

**FIRST AMENDMENT TO CITY OF NORTH LAS VEGAS, NEVADA ELECTRICAL
SYSTEM FRANCHISE AGREEMENT GRANTED TO NEVADA POWER COMPANY**

This First Amendment to City of North Las Vegas, Nevada Electrical System Franchise Agreement Granted to Nevada Power Company ("First Amendment") is made and entered into as of _____ ("Effective Date") by and between the City of North Las Vegas, a Nevada municipal corporation ("City"), and Nevada Power Company doing business as NV Energy, a Nevada corporation ("Franchisee"), (collectively, City and Franchisee will be referred to as the "Parties").

WITNESSETH:

WHEREAS, on January 3, 2007, City and Franchisee entered into the City of North Las Vegas, Nevada Electrical System Franchise Agreement ("Agreement"), a copy of which is attached hereto as Exhibit A;

WHEREAS, on July 31, 2019, the City exercised its option to renew the Agreement for a one five-year period. A copy of the renewal letter is attached hereto as Exhibit B;

WHEREAS, the Parties wish to amend the Agreement to delete the requirement that Franchisee maintain a commercial office in the City of North Las Vegas; and

WHEREAS, the Original Agreement shall be amended as described herein as of the Effective Date of this First Amendment.

NOW, THEREFORE, in consideration of the above recitals, mutual covenants, and terms and conditions contained herein, the parties hereby covenant and agree to the following:

AGREEMENT

1. Section 25 of the Original Agreement is hereby deleted in its entirety.
2. In all other respects, the Parties confirm and re-affirm the terms and provision of the Original Agreement.
3. For the purpose of this Amendment, the use of signatures via facsimiles, email, or other electronic medium shall have the same force and effect as original signatures.


[The remainder of this page is left intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the City and Franchisee have caused this First Amendment to be executed as of the day and year first above written.

City of North Las Vegas,
a Nevada municipal corporation

Nevada Power Company d/b/a NV Energy,
a Nevada corporation

By: _____
Micaela Rusita Moore, City Manager

By:  _____
Name: Ryan Bellows
Title: Vice President

Attest:

By: _____
Jackie Rodgers, City Clerk

Approved as to form:

By: _____
Andy Moore, Acting City Attorney

EXHIBIT A

Original Agreement

Please see the attached page(s).

**CITY OF NORTH LAS VEGAS, NEVADA
ELECTRICAL SYSTEM FRANCHISE AGREEMENT
GRANTED TO NEVADA POWER COMPANY**

THIS AGREEMENT is made and entered into this 3rd day of Jan, 2007 (the "Effective Date") by and between the City of North Las Vegas, Nevada, a municipal corporation of the State of Nevada ("City"), and Nevada Power Company, a Nevada corporation ("Franchisee"). In consideration of the covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby covenant and agree as follows:

WHEREAS, the Franchisee, a corporation organized and existing under and by virtue of the laws of the State of Nevada, and duly qualified to transact business within the State of Nevada, is engaged in the business of operating an Electrical System to provide Electric Public Utility Service; and

WHEREAS, the City is authorized pursuant to its City's charter to grant a franchise to install, maintain and operate Public Utility Facilities, as defined by City Municipal Code, which require the use of City's Rights-of-Way; and

WHEREAS, on July 5, 1955, pursuant to Ordinance No. 133, the City awarded a fifty (50) year franchise (hereinafter referred to as the "1955 Franchise") to Southern Nevada Power Co. for the construction, operation and maintenance of an electrical power production, supply transmission and distribution system; and

WHEREAS, Franchisee is the successor in interest to Southern Nevada Power Co.; and

WHEREAS, on July 1, 1968, pursuant to Ordinance No. 371, the City Council amended amount payable to the City under the 1955 Franchise to a sum equal to five (5%) percent of its total monthly operating revenues, as defined in the uniform system of accounts prescribed for all public utilities and licensees by the Federal Power Commission, for electrical services furnished by such licenses within the corporate limits of the City of North Las Vegas, Nevada, from and after July 15, 1968; and

WHEREAS, the Franchisee hereby attests that the information submitted in Franchisee's application to the City to obtain this Franchise is true and correct.

NOW, THEREFORE, in consideration of the premises and of the performance by Franchisee of the requirements hereinafter set forth, and subject to the following terms and conditions, the City hereby grants this Franchise to the Franchisee.

Section 1. Definitions.

The definitions and word usage set forth in City Municipal Code Section 12.20.010 are incorporated herein and shall apply in this Agreement. Terms, phrases, words, and their derivations shall have the meanings set forth therein, unless the context clearly indicates that

another meaning is intended. Words used in the present tense include the future; words in the plural number include the singular number, and words in the singular number include the plural number. The words "shall" and "will" are mandatory and "may" is permissive.

- 1.1 "Agreement" means this contract and any amendments, exhibits or appendices hereto.
- 1.2 "Certificate" means the certificate of public convenience and necessity issued to Franchisee by the PUCN for the provision of Electric Public Utility Service to Franchisee's customers.
- 1.3 "CPI-U" means the Consumer Price Index, All Urban Consumers, U.S. City Average, as published by the U.S. Department of Labor, Bureau of Labor Statistics, Washington, D.C.
- 1.4 "Electric Public Utility Service" means the provision of electric services that Franchisee is legally authorized to provide under existing or subsequent law in compliance with its Certificate.
- 1.5 "Electrical Service" means the provision, sale, distribution or transmission of electric energy and power in the Franchise Area over or through Electrical Distribution System Facilities located in the City's Rights-of-Way.
- 1.6 "Electrical Distribution System" or "Electrical System" or "System" means any Facilities in the Rights-of-Way, in whole or in part used to provide Electrical Service.
- 1.7 "Facility" or "Facilities" means, collectively, any and all electric transmission and distribution systems used or useful in the transmission and distribution of electrical light, heat and power, including but not limited to poles, wires, lines, conduits, ducts, cables, braces, guys, anchors and vaults, transformers, generators, switches, crossarms, insulators, conductors, meters, meter-reading devices, fixtures, studs, platforms, crossbars, manholes, cutouts, cutoffs, communication circuits, appliances, attachments, appurtenances and any other property to be located in, upon, along, across, under or over the City's Rights-of-Way.
- 1.8 "Franchise" means the non-exclusive authorization granted by the City to the Franchisee to construct, maintain and operate its Electrical System in the Rights-of-Way in accordance with the terms and conditions set forth in both the City Municipal Code and this Agreement.
- 1.9 "Franchise Area" means that area of Franchisee's service territory, as such service territory is established under Franchisee's Certificate that is located within the City.
- 1.10 "Revenue" means revenues received by Franchisee from customers within the City, as defined in City Municipal Code § 5.52.010 et seq., including but not limited to revenue derived from the following:

- a) Sales of electric energy to customers
- b) Facility Charges Max Demand
- c) Electric Adjustments
- d) Facility Charge – Customer Specific Flat –LGS-X P
- e) Facility Charge – Maintenance – LGS- XT
- f) Broken Meter Charge
- g) Broken Seal Charge
- h) Connection Charge
- i) Charges by Meter Validity (Meter Tampering)
- j) Facility Charge – Customer Specific Flat (LGS-3P
- k) Gold Band Charge
- l) Late Charge
- m) Facility Charge - Maintenance LGS-1
- n) Facility Charge – Maintenance LGS -2 P
- o) Reconnect Charge
- p) Remote Meter Charge
- q) Returned Check Charge
- r) Same Day Service Charge

