

APPALACHIAN POWER COMPANY  
800 Main Street  
P. O. Box 1000  
Lynchburg, VA 24505

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**City Of Lynchburg**

**Franchise Issues Agreement**

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(Issues Agreement is part of City of Lynchburg Franchise)  
Effective  
August 17, 1996  
through August 16, 2016  
(20 years)

**APPALACHIAN POWER COMPANY**

**CITY OF LYNCHBURG**

**FRANCHISE ISSUES AGREEMENT**

1. Billings and Bill Consolidation
2. Street Lighting
3. 800 MHz Communication System Sharing
4. Right-of-Way Maintenance
5. Sidewalk and Street Repairs
6. Storm Restoration
7. Economic Development
8. Energy Management
9. Wheeling
10. Meter Reading
11. Service Standards
12. Termination
13. Term

**APPALACHIAN POWER/CITY OF LYNCHBURG  
FRANCHISE ISSUES AGREEMENT**

**AGREEMENT**

THIS AGREEMENT, entered into as of this 11th day of January, 1996, between the City of Lynchburg, Virginia ("City") and Appalachian Power Company ("Appalachian" or "Company") provides:

WHEREAS, the City intends to grant to the Company a franchise to supply electric energy to the City and the inhabitants thereof for a period of twenty years beginning on August 17, 1996; and

WHEREAS, the City and the Company intend to enter into agreements under which the Company will furnish the City electricity under its standard Public Authority Tariff and street lighting service under its standard Tariff S.L. effective August 17, 1996; and

WHEREAS, the City and Appalachian have reached agreement on other issues pertaining to the furnishing of electric service to and within the City and related matters which the parties wish to document in this Agreement;

NOW, THEREFORE, the parties agree as follows:

1. **BILL CONSOLIDATION AND BILLING**

- A. The Company and the City agree to enter into and sign prior to August 17, 1996 the Company's standard agreement entitled VIRGINIA PUBLIC AUTHORITIES, AGREEMENT FOR THE PURCHASE OF ELECTRICITY FROM APPALACHIAN POWER COMPANY and the Company's standard agreement applicable to Street Lighting Service.

B. The Company and the City agree that upon expiration of the current franchise agreement on August 16, 1996, electric service to the City will be provided under the provisions and rates contained in the Company's standard Public Authority and Street Lighting Tariffs applicable for such services at that time, provided that such rates and provisions may be revised subject to completion of negotiations between the Company and the collective group of Public Authority Customers.

\* *electric invoicing?*  
C. The Company agrees to provide three consolidated bills per month for each of the major customer groups of school accounts, traffic accounts, and all other accounts. The City presently has 40 school, 124 traffic, and 176 other accounts.

2. STREET LIGHTING

*Oct. George Carroll (1st one)*  
A. Appalachian will provide registration fees for two City employees to attend the General Electric Utility Lighting System Institute at Hendersonville, N.C., twice during the term of this agreement. *intent?*

B. Appalachian agrees to eliminate all removal and expired life charges associated with upgrading the existing mercury vapor street lights to high pressure sodium over the 10-year period from August 1993 - August 2003. It is estimated that the value of the removal and expired life charges will be \$173,250 (including the \$31,365 identified in paragraph C. below). The exact amount will depend on the extent of the lighting improvements finally adopted by the City.

C. The Company agrees to refund \$31,365 for all street lighting expired life and removal costs incurred and already paid for the period August 1993 to July 1995. The refund is contingent upon resolution of all issues not later than November 30, 1995.

D. The Company will make every reasonable effort to repair all reported light outages within a 48-hour period after notification. The City will make every reasonable effort to report light outages every Monday morning. On all repairs not completed in 48 hours, prorated credits will be provided to the City covering the total period of the outage.

3. **800 MHz COMMUNICATION SYSTEM SITE SHARING**

The Company agrees to evaluate the feasibility of joint use of its 800 MHz communication tower sites with the City on an as requested basis. The decision to use existing sites would be dependent on land availability and tower configuration and is not guaranteed by the Company.

