

any purpose and any use by the Company or any designee, with any necessary right of access thereto; and to use those facilities to conduct an electric and/or gas business, and any other business or businesses which may be lawfully conducted using the permitted facilities. As required by federal law, the Company may allow pole attachments for cable systems or other telecommunications carriers. It is the responsibility of the cable systems or other telecommunication carriers to secure any necessary easements or permits for their attachments.

Section 3

Any street, alley, bridge, right-of-way or other public place used by the Company shall not be obstructed longer than necessary during its work of construction or repair, and shall be restored to the same good order and condition as when said work was commenced. No part of any street, alley, bridge, right-of-way, or other public place of the Town, including any public drain, sewer, catch basin, water pipe, pavement or other public improvement, shall be injured. However, should any such damage occur due to Company's failure to use due care, the Company shall repair the same as promptly as possible after notice from the Town, and, in default thereof, the Town may make such repairs and charge the reasonable cost thereof to and collect the same from the Company. The Company shall save the Town harmless from all liability or damage (including judgment, decrees, and legal court costs) resulting from its failure to use due care in the exercise of the privileges hereby granted or of its rights under this Section.

Section 4

Upon approval of this Franchise Agreement and the franchise agreement between Palmetto Electric Cooperative, Inc. ("Palmetto Electric") and the Town in accordance with the terms of the Agreement Concerning Electric Service Rights Between Palmetto Electric Cooperative, Inc. and Dominion Energy South Carolina, Inc., dated [REDACTED] ("Electric Service Rights Agreement"), the Company shall have electric service rights to the parcels shaded in red on Exhibit A, and Palmetto Electric shall have electric service rights to the parcels shaded in green on Exhibit A, provided, however, that:

- A. The Company may continue to provide electric service to any building or structure to which it is already providing electric service as of the effective date of the Franchise Agreements until such building or structure is removed, torn down, razed to the ground, or demolished, even if Exhibit A provides electric service rights for the parcel on which the building or structure is located to Palmetto Electric; and Palmetto Electric may continue to provide electric service to any building or structure to which it is already providing electric service as of the effective date of the Franchise Agreements until such building or structure is removed, torn down, razed to the ground, or demolished, even if Exhibit A provides electric service rights for the parcel on which the building or structure is located to the Company. After any building or structure that is being served by Palmetto Electric or the Company pursuant to the terms of this Subsection 4(A) is removed, torn down, razed to the ground, or demolished, the service rights designation in Exhibit A shall be the sole determining factor as to whether Palmetto Electric or the Company has the right to provide electric service to any future replacement building or structure within that parcel.
- B. Where any new building or structure is constructed so that part of the building or structure resides on a red parcel in Exhibit A and part of the building or structure resides on a green parcel of Exhibit A, the customer, in its sole discretion, may choose whether the Company or Palmetto Electric provides electric service to such new building or structure.
- C. Upon any future annexation by the Town, the Company shall have electric service rights to those annexed parcels assigned to it by the Public Service Commission of South Carolina prior to the annexation, and Palmetto Electric shall have electric service rights to those annexed parcels assigned to it by the Public Service Commission of South Carolina prior to the annexation.
- D. If the Town Council does not approve this Franchise Agreement and the franchise

agreement with Palmetto Electric pursuant to the terms of the Electric Service Rights Agreement, the Electric Service Rights Agreement shall be considered terminated, null, and void.

Section 5

The Company shall:

A. Construct and extend its electric system within the present and/or extended Town limits and have the right to connect new services in the parcels shaded in red on Exhibit A and in newly annexed parcels assigned to the Company by the Public Service Commission of South Carolina prior to the annexation, and supply standard electric service at standard voltages under rates and general terms and conditions as authorized by law; and construct and extend its gas system within the present and/or extended Town limits and furnish gas, if available, to the Town and applicants residing therein upon request, under rates and general terms and conditions as authorized by law.

B. If requested by the Town, install underground electric distribution and service lines in new residential subdivisions of twenty-five lots or more in the Town under terms and conditions customarily applicable with respect to aid to construction.

C. Furnish, install, operate, and when called upon, expand and maintain all of the electric street lighting system (to include both lighting fixtures and poles) and service along the streets, highways, alleys and public places of the Town, as said system may be hereafter installed and/or changed by order of the Town, in accordance with the terms and provisions of this franchise. All materials furnished shall be of standard quality and kind, and shall meet the requirements of good street lighting practice.