- 1.11 “JPA” means the Joint Pole Agreement dated June 1, 1964, made between Nevada Power Company and Central Telephone Company–Nevada, as amended from time to time, which establishes pole ownership, operating practices and use of poles.
- 1.12 “PAC” means pole attachment contracts under which Franchisee permits the attachment of facilities used by others to Franchisee’s Facilities.
- 1.13 “Person” means a natural person or any form of business or social organization, including but not limited to the estate of a natural person, a corporation, limited-liability company, partnership, association, trust, or any other form of legal entity.
- 1.14 “Public Improvement” means any improvements for roadways and pavements, sidewalks, curbs and gutters, landscaping, street lights, foundations, poles and traffic signal conduits, water mains, sanitary and storm sewers, tunnels, subways, people movers, viaducts, bridges, underpasses, overpasses, public buildings or public structures, or other public installations or improvements which are to be used by the general public.
- 1.15 “Public Utilities Commission” or “PUCN” means the Public Utilities Commission of the State of Nevada, and its predecessors and successors.
- 1.16 “Rights-of-Way” means the surface of, and the space above and below, any and all public highways, streets, roads, alleys, avenues, tunnels, parkways, and Easements granted to the City (including Easements created or reserved in favor of the City for any road and public utility purposes in any patent granted by the United States of America, or in any other recorded map, plat or recorded document), as the same now or may hereafter exist within the City, including State highways now or hereafter established within the City to

whatever extent the City may have jurisdiction to authorize the use of same for the purposes herein specified.

Section 2. Term.

- 2.1 COMMENCEMENT OF TERM. The Effective Date of this Agreement shall be the date the City grants this Franchise to Franchisee as written above.
- 2.2 DURATION OF TERM. This Agreement shall continue in full force and effect through January 31, 2020, with one five-year renewal option exercisable by either party (the "Term"). Franchisee must exercise its right to extend the Franchise for an additional five (5) year term pursuant to City Municipal Code Section 12.20.070(C). The City may exercise its right to renew by providing written notice to Franchisee six (6) months before the expiration of the franchise. The expiration date shall be the last day of the Term or any extension thereof.

Section 3. Code Applicability.

The provisions of City Municipal Code Chapters 5.02, 5.03, 5.52, 12.08, 12.20, 15.04, 15.12, 15.72 and 15.76, Titles 13 and 16, as those chapters and titles are amended or renumbered from time to time, and the "Uniform Standard Specifications of Off-Site Construction, Clark County Area" (latest edition) are hereby incorporated herein and together with all provisions of this Agreement shall be binding upon the Franchisee, its successors, or assigns. In the event of any conflict between any future amendment to the aforementioned City Municipal Code provisions and the provisions of this Agreement, the City Municipal Code provisions shall control if Franchisee was provided actual written notice and an opportunity to be heard pursuant to the provisions of Section 12.20.070(F).

This Agreement may be altered or amended upon agreement of the City and the Franchisee. Subject to the requirements of Nevada law, the City Council reserves the right to legislate concerning the use by the Franchisee of the Rights-of-Way for the public welfare or the protection of the public interest at any time hereafter upon actual written notice to the Franchisee in the form and time frames required by State law or City ordinance and after an opportunity for the Franchisee to be heard. Franchisee retains its right to legally challenge the Code or any amendment thereto.

Section 4. Grant of Franchise.

Subject to the terms and conditions of this Agreement and all applicable provisions of the City Municipal Code, the City hereby grants a non-exclusive Franchise to Franchisee for the right to own, construct, operate, maintain, upgrade, and repair an Electrical System within the Rights-of-Way of the Franchise Area for the sole purpose of providing Electric Public Utility Service for which it holds a Certificate. This Agreement does not confer any rights other than as expressly provided for herein or as mandated by federal, state, or local law. The City hereby reserves the right, power, and authority to grant similar rights, privileges, permission and

authority to any person at any time. Franchisee hereby agrees to provide Electric Public Utility Service in all portions of the Franchise Area to the extent required to do so by its Certificate.

Section 5. Limitations on Grant of Franchise.

- 5.1 LICENSE LIMITATION. The Franchise does not authorize any other license or permit required for the privilege of transacting and carrying on a business within the City as required by the Code, ordinances and laws of the City, or for attaching devices to poles or other structures owned by the City or an entity other than Franchisee, or for excavating or performing other work in or along Rights-of-Way.
- 5.2 ELECTRICAL USE ONLY. Nothing contained in this Agreement shall be construed as authorizing Franchisee to use, or permit the use of, any portion of its Electrical Distribution System for any purpose other than those reasonably necessary for the transmission or distribution of Electrical Service, including Facilities necessary for intra-Company communications, unless prior written approval is obtained from the City.
- 5.3 AMERICANS WITH DISABILITIES ACT ("ADA").
- (i) Facilities installed in the Rights-of-Way during the term of this Agreement, or Facilities in the Rights-of-Way which are altered such that application of the ADA is triggered, shall comply with the requirements of the ADA.
 - (ii) With respect to existing Facilities located in Rights-of-Way which prevent disabled persons' use of and access to buildings, structures, facilities, sidewalks, streets, alleys or other paths of travel in violation of the requirements of the ADA, the Franchisee shall correct such violations in good faith, up to an annual maximum of \$50,000, which amount shall escalate annually in accordance with the CPI-U, during the term of the Agreement so long as access barriers caused by the Facilities remain ("ADA Fund").
 - (iii) Franchisee will meet periodically with the City to coordinate and establish plans and time frames for removal of access barriers caused by the Facilities, with priority given to more serious access barriers. Further, within thirty (30) days of the Franchisee's receipt of a notice of a third-party complaint from the City or others identifying Facilities that may cause access barriers in violation of the ADA, the Parties shall meet to review the complaint and determine an appropriate response and required repair, if any. If repair is required, the Parties shall establish plans and time frames for the repair. Franchisee's scope of work shall consist of removal and or relocation of Facilities, and the ADA Fund shall be limited to the costs to accomplish such work, including costs to acquire Easements for relocated Facilities, if necessary. Repairs performed pursuant to this Subsection shall be exempted from any City ordinance that requires Facilities to be placed underground.

- (iv) Notwithstanding the Parties' efforts to eliminate access barriers in the City, Franchisee does not assume the City's duties and obligations under the ADA, and nothing in this Agreement shall be deemed by the Parties to modify the Franchisee's obligations with regard to its Facilities under the ADA.

Section 6. Franchisee's Use of City Property.

- 6.1 **FRANCHISEE'S FUTURE ATTACHMENTS TO CITY PROPERTY.** The Franchise granted herein does not authorize Franchisee to attach any part of its Facilities to City property located within or outside of the Rights-of-Way, except for the Rights-of-Way themselves, until and unless Franchisee has entered into a separate written agreement with the City for the rights of attachment and use. Nothing in this Agreement obligates the City to approve Franchisee's attachments to any use of any particular City property, and the City may, in its sole discretion, withhold its consent to any such proposed attachments and use.
- 6.2 **FRANCHISEE'S PRIOR ATTACHMENTS TO CITY PROPERTY.** Franchisee acknowledges that, prior to the Effective Date of this Agreement, it has attached some of its Facilities to City property without separate written agreements with the City authorizing the attachments to and use of such property. No later than six (6) months after the Effective Date of this Agreement, Franchisee shall provide the City a list of all City-owned, known facilities to which Facilities are attached. Franchisee shall notify the City of additional attachments to City facilities within a reasonable amount of time, as it becomes aware of them throughout the course of Franchisee's normal operations, but no less than semiannually.
- 6.3 **MASTER ATTACHMENT AGREEMENT.** No later than twenty-four (24) months after the Effective Date of this Agreement, Franchisee shall either enter into a Master Attachment Agreement with the City for its attachments to City property or, if no such agreement is reached for a particular attachment, remove such attachment at its own expense. When the Master Attachment Agreement is effective for any particular attachment, the Master Attachment Agreement shall supersede the provision of this Section 6 concerning those attachments. Newly discovered attachments reported after the initial execution of the Master Agreement pursuant to Subsection 6.2 shall either be subject to the Master Attachment Agreement or removed at Franchisee's expense. Franchisee shall promptly repair and restore any City property from which one of Franchisee's attachments has been removed to as good condition as the City's property was in prior to the attachment.
- 6.4 **NO RETROACTIVE EFFECT OF FEE REQUIREMENTS.** City may charge the Franchisee an administrative fee for the purpose of reviewing an application and inspecting the installation. Nothing in this Section 6 shall require Franchisee to pay any attachment, rental, or other fees to the City for attachments to and the use of City property prior to the Effective Date or during the term of this Agreement.

