1 2 2	ELECTRIC UTILITY FRANCHISE AGREEMENT ORDINANCE #
3 4	AN ORDINANCE GRANTING TO DUKE ENERGY FLORIDA,
5	LLC d/b/a DUKE ENERGY, A NON-EXCLUSIVE ELECTRIC
6	UTILITY RIGHTS OF WAY UTILIZATION FRANCHISE;
7	PRESCRIBING THE TERMS AND CONDITIONS RELATED TO
8	THE OCCUPANCY OF MUNICIPAL STREETS AND RIGHTS OF
9	WAY IN THE CITY OF ORLANDO, FLORIDA, FOR THE
10	PURPOSE OF PROVIDING ELECTRIC SERVICE; PROVIDING
11	FOR SEVERABILITY OF PROVISIONS; AND PROVIDING AN
12	EFFECTIVE DATE.
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14	
15	WHEREAS, the City of Orlando ("City") has previously granted to Duke Energy
16	Florida, LLC d/b/a Duke Energy (formerly Florida Power Corporation and Progress
17	Energy, Inc.) ("Company") an electric utility franchise for the City of Orlando; and
18	
19	WHEREAS, the City continues to deem it necessary and desirable in the interest
20	of its citizens to establish and to grant unto Company a non-exclusive electric utility
21	rights-of-way utilization franchise required by the Company for the purpose of supplying
22	electricity to City, its inhabitants, the places of business located with City's boundaries
23	and other customers and areas now or thereafter supplier, or to be supplied, and Company
24	desires and agrees to accept to said franchise pursuant to the terms and conditions
25	specified herein.
26 27	NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE
28	CITY OF ORLANDO, FLORIDA, THAT:
29	CITT OF ORLANDO, I LORIDA, IIIAT.
30	
31	SECTION 1 - Findings
32	SECTION I Humgs
33	The City deems it necessary, desirable and in the interest of its citizens to
34	establish by ordinance a rights of way utilization franchise (sometimes referred to herein
35	as the "Franchise") granting the Company permission to occupy the Rights of Way in the
36	City of Orlando, Florida, for the purpose of providing electric services.
37	
38	SECTION 2 - Short Title
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40	This ordinance shall be known and may be cited as the "Duke Energy Rights of
41	Way Utilization Franchise."
42	
43	SECTION 3 - <u>Definitions</u>
44	
45	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 City limits due to Retail Wheeling. For the City, a loss of one percent (1%) of franchise fees due to Retail Wheeling.

(B) "Base Revenues" – All Company's revenues from the retail sale of electricity, net of customer credits, to residential, commercial and industrial customers and City sponsored street lighting that are within the corporate limits of the City.

(C) "Company" or Grantee" – Duke Energy Florida, LLC d/b/a Duke Energy, its successors and assigns.

(D) "City" or "Grantor" – The City of Orlando, Florida.

(E) "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 City 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.

(F) "Electric Utility" -- Shall have the meaning set out in Section 366.02(2), Florida Statutes (2019), and shall also include every electric "Public Utility" as defined in Section 366.02(1), Florida Statutes (2019). "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.

(G) "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.

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

- (I) "Facilities" The meaning as set forth in Section 4.
- (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, bridges, public easements, sidewalks and parks public grounds and/or other public ways or places owned by the City, as they now exist or may be hereafter constructed, opened, laid out or extended within the present limits of the City, or in such territory as may hereafter be added to, consolidated or annexed to the City.
- (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

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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 City hereby grants to the Company, its successors and assigns the nonexclusive 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 limits of the City, including but not limited to conduits, cables, poles, wires, supports and such other structures or appurtenances 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 (collectively the "Facilities"), provided that all portions of the same shall conform to accepted industry standards, including but not limited, to the National Electrical Safety Code and comply with all applicable laws, rules and regulations. 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 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 non-exclusive right to place its Facilities within the Rights of Way, Company shall not be required to pay for any required permits in connection with any work within the Rights of Way. Further,

Company shall not be required to apply for or obtain permits to perform any Maintenance Activities (as defined herein) on or related to its Facilities within the Rights of Way. For purposes of this Section, Maintenance Activities shall include repair, replacement, protection, modification, inspection, upgrades, removal, and general maintenance, as more specifically described in Section 2.3.1 of the FDOT 2017 Utility Accommodation Manual, as may be amended from time to time, of existing previously permitted Facilities within the Rights of Way. Company agrees to notify the City of planned Maintenance Activities through the City's notification system; however, for the avoidance of doubt, Company shall not be required to apply for, obtain, or pay for permits to perform such Maintenance Activities. For the installation of new Facilities that create a new footprint within the Rights of Way and that are not Maintenance Activities, Company shall be required to apply for and obtain a permit; provided, however, Company shall not be required to pay for such permits.

