

**INTERCONNECTION AND OPERATING AGREEMENT**  
**Between**  
**CLECO POWER LLC**  
**and**  
**ACADIA POWER PARTNERS LLC**

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## INTERCONNECTION AND OPERATING AGREEMENT

THIS Agreement (including all appendixes, schedules, exhibits, and attachments) is by and between Cleco Power LLC (“Cleco” or “Company”) and Acadia Power Partners LLC (“Customer”), hereinafter individually referred to as “Party”, and collectively referred to as “Parties”.

### ARTICLE I Definitions

- 1.1 Cleco Interconnection Facilities:** All equipment and other facilities that are part of the Interconnection Facilities and that Cleco shall own, operate and/or maintain consistent with Good Utility Practices, as such are designated and described on Appendix A to this Agreement.
- 1.2 Commission:** The Federal Energy Regulatory Commission (“FERC”).
- 1.3 Commercial Operation Date:** The date on which the Customer declares that the construction and trial operations of the Customer’s generating facilities have been substantially completed and are ready for dispatch. The Customer estimates that Commercial Operation Date will be on or before June 01, 2002.
- 1.4 Control Area:** An electrical system bounded by interconnection (tie-line) metering and telemetry. It controls generation directly to maintain its interchange schedule with other Control Areas and contributes to frequency regulation of the eastern interconnection.
- 1.5 Customer Interconnection Facilities:** All equipment and other facilities that are part of the Interconnection Facilities and that the Customer may own, operate and/or maintain in accordance with Good Utility Practice, as such are designated and described on Appendix A to this Agreement.
- 1.6 Energy:** Electric energy generated by the Customer’s generation, expressed in megawatt-hours.
- 1.7 Facilities Study:** An engineering study conducted by Cleco to determine the required modifications, if any, to the Cleco's system, including the cost and scheduled completion date for such modifications, that will be required to connect the Customer’s facilities to Cleco’s system. Cleco shall have the ultimate responsibility for any studies. However, Cleco’s decision regarding required modifications to Cleco’s system shall be consistent with Good Utility Practice.
- 1.8 Good Utility Practice:** Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.
- 1.9 Governmental Authority:** (i) Any federal, state, local or municipal governmental body, or (ii) any governmental, regulatory or administrative agency or commission, or (iii) any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or

- body, or (iv) any reliability council, or (v) any court or governmental tribunal, or (vi) any other authority exercising or entitled to exercise any jurisdiction or power over the Parties to and/or the subject matter of this Agreement.
- 1.10 Interconnection Facilities:** All equipment and facilities that are necessary or desirable under Good Utility Practice to interconnect the Customer's facilities to Cleco's electric system economically, reliably and safely, including all connection, switching, metering, transmission, distribution, safety, engineering, communication and Protective Equipment. The Interconnection Facilities are more particularly described on Appendix A to this Agreement.
- 1.11 Metering Equipment:** Such equipment as primary and secondary meters, voltage and current instrument transformers, transducers, remote terminal units and communication lines and associated auxiliary equipment necessary under Good Utility Practice, as approved by Cleco (i) for the measurement or recording of Energy produced by the Customer's generating facilities and delivered to the Point of Interconnection, (ii) for the operation of the Customer's facilities in parallel with Cleco's system, and (iii) to permit Cleco's facilities to operate in accordance with Good Utility Practice.
- 1.12 NERC:** The North American Electric Reliability Council, including any successor thereto or any regional reliability council thereof.
- 1.13 Party:** A party to this Agreement named in the preamble above or any permitted assignees.
- 1.14 Point of Interconnection:** The aggregate of the two points described within Appendix A under the section "Points of Interconnection". The location is as shown in the one-line diagram of Appendix A of the Agreement indicating the separation of ownership between facilities of Cleco and those of the Customer.
- 1.15 Point of Service:** The physical points at which electric service is taken by the Customer from Cleco to serve Customer Interconnection Facility loads. Service will be taken under the then existing Louisiana Public Service Commission filed rate in effect for that class service. Points of Service are designated within Appendix A.
- 1.16 Protective Equipment:** Such protective relay systems, voltage regulators, locks and seals, breakers, automatic and manual synchronizers, associated communication equipment and other control and protective apparatus as is reasonably necessary under Good Utility Practice, as approved by Cleco for the operation of the Customer's facilities in parallel with Cleco's system and to permit Cleco's facilities to operate in accordance with Good Utility Practice.
- 1.17 SOC:** System Operations Center, meaning the facilities and equipment of Cleco Utility Group Inc. located in St. Landry, Louisiana or its successor.
- 1.18 Special Facilities:** Those certain Interconnection Facilities described in Appendix B presently in place or presently proposed or required to be installed which are or will be installed and maintained by Cleco at the Customer's expense.
- 1.19 SPP:** The Southwest Power Pool, Inc. or a NERC approved successor regional reliability organization.
- 1.20 System Impact Study:** An assessment by Cleco of (i) the adequacy of Cleco's system to accommodate a request for interconnection and (ii) whether any additional costs may be incurred in order to provide the interconnection capability required, and (iii) with respect to an interconnection request, an estimated date that a generator can be interconnected

with Cleco's system and an estimate of the interconnection requester's cost responsibility for the interconnection.

- 1.21 System Incremental Cost:** Costs, without limitation of all energy, capacity, transmission and ancillary service for generating, including but not limited to shutdown and startup of generation or acquiring electricity to provide the next increment of electricity.
- 1.22 System Decremental Cost:** Costs, without limitation of all energy, capacity, transmission and ancillary service for reduction of generation, including but not limited to shutdown and startup of generation or acquiring electricity to provide reduction of one increment of electricity.

## ARTICLE II Term and Termination

- 2.1** This Agreement shall be binding upon the Parties upon execution and shall continue in full force and effect for an initial term of twenty (20) years after the Commercial Operation Date of March 13, 2000 and thereafter from year to year, unless terminated earlier pursuant to this section 2.1. This Agreement may be terminated earlier than the expiration of the initial term or any extension only for the following reason:

:

- (a) The Customer may terminate this Agreement after giving Cleco not less than ninety (90) days advance written notice; or
- (b) Cleco may terminate this Agreement on thirty (30) days written notice to the Customer if the Customer's generation has not achieved Commercial Operation by June 01, 2003 or upon the retirement of Customer's generation from commercial operation; or
- (c) Either Party may terminate this Agreement in accordance with section 17.

**2.2** If the Customer elects to terminate the Agreement pursuant to Subsection 2.1 (a) above, then, before such termination will become effective, the Customer shall pay (or make arrangements, satisfactory to Cleco, for the future payment of) all amounts expended by Cleco, as of the date of Cleco's receipt of such notice of termination, that are the responsibility of the Customer under this Agreement. If the Customer is notified by Cleco that Cleco will terminate the Agreement pursuant to Subsections (b) above, then, effective with the date of receipt of such notice of termination, the Customer shall pay (or make arrangements, satisfactory to Cleco, for the future payment of) all amounts expended by Cleco that are the responsibility of the Customer under this Agreement. In the event of termination by either Party, both Parties shall use commercially reasonable efforts to mitigate the damages and charges that they may incur as a consequence of termination. Notwithstanding section 2.2, it is expressly understood by the Parties that any equipment or facilities used or useful to Cleco shall not be charged to the Customer.