- 6.5 INDEMNIFICATION OBLIGATIONS. Franchisee acknowledges that its indemnification obligations under Section 21 of this Agreement extend to any and all claims or liabilities of whatever nature arising out of Franchisee's attachments to or use of City property.

Section 7. Third-Party Use of Franchisee's Facilities; Excavation; Pole Ownership.

- 7.1 NOTIFICATION OF USE OF FRANCHISEE'S FACILITIES BY THIRD PARTIES. The grant of Franchise herein does not authorize use by third parties of Franchisee's Facilities located in Rights-of-Way, unless state or federal law requires that Franchisee allow third parties to make attachments to Franchisee's Facilities. Franchisee shall notify City of the names and addresses of third parties who currently have attached their facilities to Franchisee's Facilities in Rights-of-Way, and of any future third parties upon their initial request to enter into an agreement for such attachment. Franchisee shall require that said third party provide evidence that it is duly licensed, franchised, or is otherwise entitled under state or federal law to use Franchisee's Facilities located in the Rights-of-Way, and shall provide such evidence to the City. Thereafter, upon verification by City that said third party is duly licensed, franchised or otherwise permitted to occupy the Rights-of-Way, or if City fails to notify the Franchisee that said third party is not entitled to use Franchisee's Facilities located in the Rights-of-Way within 30 days after Franchisee provides such evidence to City, Franchisee may permit such third party to attach its facilities to Franchisee's Facilities within Rights-of-Way.
- 7.2 PERMISSION REQUIRED TO TRANSFER FRANCHISEE'S FACILITIES TO THIRD PARTY. Except for the transfer of ownership of poles made under the terms of the JPA, Franchisee shall not transfer ownership of any of its Facilities in the Rights-of-Way to a third party without the express written consent of the City, which consent may be withheld in the City's sole discretion. Franchisee will require that the party receiving the Facility transferred under the JPA or through consent of the City is labeled to identify ownership, but Franchisee is not liable for the new owner's failure to so label the Facility, so long as the Franchisee provides the City with the right to enforce the labeling requirement against the new owner.
- 7.3 FRANCHISEE'S OVERHEAD RELOCATION ACTIVITIES. Whenever Franchisee plans to relocate to the underground any of its overhead Facilities within the Rights-of-Way, Franchisee shall apply for and obtain all permits as may be required under applicable Code prior to commencing such excavation. At the earliest possible date, Franchisee shall provide written notice to all third parties who have attached their own facilities to Franchisee's overhead Facilities that are to be placed underground of the anticipated date of undergrounding of the overhead Facilities or of the related excavation work. Such notice shall include an estimated timetable for completion of the relocation and specify that all third-party attachments must be removed from the overhead Facilities no later than 30 days after Franchisee's Facilities are placed underground. Franchisee shall reasonably cooperate with the City and third parties occupying the Rights-of-Way to allow the City and such third parties the opportunity to use Franchisee's excavations (the City or such third party shall bear the full cost of their respective work), provided that

such use is technically feasible and does not unreasonably delay or increase the cost of Franchisee's construction activities.

7.4 FRANCHISEE'S RESPONSIBILITY FOR ITS FACILITIES. As between the City and Franchisee, Franchisee shall remain responsible for all claims and liabilities of whatever nature related to its Facilities and Franchisee's underground activities, excluding any claims caused solely by the overhead Facility remaining in the Rights-of-Way after properly noticed third parties have failed to remove their attachments therefrom, until such time as such Facility has been:

- (i) completely removed and the Rights-of-Way repaired and restored to its prior or better condition to the satisfaction of the Director of Public Works;
- (ii) abandoned in place as prescribed by the Director of Public Works and approved by the City Council in accordance with Chapter 12.20.150 of the City Municipal Code; or
- (iii) transferred to a third party pursuant to the JPA or with the consent of the City Council.

Pursuant to the City Municipal Code and consistent with Subsection 7.1 above, this Agreement is not authorization for use by third parties of Rights-of-Way, which authorization must be independently obtained from the City. Such third parties are liable to the City in accordance with applicable Code provisions and the terms of any City authorization, and are liable to Franchisee in accordance with the JPA or a PAC. In the event Franchisee removes or is required to remove any of its Facilities from Rights-of-Way, the City and Franchisee shall each require and diligently pursue, where commercially feasible, and as allowed by regulation, under the terms of their respective authority, removal of any third-party facilities attached to Franchisee's Facilities.

If Franchisee has provided required notices to other users, Franchisee shall not be liable for liquidated damages, fines, or other penalties to City as a result of other users' failure to remove their attachments from the overhead Facilities, but Franchisee shall continue its good faith efforts to have the third-party attachments removed in order to fully implement the undergrounding requirements.

7.5 POLE ATTACHMENT AGREEMENTS TO BE FURNISHED TO CITY. Franchisee shall, upon written request, within a reasonable time period not to exceed 30 days provide the City with a list of all third parties currently authorized to use any of Franchisee's Facilities in the Rights-of-Way and with copies of all pole attachment agreements or similar agreements concerning the use of Franchisee's Facilities by third parties.

Section 8. Construction Interference.

8.1 WORKMANLIKE MANNER. Franchisee agrees that all of its Electrical Distribution System within the City shall be installed, used and maintained in a good, workmanlike manner and in accordance with good engineering practices, and in compliance with all applicable laws, ordinances, rules and regulations of the United States, the State of

Nevada, and the City from time to time in effect, including but not limited to applicable portions of the National Electrical Safety Code, all applicable City Municipal Code provisions and the "Uniform Standard Specifications for Off-Site Construction, Clark County Area."

- 8.2 SAFETY AND QUIET ENJOYMENT OF PROPERTY. Franchisee agrees that the installation, use, and maintenance of its Electrical Distribution System, including, but not limited to, all poles and power lines shall be attached and secured, or otherwise constructed and maintained, in such a manner as to avoid unreasonable danger to persons and property and as to cause minimum interference with the proper use of public roads or with any reasonable use and enjoyment of adjacent property by owners.
- 8.3 INTERFERENCE WITH PUBLIC FACILITIES. The placement, installation, use and maintenance of Franchisee's Electrical System within the City Rights-of-Way shall be done in a manner so as not to interfere with the placement, installation, use and maintenance of Public Improvements, including but not limited to the placement, construction, use and maintenance of City street lighting, water pipes, drains, sewers, traffic signal systems or other City systems, that have been or may be authorized by the City Council, City Manager or Director of Public Works, or the City Council acting as the governing body of any special district or entity, now or hereafter created for any purpose. Franchisee shall bear all costs to prevent or remedy any such interference.
- 8.4 PERMITS. Prior to the installation, construction, reconstruction, replacement, extension or relocation of any portion of the Electrical Distribution System authorized herein, Franchisee shall apply for and obtain from the City a permit. The City shall issue such permit to Franchisee on such conditions as are reasonable and necessary to ensure compliance with the City Municipal code and the terms and conditions of this Agreement.
- 8.5 RESTORATION OF RIGHTS-OF-WAY. With respect to projects for which Franchisee, or its contractor, has pulled the applicable permit, Franchisee shall, at its own expense, after installation, construction, relocation, maintenance, removal or repair of any of Franchisee's Facilities within the Rights-of-Way, restore the surface of the Rights-of-Way and other City property which may be disturbed or damaged by such work, to at least the same condition as it was in immediately prior to any such work. The City shall have the final approval of the condition of the Rights-of-Way and any other City property after restoration pursuant to the provisions of applicable City Codes, ordinances, regulations standards and procedures, including the "Uniform Standard Specifications for Off-Site Construction, Clark County Area" as now exist or may be hereafter amended or suspended.
- 8.6 SURVEY MONUMENTS. All survey monuments which are disturbed or displaced by Franchisee in its performance of any work under this Agreement shall be referenced and restored by Franchisee in accordance with all pertinent federal, state and local standards and specifications.

