUKE ENERGY FLORIDA, LLC d/b/a DUKE ENERGY, AN ELECTRIC UTILITY RIGHTS OF WAY UTILIZATION FRANCHISE; PRESCRIBING THE TERMS AND CONDITIONS RELATED TO THE OCCUPANCY OF MUNICIPAL STREETS AND RIGHTS OF WAY IN THE TOWN OF REDDICK, FLORIDA, FOR THE PURPOSE OF PROVIDING ELECTRIC SERVICE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE TOWN COUNCIL OF REDDICK, FLORIDA:

SECTION 1 – Findings

The Town of Reddick, Florida (“Town” or “Grantor”) deems it necessary, desirable and in the interest of its citizens to establish by ordinance a rights of way utilization franchise (sometimes referred to herein as the “Franchise”) granting Duke Energy Florida, LLC d/b/a Duke Energy (“Company” or “Grantee”) permission to occupy the Rights of Way in the Town for the purpose of providing electric services.

SECTION 2 - Short Title

This Ordinance shall be known and may be cited as the “Duke Energy Rights of Way Utilization Franchise.”

SECTION 3 – Definitions

For the purposes of this Ordinance, the following terms, phrases, words, and their derivatives shall have the meaning given herein. When not inconsistent with the context, words in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number. The word “shall” is always mandatory and not merely permissive.

(A) “Adversely Affected” – For the Company, a loss of one percent (1%) of Base Revenues within the corporate Town limits due to Retail Wheeling. For the Town, a loss of one percent (1%) of Franchise Fees due to Retail Wheeling.

(B) “Base Revenues” – All of Company’s revenues from the retail sale of electricity, net of customer credits, to residential, commercial and industrial customers and Town sponsored street lighting, all within the corporate limits of the Town.

(C) “Electric Energy Provider” – Every legal entity or association of any kind (including their lessees, trustees or receivers), including any unit of state, federal or local government (including Town herein), which owns, maintains, or operates an electric generation, transmission, or distribution system or facilities, or which otherwise provides, arranges for, or

supplies electricity or electric energy to the public, or which supplies electricity to itself utilizing Company's distribution or other facilities. Without limitation of the foregoing, "Electric Energy Provider" shall also include every Electric Utility, electric power marketer or electric power aggregator. It shall also include every entity providing such services as metering, customer billing, payment collection and processing, and customer information and data processing.

(D) "Electric Utility" – Shall have the meaning set out in Section 366.02(2), *Florida Statutes* (2020), and shall also include every electric "Public Utility" as defined in Section 366.02(1), *Florida Statutes* (2020). "Electric Utility" shall further include every investor owned, municipally or governmentally owned, or cooperatively owned electric utility (including their lessees, trustees or receivers), which owns, maintains, or operates an electric generation, transmission, or distribution system in any State or County.

(E) "Electric Utility System" – An electric power system installed and operated in the Franchise Area in accordance with the provisions of the Florida Public Service Commission establishing technical standards, service areas, tariffs and operating standards, which shall include, but not be limited to, electric light, heat, power and energy facilities, and a generation, transmission, and distribution system, with such extensions thereof and additions hereto as shall hereafter be made.

(F) "Franchise Area" – That area for which Company provides electric utility service within the corporate Town limits of the Town.

(G) "Franchise Fees" – Shall have the meaning set forth in Section 6 of this Ordinance.

(H) "Facilities" – Conduits, cables, poles, wires, street lighting, supports and such other structures, appurtenances or accessories as may be reasonably necessary for the construction, maintenance and operation of an electric generation, transmission and distribution system, including information, telecommunication, and video transmission used solely for the provision of electric service.

(I) "Ordinance" – The ordinance titled and described in the preamble herein and ordained by the Town Council of Reddick, Florida.

(J) "Person" – Any person, firm, partnership, association, corporation, company or organization of any kind.

(K) "Public Service Commission" – The Florida Public Service Commission.