**2.3** Upon expiration or termination of this Agreement, the Parties will disconnect the Customer Interconnection Facilities from the Cleco Interconnection Facilities, unless another generation interconnection agreement has been executed which provides for the continued interconnection of such facilities.

**2.4** Cleco will have facilities on Cleco's side of all Points of Interconnection and Points of Service ready for energization and testing by September 01, 2001.

### **ARTICLE III Regulatory Filings**

#### **3.1**

Nothing contained in the Agreement shall be construed as affecting in any way the right of the Party furnishing service to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, rule or regulation, or the right of either Party to oppose such application in accordance with section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

**3.2** Nothing contained in this Agreement shall be construed as affecting in any way the ability of any Party to file a complaint in accordance with section 206 of the Federal Power Act and pursuant the Commission's rules and regulations promulgated thereunder, to seek a change to this Agreement.

### **ARTICLE IV Facilities and Equipment**

**4.1** Subject to the terms and conditions of the Agreement, Cleco shall interconnect the Cleco electric system with the Customer Interconnection Facilities. Cleco and Customer hereby acknowledge that to the extent that existing facilities may be present and in Cleco's sole judgment are determined to be sufficient at the time of execution of this Agreement for the purpose contemplated, portions of this Article may be waived as agreed upon by the Parties.

**4.2** Customer agrees to furnish, at no cost to Cleco, all necessary rights of way upon, over, under, and across lands owned or controlled by Customer and/or its affiliated interests for the construction and operation of necessary lines, substations, and other equipment to accomplish interconnection under this Agreement and shall, at all reasonable times and upon prior reasonable notice, give Cleco or its agents free access to such lines, substations and equipment. An accessible, protected and satisfactory site, selected by mutual agreement of the Parties, shall be located on the Customer's premises and at the Customer's expense, for installation of Metering Equipment, unless Cleco elects to install meters at other locations controlled by it.

**4.3** Customer grants to Cleco at all reasonable times and upon prior reasonable notice the right of free ingress and egress to Customer's premises for the purpose of installing, testing, reading, inspecting, repairing, operating, altering or removing any of Cleco's property located on Customer's premises or for other purposes reasonably necessary to implement this Agreement.

**4.4** If any part of Cleco's Interconnection Facilities or Special Facilities, as required by the Agreement, are to be installed on property owned by other than Customer, Customer shall, if Cleco is unable to do so without cost to Cleco, procure from the owners thereof all necessary permanent rights of way and easements, in a form satisfactory to Cleco, for the construction,

operation, maintenance and placement of Cleco facilities upon such property, including all necessary rights of ingress and egress.

**4.5** In connection with each Party's exercise of rights under this Agreement, while on the other Party's premises, each Party's personnel and agents shall comply with all applicable safety rules and regulations of the other Party that are communicated by each Party to the other. If requested, each Party shall accept an escort while on the other Party's premises.

**4.6** In the event modifications, additions or upgrades to Customer Interconnection Facilities are required by an applicable Governmental Authority or if it is reasonably determined by Cleco using Good Utility Practice, applied to Customer in the same manner as applied to all similarly situated facilities connected to the Cleco electric system, that the existing Customer Interconnection Facilities are not sufficient for the purposes contemplated under this Agreement, Cleco shall provide reasonable advance notice to the Customer and allow the Customer the option either to:

- (a) request Cleco to design, procure, construct and install all modifications, additions or upgrades to Customer Interconnection Facilities, using reasonable efforts to complete installation by a date agreed upon by the Parties, or
- (b) design, construct and install all modifications, additions or upgrades to Customer Interconnection Facilities itself, within a reasonable period of time.

Notwithstanding the foregoing, Customer shall not be so required or obligated for any additions or upgrades to the extent such additions or upgrades are required because of another new or existing customer's additions or upgrades to its generating facilities (which shall be the responsibility of such other customer).

**4.7** If Customer elects for Cleco to perform the services in option (a) of section 4.6, Customer shall submit in writing, a request to Cleco for a proposal to perform such services. The Customer's request shall identify any date certain requirements. Cleco will submit an estimated cost of performing such services to Customer within sixty (60) days of Customer's request. Upon mutual agreement of the Parties to the rates, terms and conditions in Cleco's proposal, the Parties shall put such agreement in writing. Cleco shall perform such services pursuant to a separate executed agreement between the Parties unless otherwise agreed. Customer shall operate and maintain all Customer Interconnection Facilities for the full term of this Agreement. Cleco shall assure that all Interconnection Facilities and equipment shall meet or exceed all requirements of applicable safety and/or engineering codes and Good Utility Practice, and meet or exceed all requirements of any applicable Governmental Authority.

**4.8** If Customer elects to perform option (b) in section 4.6 itself, Customer shall design, construct, install, own, operate and maintain Customer Interconnection Facilities and all equipment needed to generate and deliver energy specified herein, except for any Special Facilities. Customer's Interconnection Facilities and equipment shall meet or exceed all requirements of applicable safety and/or engineering codes, and further, shall meet or exceed all requirements of any Governmental Authority.

**4.9** Customer shall submit all specifications for Customer Interconnection Facilities and equipment, including Protective Equipment, to Cleco for Cleco's review and approval, which

approval shall not be unreasonably withheld, prior to connecting said Customer's Interconnection Facilities and equipment to Cleco's electric system, which approval shall be granted by Cleco to the extent such specifications reasonably comply with Good Utility Practice as consistently applied by Cleco with respect to other customers and generators. Prior to energization Cleco shall inspect Customer Interconnection Facilities in order to insure that connection to Customer's Interconnection Facilities is consistent with operation, control, reliability and/or safety standards or requirements of Cleco's system. Cleco's review and approval of Customer's specifications shall be construed neither as confirming nor as any warranty as to fitness, safety, durability or reliability of Customer Interconnection Facilities or any of the equipment. Cleco shall not, by reasons of such review or approval be responsible for strength, details of design, adequacy or capacity of Customer Interconnection Facilities or equipment, nor shall Cleco's approval and acceptance of such specifications be deemed an endorsement of any such facilities or equipment.

**4.10** Customer agrees to make reasonable modifications or changes to Customer Interconnection Facilities as may be reasonably requested by Cleco. Cleco will provide Customer with reasonable advance written notice of any proposed changes. It is agreed that such modifications or changes will be made by each Party to its facilities on its respective side of the Point of Interconnection, at its own expense, unless such facilities are determined by the Parties at such time to be Special Facilities. Notwithstanding the foregoing, Customer shall not be so required or obligated for any additions or upgrades to the extent such additions or upgrades are required because of another new or existing customer's additions or upgrades to its generating facilities (which shall be the responsibility of such other customer).

**4.11** Customer shall construct, install, own and maintain any facilities on the Customer's side of the Point of Interconnection and any Customer Interconnection Facilities, except Special Facilities, which may be required for Cleco to receive Energy from Customer's generating facilities. Cleco shall be obligated to construct, own and maintain any facilities on Cleco's side of the Point of Interconnection which may be required for Cleco to receive Energy from the Customer Interconnection Facilities. To the extent that it is or has been necessary for Cleco to install any Special Facilities, Cleco may, at its option, require a contribution, facilities charge, or other reasonable compensation from Customer to make such facilities available, which amount shall in no event exceed actual costs incurred by Cleco to construct, install, operate or maintain the Special Facilities, including any applicable taxes plus an overhead charge (which shall not exceed 50 percent of actual costs). Notwithstanding the foregoing, Customer shall not be so required or obligated for any additions or upgrades to the extent such additions or upgrades are required because of another new or existing customer's additions or upgrades to its generating facilities (which shall be the responsibility of such other customer).