Section 9. Work by City or Others.

The City reserves the right to lay and permit to be laid, sewer, gas, water, electrical, telecommunications, cable television and other pipe lines or cables and conduits, and to do and permit to be done, any underground and overhead work, and any attachment, restructuring or changes in aerial facilities that the City Manager requires in, across, along, over or under any Rights-of-Way occupied by Franchisee, and to change any curb or sidewalk or the grade of any street. The City also reserves the right to lay, construct, erect, install, use, operate, repair, remove, relocate, re-grade, widen, realign or maintain any public roads or any surfaces or subsurface improvements. In allowing work to be performed, the City and its employees shall not be liable to Franchisee for any damages, except those caused by the willful misconduct of the City; provided, however, nothing herein shall relieve any other person or entity, including any contractor, subcontractor, or agent of the City from liability for damages to Franchisee.

Section 10. Undergrounding of Facilities.

UNDERGROUNDING POLICY. Franchisee acknowledges that the City desires to promote a policy of undergrounding of Facilities within the Franchise Area. The City acknowledges that Franchisee provides Electrical Service on a non-preferential basis subject to and in accordance with applicable tariffs on file with the PUCN. Subject to and in accordance with such tariffs, Franchisee shall cooperate and participate with the City in the formulation of policy and development of an underground management plan with respect to Franchisee's aerial Facilities within the City.

Section 11. Relocation of Facilities.

- 11.1 REMOVAL AND RELOCATION. Franchisee will be responsible for the cost of removal or relocation of its Facilities in Rights-of-Way in accordance with applicable provisions of Chapter 12.20 of the City Municipal Code.
- 11.2 PRIOR RIGHTS; COST FOR RELOCATION. Notwithstanding any other provision of this Agreement to the contrary, if the City requires Franchisee to relocate any Facilities that are located in the Rights-of-Way and (1) the Franchisee holds an Easement on which such Facilities are located, such as but not limited to an Easement or a patent for utility use granted by the United States Bureau of Land Management; or (2) the Facilities were installed in a location in which Franchisee has a legally enforceable right prior to the time at which such location was dedicated to or otherwise acquired by the City as Rights-of-Way, the City shall be responsible for Franchisee's actual costs of relocating such Facilities pursuant to this Section 11. Franchisee shall not be required to relocate such Facilities until such time as the City Council has approved the expenditures for such relocation. Furthermore, in the event such Facilities are located on an Easement held by Franchisee, the City shall grant Franchisee a replacement Easement within the Rights-of-Way or acquire on Franchisee's behalf a replacement Easement outside the Rights-of-Way in the event there is not space within the Rights-of-Way for relocation. If the Facilities are not located on an Easement held by Franchisee, the City shall not be required to grant or acquire a replacement Easement on behalf of Franchisee as a

condition of Franchisee's relocation pursuant to this Section 11. If the City requires that Franchisee relinquish an Easement it holds in the Rights-of-Way which does not have Franchisee's Facilities located thereon, Franchisee shall not be required to relinquish such Easement until the City has either granted Franchisee a replacement Easement within the Rights-of-Way or has compensated Franchisee for its Easement. All other provisions of this Section 11 shall apply to Franchisee's work in performing the relocation of any Facilities covered by this Subsection 11.2.

A claim from Franchisee for reimbursement for relocation of Facilities under a prior right must include evidence of the Easement, such as a copy of the instrument or document granting the Easement or evidence of Franchisee's rights. If no such evidence can be produced, the Franchisee's claim must include a statement clarifying the prior land right, and must be signed by an officer, director or manager of the Franchisee who affirms that the information set forth in the claim is accurate and complete. The claim must be accurate and include supporting proof that a prior land right exists for the Franchisee's Facilities. If the Franchisee fails to provide the City with sufficient proof of a prior right, the Franchisee will be responsible for the actual cost of the relocation.

- 11.3 **EMERGENCY RELOCATION / COST / CONTACT NUMBER.** In the event an emergency posing a threat to public safety or welfare requires the relocation of Franchisee's Facilities, the City shall give Franchisee notice of the emergency as soon as reasonably practicable. Upon receipt of such notice from the City, Franchisee shall, at its own expense, respond as soon as reasonably practicable to relocate the affected Facilities. Franchisee shall at all times keep the City informed of Franchisee's contact persons for emergencies and their telephone numbers where they can be reached twenty-four (24) hours a day.
- 11.4 **THIRD PARTY REQUEST.** Whenever any third party requires the relocation of Franchisee's Facilities to accommodate work of such third party within the Franchise Area, including requests by the City on behalf of or for the benefit of such third party, Franchisee shall have the right as a condition of any such relocation to require payment by such third party to Franchisee, at times and upon terms acceptable to Franchisee, for any and all costs and expenses incurred by Franchisee in the relocation of the Facilities.
- 11.5 **MANDATORY RELOCATION UPON THIRD PARTY REQUEST.** Any condition or requirement imposed by the City upon any third party (including, without limitation, any condition or requirement imposed pursuant to any contract or in conjunction with approvals or permits obtained pursuant to any zoning, land use, construction or other development regulation) which requires the relocation of Franchisee's Facilities shall be a condition or requirement causing relocation of Franchisee's Facilities to occur in accordance with the provisions of Subsection 11.4 above.
- 11.6 **REMOVAL OF FACILITIES BY CITY / DAMAGES.** If Franchisee fails to remove or relocate its Facilities as required by this Section, the City may remove or relocate said Facilities and charge the cost of removal or relocation to Franchisee. The City and its employees will not be held liable for any losses or damages resulting from the City's

removal or relocation of such Facilities. In addition to any other remedy for damages provided in this Agreement, the City may recover from Franchisee actual third-party damages incurred by the City if Franchisee fails to complete the reconstruction, removal or relocation of its Facilities as required by this Agreement.

- 11.7 COOPERATION. The City and Franchisee will cooperate on the planning for the relocation and selection of a new location for any of Franchisee's Facilities to minimize the cost of such relocation.
- 11.8 TEMPORARY REMOVAL / RELOCATION. If applicable, Franchisee shall, on request of any person holding a permit to move a building, temporarily raise or lower its wires or cables to permit the movement of the building. The expense of temporary removal or raising or lowering of wires and cables shall be paid by the person requesting the same, and Franchisee shall have the authority to require such payment in advance. Franchisee shall be given at least thirty (30) days advance written notice to arrange for such temporary removal or relocation.
- 11.9 STATE CONTRIBUTIONS. Nothing in this Agreement shall be construed as to prohibit or restrict payment to Franchisee from the State of Nevada or from funds from the United States Government for relocation of all or any portion of Franchisee's Electrical System pursuant to the provisions of NRS 408.407.
- 11.10 PUCN TARIFFS. The Parties acknowledge and agree that this Agreement does not abrogate or modify the Parties' responsibility to comply with applicable PUCN tariffs with respect to services provided by Franchisee to the City.