(B) Annexation or Contraction. City and Company agree that the Franchise Area is subject to expansion or reduction by annexation and contraction of municipal boundaries. If City approves any Franchise Area expansion or reduction by annexation or contraction, City 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, City shall provide to Company an updated list containing the new or removed street names, known street name aliases, street addresses, and zip codes associated with each street name. 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 Annexation Coordinator P. O. Box 33199 St. Petersburg, FL 33733-8199

Or by email to: AnnexationRequests@duke-energy.com

Company must revise its payments due to any expansion or reduction by annexation within a reasonable time after Company has received such notice and updated list from City, but no later than sixty (60) days after receipt of notice and the list. City understands and affirmatively acknowledges that the Company will exclusively rely upon the City 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 City that are impacted by such annexations or contractions. Further, City acknowledges that if such information is not timely furnished to Company as required herein, any related obligation to collect payments for any such expansion or reduction by annexation shall be suspended during the period of delay.

(C) Non-Exclusive Use. The Company's right to use and occupy Rights of Way for the purposes herein set forth shall be non-exclusive as to entities not engaged in the provision of electric energy and service, and the City reserves the right to grant to others 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.

SECTION 5 - Notice of Acceptance; Term of Franchise; and Effective Date

This ordinance shall become effective upon being legally passed and adopted ("Effective Date") by the City Council; and it is further agreed that Grantee shall accept this Franchise as of the date of the passage and adoption by the City Council and shall signify its acceptance in writing within thirty (30) days after the City Council's approval of this ordinance by filing its written acceptance with the City 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. Commencing on the Effective Date, the term of the Franchise granted herein shall be for a period of ten (10) years.

SECTION 6 - Payment to City

(A) Effective the first day of the second month beginning after the Effective Date of this ordinance, City 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 City 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. Company will collect franchise amounts due hereunder from Company's customers in the Franchise Area and those amounts will be paid to the City in the manner described herein. The City 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 City 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 City 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 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 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) If Grantor imposes a lesser fee, or 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 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, if no fee is charged such other Electric Utility or Electric Energy Provider). In all events, City shall not grant more favorable treatment with respect to franchise fees 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 City shall be given a competitive advantage over Company.

SECTION 8 - Grantor Rights

The right is hereby reserved to the City to adopt, in addition to the provisions herein contained and existing applicable ordinances, such additional regulations as it shall find necessary in the exercise of its police power, provided that such regulations, by ordinance or otherwise, shall be reasonable, and 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, or conflict with or otherwise interfere with the

benefits conferred on the Company hereunder. In the event of a conflict between this Franchise Agreement and any other ordinance or regulation adopted by the City relating to Company's rights to perform work in and/or occupancy of the Rights of Way as permitted hereunder, the rights under this Franchise Agreement shall govern and control.

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 City 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 and to 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 and keep clear all trees and limbs near or along Company's Facilities that may in any way endanger the proper operation of same. Moreover, the Company shall have the right to construct, erect, operate and maintain within the City an electric system consisting of its Facilities for carrying on the Company's business; provided that, in accomplishing these purposes, the streets of said City 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 City for the protection of the public and which do not otherwise unreasonably interfere with the benefits conferred on the Company hereunder.

(B) To the extent practical and reasonable, Company shall locate new facilities and relocated facilities in a manner that minimizes interference with traffic on said public Rights of Way. In such cases where the Facilities of Company unreasonably conflict with authorized street widening and improvements, Company shall relocate said Facilities in accordance with Florida Statute 337.403 as it exists now and as may be amended from time to time and any other applicable laws of the State of Florida or regulation by a state agency having the right to regulate Company. Upon Company's request, City shall grant additional time to complete the relocation as long as that request does not substantially interfere with City operations. When any public Rights of Way or public property of City is excavated by Company, that portion so excavated shall be restored as can be reasonably done to its pre-excavation condition by Company in accordance with Florida Statute 337.402 as it exists now and as may be amended from time to time and any other applicable laws of the State of Florida or regulation by a state agency having the right to regulate Company. City shall have the right to approve such restoration, which approval shall not be unreasonably withheld.

(C) City may request that Company underground its Facilities in accordance with applicable laws, rules and regulations including the Florida Public Service Commission rules and the Company's tariff and policies, as amended, modified or restated from time to time. Company's decision to underground shall be at its discretion and in accordance with its tariff, policies and procedures. Costs associated with such requested

underground work shall be paid by the City subject to the Company's tariff and policies and any applicable laws or regulations.