(L) "Rights of Way" – All of the public streets, alleys, highways, waterways, easements, bridges, sidewalks and parks, and any other public ways or places owned by the Town, as they now exist or may be hereafter constructed, opened, laid out or extended within the present limits of the Town, or in such territory as may hereafter be added, consolidated or annexed to the Town.

(M) “Retail Wheeling” – A customer/supplier arrangement whereby an Electric Energy Provider utilizes transmission and/or distribution facilities of Company to make energy sales directly to an end use customer located within the Franchise Area.

SECTION 4 - Grant of Authority

(A) This grant of authority is limited to the provision by Company to have, maintain, or place its Facilities within the Rights of Way for its electric utility services. Accordingly, the Town hereby grants to the Company, its successors and assigns the non-exclusive right, authority, and franchise to lay, erect, construct, maintain, repair and operate its Facilities in, under, upon, over and across the present and future Rights of Way, as they now exist or may be hereafter constructed, opened, laid out or extended within the present and future limits of the Town, provided that all portions of the same shall conform to accepted industry standards, including but not limited to, the National Electrical Safety Code. Nothing in this Ordinance shall require Grantee to remove, de-energize, or cease using any poles, wires, or other things or Facilities identified hereinabove that were in place under previous ordinances or permits prior to the Effective Date (as defined in Section 5) of this Ordinance, regardless of whether such poles, wires or other Facilities are located outside “Rights of Way” as defined herein. Nor shall anything in this Ordinance prohibit Company from performing upgrades, replacements, maintenance or servicing of such poles, wires, or other Facilities after the Effective Date of this Ordinance. Rather, all such preexisting poles, wires, or other Facilities shall be authorized under this Ordinance. Because this Franchise is intended to grant Company the unrestricted right to place its Facilities within the Rights of Way, the Town expressly acknowledges and agrees that Company shall not be required to apply for, obtain, or pay for permits to construct, operate, maintain, or remove its Facilities within the Rights of Way.

(B) Annexation or Contraction. Town represents that as of the date of the adoption of this Ordinance, it has provided Company with accurate information for all residential, commercial and industrial customers and Town sponsored street lighting that are within the Franchise Area. Company shall be responsible for remitting the Franchise Fee only to service and billing addresses identified as being within the Franchise Area as of the date of this Ordinance. However, Town and Company agree that the Franchise Area is subject to expansion or reduction by annexation and contraction of municipal boundaries. If Town approves any Franchise Area expansion or reduction by annexation or contraction, Town shall provide written notice to Company’s Annexation Coordinator, at the address provided below, within sixty (60) days of such approval, and this Franchise shall automatically extend to include any such annexed areas.

Additionally, within sixty (60) days of any such annexation or contraction, Town shall provide to Company an updated list containing the new or removed street names, known street name aliases, street addresses, street address number ranges, applicable directional and zip codes associated with each street name, all zip codes assigned to geographic areas located entirely within the Town (including zip codes assigned to post office boxes), and all post office box number ranges and the town names and zip codes associated therewith. For a range of street address numbers located within Town which consists only of odd or even street numbers, the list must specify whether the street numbers in the range are odd or even. Subject to the first paragraph, Company shall be responsible for remitting the Franchise Fee only to service and billing addresses identified as being within the Franchise Area contained in a list which includes all the required elements in this subsection.

The lists shall be provided by email; except that if a list is available on another medium, the Town shall, upon request, furnish the list on such medium in addition to, or in lieu of, the emailed list. The municipality shall be responsible for updating the lists as changes occur and for furnishing this information to the Company.

All notices of annexation or contraction and address listings shall be addressed to the Annexation Coordinator as follows, with the address subject to change:

Duke Energy
Tax Team DT02-V
9642 David Taylor Drive
Charlotte NC 28262
And by email to: TaxTeam@duke-energy.com

Company must revise its payments due to any annexation or contraction within a reasonable time after Company has received such notice and updated list from Town, but no later than sixty (60) days after receipt of notice and the list. Town understands and affirmatively acknowledges that the Company will exclusively rely upon the Town to provide timely and accurate information to the Company regarding any such annexations or contractions, and that failure to do so will impair, inhibit, and/or preclude the Company's ability to revise any payments due to the Town that are impacted by such annexations or contractions. Further, Town acknowledges that if such information is not timely furnished to Company as required herein, any related obligation to collect payments shall be suspended during the period of delay.

