

AN ORDINANCE OF THE CITY OF BELLS, GRAYSON COUNTY, TEXAS GRANTING A FRANCHISE TO GRAYSON-COLLIN ELECTRIC COOPERATIVE, INC., ITS SUCCESSORS AND ASSIGNS, TO CONDUCT A BUSINESS OF SUPPLYING ELECTRIC ENERGY FOR LIGHT, HEAT AND POWER IN THE CITY OF BELLS, AND TO CONSTRUCT, OPERATE, AND MAINTAIN AN ELECTRIC TRANSMISSION AND DISTRIBUTION SYSTEM ALONG, UPON AND ACROSS THE UTILITY EASEMENTS, RIGHTS-OF-WAY, STREETS, ROADS, LANES, ALLEYS AND BRIDGES OF SAID CITY, AND PROVIDING FOR CONFLICTS AND SEVERABILITY.

WHEREAS, the City Council of the City of Bells has determined that, in order to maintain fiscal integrity of the City of Bells ("City"), a franchise fee must be imposed upon Grayson-Collin Electric Cooperative, Inc. ("Cooperative") for the use of the utility easements, rights-of-way, and roads or streets of the City; and

WHEREAS, the City Council of the City of Bells has determined that the imposition of a franchise fee on the Cooperative is in the best interest of the citizens of the City.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLS, GRAYSON COUNTY, TEXAS:

Section 1. Grant of Franchise:

Subject to provisions of the laws of the State of Texas, including any future laws or ordinances, and subject to the provisions of the grant, a non-exclusive franchise is granted to the Cooperative, its successors, transferees, and assigns, for a period beginning January 1, 1996, and ending January 1, 2001, with automatic renewals every five (5) years on January 1, pending necessary review and revision, to generate, supply, sell, distribute and furnish electrical power and energy to the City and its inhabitants by constructing, operating and maintaining an electrical transmission and distribution system, including all necessary appurtenances thereto ("System"), along, upon, and across the utility easements, rights-of-way, streets, roads, avenues, lanes, alleys and bridges ("thoroughfares") of the City.

Section 2. Non-Exclusive Franchise:

Franchise rights and privileges extended by this grant are not exclusive, and the City retains that right to grant any other person, firm or corporation, and other electrical companies, franchise rights and privileges to its thoroughfares and public places as it deems best, or chooses to grant.

Section 3. Duties of Cooperative:

A. Construction Standards: The system shall be constructed, operated and maintained in a good and workmanlike manner, in accordance with all Federal, State and Local rules and regulations, particularly rules and regulations relating to safety.

B. Non-Interference: The system shall be constructed, operated and maintained as not to interfere with traffic on the traveled portion of such thoroughfares. After construction or removal of any part of the system, the thoroughfare shall be restored to its original or better condition.

C. Building Permit or Certificate of Occupancy Required: The Cooperative shall not establish electrical service to any property or structure within the corporate limits of the City unless and until a valid Building Permit or Certificate of Occupancy has been issued by the City Building Official.

D. Records and Reports: During the period of the franchise, the books and records of the Cooperative shall contain records of the Cooperative's property and revenues in or from the City's corporate limits. The Cooperative shall furnish the City with an annual report and make the books and records available for inspection or audit by the City at the Cooperative's general office at all reasonable times. The Cooperative shall promptly furnish to the City a copy of each annual report filed by the Cooperative with the Public Utility Commission of Texas during the period of this franchise.

E. Excavation of Public Property; Restoration and Damage:

1. Whenever it becomes necessary to excavate in utility easements, rights-of-way, public streets, alleys, highways, public ways or public grounds of the City under this franchise to install, construct, reconstruct, maintain, repair or extend any of the Cooperative's transmission lines, poles, conductors, wires, conduits, substations, apparatus and appliances, the excavations shall be made according to all of the provisions of the general ordinance of the City and State and Federal rules and regulations.

2. In the construction, maintenance, repair and operation of its transmission lines, poles, conductors, wires, conduits, substations, apparatus and appliances, the Cooperative shall use reasonable care to avoid any damage to the water lines, sewer and conduits within the City. If the Cooperative, its employees, agents or subcontractors, causes any damage to the City's property, the Cooperative shall promptly restore the property to the condition it was in prior to being damaged, or pay for the damage.