Customer, Customer's designated marketing agent, or Customer's power purchaser(s) will be responsible for arranging transmission service necessary for deliveries from the Customer's generating facilities subject to this Agreement across the Cleco transmission system. Network Integration, Firm Point-To-Point, Non-Firm Point-To-Point, or comparable transmission service for such deliveries from the Customer's generating facility subject to this Agreement shall be purchased by Customer, Customer's designated marketing agent or Customer's power purchaser(s) at the rates established pursuant to the Cleco Transmission Tariff then in effect to the extent energy produced by the Customer's generating facilities is transmitted over Cleco's transmission system. For each megawatt produced from the Customer's generating

facilities subject to this Agreement and delivered onto the Cleco transmission system under a transmission service agreement under the Cleco Transmission Tariff, which results in an incremental increase in transmission service provided by Cleco and is executed after the Commercial Operation Date, Cleco shall credit Customer in an amount equal to the equivalent transmission service rate until such time as the cost of the Special Facilities that have been previously paid by Customer, has been fully offset, after which time such offset or credit shall no longer apply. Total estimated costs of Special Facilities that qualify for credits are identified in Appendix B. Notwithstanding the foregoing, the total final credit will be based on total actual cost of the Special Facilities. Any such credit shall be separately identified by Cleco and applied monthly against charges due Cleco under Customer's applicable transmission service agreement, or paid by Cleco directly to Customer in the event that no charges are payable to Cleco from Customer for such month either because: (i) Customer has not entered into a transmission service agreement with Company, or (ii) the total amount of credits available for the month exceed charges payable to Cleco from Customer under an applicable transmission service agreement which names the Customer's generating facilities which are subject to this as the point-of-receipt.

## **ARTICLE V**

### **Metering and Telemetry**

**5.1** The Customer shall, at its expense, have the option to install and maintain or facilitate the installation and maintenance of Metering Equipment. If Customer elects not to install and maintain Metering Equipment, it shall so notify Cleco and Cleco shall install and maintain Metering Equipment at Customer's expense. The Metering Equipment shall meter necessary parameters, as determined by Cleco, such as MWH and MVARH values, and MW and MVAR values. If necessary, metering shall be either located or compensated, at Cleco's option, in such manner to account for any transformation or interconnection losses. Metering quantities, in analog or digital form, shall be provided to Customer. All costs other than testing costs associated with the administration of Metering Equipment shall be borne by Customer. All costs associated with either the initial installation of Metering Equipment or any changes thereto requested by Customer shall be borne by Customer. The model and manufacturer of the Metering Equipment as well as the type of metering will be determined by Cleco. Appendix C contains drawings which define the metering requirements.

**5.2** At Cleco's discretion and upon reasonable notice to Customer, a remote terminal unit or units ("RTU") shall be installed by Cleco at Customer's expense, to acquire accumulated and instantaneous data from the Interconnection Facilities and the Customer's generation (collectively, "Generator Data"). Customer shall use reasonable efforts to facilitate installation of such equipment within 180 days following said notice by Cleco. The Generator Data shall be telemetered to Cleco and upon request, to the Customer. The Generator Data shall include both interconnection measurements and basic supervisory control and data acquisition ("SCADA") information that Cleco may find necessary for normal operation of its transmission system. Cleco shall not be obligated to provide to Customer any Generator Data that, in Cleco's opinion, would cause it to violate any applicable rule, regulation, order or restriction imposed on it by any applicable Governmental Authority.

**5.3** The Parties agree that the Metering Equipment will provide the principal data and information for all control and accounting between the Parties. The Customer may install its own separate redundant metering and related communication lines, at its own expense. The Parties agree that all Energy delivered by Customer to Cleco through the Point of Interconnection will be accounted for on an hourly basis and shall be integer-based in accordance with standard Cleco practice, unless agreed to otherwise by Cleco, and the telemetered values as recorded at Cleco's SOC shall be adjusted, at routine intervals specified by Cleco, to reflect any difference between the Metering Equipment and the Energy accounting. Any such adjustments shall be made to hourly values in whole megawatts. Any adjustments shall be made during the last week of each calendar month, following the end of each calendar month, and prior to computation of any deviations between Customer's generation schedules and the actual deliveries of Energy to the Cleco electric system by the Customer.

**5.4** Cleco shall inspect and test all Metering Equipment upon their installation and at least once every two years thereafter. If requested to do so by Customer, Cleco shall inspect or test a meter more frequently than every two years, at the expense of Customer. Cleco shall give reasonable advance notice to Customer of the time when any inspection or a test shall take place and Customer may have representatives present at the test or inspection. If a meter is found to be inaccurate or defective, it shall be adjusted, repaired or replaced in order to provide accurate metering. If a meter fails to register, or if the measurement made by a meter during a test varies by more than three tenths of a percent (0.3%) from the measurement made by the standard meter used in the test, a determination shall be made of the total error introduced by the inaccurate meter for:

- a) the actual period during which inaccurate measurements were made, if the period can be determined, or if not,
- b) the period immediately preceding the test of the meter equal to one-half the time from the date of the last previous test of the meter; provided, that the period covered by the correction shall not exceed one year.

The Parties shall compensate each other for such inaccuracies introduced by facilities as described in this section 5.4. Unless mutually agreed to otherwise, the calculation of the compensation due by one Party to the other shall be based on spreading the total error determined over the appropriate time frame, as described in sections 5.4a or 5.4b, in proportion to the total net generation from the Customer's Points of Interconnection. Once the total error is distributed on an hourly basis, the monetary value shall be determined by multiplying each hour error by Cleco System Incremental Cost or System Decremental Cost, as appropriate.

If hourly and/or daily energy readings from the Metering Equipment are available and such data are not or can not be telemetered to Cleco but are requested by Cleco, Customer shall report such data to Cleco or its designated representatives by telephone on a schedule specified by Cleco, and in a manner consistent with Cleco's common operational practices.

## **ARTICLE VI**

### **System Protection**

**6.1** Customer shall, at its sole expense design, install, maintain and keep operative, Protective Equipment, that is (i) consistent with Cleco's protective relaying criteria, (ii)

consistent with SPP and NERC standards and guidelines; and (iii) which would isolate any fault, or correct or isolate any abnormality that would negatively affect Cleco's system or other entities connected to Cleco's electric system.

**6.2** The Customer's Protective Equipment system shall be designed to operate in such manner that scheduled or forced outages, short circuits and other disturbances on Cleco's system do not negatively affect the Customer's Interconnection Facilities and/or Customer's electric generation. Such Protective Equipment shall promptly remove any fault contribution of Customer's generating equipment to any short circuit occurring on Cleco's system not otherwise isolated by Cleco equipment. Such Protective Equipment shall include, without limitation, a disconnecting device or devices to be located at an accessible, protected, and satisfactory site selected by mutual agreement of the Parties so as to separate the Customer Interconnection Facilities from the Cleco Interconnection Facilities. Any such Customer Protective Equipment that may be required to be installed and maintained on Cleco's facilities shall be at Customer's expense.