Section 12. City's Use of Facilities.

- 12.1 JOINT USE AGREEMENT. During the term of this Agreement, and with respect to poles that are owned by Franchisee (in whole or part), the City may, subject to the Franchisee's prior written consent, which shall not be unreasonably withheld, install and maintain City-owned, street lights, communications equipment, wires and/or fiber. The City's use of such wires or fibers shall be for noncommercial municipal lighting or communications purposes and such use will be administered under a joint facilities use agreement between Franchisee and the City.
- 12.2 INSTALLATION / MAINTENANCE. Installation and maintenance shall be done by the City at its sole risk and expense, in accordance with all applicable laws, and subject to such reasonable requirements as Franchisee may specify from time to time including, without limitation, requirements accommodating Franchisee's Facilities or the facilities of other parties having the right to use Franchisee's Facilities.
- 12.3 LIABILITY / DAMAGES. Except in the event of willful misconduct by Franchisee, Franchisee and its employees shall have no obligation arising under the indemnity and insurance provisions of this Agreement as to any circumstances directly or indirectly

caused by or related to such City-owned lighting or communications equipment, wires and/or fiber or the installation or maintenance thereof.

- 12.4 COST / FEES. Franchisee shall not bear any cost or expense in connection with any such installation and/or maintenance by the City. Franchisee may charge the City an administrative fee for the purpose of reviewing an application and inspecting the installation, but shall not charge the City any attachment, rental, or other fees for the use of Franchisee's poles.

Section 13. Coordination; Shared Excavations.

- 13.1 COORDINATION. Franchisee and the City shall exercise reasonable efforts to coordinate any construction work that either may undertake within the Franchise Area so as to promote the orderly and expeditious performance and completion of such work as a whole. Such efforts shall include, at a minimum, reasonable and diligent efforts to keep the other party and other utilities within the Franchise Area informed of its intent to undertake such construction work. Franchisee and the City shall further exercise reasonable efforts to minimize any delay or hindrance to any construction work undertaken by the other party or other utilities within the Franchise Area.

- 13.2 SHARED EXCAVATIONS. If either Franchisee or the City shall cause excavations to be made within the Franchise Area, the party causing such excavation to be made shall afford the other, upon receipt of a written request to do so, an opportunity to use such excavation, provided that: (1) such joint use shall not delay the work of the party causing the excavation to be made; and (2) such joint use shall be arranged and accomplished on terms and conditions satisfactory to both parties.

Section 14. Business License.

Franchisee shall maintain a valid unexpired business license and pay all applicable business license fees required of new providers of electricity or electrical energy services in accordance with the City Municipal Code during the entire term of this Agreement.

Section 15. Franchise Fee In Lieu of Business License Fee.

If any part of the Section 14 of this Agreement is declared unenforceable by a court of competent jurisdiction or if the business license fee provisions of the City Municipal Code relative to Franchisee are repealed or declared invalid by a court of competent jurisdiction during the term of this Agreement, Franchisee agrees as compensation for the use of the Rights-of-Way to pay the City a franchise fee in lieu of a business license fee. The franchise fee shall be five percent (5%) of Franchisee's Revenue as defined in this Agreement.

Section 16. Public Records.

- 16.1 ACKNOWLEDGMENT OF PUBLIC RECORDS LAW. Franchisee acknowledges that information submitted to the City is open to public inspection and copying under Nevada Public Record Law, Chapter 239 of the Nevada Revised Statutes.
- 16.2 IDENTIFYING CONFIDENTIAL RECORDS. Franchisee may identify information, such as trade secrets, proprietary financial records, customer information or technical information, submitted to the City as confidential. Franchisee shall prominently mark any information for which it claims confidentiality with the word "Confidential" on each page of such information prior to submitting such information to the City. The City shall treat any information so marked as confidential until the City receives any request for disclosure of such information. Within five (5) working days of receiving any such request, the City shall provide Franchisee with written notice of the request, including a copy of the request. Franchisee shall have five (5) working days within which to provide a written response to the City before the City may disclose any of the requested confidential information. The City retains the final discretion to determine whether to release the requested confidential information, in accordance with applicable laws

Section 17. Records of Installation and Planning.

- 17.1 POTENTIAL IMPROVEMENTS. Upon the City's reasonable request, Franchisee shall provide to the City copies of any plans prepared by Franchisee for potential improvements, relocations and conversions of its Facilities within the Franchise Area; provided, however, any such plans so submitted shall be for informational purposes only and shall not obligate Franchisee to undertake any specific improvements within the Franchise Area.
- 17.2 "AS-BUILT" DRAWINGS. The City may inspect Franchisee's drawings and maps at Franchisee's offices upon reasonable notice. At no cost to the City, Franchisee shall supply the City with a set of "as-built" drawings of its Facilities related to public works projects. Additional "as-built" drawings of other Facilities shall be provided to the City for its use as the Parties reasonably agree. The drawings shall be submitted in the Franchisee's standard format and may be delivered in either paper or electronic form at the discretion of the Franchisee. Such additional drawings remain the property of Franchisee and are to be held confidential for public safety and security concerns, are for the internal use of the City, and shall not be provided to third parties unless the third party is working for the City on related matters and the third party signs a confidentiality and non-disclosure agreement, subject to the requirements of public records disclosure laws.
- 17.3 LOCATION DRAWINGS. Upon the City's request, Franchisee shall provide to the City copies of available drawings in use by Franchisee showing the location of its Facilities at specific locations within the Franchise Area. As to any such drawings so provided, Franchisee does not warrant the accuracy thereof and, to the extent the locations of Facilities are shown, such Facilities are shown in their approximate location.

- 17.4 VOLTAGE INFORMATION. Upon the City's request, Franchisee shall provide to the City records, drawings and any other information reasonably requested by the City concerning the voltage capacities and usage of all of Franchisee's Facilities.
- 17.5 PUBLIC WORK PROJECTS. Upon the City's request, in connection with the design of any public works project, Franchisee shall verify the location of its underground Facilities within the Franchise Area in accordance with the requirements of applicable law, and may, in the City's discretion, excavate (e.g. pothole) to locate such Facilities, at no expense to the City, except where required by PUCN tariffs. In the event Franchisee performs such excavation, the City shall not require any restoration of the disturbed area in excess of restoration to the same condition as existed immediately prior to the excavation.
- 17.6 USE OF DRAWINGS. Any drawings and/or information concerning the location of Franchisee's Facilities provided by Franchisee shall be used by the City solely for management of the Franchise Area, exercising due care for Franchisee's safety and security concerns.
- 17.7 REQUIREMENT TO DISCLOSE LOCATION OF UTILITY FACILITIES. Notwithstanding the foregoing, nothing in this Section 17 is intended (nor shall be construed) to relieve either party of its respective obligations arising under applicable law with respect to determining the location of utility facilities.

Section 18. Service Interruption.

Whenever it is necessary to shut off or interrupt services for the purposes of installing, maintaining, or using any of its Facilities, Franchisee shall do so at such time as will cause the least amount of inconvenience to its customers, and unless such interruption is unforeseen and immediately necessary, it shall comply with all requirements set by the PUCN regarding service interruptions, including, if applicable, notice to its customers.

Section 19. Transfers and Assignments.