(C) Use of the Rights of Way. During the term of the Franchise granted herein, Company shall be the sole Electric Utility allowed to use and occupy the Rights of Way for the provision of electric energy service; provided, however, the Company's right to use and occupy Rights of Way for the purposes set forth herein shall be non-exclusive as to entities not engaged in the provision of electric energy service within the Franchise Area, and the City reserves the right to grant the right to utilize the Rights of Way to any person at any time during the period of this Franchise so long as such grant does not create an unsafe condition or unreasonably conflict with the rights granted to Company herein. In addition to any other rights and/or remedies Company may have under this Ordinance or at law or in equity, should City permit an Electric Utility other than Company to use and occupy the Rights of Way for the provision of electric energy service, City agrees that Company shall be entitled to injunctive relief.

SECTION 5 - Notice of Acceptance and Term of Franchise

(A) This Ordinance shall become effective upon being legally passed and adopted ("Effective Date") by the Town Council; and it is further agreed that Grantee shall accept this Franchise as of the date of the passage and adoption by the Town Council and shall signify its acceptance in writing within thirty (30) days after the Town Council's approval of this Ordinance by filing its written acceptance with the Town Clerk. If Grantee fails to accept this Franchise within thirty (30) days of its date of passage and adoption, then this Ordinance shall be null and void, and of no force and effect of any kind.

(B) Commencing on the Effective Date, the term of the Franchise granted herein shall be for a period of twenty (20) years. Thereafter, the Franchise granted by this Ordinance will renew automatically for up to two (2) successive five (5)-year periods, unless either party provides the other with written notice of its intent to forego automatic renewal at least twelve (12) months prior to the date of the automatic renewal.

(C) If the Franchise expires without the parties entering a new franchise agreement, then Company shall have the right to decrease the percentage of Company's Base Revenues collected and paid to the Town under this Franchise by two percent (2%) beginning on the first anniversary of the expiration of the Franchise and by an additional two percent (2%) on the second anniversary of the expiration of the Franchise; provided that the percentage of Company's Base Revenues collected and paid to the Town pursuant to this Franchise shall not be reduced to less than two percent (2%) of Company's Base Revenues in any case. If Company determines at the time of expiration of this Franchise that the parties are actively engaged in good faith negotiations and making substantial progress toward the execution of a new franchise agreement, Company may elect in its discretion to waive, delay, or abate the payment reductions permitted under this Section 5(C).

SECTION 6 - Payment to Town

(A) Effective the first day of the second month beginning after the Effective Date of this Ordinance, Town shall be entitled to receive from Company a monthly franchise amount that will equal six percent (6%) of Company's Base Revenues (the "Franchise Fee") for the preceding month, which amount shall be the total compensation due Town for any and all rights, authority and privileges granted by this Franchise, including compensation for any required permits, parking fees, or any other fee or cost related to the rights granted hereunder. Any Franchise Fees that will be paid to the Town will be collected by the Company from Company's customers in the Franchise Area and passed through to the Town in the manner described herein. The Town expressly acknowledges that no additional or other amounts shall be due or remitted by Company for the exercise of its rights granted hereunder.

Payment shall be made to Town for each month no later than the twentieth (20th) day of the following month. The monthly payment shall be made by wire transfer. Any monthly payment or any portion thereof made twenty (20) days after the due date without good cause shall be subject to interest at the rate of ten percent (10%) per annum.

(B) Only disputed amounts shall be allowed to be withheld by Company, and any such amount shall not accrue any interest during the pendency of any such dispute.

(C) The Town acknowledges that all classifications and categories of retail customers of Company shall be subject to the payment of the Franchise Fee due hereunder.