**6.3** If requested by Cleco, Customer shall, at its expense, provide corrections or additions to its existing Protective Equipment required to protect Cleco's system and to comply with regulations or standard changes issued by any applicable Governmental Authority.

**6.4** Customer shall submit, prior to modifying any Protective Equipment design or relay setting involving the Customer Interconnection Facilities and its generation, all proposed modifications to Cleco for review and approval, which approval shall not be unreasonably withheld.

**6.5** Customer shall, at its own expense, install sufficient fault recording capability to thoroughly analyze all system disturbances of the Customer's generation system as required by any applicable Governmental Authority. Cleco and any applicable Governmental Authority will be provided this data as requested by Cleco.

## **ARTICLE VII**

### **Operation and Maintenance**

**7.1** Cleco and Customer agree that the operation and performance under the Agreement shall comply with Cleco's consistently applied operational practices and with the then existing (or amended) manuals, standards and guidelines of the NERC and the SPP, or any successor agency 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 Agreement does not specifically address or provide the mechanisms necessary to comply with such NERC and SPP manuals, standards or guidelines, and Cleco's operational practices, 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, guidelines or operational practices and shall operate, or cause to be operated, their respective facilities in accordance with such manuals, standards, guidelines or operational practices.

**7.2** Cleco shall have the right, but shall not have the obligation or responsibility, to (i) observe Customer's tests and/or inspection of any of Customer's Protective Equipment, (ii) review the settings of Customer's Protective Equipment, and (iii) review Customer's maintenance records relative to the Customer Interconnection Facilities and/or Protective

Equipment. The foregoing rights may be exercised by Cleco from time to time as deemed necessary by Cleco, upon prior written notice to Customer, provided that said inspections do not exceed one every three calendar months unless Cleco in its sole judgment, which judgment shall be reasonably exercised, determines that conditions exist on Customer's facilities that may jeopardize the safety and reliability of Cleco's electric system. Cleco shall notify Customer in advance of all specific records to be reviewed. However, the exercise or non-exercise by Cleco of any of the foregoing rights of observation, review or inspection shall be construed neither as an endorsement or confirmation of any aspect, feature, element, or condition of the Customer Interconnection Facilities or Protective Equipment or operation thereof, nor as a warranty as to the fitness, safety, desirability, or reliability of same.

**7.3** At Customer's expense, Customer shall maintain customer-owned reliable operating communications with Cleco's system operator representatives, as designated by Cleco. Any required maintenance of Customer communications equipment shall be performed at Customer's expense. The operating communications shall include, but not be limited to, system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily loading data.

**7.4** Customer shall obtain the prior approval of Cleco before operating any circuit switching apparatus (e.g. switches, circuit breakers, etc.) which may adversely affect Cleco's electric system at the Customer Interconnection Facilities, whether for testing or for operations of the Customer's generation facilities, which approval shall not be unreasonably withheld. Cleco shall coordinate all switching of Interconnection Facilities apparatuses. The operators of the Customer's facilities or their designated agents shall comply with the requirements of Cleco's consistently applied switching and clearance procedures as they may be changed from time to time.

## **ARTICLE VIII**

### **Customer Operation and Performance**

**8.1** Customer shall operate its generating facilities so as to maintain the system voltage, as measured at a Cleco designated point at or near the Point of Interconnection (within the Acadia or Richard substation facilities), as near as practical to a Cleco supplied voltage schedule for power flowing across the Point of Interconnection. Customer's generation shall be capable of, at a minimum, operating continuously at full output within design limits, which shall be at least a lagging power factor of .90 and a leading power factor of 0.95. Customer's generation unit(s) shall be equipped with automatic voltage regulation equipment which will remain in service unless removed from service due to equipment or operational problems, whereupon the Customer shall advise Cleco of the equipment status and its anticipated return to service.

**8.2** All electric power and energy generated at Customer's facilities and delivered to Cleco's electric system shall have a nominal frequency of 60 Hertz ("Hz") and shall have the frequency, voltage and other properties and characteristics from time to time established by Cleco in accordance with Good Utility Practice for operation of Cleco's system.

**8.3** Customer's generation shall comply with all performance obligations, operational requirements and testing requirements regarding its automatic speed governor(s) in accordance with NERC and SPP requirements, as may change from time to time.

**8.4** Customer shall be responsible for protection of its facilities and equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over or under voltage, and generator loss-of-field.

**8.5** Customer shall contract for and have available to it resources that are capable for supplying in real time any deviations between Customer's generation schedules, as specified by Customer or his designee, and the actual deliveries of Energy to the Cleco system by the Customer ("Generator Imbalance"), as measured by the actual metered output of such generation at the Point of Interconnection. To the extent Customer fails to contract for and provide services to address Generator Imbalance ("Generator Imbalance Service") reasonably satisfactory to Cleco, Customer shall be deemed to take, and hereby shall acquire and pay for, Generator Imbalance Service from Cleco pursuant to the terms and conditions of Schedule 1, "Generator Imbalance Service Schedule" of this Agreement.

**8.6** Whenever Customer fails to provide Generator Imbalance Service and when Cleco is unable to provide such service from Cleco's owned or contracted generation resources or when Cleco is unable to acquire generation resources consistent with Good Utility Practice, Customer shall notify, or cause each purchaser from Customer that is a Transmission Tariff Customer of Cleco with respect to Customer's generation that is subject to this Agreement, to notify the SOC immediately of revisions to or termination of transmission schedules submitted pursuant to Cleco's Open Access Transmission Tariff in effect at that time corresponding with the amount by which Customer's actual generation is less than scheduled generation. Cleco, as transmission provider, may modify or terminate transmission schedules based upon metered information provided pursuant to section 5.2 of this Agreement.

**8.7** The Parties recognize that ramping energy, start-up and shut-down energy and testing energy are necessary operational periods which should not be considered as Generator Imbalance. The Parties agree to develop procedures, prior to the Commercial Operation Date, which allow Customer's generating facility to operate during these periods to properly account for and minimize the creation of Generator Imbalance. Operation of the Customer's generating facility during these periods shall be in a manner consistent with Good Utility Practices such that Cleco is not negatively affected.

**8.8** The Parties recognize that nothing in this Agreement bars Customer from selling any generation-based service to third-parties, including any generation-based ancillary services as now defined by FERC or otherwise, provided any commitment of generation for such sales does not cause Customer to violate any other provision of this Agreement. Cleco and Customer shall negotiate in good faith fair and reasonable compensation (based on market terms, if a reliable market for such services develops) for Cleco to pay to Customer for any such ancillary services which Cleco requires Customer to provide throughout the term of the Interconnection Agreement

With respect to Reactive Power and Voltage Control Services falling under Schedule 2 of FERC's Pro Forma Open Access Transmission Tariff, Customer will supply such power and services to Cleco's transmission system in accordance with Good Utility Practice subject to the provisions of this section 8.8. Customer shall respond to requests from Cleco to increase or decrease generator reactive power output in a manner consistent with Customer's obligation to operate its generating facility: (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 NERC and the SPP; and (4) in accordance with the provisions of this Agreement. Customer shall generate such reactive power in accordance with the voltage schedule prescribed by Cleco as necessary to maintain reactive area support, but not in excess of the amount available from the Customer's generating facility's equipment in service. In the event the Customer supplies reactive power to the Cleco transmission system for which Cleco receives an unbundled charge under Schedule 2 to its OATT, Cleco will pass through to the Customer amounts received from such customers pursuant to that Schedule 2 for the resale of such reactive power supplied by Customer. Notwithstanding the foregoing, Cleco and Customer agree that Customer will not receive additional compensation for reactive power or voltage support associated with deliveries for bundled retail service. At such time as FERC or another regulatory agency with jurisdiction over the sale of reactive power accepts a rate schedule or tariff under which the Customer may sell reactive power, Customer must seek reimbursement for its provision of reactive power under such rate schedule or tariff.