SECTION 10 - Indemnification

(A) The acceptance of this Franchise by Company shall be deemed an agreement on the part of Company to indemnify City and hold it harmless against any and all direct damages, claims, expenses, reasonable attorneys' fees (including appellate fees) and costs that City may incur to the extent arising out of or resulting from the negligence, gross negligence, or willful misconduct of Company, its contractors and agents in the construction, repair, operation, or maintenance of its electric utility Facilities hereunder. In no event shall Company be liable to City 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 City 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; \$5,000,000 for bodily injury or death resulting from any one accident.

(ii) \$50,000 for property damage resulting from any one accident.

City acknowledges that Company provides its own liability insurance

(iii) \$1,000,000 for all other types of liability.

(C) (self-insured).

SECTION 11 - Records and Reports

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

(B) <u>Accounting.</u> 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) <u>Reports</u>. 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 City 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) <u>Availability of Records and Reports</u>. Company shall supply information that City or its representatives may from time to time reasonably request relative to the calculation of franchise fees. Such records shall, on written request of City, be open for examination and audit by City and City'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) <u>Audit.</u> City may require, upon prior written notice and during Company's normal business hours, an audit of Company's books related to this Agreement not more than once every five (5) years and then only for the preceding five (5) years. Company will reimburse City'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 10% per annum. Both the underpayment and interest shall be paid within ninety (90) days from completion of the audit.
- (F) <u>Customer Report.</u> In addition to City's obligations in Section 4 (B), within ninety (90) days of the Effective Date of this Agreement, City shall provide to Company a report in a format acceptable to Company setting forth a listing of all addresses within the corporate limits of the City and annually thereafter a report identifying any changes to the address listing provided the previous year.

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 the Company and the City. 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 Orange 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 Franchise 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, City 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 Franchise 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 Franchise, the same shall be brought in Orange County, Florida, or, if a federal claim, in the U.S. District Court in and for the Middle District of Florida, Orlando Division.

SECTION 15 - Merger

This Franchise agreement 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 City 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, e.g. FedEx, UPS or DHL or facsimile. Any notice served by certified mail return receipt shall be deemed delivered five (5) days after the date of such deposit in the United States mail unless otherwise provided. Any notice given by facsimile is deemed received by next Business Day. "Business Day" for purposes of this section shall mean Monday through Friday, with Saturday, Sunday and City and Company observed holidays excepted. All notices shall be addressed as follows:

To City: To Company:

 31
 City Clerk
 External Relations Department

 32
 400 South Orange Avenue
 Duke Energy

 33
 P.O. Box 4990
 P.O. Box 14042

 34
 Orlando, FL 32802-4990
 St. Petersburg, FL 33733-4042

 35
 Phone: (407) 246-2121
 Phone: (727) 820-5141

SECTION 17 - Non-Waiver Provision

Facsimile: (407) 246-3613

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 Franchise 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.

Facsimile No: (727) 820-5715

SECTION 18 - Repealer and Superseding Provision

 This ordinance shall supersede, as to the rights, privileges and obligations between City and Company, all ordinances and parts of ordinances in conflict with the terms of this ordinance. Ordinance No. 28136-1 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. 28136-1 and any amendments thereto shall have any further force and effect.

SECTION 19 - Dispute Resolution

The parties to this Franchise 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.

23 [REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

	NG, by the City Council of the City of Orlando
riorida, at a regular meeting, the	day of, 2020.
DONE. THE PUBLIC NOT	ICE, in a newspaper of general circulation in the
	Clerk of the City of Orlando, Florida, the
day of	
DONE, THE SECOND R	EADING, THE PUBLIC HEARING, AN
	by an affirmative vote of a majority of a quorus
	ity of Orlando, Florida, at a regular meeting, th
day of	, 2020.
	CITY OF ORLANDO, FLORIDA
	MAYOR/MAYOR PRO TEM
ATTEST:	1,1111 0101,1111 0111110 12111
Stephanie Herdocia, City Clerk	
	Approved as to form and legality
	For the use and reliance of the
	City of Orlando, Florida, only.
	-11, 21 21111112, 1 1011111, 0111,
	, 2020.
	Assistant City Attorney
	Orlando, Florida

1	ACCEPTANCE BY FRANCHISEE		
2			
3	The foregoing Ordinance and the Franchise provided for therein, and all the terms		
4	and conditions thereof, are hereby accepted thisday of,		
5	2020.		
6			
7	DUKE ENERGY FLORIDA, LLC		
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11			
11 12	Catherine Stempien, State President		
13	Duke Energy Florida, LLC		
14			