SECTION 7 - Favored Nations

(A) In the event Grantee shall hereafter accept an electric utility franchise ordinance from any municipality providing for the payment of a franchise fee in excess of that provided for in Section 6 above, Grantee shall notify Grantor, and Grantor reserves the right to amend this

Franchise to increase the Franchise Fee payable under this Ordinance to no more than the greater franchise fee that Grantee has agreed to pay to such other municipality. Grantee's obligation to pay such greater franchise fee to Grantor shall apply prospectively beginning with the next monthly Franchise Fee payment following Grantor's timely notice of its exercise of its amendment right to which Grantee may collect such increased franchise fee from its customers. Grantee's failure to notify Grantor of such additional payments does not limit Grantor's right to amend to require such additional franchise fees.

(B) It is the intent and agreement of Grantor and Grantee that should applicable laws change to expressly prohibit Company from being the sole Electric Utility allowed to use and occupy the Rights of Way, Grantee shall not be required to pay Grantor a franchise fee under Section 6 of a percentage greater than that paid to Grantor by any other Electric Utility or Electric Energy Provider utilizing Grantor's Rights of Way on such Electric Utility's or Electric Energy Provider's revenues attributable to services that are the same or substantially the same as those performed by Grantee. It is further the intent and agreement of Grantor and Grantee that Grantee should not be placed at a competitive disadvantage by the payments required by Section 6 of this Ordinance in the event other Electric Utilities or Electric Energy Providers provide services in competition with Grantee without utilizing Grantor's Rights of Way.

(C) In the event applicable laws change to expressly prohibit Company from being the sole Electric Utility allowed to use and occupy the Rights of Way, and if Grantor imposes a lesser fee, no fee, or is unable to impose a fee on another Electric Utility or Electric Energy Provider providing or seeking to provide services in competition with Grantee to customers within Grantor's municipal boundaries, whether utilizing Grantor's Rights of Way or not utilizing Grantor's Rights of Way, Grantee's Franchise Fee under Section 6 for such services shall be automatically reduced to the lesser fee charged the other Electric Utility or Electric Energy Provider (or to zero (0), if no fee is charged such other Electric Utility or Electric Energy Provider). In all events, Town shall not grant more favorable treatment to other Electric Energy Providers than is granted to Company under this Ordinance; it being the intent of the parties that no future provider of electric service, be it generation, transmission or distribution service, to customers within the corporate limits of Town shall be given a competitive advantage over Company.

SECTION 8 - Grantor Rights

The right is hereby reserved to the Town to adopt such regulations as it shall find necessary in the exercise of its police power, provided that such regulations, by ordinance or otherwise, shall be reasonable, shall not be in conflict with the laws of the State of Florida or the lawful regulations of any state agency possessing the power to regulate the activities of the Company, and shall not conflict with or otherwise interfere with the benefits conferred on the Company hereunder. In the event of a conflict between this Ordinance and any other ordinance or regulation adopted by the Town or actions (or inactions) of the Town relating to Company's rights to perform work in and/or occupancy of the Rights of Way as permitted hereunder, the rights under this Ordinance shall govern and control. In the event of such conflict, the Town and Company agree to work together in good faith to address and resolve such conflict; provided, however, that Company shall be permitted to continue to exercise the rights granted herein during the resolution of any conflict.

SECTION 9 - Work in Rights of Way

(A) The Company is hereby granted the right, authority and privilege to perform all necessary work and excavations in said Rights of Way of the Town related to its Facilities and necessary or incidental to carrying out such rights and obligations as permitted hereunder. The Company shall have the right to fasten, stretch and lay along the lines of said poles, conduits, pipes and cables necessary for transmitting and conveying the electric current to be used in the Company's business, together with all the rights and privileges necessary or convenient for the full use including the right to trim, cut, remove and keep clear all trees and limbs near or along Company's Facilities that may in any way endanger the proper operation or access of same. Moreover, the Company shall have the right to construct, erect, operate and maintain within the Town an electric system consisting of its Facilities for carrying on the Company's business; provided that, in accomplishing these purposes, the streets of said Town shall not be unnecessarily obstructed for an unreasonable amount of time and work in connection therewith shall be done and carried on in conformity with such reasonable rules, standards, regulations and local ordinances with reference thereto as may be adopted by the Town for the protection of the public and which are not in conflict with or otherwise interfere with the benefits conferred on the Company hereunder.