## **ARTICLE IX**

### **Continuity of Service**

**9.1** Cleco shall not be obligated to accept, and Cleco may require Customer to curtail, interrupt or reduce deliveries of energy, if:

- a) such delivery of energy prevents or impedes Cleco's ability to construct, install, maintain, repair, replace, remove, investigate, or inspect any of its equipment or any part of Cleco's electric system;
- b) Cleco determines that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, operating conditions on Cleco's system, or any reason otherwise permitted by applicable rules or regulations promulgated by a regulatory or Governmental Authority having jurisdiction over such matters; or
- c) Customer otherwise fails to comply with this Agreement in a manner that negatively impacts Cleco's transmission system operations.

In addition, notwithstanding the provisions of section 9.2, without notice to Customer, Cleco shall have the right to disconnect the Interconnection Facilities if, in Cleco's reasonable opinion, a hazardous condition exists and immediate disconnection is necessary to protect persons, Cleco facilities and equipment from significant damage or disruption, or other Cleco customers' facilities and equipment from significant damages or interference caused by Customer Interconnection Facilities and/or generating equipment.

Protective Equipment may be deemed by Cleco to be not properly operating and subject to disconnection if Cleco's review under section 7.2 discloses irregular or otherwise insufficient maintenance on such devices or that maintenance records do not exist or are otherwise insufficient to demonstrate that adequate maintenance has been and is performed and after verbal or written notice has been provided to the Customer and a reasonable cure period has occurred for correction or resolution of maintenance or documentation.

**9.2** Except in case of conditions described in section 9.1, in order not to interfere unreasonably with Customer's operations, Cleco shall give Customer reasonable prior notice of

any curtailment, interruption or reduction of Energy deliveries, the reason for its occurrence and its probable duration.

**9.3** If for any reason, receipt of Energy deliveries by Cleco has been suspended, curtailed, interrupted or reduced, or the Customer's electric generating facility or Customer Interconnection Facilities have been disconnected, Cleco shall promptly resume receipt of such Energy deliveries or reconnect Customer's generating facility or Customer Interconnection Facilities upon correction or elimination of the condition that gave rise to the suspension, disconnection, curtailment, interruption, or reduction, as the case may be.

## **ARTICLE X**

### **Force Majeure**

**10.1** The term Force Majeure as used herein shall mean any cause beyond the reasonable control of either Party and without the fault or negligence of such Party, including an act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any transmission curtailment, any order, regulation or restriction imposed by a Governmental Authority, military or lawfully established civilian authorities or any other cause beyond a Party's reasonable control. The Party unable to carry out an obligation imposed on it by this Agreement due to Force Majeure, shall notify the other Party in writing or by telephone, if by telephone followed by written confirmation, within a reasonable time after the occurrence or cause claimed to be Force Majeure. The written notice or confirmation shall include the full details and specifics of the Force Majeure event including when it occurred and duration of the Force Majeure event.

**10.2** If either Party, because of Force Majeure is rendered wholly or partially unable to perform an obligation imposed on it by this Agreement, except for the obligation to make payments, that Party shall be excused from whatever performance is affected, but only while a "Force Majeure" situation exists and the excused Party attempts in good faith to alleviate such situation.

**10.3** Customer and Cleco specifically recognize that Cleco shall be unable to provide the services contemplated by this Agreement in the event that Entergy fails by the Commercial Operation Date or at any time thereafter to upgrade its transmission facilities or install, construct, or otherwise modify the Special Facilities and/or Interconnection Facilities in the manner contemplated by the Parties as necessary to implement this Agreement. Accordingly, as between Customer and Cleco, and only between Customer and Cleco, a failure by Entergy to take the actions required by it as contemplated by the Parties to this Agreement shall constitute a "Force Majeure" situation for Cleco, and Cleco shall be excused from whatever performance under this Agreement is affected for so long as Entergy fails to take the required actions and Cleco reasonably cooperates with Entergy in good faith consistent with the other terms of this Agreement. In the event of such a suspension of Cleco's performance due to this Section 10.3 as described above, Cleco may, in the exercise of its reasonable judgment after the expiration of 180 days from the Commercial Operation Date, request Customer to pay (or make arrangements, satisfactory to Cleco, for the future payment of) all amounts expended by Cleco prior to the Commercial Operation Date that are the responsibility of the Customer under this Agreement, regardless of whether Entergy takes any further action with respect to the actions contemplated by this Agreement. It is expressly understood by the Parties, however, that any equipment or

facilities for which such expenditures have been made that are used or useful to Cleco shall not be charged to the Customer pursuant to this Section 10.3.

## **ARTICLE XI**

### **Indemnity**

**11.1** Customer agrees to fully Indemnify and hold Cleco, its shareholders, directors, officers, agents, representatives, employees, servants, its affiliated and associated companies, their respective shareholders and/or its assigns, harmless from and against any and all claims, demands, liability, losses, damage, costs or expenses (including attorney's fees and other costs of defense), of any nature or kind whatsoever, including, but not limited to, claims, demands, and/or liability for personal injury to (including death of) any person whomever (including payments and awards made to Customer's employees or other under any workers' compensation law or under any plan for employees' disability and death benefits) and for damage to any property whatsoever (including Customer's facilities and Cleco's electric system) arising out of or otherwise resulting from the use, ownership, maintenance, or operation (or failure to operate) of Customer's generating facilities or Customer Interconnection Facilities, except to the extent such claims, demands, or liability are alleged to have been caused by or to have arisen out of the negligence or the willful misconduct of Cleco, its agents, or employees or occurred on the Cleco Interconnection Facilities.

**11.2** Neither Party shall be liable under any provision of this Agreement for any special, indirect, incidental, consequential, or punitive damages including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract or tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party ( or the other Party's affiliate) under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

**11.3** As part of Customer's agreement to indemnify and hold Cleco harmless from and against any and all claims, demands, liability, losses, damages, costs or expenses, Customer specifically agrees to pay Cleco its reasonably allocated share of any penalties or assessments imposed upon Cleco as a Control Area operator by NERC or the SPP or any successor entity having authority over reliability where such penalties or assessments are traceable in part or whole to actions or inactions of Customer relating to Customer's operation (or failure to operate) of its generating facilities or Customer Interconnection Facilities.

## **ARTICLE XII**

### **Successor and Assigns**

**12.1** Assignment Prohibited. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed, provided the assignee agrees to be bound by the terms and conditions hereof and, (i) with respect to Customer, has an ownership or operating interest in the generating facilities subject to this Agreement, and (ii) with respect to Cleco, has an ownership or operating interest in the transmission facilities interconnected with the generating facilities subject to this

Agreement. Upon any assignment made in compliance with this section, this Agreement shall inure to and be binding upon the successors and assigns to the assigning party. Notwithstanding the foregoing, but subject to conditions (i) and (ii) above, the Parties agree to the advance approval of; (a) transfer or assignment of this Agreement to a creditworthy affiliate of the assigning party; or (b) transfer or assignment of this Agreement to any creditworthy person or entity succeeding to all or substantially all of the assets of the assigning party that are involved in providing services contemplated by this Agreement.