4. **RIGHT-OF-WAY MAINTENANCE**

A. Right-of-way maintenance work will be performed by the Company in accordance with Chapter 38 of the Lynchburg City Code and the then applicable State Corporation Commission Tree Trimming Guidelines (Exhibit 1). Right-of-Way Maintenance in this community shall be consistent with the standards of resources for such maintenance which the Company provides in other communities within the Company's Virginia service area.

B. The Company agrees to offer its tree replacement program, as budget permits, replacing live trees of varying species throughout the City with the understanding that the species in each instance would be consistent with both Appalachian's compatible tree preferences and the Lynchburg Master Tree Program.

C. The Company will participate in and provide financial support toward the cost of the development of a revised City Master Tree Plan more consistent with the Company's needs and City appearance concerns.

*Chris Wylie  
AEP Forester*  
~~X~~D. Appalachian will actively participate on any committees dealing with the Master Tree Plan, Landscape Ordinances, or Chapter 38 of the Lynchburg City Code.

E. The Company agrees to review with appropriate City officials the Company's right-of-way maintenance plans, practices, and goals once each year.

5. **SIDEWALK AND STREET REPAIRS**

A. The Company agrees to adhere strictly to the existing City of Lynchburg Excavation Ordinance.

B. All of the Company's work area identification devices, vehicles, and equipment shall be clearly marked with the Company's name. All work areas in which the Company or its agents will be working shall be marked "Electric Utility Work Ahead."

6. **STORM RESTORATION**

A. Appalachian agrees to review the present storm outage video tape every two years and to update such tape as deemed mutually appropriate by the City and the Company to reflect changes in practice and technology related storm restoration.

B. The Company's designated representative and the City's Public Information Officer shall develop a written plan to improve communication between the City and the Company during major storms.

C. Appalachian agrees that upon activation of the City's Emergency Service Center during times of storms or natural or man-made disasters, the Company will assign

at least one (1) person to the Center for the purpose of providing engineering assistance.

- D. Appalachian agrees to consider City input in the development of annual updates to the Company's "Emergency Services Restoration Plan," but Appalachian maintains sole responsibility for its final form and its implementation.
- E. The Company agrees, to the extent technically and economically feasible, to establish a reciprocal relationship that provides for the sharing of Automated Mapping/Facilities Management/Geographic Information Systems data. It is understood, however, that for legal, technical, or other considerations, either party has the prerogative of withholding certain data.
- F. The Company agrees to participate in a joint task force on improving major storm restoration efforts between the City and the Company. Such efforts shall include, but are not limited to, furnishing of data or maps for consultation regarding the proper approach and/or sequencing of service restoration. Furthermore, the company agrees to provide annually to the City for its exclusive use only a prevailing copy of the Lynchburg area distribution facilities drawings in DXF digital format.
- G. When it is necessary to shut off or interrupt service for the purpose of making repairs or installations, the Company shall do so at such times as shall cause the least amount of inconvenience to its customers, and unless such repairs are unforeseen and immediately necessary due to emergency conditions, the Company shall give reasonable prior notice thereof to its customers. The Company shall continue its efforts to work towards the goal of minimizing service

*Confidential  
since 9-11*

interruptions, realizing that many service interruptions are caused by circumstances beyond the Company's control.

7. **ECONOMIC DEVELOPMENT**

- A. The Company agrees to provide overhead electrical service as outlined in the then applicable Virginia Public Authorities Agreement for the Purchase of Electricity from Appalachian Power Company (Exhibit 2, Fifth section, Extension of Service-Overhead) for any industrial park development.
- B. Appalachian will provide underground service at the City's request upon payment of the cost difference, if any, between equivalent overhead versus underground cost estimates as outlined in the then applicable Virginia Public Authorities Agreement for the Purchase of Electricity from Appalachian Power Company (Exhibit 2, Sixth section, Extension of Service-Underground).
- C. The Company agrees to work diligently with the City to develop the most economical and most reliable method of serving the Pugh-Ramsey Industrial Park and all others.
- D. The Company agrees to trade a portion of its Graves Mill Station property, as shown in Exhibit 3, for a 200 ft. X 200 ft. future station site on the Pugh-Ramsey (Lynchpin) Industrial Park property.
- E. It is understood and agreed that regulatory constraints have the effect of capping the total amount of funding by the Company for purposes of shell building financing under the "Operation Job Start" program, and that the funding limit may be fully subscribed, or not, at any given point in time in the future. Given these constraints, the Company will endeavor in good faith to accommodate the