(B) Town and Company will work to reasonably assist each other in areas of joint user transfers, and adjustments/removal of joint user facilities. It is understood that the responsibility of these activities generally belongs to the joint use owner and that Company is required to allow joint use attachments.

SECTION 10 - Indemnification

(A) The acceptance of this Franchise by Company shall be deemed an agreement on the part of Company to indemnify Town and hold it harmless from and against any and all direct damages, claims, expenses, reasonable attorneys' fees (including appellate fees) and costs incurred by the Town arising out of the death of or bodily injury to any person, or the destruction of or damage to any property and caused by the negligence or willful misconduct of Company, its contractors and agents in the construction, repair, operation, or maintenance of its electric utility Facilities hereunder. Company shall not be required to indemnify and hold harmless Town for any damages, claims, expenses, reasonable attorneys' fees and costs arising out of or resulting from the negligence or willful misconduct of Town, its employees, contractors and/or agents. In no event shall Company be liable to Town for any consequential, incidental, punitive, exemplary, multiple, or indirect damages, lost profits or other business interruption damages, by statute, in tort (including negligence or strict liability), in contract, or under any indemnity provision or otherwise.

(B) Company shall maintain throughout the term of this Franchise sufficient financial resources to provide self-insurance insuring Town and Company with regard to all damages set forth in Section 10 (A) in the minimum amounts of:

- (i) \$1,000,000 for bodily injury or death to a person;
\$3,000,000 for bodily injury or death resulting from any one accident;
- (ii) \$500,000 for property damage resulting from any one accident; and
- (iii) \$1,000,000 for all other types of liability.

(C) Town acknowledges that Company provides its own liability insurance (self-insured).

SECTION 11 - Records and Reports

(A) Company Rules and Regulations. The following documents shall be available to Town upon Town's reasonable request: copies of rules, regulations, and procedures adopted by Company that relate to Company's use of Town's Rights of Way.

(B) Accounting. Company shall use the system of accounts and the form of books, accounts, records, and memoranda prescribed by the Florida Public Service Commission or such other applicable governing agency having jurisdiction over Company, as determined by Company.

(C) Reports. Company will submit monthly a statement of its estimated Base Revenues for the period on which such payment is based. The acceptance of any statement or payment shall not prevent the Town from asserting that the amount paid is not the amount due, or from recovering any deficit by any lawful proceeding, including interest to be applied at the rate set forth in Section 6 (A).

(D) Availability of Records and Reports. Company shall supply information that Town or its representatives may from time to time reasonably request relative to the calculation of Franchise Fees, subject to the Company's obligation to keep certain records confidential. Such records shall, on written request of Town, be open for examination and audit by Town and Town's representatives at Company's headquarters in St. Petersburg, Florida, during ordinary business hours and such records shall be retained by Company for a period of three (3) years.

(E) Audit. Town may require an audit of Company's books related to this Ordinance upon prior written notice and during Company's normal business hours not more than once every three (3) years and then only for the preceding three (3) years. Company will reimburse Town's audit costs if the audit identifies errors in Company's Franchise Base Revenues of five percent (5%) or more for the period audited. If an underpayment of Franchise Fees has occurred due to the Company's error, interest will be calculated at the rate of ten percent (10%) per annum. Both the underpayment and interest shall be paid within ninety (90) days from completion of the audit.

(F) Customer Report. In addition to Town's obligations in Section 4 (B), within ninety (90) days of the Effective Date of this Ordinance, Town shall provide to Company a report in a format acceptable to Company setting forth a list containing the new or removed street names, known street name aliases, street addresses, street address number ranges, and applicable directional and zip codes associated with each street name. Town shall annually thereafter provide a report identifying any changes to the address listing provided the previous year. For a range of street address numbers located within Town which consists only of odd or even street numbers, the list must specify whether the street numbers in the range are odd or even.