**12.2** Assignment as Collateral Security or to Successors. Notwithstanding the provisions of section 12.1 above, either Party may, without the other Party's approval (a) assign any or all of its rights under this Agreement as collateral security to an entity providing that Party with financing including financing of that Party's facilities, and/or (b) assign any or all of its rights under this Agreement to any transferee or successors in interest to all or substantially all of the properties of the Party proposing the assignment, and/or (c) with respect to Cleco, assign any or all of its rights and obligations under this Agreement to a regional transmission organization or other provider of transmission services that either owns, leases, or operates the Cleco transmission system and Cleco Interconnection Facilities, provided such entity agrees to be bound by the terms hereof.

**12.3** Obligation to Consent in Writing. If, in connection with any assignment permitted by section 12.2, an entity providing financing to a Party requests the other Party to consent in writing to such an assignment (even though such consent is not required hereunder), the Party requested to consent shall do so promptly, with such acknowledgment and consent agreement to include such terms and conditions as are mutually and reasonably agreed upon by the Parties and the entity providing financing. If either Party reasonably determines or is reasonably advised that any further instruments are necessary or desirable to carry out the intent of this section 12.3, the other Party will execute and deliver all such instruments and take any action reasonable to effectuate the intent of this section 12.3.

### **ARTICLE XIII** **Governing Law**

**13.1** The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the applicable laws of the State of Louisiana without regard to the Conflicts of Law provision.

### **ARTICLE XIV** **Miscellaneous**

**14.1** Amendments. This Interconnection Agreement may be amended only by a written instrument duly executed by each of the Parties.

**14.2** Confidentiality. Unless otherwise agreed, each Party shall hold in confidence for a period of five (5) years, or such other period as shall be agreed upon between the Parties, any information supplied to it by the other Party and designated in writing as confidential in connection with this Agreement; provided, however, that the Parties shall not be required to keep confidential any information that is (a) generally available to the public other than as the result of

a disclosure by one Party of information supplied to it by the other Party; (b) available to one Party on a non-confidential basis prior to disclosure to it by the other Party; or (c) available to one Party on a non-confidential basis from a source other than the other Party, provided that such source is not known, and by reasonable effort could not be known, by that Party to be bound by a confidentiality agreement with the other Party or otherwise prohibited from transmitting the information to that Party by a contractual, legal or fiduciary obligation. The Parties further agree to require any subcontractors they employ to enter into appropriate non-disclosure agreements relative to such confidential information as may be communicated to them by the other Party. Notwithstanding the above limitations, the Parties may use such information designated as confidential by the other Party to fulfill their respective obligations under this Agreement or, if applicable, any obligations they may have as Control Area operator or transmission provider. Nothing in this Agreement shall be construed as limiting either Party's ability or right to report or otherwise disclose any applicable confidential information to: (1) other entities responsible for electric system reliability; (2) any applicable Governmental Authority having jurisdiction over this Agreement or the actions contemplated to be taken hereunder, including any disputes arising thereunder or to participants in proceedings before such Governmental Authority if such disclosure is or may be required by such Governmental Authority, subject, however, to the maximum extent possible, to any conditions, orders, or other procedures that protect the confidentiality of information that is confidential pursuant to this Agreement; (3) any entity providing financing to either Party; (4) any independent engineer employed by Customer; (5) any entity in a contractual arrangement with Customer relating to the sale or disposition of the output of Customer's generating facilities; or (6) to any entity requiring such information for purposes of obtaining financing or refinancing for the Customer's generating facility.

**14.3 Headings Not to Affect Meaning.** The descriptive headings of the various Sections and Articles of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms and provisions hereof.

**14.4 No Other Services.** This Agreement is applicable only to the Interconnection Facilities and does not obligate either Party to provide, or entitle either Party to receive, any service not expressly provided for herein. Each Party is responsible for making the arrangements necessary for it to receive any other service that it may desire from the other Party or any third party.

**14.5 No Partnership.** This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or liability upon either Party. Neither Party shall have any right, power or authority to enter in any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind the other Party.

**14.6 No Third Party Rights.** This Agreement, and the rights and obligations provided for herein, are intended for the exclusive benefits of the Parties hereto, their affiliates, and their respective successors and permitted assigns. Except as otherwise expressly stated in this Agreement, nothing contained herein shall be deemed to grant any third-party beneficiary rights or other similar rights to any person or entity not a party or signatory hereto.

**14.7 Waiver.** The failure of a Party to insist on the strict performance of any provision of this Agreement or to exercise any right, power, or remedy upon a breach of any provision of this Agreement shall not constitute a waiver of any provision of this Agreement or limit any Party's right thereafter to enforce any provision or exercise any right.

## **ARTICLE XV**

### **Severability**

**15.1** A Party's right to damages or other relief resulting from a breach of the other Party under this Agreement accrues as of the first day of the breach without regard to whether such breach leads to a default under the provisions of Article 17. Upon the breach of a Party of its obligations under this Agreement, whether or not such breach leads to a default under Article 17, the other Party shall have all of the rights and remedies available hereunder, under any other agreement between the Parties as otherwise applicable, and under all applicable laws and principles of equity, all of which rights and remedies shall be cumulative and non-exclusive to the extent permitted by law.

**15.2** The provisions of this Agreement relating to the recovery of damages and indemnification and any payments for obligations arising before termination shall survive its termination to the full extent necessary for their enforcement and the protection of the Party in whose favor they run. Notwithstanding the provisions of this section 15.2, all obligations arising out of section 15.2 shall not endure beyond a period of more than two (2) years following the breach event.

**15.3** If any clause, sentence, paragraph, or part of this Agreement or the application thereof should for any reason be finally adjudged by any applicable Governmental Authority to be unconstitutional or invalid, such judgment shall not effect, impair or invalidate the remainder of the Agreement or the application of this Agreement, but shall be confined in its operation to the clause, sentence, paragraph, or any part thereof, directly involved in the controversy, in which such judgment has been rendered, but only if and to the extent such operation or application of the Agreement would not materially and adversely frustrate the Parties objectives as expressed herein. Upon a request by either Party, the Parties shall negotiate in good faith in an effort to reach a mutually acceptable agreement on a substitute provision, within six (6) months of a request, for the portion or application of the Agreement which has been judged unconstitutional or invalid. The unconstitutionality, invalidity or ineffectiveness of any one or more provisions contained in this Agreement shall not relieve the Parties from liability to make payments required to be made hereunder.

## **ARTICLE XVI**

### **Dispute Resolution Procedure**

**16.1** Internal Dispute Resolution Procedure. Any dispute between Customer and Cleco involving service under this Agreement (excluding applications for rate changes or other changes to the Agreement, or to any schedules entered into under the Agreement, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of Cleco and a senior representative of the Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the Parties may agree upon) by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

**16.2** External Arbitration Procedures. Any arbitration initiated under the Agreement shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree

upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric generation, transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with either Party (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations.

**16.3 Arbitration Decisions.** Unless otherwise agreed, the arbitrator(s) shall render a decision within sixty (60) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Agreement and any Schedules entered into under the Agreement and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator(s) shall be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

**16.4 Costs.** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

- a) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or
- b) one half the cost of the single arbitrator jointly chosen by the Parties.