The Franchisee shall comply with the provisions of Chapter 12.20 of the City Municipal Code, as amended from time to time, in connection with any transfer or assignment of this Agreement.

Section 20. Revocation And Penalties.

- 20.1 TERMINATION. The City Council shall have the right to revoke and terminate this Agreement, in addition to any other rights or remedies set forth in this Agreement or provided by law, pursuant to the provisions of Chapter 12.20 of the City Municipal Code, as amended from time to time.

- 20.2 NOTICE AND OPPORTUNITY TO BE HEARD. After providing notice and an opportunity for the Franchisee to be heard and a reasonable opportunity to cure, the City Council may impose upon the Franchisee reasonable fines or penalties in an amount not to exceed five hundred dollars (\$500.00) per day or any total amount per occurrence greater than one hundred thousand dollars (\$100,000.00), if the City Council finds that the Franchisee has failed to comply with any of the conditions or obligations imposed by this Franchise Agreement or any applicable provisions of the City Municipal Code. For purposes of this agreement, "occurrence" refers to an event and not individual instances of damage or loss that cumulatively result from an event. These fines or penalties shall be in addition to any other remedies available under law to the City. Any such fines or penalties shall be due within 30 days of Franchisee's receipt of written notification by City of the fine or penalty, made payable to the City Treasurer and delivered to the City Manager at the City address indicated in Section 31 of this Agreement. A late charge of five percent (5%) of the fine or penalty imposed shall be assessed if the fine or penalty is not paid within such 30 days of the written notification.
- 20.3 PAYMENT FROM SECURITY DEPOSIT. If a fine or penalty which has been imposed by the City Council is not paid within such 30 days, Franchisee hereby grants the City authorization to deduct the amount of the fines or penalties plus late charges, if any, from the Franchisee's security deposit provided for such purposes, pursuant to Section 23 herein and the applicable provisions of City Municipal Code Title 5 and Chapter 12.20. If at any time the City has drawn upon such security deposit, the Franchisee shall within 30 days of notification from the City replenish such security deposit to the original minimum amount established in City Municipal Code.
- 20.4 NOT EXCLUSIVE REMEDY. No provision in this Agreement made for the purpose of securing enforcement of the terms and conditions of this Agreement shall be deemed an exclusive remedy or to afford the exclusive procedure for the enforcement of said terms and conditions, but the remedies herein provided are deemed to be cumulative.
- 20.5 WAIVER. The City reserves the right to waive any specific breach of the terms and conditions imposed by this Agreement, and such waiver shall not be deemed to be continuous with respect to any future breaches on the part of Franchisee.
- 20.6 DENIAL OF PERMITS. When in default of this Agreement, Franchisee may be denied further encroachment, excavation or similar permits until such time as Franchisee comes in compliance.

Section 21. Indemnification.

- 21.1 To the maximum extent permitted by law, the Franchisee shall indemnify, hold harmless, and defend the City, its officers and employees in accordance with the provisions of City Municipal Code Chapter 12.20, as amended from time to time.
- 21.2 RISKS ASSOCIATED WITH OPERATION OF FRANCHISEE'S FACILITIES / LIABILITY LIMITS. Franchisee shall assume all risks in its operations of Facilities and

shall be solely responsible and answerable for any and all injuries to persons or property arising out of the existence or performance of this Agreement. The amounts and types of required insurance coverages, as set forth in this Agreement, shall in no way be construed as limiting the scope of indemnity or liability set forth in this Section.

21.3 RECOURSE FOR LOSS. Franchisee shall have no recourse whatsoever against the City for any loss, cost, expense, or damage arising out of the enforcement or lack of enforcement of any provision or requirement of the City Code or this Agreement.

21.4 DAMAGES RELATED TO UNTIMELY REMOVAL / RELOCATION. Franchisee shall not be obligated to indemnify, hold harmless, and defend the City pursuant to City Municipal Code Section 12.20.170(D). Instead, Franchisee shall indemnify, hold harmless, and defend the City, its elected or appointed officers and employees from claims for damages asserted by third parties against the City, including but not limited to costs, expenses, fees, and the actual amount of damage asserted by third parties, arising from delays of reconstruction, removal, or relocation work of Franchisee, beyond the time period provided for completion of such work by this Agreement, provided the City substantially complies with the process set forth below:

- (i) Upon initiation of a new public improvement project ("Improvement"), the City shall notify the Franchisee in a timely manner of the general scope of the Improvement and requirement to reconstruct, remove or relocate its Facilities ("Notice"). The Notice shall include the plans ("Plans") for the Improvement, including, but not limited to (as applicable) grading (current and future grades), channel and storm drainage, utility (current and future utility locations and depths), trails, bridge and wall, and other designs and construction plans for the Improvement. Within thirty (30) days after receiving the Notice and the Plans, the Franchisee shall meet with the City and establish a time schedule ("Schedule"), mutually agreeable to the Parties, reasonable in the circumstances given the nature and scope of the work required for removal or relocation of said Facilities and based on standard practices in the construction industry. To the extent that the Plans require the relocation of critical Facilities, Franchisee may not be required to relocate such Facilities from June 1 to September 30, in Franchisee's sole discretion. Notwithstanding the foregoing, in order to expedite the completion of the relocation work, Franchisee shall in good faith perform such portions of the relocation work not affecting the reliability or safety of the critical Facilities and which work may reasonably be accomplished without materially increasing Franchisee's costs.
- (ii) The Schedule shall be reduced to writing by the City with the Franchisee to receive a copy in accordance with this Subsection. If Franchisee identifies a recommended location for its relocated Facilities within the Rights-of-Way, the Director of Public Works shall provide that location or a reasonable alternate location within the Rights-of-Way, if sufficient space is available.

(iii) To assist the City in scheduling the timing of the Improvement work and the potential effect of Franchisee's relocation work, the City will deliver to Franchisee project information equivalent in detail to thirty percent (30%) or more of final design for the Improvement. Within thirty (30) days of receipt of such information, Franchisee will notify the City of critical Facilities located in the area of the Improvement that might be affected by such work. For purposes of Subsection 21.4, "critical Facilities" shall mean: "(i) transmission Facilities and (ii) certain feeder distribution Facilities which, in the reasonable professional judgment of Franchisee, may suffer compromised reliability or safety if relocated during periods of peak loads that occur during summer months."

(iv) If, following the delivery of the Plans for an Improvement in equivalent to one-hundred percent (100%) of final design, there is a substantial change in the scope of the relocation work related to the Improvement, or other circumstances beyond the control and without the fault or negligence of Franchisee, including, but not limited to, changes in elevation or changes affecting Rights-of-Way alignment and widths of alignment, the City shall notify Franchisee of the substantial changes. Franchisee may seek an extension of the Schedule by written application submitted to the Director along with relevant supporting information. The Director of Public Works shall grant such request if he or she determines additional time is required due to circumstances beyond the control and without the fault or negligence of Franchisee, such as: (1) changes or revisions in the Plans which alter the relocation work subsequent to delivery of the Plans, (2) changes in required equipment or supplies or the delays in the delivery of such equipment and supplies, (3) changes in the scope of the relocation work that must be completed, (4) the failure by others to timely complete work that must be completed as a pre-condition for Franchisee to complete its relocation work, (5) the inability to use Rights-of-Way or to secure necessary Easements for the relocated Facilities, and (6) interference by others with Franchisee's relocation work. If the request for extension of time is denied, Franchisee may appeal the denial to the City Council by notice to the City Manager within fourteen (14) days from the receipt of notice of denial. The decision of the City Council shall be final.