SECTION 12 - Retail Wheeling

In the event the appropriate governmental authorities authorize Retail Wheeling, then either party, if Adversely Affected thereby, may reopen this Ordinance upon thirty (30) days written notice to the other for the sole purpose of addressing the Franchise Fee payments between Company and the Town. If the parties are unable to agree within ninety (90) days of reopening, either party may declare an impasse and may file an action in the Circuit Court in Marion County, Florida for declaratory relief as to the proper Franchise Fee in light of Retail Wheeling.

SECTION 13 – Severability

Should any section or provision of this Ordinance or any portion thereof, the deletion of which would not adversely affect the receipt of any material benefits or, substantially increase the burden of any party hereunder, be declared by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remainder, as a whole or any part thereof, other than the part declared to be invalid. In the event of any such partial invalidity, Town and Company shall meet and negotiate in good faith to obtain a replacement provision that is in compliance with the judicial authority’s decision.

SECTION 14 - Governing Law and Venue

(A) This Ordinance shall be construed and interpreted according to the laws of the State of Florida.

(B) In the event that any legal proceeding is brought to enforce the terms of this Ordinance, the same shall be brought in the appropriate state court in Marion County, Florida, or, if a federal claim, in the U.S. District Court in and for the Middle District of Florida, Ocala Division.

SECTION 15 – Merger

This Ordinance is the full, complete and entire understanding and agreements of the parties as to its subject matter, and the written terms supersede all prior contemporaneous representations, discussions, negotiations, understanding and agreements relating to the subject matter of this agreement. The parties shall not be bound or liable for any statement, prior negotiations, correspondence, representation, promise, draft agreements, inducements, or other understanding of any kind or nature not set forth or provided herein.

SECTION 16 – Notices

Except in exigent circumstances, all notices by either Town or Company to the other shall be made by depositing such notice in the United States Mail, Certified Mail return receipt requested, or by recognized commercial delivery with delivery receipt requested (e.g., FedEx, UPS or DHL). Any such notice shall be deemed to have been given when received by the recipient based on the delivery receipt. All notices shall be addressed as follows:

To Town:
Town Clerk
Marjorie Stroup

To Company:
Duke Energy
Government & Community Relations Dept.

P.O. Box 99
Reddick, FL 32686
Phone: (352) 591-4095

299 1st Avenue North – FL163
St. Petersburg, FL 33701
Phone: (727) 820-5141

SECTION 17 - Non-Waiver Provision

The failure of either party to insist in any one or more instances upon the strict performance of any one or more of the terms or provisions of this Ordinance shall not be construed as a waiver or relinquishment for the future of any such term or provision, and the same shall continue in full force and effect. No waiver or relinquishment shall be deemed to have been made by either party unless said waiver or relinquishment is in writing and signed by the parties.

SECTION 18 - Repealer and Superseding Provision

This Ordinance shall supersede, as to the rights, privileges, and obligations between Town and Company, all ordinances and parts of ordinances in conflict with the terms of this Ordinance. Ordinance No. **XXX** and any amendments thereto, are hereby deemed null and void and/or repealed upon the effective date of this Ordinance and none of the provisions of such repealed Ordinance No. **XXX** and any amendments thereto shall have any further force and effect.

SECTION 19 - Dispute Resolution

The parties to this Ordinance agree that it is in each of their respective best interests to avoid costly litigation as a means of resolving disputes which may arise hereunder. Accordingly, the parties agree that prior to pursuing their available legal remedies they will meet in an attempt to resolve any differences. If such informal effort is unsuccessful, then the Parties may exercise any of their available legal remedies.

FIRST READING AND PUBLIC HEARING: _____ 2023.

SECOND READING, ADOPTION, AND PUBLIC HEARING: _____ 2023.

ATTEST:

Marjorie Stroup, Town Clerk

John Vetter, Town Mayor

Approved as to form and legality
for the use and reliance of the
Town of Reddick, Florida, only.

Randolph Klein, Town Attorney

Melissa Seixas, State President
Duke Energy Florida, LLC