**16.5 Rights Under The Federal Power Act.** Nothing in this Agreement shall restrict the rights of any Party to file a complaint with Commission under relevant provisions of the Federal Power Act.

## **ARTICLE XVII Default**

**17.1** The occurrence of any of the following events, unless otherwise excused pursuant to the terms of this Agreement, shall constitute a default under this Agreement:

- a) Failure by a Party to make any payments as and when due hereunder; or
- b) Failure of a Party to perform any material duty imposed on it by this Agreement.

Any Party claimed to be in default under any provision of this Agreement shall be referred to as the "Defaulting Party" and the other Party shall be referred to as the "Non-Defaulting Party". The Non-Defaulting Party shall give the Defaulting Party a written notice of default ("Notice of Default"), which shall describe the default in reasonable detail and state the date by which the

default must be cured, which shall be at least sixty (60) days after receipt of the Notice of Default for a default under section 17.1 five (5) days after receipt of a Notice of Default for a default under section 17.1. If within the five (5) day period authorized for a default under section 17.1 (a) or the sixty (60) day period authorized under section 17.1 (b) the Defaulting Party cures the default, then the Notice of Default shall be inoperative and the rights of the Non-Defaulting Party to terminate the Agreement under section 17.2 shall not be triggered. In addition, if the default under section 17.1 (b) is one that cannot in good faith be corrected within such sixty (60) day period and the Defaulting Party (i) certifies in writing to the Non-Defaulting Party that it agrees to cure such default, (ii) certifies in writing a reasonable date by which the cure will be effected, (iii) begins to correct the event or condition giving rise to the default within the sixty (60) day period and (iv) continues corrective efforts with diligence until a cure is effected, the Notice of Default shall be inoperative and the rights of the Non-Defaulting Party to terminate the Agreement under section 17.2 shall not be triggered.

**17.2** If the Defaulting Party fails or refuses to cure a default during the cure periods permitted in section 17.1, the Non-Defaulting Party shall have, in addition to any rights such Party may have by law, equity or otherwise, the right to terminate this Agreement upon thirty (30) days' notice to the Defaulting Party of its intent to do so.

## **ARTICLE XVIII**

### **Insurance**

**18.1** Without limiting any obligations under this Agreement, Customer shall, at its own expense, provide and maintain in effect for the life of this Agreement, minimum insurance coverage as follows:

- a) Workers' Compensation Insurance in accordance with all applicable State, Federal, and Maritime laws, including Employer's Liability Insurance in the minimum amount of \$500,000 or be a qualified self insurer. Such policy shall be endorsed to include a Waiver of Subrogation in favor of Cleco and its affiliated and associated companies.
- b) Commercial General Liability Insurance, including Contractual Liability Coverage for liabilities assumed under this contract and Personal Injury Coverage, with combined single limit of not less than \$5,000,000.

**18.2** The insurance carrier or carriers and form of policies shall be subject to review and approval by Cleco, provided such approval shall not be unreasonably withheld. All of Customer's policies of insurance shall provide Cleco with thirty (30) days prior written notice of cancellation, expiration or material adverse change. Prior to the date Customer's generating facilities are first operated in parallel with Cleco's electric system and annually thereafter during the term of this Agreement, Customer shall furnish a Certificate of Insurance to Cleco.

**18.3** The requirements for the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by each Party under this Agreement.

**18.4** Cleco shall maintain insurance in amounts and of types as are maintained by similarly situated companies.

**ARTICLE XIX**  
**Notices**

**19.1** Any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party to the other may be so given, tendered or delivered, as the case may be, by depositing the same in any United States Post Office with postage prepaid, for transmission by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out below:

To Cleco: Cleco Power LLC  
2030 Donahue Ferry Road  
Pineville, LA 71361  
Attn: Vice President, Transmission Services

To Customer: Acadia Power Partners LLC  
2030 Donahue Ferry Road  
Pineville, LA 71361  
Attn: Vice President, Darrell Dubroc

**ARTICLE XX**  
**General Provisions**

**20.1** Cleco shall not be liable for any costs or damages due to the inability of Customer or its designated representatives to obtain any licenses or permits required by any applicable Governmental Authority.

**20.2** This Agreement constitutes the entire agreement between the Parties with reference to the subject matter hereof and no change or modification as to any of the provisions hereof shall be binding on either Party unless reduced to writing and approved by the authorized officer or agent of the Customer and the President or a Vice President of Cleco. The terms and conditions of this Agreement and every Appendix referred to herein shall be amended, as agreed to by the Parties, to comply with changes or alterations made necessary by a valid applicable order of any Governmental Authority having jurisdiction hereof.

**20.3** The customer will hold Cleco harmless from any income or property taxes Cleco incurs as a result of transfers of or investments in Special Facilities undertaken for the primary benefit of the Customer.

**20.4** This Agreement includes the following checked appendices which are attached and incorporated herein:

- Appendix A - Interconnection Facilities
- Appendix B - Special Facilities
- Appendix C - Metering Facilities
- Appendix D - Additional Insured Endorsement



**APPENDIX A**  
**Interconnection Facilities**

**Definitions:**

**ST:** Steam Turbine

**CT:** Combustion Turbine

**RAT:** Reserve Auxiliary Transformer

**BRK:** High Voltage Circuit Breaker

**BAY:** Cross Buses having in line high voltage circuit breakers connecting the East and West buses at Richard and Acadia Substations.

**Entergy:** That transmission provider which currently shares ownership of the facilities within the Richard Substation with Cleco.

**Project Cost:**

The estimated Acadia Project cost, which shall be defined in this Appendix A to include necessary real property and rights of way, including land and right of way, improvements and additions at Richard, the transmission lines between the two substations, and the Acadia Substation (in "Acadia Project"), are as follows:

Acadia Substation:	\$ 7,700,000
Acadia to Richard 138 kV lines:	\$ 1,990,000
Richard Substation:	\$ 3,900,000

Although the costs of the Acadia Project is estimated as outlined above, the Customer will be responsible for the actual cost of the Acadia Project, and will assure that Cleco is kept whole to the extent provided in the Interconnection Agreement. The cost above include an estimate of work required to connect the project to both Entergy and Cleco, except for line terminations, relaying, and metering as required by Entergy in the Richard Substation.

**Ownership of Facilities:**

See the attached single line diagram entitled Acadia/Richard Line Bus Layout, shown on Original Sheet No. 27 of this agreement.

Cleco will make arrangements with Entergy for a transfer of assets on the Cleco side of the Points of Interconnection in the Richard Substation to provide an interconnection between Cleco's Interconnection Facilities and the Customer's Interconnect Facilities on the West side of the Richard Substation, and Cleco shall own those Interconnection Facilities identified as including but not limited to BRKs 17235, 17250, 17255, 17265, and 17270 on Appendix A. During the Cleco-Entergy facility transfer process, Cleco will also arrange with Entergy to vacate two bays on the West side of the Richard Substation, to be made available for the Customer to interconnect with Entergy between BRKs 18440 & 18430 and BRKs 18435 & II. These future interconnection points between Entergy and Customer are also shown on the single line diagram. The transfer of facilities will include Cleco paying for facilities to be built to accommodate the

displacement and relocation of four Entergy 138 kV lines (two from the Cleco owned bays and two from the Entergy owned bays). These new bays include BRKs I through VI in the Richard Substation. Financing of new facilities to accommodate the transfer of assets and accommodate the Entergy relocated lines at Richard would then be done via contractual arrangements between the Parties.