F. Temporary Discontinuance of Service: The Cooperative has the right to temporarily discontinue service of electrical power and energy from any part of its transmission or distribution lines when necessary for repairing, maintaining or extending the transmission lines, distribution lines, generating plants or facilities, or any other apparatus supplying the electrical

power and energy. Any temporary discontinuance of service for repairs and extension shall be resumed as soon as reasonably possible. The Cooperative shall not be liable to the City for any damage occasioned by any temporary discontinuance of service, so long as repairs are prosecuted with due diligence. All maintenance and extensions shall be made with due care and diligence. Whenever practicable, the Cooperative shall diligently attempt to give notice of the temporary discontinuance of service, by the most practicable means available to it, to all consumers or members affected by the temporary discontinuance. Nothing in this section shall be construed to relieve the Cooperative of liability for damage resulting from temporary discontinuance of service due to its negligence or the negligence of its employees or assigns.

G. Indemnification: In the construction, installation, repairing, operation and maintenance of all transmission lines, poles, conductors, wires, conduits, substations, apparatus, appliances and other facilities for the distribution of electrical power and energy, the Cooperative shall use reasonable care to avoid damage or injury to persons or property. The Cooperative shall indemnify the City, its elected and appointed officials, and its employees from all such damage, injury or expense to the extent caused by any act, or failure to act, by the Cooperative, its officers, agents and employees in the connecting, installing, repairing and maintaining of any of its facilities, or in excavating the public thoroughfares and public grounds of the City, including the paving, repaving or repairing of any of the public thoroughfares and public grounds of the City.

H. Insurance: The Cooperative shall, at all times, maintain general liability insurance through reliable companies licensed and qualified to do business in the State of Texas.

Section 4. Remedy for Breach of Duties:

A failure of the Cooperative to observe any of the terms and conditions of this franchise shall be grounds for the forfeiture and termination of the privilege herein granted if such failure is continued for more than thirty (30) days after written notice from the City to the Cooperative.

Section 5. Franchise Fee:

As long as the Cooperative shall serve any member or customer within the corporate limits of the City of Bells with electrical energy, it shall pay to the City annually a sum equal to 2% of the Cooperative's gross receipts for the sale of electrical energy to members or customers within the corporate limits of the City of Bells. Such sum shall be payable in quarterly installments.

Section 6. Acceptance Clause:

This grant of franchise and its terms shall be accepted by the Cooperative by a written instrument, executed, acknowledged and filed with the City within thirty (30) days of the date that this ordinance is adopted by the City Council. The written instrument shall state the acceptance of this grant, that the Cooperative agrees to abide by the terms of this ordinance, and a declaration that the statements and recitals in this ordinance are correct. Unless this grant of franchise is accepted within the time and manner provided in this section, it shall not become effective.

Section 7. Conflicts:

All ordinances and provisions of the City of Bells, Texas that are in conflict with this ordinance shall be, and the same are hereby repealed, and all ordinances and provisions of the City not so repealed are hereby retained in full force and effect.

Section 8. Severability:

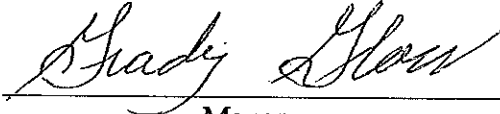
It is the intent of the City Council that each paragraph, sentence, subdivision, clause, phrase or section of this ordinance be deemed severable, and should any such paragraph, sentence, subdivision, clause, phrase or section be declared invalid or unconstitutional, for any reason, such declaration of invalidity or unconstitutionality shall not be construed to effect the validity of those provisions of this ordinance left standing, nor the validity of the Code of Ordinances as a whole.

Section 9. Effective Date:

This ordinance shall take effect from and after January 1, 1996.

DULY APPROVED AND PASSED by the City Council of the City of Bells, Grayson County, Texas on the 6th day of August, 1996.

City of Bells




Mayor

Attest:



City Secretary

Approved as to Form:



City Attorney