21.5 The City will notify Franchisee of all claims, demands and/or actions brought against the City by reason of the existence or installation, maintenance or use of any of the Franchisee's Electrical System by reason of any alleged acts or omissions of Franchisee in performing or failing to perform any of its obligations under this Franchise. City will furnish to Franchisee all information in its possession relating to such claims, demands or actions.

21.6 The following procedures shall apply to all claims for indemnification under this Section 21.

- (i) If the City receives notice of or otherwise has actual knowledge of a claim which it believes is within the scope of indemnification owed to it under this Section 21 by Franchisee, it shall by writing as soon as practicable:
 - (A) Inform the Franchisee of such claim;
 - (B) Send to Franchisee a copy of all written materials the City has received asserting such claims; and
 - (C) Notify Franchisee that either (1) the defense of such claims is being tendered to the Franchisee or (2) the City has elected to conduct its own defense for a reason set forth in Subsection 21.6 (v) below.
- (ii) If the insurer under any applicable insurance policy accepts tender of defense, the Franchisee and the City shall cooperate in the defense as required by the insurance policy. If no defense is provided by insurers under potentially applicable insurance policies, then Subsections 21.6 (iii), (iv), (v) and (vi) below shall apply.
- (iii) If the defense is tendered to the Franchisee, it shall within 45 days of said tender deliver to the City a written notice stating that the Franchisee:
 - (A) Accepts the tender of defense and confirms that the claims are subject to full indemnification hereunder without any “reservation of rights” to deny or disclaim full indemnification thereafter;
 - (B) Accepts the tender of defense but with a “reservation of rights” in whole or in part; or
 - (C) Rejects the tender of defense if it reasonably determines it is not required to indemnify against the claims under this Section 21.If such notice is not delivered within such 45 days, the tender of defense shall be deemed rejected.
- (iv) If the City gives notice under Subsection 21.6 (i)(C)(1) above, the Franchisee shall have the right to select legal counsel for the City, and the Franchisee shall otherwise control the defense of such claims, including settlement, and bear the fees and costs of defending and settling such claims. During such defense:
 - (A) The Franchisee shall at the Franchisee’s expense, fully and regularly inform the City of the progress of the defense and of any settlement discussions; and
 - (B) The City shall, at the Franchisee’s expense, (1) fully cooperate in said defense, (2) provide to the Franchisee all materials and access to personnel it requests as necessary for defense, preparation and trial and which or who are under the control of or reasonably available to the City, and (3) maintain the confidentiality of all communications between it and the Franchisee concerning such defense.
- (v) City shall be entitled to select its own legal counsel and otherwise control the defense of such claims if:

- (A) The defense is tendered to the Franchisee and it refuses the tender of defense, or fails to accept such tender within 45 days, or reserves any right to deny or disclaim such full indemnification thereafter; or
- (B) City, at the time it gives notice of the claims or at any time thereafter, reasonably determines that (1) a conflict exists between it and the Franchisee which prevents or potentially prevents the Franchisee from presenting a full and effective defense, (2) the Franchisee is otherwise not providing an effective defense in connection with the claims or (3) the Franchisee lacks the financial capacity to satisfy potential liability or to provide an effective defense.

City may assume its own defense pursuant to this Subsection 21.6 (v) by delivering to the Franchisee written notice of such election and the reasons therefor. A refusal of, or failure to accept, a tender of defense may be treated by City as claims against the Franchisee.

- (vi) If City is entitled and elects to conduct its own defense pursuant hereto, all reasonable costs and expenses it incurs in investigating and defending claims for which it is entitled to indemnification hereunder shall be reimbursed by the Franchisee on a current basis. In the event the City is entitled to and elects to conduct its own defense, then it shall have the right to settle or compromise the claims with the Franchisee's prior written consent, which shall not be unreasonably withheld or delayed, or with approval of the court, and with the full benefit of the Franchisee's indemnity.

Section 22. Insurance.

The Franchisee shall secure, maintain and provide the City with certification of all insurance coverages in the amounts, kinds and form required pursuant to the provisions of City Municipal Code Chapter 12.20, as amended from time to time.

Section 23. Security for Performance.

The Franchisee shall secure, maintain and provide the City with security for performance in an amount required pursuant to the provisions of City Municipal Code Chapter 12.20, as amended from time to time.

Section 24. Accounts; Records; Reports; Investigations; Late Payment Penalty.

- 24.1 RECORD KEEPING. Franchisee shall at all times maintain complete and accurate books of account and records regarding Franchisee and operation of its System, including, without limitation, chart of accounts, account summary detail, books of account and records adequate to enable Franchisee to demonstrate that at all times it has been in compliance with the Franchise Agreement. The City shall have the right to inspect, copy and audit the following at any time during normal business hours, and after giving reasonable advance notice of not less than fifteen (15) business days, at Franchisee's office in the greater Las Vegas Valley: all books, receipts, as-built maps,

financial statements, contracts, records of requests for service, computer records, legends, or any other records used in the normal course of business and disks or other storage media and other like material which are appropriate in order to monitor compliance with the terms of this Agreement. This includes not only the books and records of Franchisee, but any books and records, to the extent such books or records relate to a larger system of Franchisee's affiliates, and upon a showing by the City that such affiliates' records are necessary to monitor compliance with this Agreement. Franchisee is responsible for collecting the information and producing it at the location specified above, and by accepting this Franchise it affirms that it can and will do so. Franchisee may request that the inspection take place at some other location, provided that: (1) Franchisee must make necessary arrangements for copying documents selected by the City after review; (2) Franchisee must pay all travel and additional copying expenses incurred by the City in inspecting those documents or having those documents inspected by its designee; (3) Franchisee shall maintain financial records that allow analysis and review of its Gross Revenue within the Franchise Area; and (4) access to Franchisee's records shall not be denied by Franchisee for any reason, including alleged proprietary information.

- 24.2 REVENUE REPORTS. Franchisee shall submit quarterly reports of Revenue in such form as may be agreed to by City and Franchisee. Franchisee agrees to cooperate with City to develop such reporting forms in such formats as will provide the City with usable information regarding usage and revenue trends and patterns, and that do not require Franchisee to incur an unreasonable level of expenses to develop and implement.
- 24.3 RECORD RETENTION. Franchisee shall maintain such records as required by NRS 364.210 and keep said records once an audit is commenced until completion of the audit.
- 24.4 RECORD REQUESTS BY CITY. Franchisee shall provide records within fifteen (15) business days of a request by the City for production of the same unless the City agrees to additional time. Failure to provide records in a timely manner shall subject Franchisee to the charges under Section 20. If any person other than Franchisee maintains records on Franchisee's behalf, Franchisee shall be responsible for making such records available to the City for auditing purposes pursuant to this Section.
- 24.5 AUDIT EXPENSE / ADDITIONAL PAYMENTS BASED ON AUDIT FINDINGS. The City's audit expenses shall be borne by the City unless the audit discloses an underpayment in excess of five percent (5%) of the amount paid during the audit period, in which case the costs of the audit shall be borne by Franchisee as a cost incidental to the enforcement of the Franchise. The City may recompute any amounts determined to be payable under this Agreement based on this audit findings. Any additional amount due to the City shall be paid within thirty (30) days following written notice to Franchisee by the City, and such delinquent amount shall be subject to a penalty of 2% simple interest a month on the unpaid balance, computed from the date the fees were due. Penalties and interest shall not be included in the determination of responsibility for audit costs.
- 24.6 CITY'S REQUEST FOR ADDITIONAL INFORMATION. The City may require such additional information, records, and documents from Franchisee from time to time as are

appropriate and reasonable in order to monitor compliance with the terms of this Agreement.

Section 25. Commercial Office.