The Customer will own all of the Acadia substation and the two lines up to the Interconnection Point shown in Appendix A, Original Sheet No. 27 of this Agreement. Ownership of the lines will change at the Interconnection Point defined as the dead end connecting to Cleco owned insulators and the pull-off towers in the Richard Substation. Any assets necessary for the Customer to ultimately interconnect with Entergy or any other third party are separate to the Agreement and not outlined here.

**Points of Interconnection:**

The two physical Interconnection Points between Cleco and Customer will be at the dead end connecting to Cleco owned insulators located on the two pull-off towers facilitating the bus connections between BRKs 17250 & 17255 and BRKs 17265 & 17270 in Richard Substation.



**APPENDIX B**  
**Special Facilities**

Special Facilities within this Agreement shall be those facilities as described in the “Ownership of Facilities” section of Appendix A, which are on Cleco’s side of the Point of Interconnection.

**APPENDIX C**  
**Metering Equipment**

The drawings in Appendix C depict Company's requirements for Point of Interconnection and Point of Service metering.

The drawing included as Original Sheet No. 32 of this Agreement defines Company's requirements for the Point of Interconnect metering. The low voltage side of the main power transformers (MPT) will be the location of the metering equipment. This scheme requires redundant Siemens Quad 4 meters programmed to compensate for the losses in the MPTs.

The drawing included as Original Sheet No. 33 of this Agreement defines Company's requirement for the Point of Service metering. The low voltage side of the reserve auxiliary transformers (RAT) will be the location of the metering equipment. This scheme requires a Siemens Quad 4 meter programmed to compensate for the losses in the RAT.

Appropriate Metering Equipment will be added or upgraded, as necessary to electronically place the Customer's generating facilities within the Company control area.





## **SCHEDULES**

## **SCHEDULE 1 GENERATOR IMBALANCE SERVICE SCHEDULE**

### **1.0 APPLICABILITY**

This Schedule applies to electric energy supplied by Company for temporary generation deviations between Customer's generator schedules and the actual deliveries of electricity by the Customer's generator for generation sales ("Generator Imbalance"), where the Customer's generator is located in Company's Control Area, but the load is not. This schedule applies only to deviations between schedules and actual deliveries and is not for reserves or back up service.

### **2.0 TERMS AND CONDITIONS OF SERVICE**

**2.1 Availability:** Company shall be under no obligation to provide Generator Imbalance Service. The service shall be provided on a when, as and if available basis and subject to the reliability needs of Company's native load, which includes wholesale and retail power customers that are not subject to interruption for economic reasons. At the request of Company, Customer shall take immediate action to eliminate any Generator Imbalance. Company, at its sole discretion, shall decide whether Generator Imbalance Service will be provided from sources within its own Control Area, external to Company, or by use of any regional reserve sharing group of which Company may be a member. When provided from regional reserve sharing sources, Customer shall receive electric energy consistent with the rules in effect for that service at that time.

**2.2 Scheduling:** Generation schedules must specify the total quantity of MW to be delivered by the Customer's generator in each hour, and must be sent to Company to be delivered by the Customer's generator in each hour, and must be sent to Company's System Operations Center ("SOC") at times consistent with NERC and SPP policies and procedures on interchange scheduling practices. Generation schedules shall be converted by the Customer or his designee prior to submission to the SOC to reflect the effects of losses incurred between the generator terminals and the metering of actual deliveries.

**2.3 Metering:** In comparing scheduled and actual deliveries of electric energy, the recorded meter readings at the point of receipt shall be integrated over a 60-minute period and appropriately converted to the nearest megawatt hour (MWH). If the Customer's generation has metering capability that records multiple readings, then the 60 minute reading shall equal the sum of such multiple generator readings. All metering shall be communicated to the SOC contemporaneously via a mutually agreeable method to the Customer and the SOC consistent with the SOC's practices.

### **3.0 BILLING, PAYMENTS AND DEPOSITS**

**3.1 Billing:** Company shall supply the Customer with an invoice showing the amounts of electric energy, purchased by the Customer from Company in each hour for each monthly billing period when the Generator Imbalance Service is used. This invoice will be prepared and mailed to the Customer within twenty (20) days of the end of each monthly billing period.

**3.2 Payments:** Payments for amounts billed hereto shall be paid so that payments are received by Company on the tenth (10) day receipt of the bill. Payment shall be made to

Company in immediately available funds, through wiring of funds or other mutually agreeable methods of payments. If the due date falls on a non-business day of either Party, then the payment shall be due on the next following business day.

**3.3** Disputed Payments: In the event any portion of any invoice submitted by Company to Customer is disputed, Customer shall pay the disputed amount under protest when due and give notice to Company of its protest. Customer shall then be entitled to examine the metering data and cost support used by Company to generate the invoice. If the protested portion of the payment is found to be incorrect, Company shall promptly cause to be refunded to Customer any amount overcharged, including interest accrued on each calendar day from the date of payment by Customer to the date the refund is made. The same interest rate and computation method in section 3.4 shall be applied to the determination of interest due on the refund.

**3.4** Interest on Unpaid Balances: Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in the Federal Energy Regulatory Commission's regulations at 18 C.F.R. 35.19(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of the payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by Company.

**3.5** Deposits: In the event the Customer has failed to pay the amounts owed to Company within the time period specified in section 3.2, Company may, at its sole discretion, require the Customer to provide a security deposit, letter of credit or other firm security for the payment of amounts due to Company by the Customer.

#### **4.0 RATE**

**4.1** Rate: Charges for Generator Imbalance Service outside a one and one-half percent (1.5%) band (rounded up to the next whole megawatt value) supplied by Company but excluding use of any regional reserve sharing program, will be the greater of \$100 per MWH of electricity supplied or 110 per cent of Company's System Incremental Cost. Charges for Generator Imbalance Service outside a one and one-half (1.5%) band (rounded up to the next whole megawatt value) supplied by Company making use of any regional reserve sharing program will be only a pass through the costs charged to Company under the terms of the regional reserve sharing program plus reasonable costs incurred by Company in providing this service.

**4.2** Paycheck of Energy within the 1.5% Band: Generator Imbalance Service within the one and one-half percent (1.5%) band (rounded up to the next whole megawatt value) calculated hourly, shall be paid back in kind, as soon as practical, as determined by Company with the intent being repayment occurring in the third hour of the Customer's generation operation following the hour in which the imbalance actually occurred or any other time frame mutually agreed to by Company and Customer.

**4.3** In addition to the payments specified in section 4.1, Customer shall pay to Company a monthly fee to cover a pro-rata share of the cost incurred by Company in participation of any regional reserve sharing program. Such allocation will be based on owners of net generation within Company's control area which are participating in regional reserve sharing. The payment described in section 4.3 shall be required for only the months in which Company, in its sole judgment, believes use of regional reserve sharing will be necessary or actually occurred.

## **5.0 OTHER**

**5.1** Generator Imbalance Service will not compensate Customer for energy delivered to Company in excess of scheduled energy outside the 1.5% band (rounded up to the next whole megawatt value). Customer shall use its best efforts to generate to its schedule or adjust its schedule.