construction of shell buildings under "Operation Job Start" as may be undertaken during the term of this Agreement by the Lynchburg Industrial Development Authority.

8. **ENERGY MANAGEMENT**

- A. Appalachian will provide one energy management study for a City-selected building in 1995 in order for the City to ascertain the value of such a study. The Monument Terrace building was selected and this audit was completed.
- B. The Company agrees to provide two energy audits per year for 10 years beginning on the effective date of this agreement on City-selected properties. If agreed by both parties, these audits could be completed in a more rapid time period, but in either case 20 complete audits would be provided.

9. **WHEELING**

Nothing within this agreement shall prohibit or shall be construed to prohibit the City from contracting for the "wheeling" of electricity in such manner, at such time, and to the extent which such activity is legally permitted, nor shall anything within this agreement be construed as to constitute consent by the Company to provide "wheeling" service to the City or to constitute agreement by the Company to any "wheeling" agreement which might be considered by the City except to the extent the Company may be required to provide such service by law.

10. **METER READING**

The City and the Company agree to mutually explore the possible savings and benefits from shared or contract meter reading.

11. **SERVICE STANDARDS**

- A. The Company agrees to adhere strictly to all State Corporation Commission Terms and Conditions of Service (Exhibit 4), its Customer Complaint Procedures and Credit and Collection Policies as may be revised or added to during the term of this agreement.
- B. The Company shall maintain an office in the City of Lynchburg, Virginia, throughout the period of this Franchise. The Company shall designate an official of the Company who is responsible for compliance with the electric Franchise awarded by the City to the Company in November 1995 to become effective August 17, 1996. This person, whose name and telephone number shall be on file with the Director of Public Works, the City's Emergency Services Coordinator, and such other person or persons as the City Manager may designate, shall be available to respond at all times to all inquiries involving all of the Company's actions and duties under the Franchise.

12. **TERMINATION**

The City shall have the right to terminate this Agreement and/or the Company's electric Franchise which was awarded by the City to Appalachian on November 28, 1995, in the event the Company fails to substantially comply with any of the terms of this Agreement. Prior to exercising these termination rights, the Director of Public Works, or such other person or persons as the City Council may from time to time designate, shall provide Appalachian with written notice of the Company's failure to comply with the terms of this Agreement. The Company shall have sixty (60) days from the date of such notice to remedy any such default. Appalachian may make a written request for a reasonable

extension of the period in which it may remedy any such default to the Director of Public Works or such other person or persons as the City Council may from time to time designate. Any such request by the Company shall be in writing and must be made at least fifteen (15) days prior to the expiration of the initial sixty (60) day period.

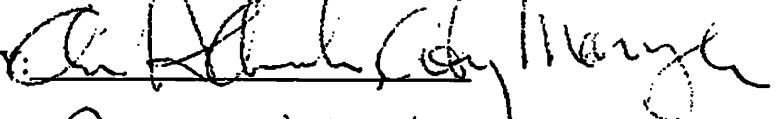
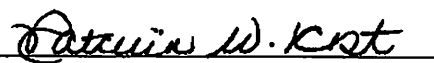
13. **TERM**

This Agreement shall take effect on August 17, 1996, and shall remain in effect for a term of 20 years.

APPALACHIAN POWER COMPANY

BY:   
R. Daniel Carson, Jr.  
Vice President

THE CITY OF LYNCHBURG

BY:   
BY:   
Patricia W. Kost  
Clerk