The Franchisee is required to maintain in the City of North Las Vegas a commercial office, where applications for services, payments for services, and customer disputes can be received, with such commercial office to be kept open not less than twenty (20) hours per week.

Section 26. Conservation.

The City and Franchisee mutually recognize the desirability of and the benefits that accrue to the citizens of the City from the wise, efficient use of electrical energy. The City and Franchisee therefore agree to work cooperatively for greater energy efficiency within the City for City facilities and for the citizens of the City. Franchisee will make available to the City all conservation, renewable energy, and distributed energy programs offered by Franchisee, subject to available budgets and on a non-preferential basis, for City facilities. The City will cooperatively work with Franchisee to promote the benefits of Franchisee's conservation, renewable energy, and distributed energy programs to the citizens of the City.

Section 27. Regulation of Rates and Service.

Franchisee shall maintain and operate its Facilities and render efficient service in accordance with the rates, rules, tariffs, and regulations prescribed by the PUCN.

Section 28. Severability.

In accordance with City Municipal Code Chapter 12.20, if any provision, section, paragraph, sentence, clause, or phrase of this Agreement is for any reason held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity of the remaining portions of this Agreement. It is the intent of the City Council in approving this Agreement that no portion or provision thereof shall become inoperative or fail by reason of any invalidity or unconstitutionality of any other portion or provision, and to this end all provisions of this Agreement are declared to be severable.

Section 29. No Third-Party Beneficiary.

It is not intended by any of the provisions of this Agreement to create for the public, or any member thereof, a third-party beneficiary right or remedy, or to authorize anyone to maintain a suit for personal injuries or property damage pursuant to the provisions of this Agreement. The duties, obligations, and responsibilities of the City with respect to third parties shall remain as imposed by Nevada law.

Section 30. Effect of Compliance Inspections.

Any inspections or subsequent approvals undertaken by the City pursuant to this Agreement are undertaken solely to ensure compliance with this Agreement and are not undertaken for the safety or other benefit of any individual or group of individuals as members of the public. Provisions of the City Municipal Code dealing with inspection or approval by the City do not expand the City's general law duties, nor does any inspection or approval by the City reduce or eliminate any liability of Franchisee.

Section 31. Notice to the Parties.

Unless otherwise expressly stated herein, all notices shall be in writing and shall be sufficiently given and served upon the other party by personal service, Registered or Certified U.S. mail service, return receipt requested, express mail service, and addressed as follows:

FRANCHISING AUTHORITY:
City of North Las Vegas
Attn: City Manager's Office
2200 City Center Drive
North Las Vegas, NV 89030

FRANCHISEE:
Nevada Power Company
P.O. Box 98910
Attn: Government Affairs MS 29
Las Vegas, NV 89151-0001

Section 32. Delays and Failure Beyond the Control of the Parties.

In accordance with City Municipal Code Chapter 12.20, in the event either parties' performance of any of the terms, conditions or obligations required by this Agreement is prevented by a cause or event beyond the control of that party, such inability to perform shall be deemed excused and no penalties or sanctions shall be imposed as a result thereof.

Section 33. No Waiver; Cumulative Remedies.

Neither party shall be excused from complying with any of the terms or conditions of this Agreement because of the failure of the other party upon one or more occasions to insist upon or to seek compliance with any such terms or conditions, or because of any failure on the part of the City or the Franchisee to exercise, or delay in exercising, any right or remedy hereunder, nor shall any single or partial exercise of any such right or remedy preclude any other right or remedy.

Section 34. Law Governing.

This Agreement and the Franchise granted herein will be governed by the laws of the State of Nevada with respect to both their interpretation and performance.

Section 35. Binding Effect.

All of the rights and obligations under this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted transferees and assigns.

Section 36. Section and Paragraph Headings.

The headings of the sections and paragraphs of this Agreement are for convenience of reference only and are not intended to restrict, affect or be of any weight in the interpretation or construction of the provisions of such sections or paragraphs.

Section 37. Survival of Provisions.

All provisions, conditions and requirements of this Agreement that may be reasonably construed to survive the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement, including, but not limited to, all of Franchisee's indemnification obligations of this Agreement.

Section 38. Time of the Essence.

The parties agree that time is of the essence with regard to the performance of Franchisee's obligations under this Agreement.

Section 39. Gifts.

No officer or employee of Franchisee shall offer to any officer or employee of the City, either directly or indirectly, any rebate, gift, money, service without charge, or other thing of value whatsoever, unless expressly permitted by law or the City's ethics policies, except where given for the use and benefit of the City.

Section 40. Franchise Has No Monetary Value.

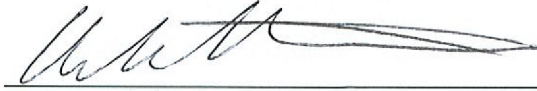
The acceptance of the Franchise granted herein shall be deemed to be an arrangement on the part of Franchisee to place no monetary value upon the Franchise in the event that any property of Franchisee is obtained by the City through legal right of condemnation or by other legal means.

Section 41. Compliance with Federal, State and Local Laws / Police Power.

Franchisee shall at all times comply with all applicable federal, state and local laws, rules and regulations, including all ordinances, rules or regulations adopted in the future by the City.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first herein above written.

CITY OF NORTH LAS VEGAS



Michael L. Montandon, Mayor of the
City of North Las Vegas

ATTEST:



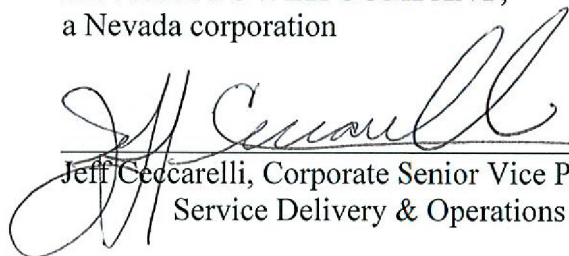
Karen L. Storms, CMC, City Clerk

APPROVED AS TO FORM:



Sean T. McGowan, City Attorney

NEVADA POWER COMPANY,
a Nevada corporation



Jeff Ceccarelli, Corporate Senior Vice President
Service Delivery & Operations

APPROVED AS TO FORM:



Douglas Brooks, Assistant General Counsel

EXHIBIT B

Renewal Letter

Please see the attached page(s).

Mayor
John J. Lee

Council Members
Isaac E. Barron
Scott Black
Pamela A. Goynes-Brown
Richard J. Cherchio



City Manager
Ryann Juden

CITY MANAGER'S OFFICE • RYANN JUDEN • CITY MANAGER
2250 Las Vegas Boulevard N., Suite 900 • North Las Vegas, Nevada 89030
Telephone: (702) 633-1005 • Fax: (702) 633-1339 • TDD: (800) 326-6868
www.cityofnorthlasvegas.com

July 31, 2019

Via Email and Certified Mail

Nevada Power Company d/b/a NV Energy
P.O. Box 98910
Attn: Government Affairs MS 29
Las Vegas, NV 89151-0001
Email: EPatino@nvenergy.com

RE: Renewal of Electrical System Franchise Agreement

Dear Sir/Madam:

Please accept this correspondence as the City of North Las Vegas' ("City") written notice ("Notice") to Nevada Power Company ("NV Energy") of the City's election to renew the Electrical System Franchise Agreement ("Franchise") between it and NV Energy.

As stated in Section 2.2 of the Franchise, the City may exercise its option to renew the Franchise for one five-year renewal period. By this Notice, the term of the Franchise will be extended through January 31, 2025. The City looks forward to its continued partnership with NV Energy.

Sincerely,

Ryann Juden
City Manager

cc: Alfredo Melesio, Jr., Assistant City Manager
Micaela Rustia Moore, City Attorney