D. Make changes in the location of the street lighting system covered by this franchise upon written request of the Town.

E. Render to the Town a bill each month for the street lighting service furnished hereunder during the preceding month, in accordance with the provisions of this Franchise Ordinance.

F. Maintain at its own expense a system for repairing the street lighting system in use. The Company, upon receiving official notice that there is a defective standard fixture or pole, shall within five (5) days repair or replace the same.

Section 6

The Town shall:

A. Take electric street lighting and other Town electric and gas services from the Company during the period covered by this Franchise Ordinance in all areas of the Town served by Company or in which Company is authorized by law to serve.

B. Pay monthly, within twenty-five (25) days after receipt, a proper bill from the Company for the preceding month's service in accordance with the amounts provided for in approved tariffs.

C. Accept the street lighting system as it exists on the effective date of this Franchise Ordinance.

D. Pay the Company for street lighting service at the municipal rate schedule approved by the Public Service Commission of South Carolina applicable to that lighting fixture and pole, including underground rates. If no applicable municipal rate is available for any fixture and pole at the time of billing, then the Town shall pay the full and applicable non-municipal rate for such fixture(s) and pole(s).

E. Notify the Company in writing of areas annexed into the Town, including with the notification: (1) accurate maps, (2) tax map numbers, and (3) street addresses of all locations in the annexed areas so that newly annexed customers may be subject to franchise fees. Such notification is a precondition to franchise fee payments by the Company on those accounts. In

addition, the Town shall promptly update its municipal boundary maps with its County Geographical Information Systems (GIS) Office.

F. Upon annexation, pay to the Company for street lighting service to customers subject to the annexation at the municipal rate schedule approved by the Public Service Commission of South Carolina applicable to that lighting fixture and pole, including underground rates. If no applicable municipal rate is available for any fixture and pole at the time of billing, then the Town shall pay the full and applicable non-municipal rate for such fixture(s) and pole(s).

Section 7

The Company may supply any form of gas containing approximately one thousand (1,000) BTUs per cubic foot, and its obligation in respect thereto shall continue only so long as it is able to obtain an adequate supply of such gas satisfactory for service hereunder, provided however, that in the receipt of such gas, customers within the Town, including the Town, shall enjoy rights equal to other similarly situated customers served by the Company.

Section 8

The Town and the Company agree that:

A. All work performed within the municipal limits by the Company or its contractors shall be in accordance with the National Electric Safety Code and the applicable electric and gas rules and regulations, as adopted by the Public Service Commission of South Carolina.

B. The records of the Company pertaining to the electric street lighting system are to be accepted as full and final proof of the existence and configuration of the same, that system being hereinafter referred to as the "Street Lighting System."

C. Where lighting units of a different type and character than those now included in the Street Lighting System are desired by the Town, a new unit charge and specification shall be agreed upon which will apply to such lighting units and which thereafter shall become a part hereof.

D. Except as otherwise provided herein, the Town shall have the right at any time to order the installation of new fixtures and poles in new areas of the Town.

E. The Town shall have access at all reasonable times to maps, records, and rates relating to the Street Lighting System in the Town.

F. Subject to applicable rates and terms and conditions, throughout the life of the franchise the Company will supply to the Town, and the Town agrees that it will purchase from the Company, electric energy and gas required by the Town for its own use including traffic signal lighting, street lighting, lighting and power for public buildings, pumping stations, or other installations now owned or hereafter constructed or acquired by the Town and for all other uses in all areas served by or to be served by the Company, as allowed by law. However, should the Town request to provide electric service to any of its facilities utilizing an alternative energy facility owned by the Town, the Company will consent to such a request so long as the energy from that facility is allowed by and subject to a rate schedule approved by the Public Service Commission of South Carolina. If the Town receives service from such a facility, then the Company shall have the right to change the terms and conditions under which it provides any remaining services to Town facilities.

G. The Company shall charge and the Town shall pay to the Company monthly for all electric and gas energy furnished by the Company for miscellaneous light and power and/or gas services under this franchise in accordance with rates and tariffs and terms and conditions as established by law.

H. None of the electric or gas energy furnished hereunder shall be sold, disposed of, or exchanged by the Town to others without the expressed written consent of the Company.

I. The electric or gas energy hereunder is not guaranteed or warranted to be free from minor interruptions or from major outages or electrical surges beyond the control of the Company.

Section 9

All work upon the streets and public places of the Town shall be done under the general supervision of the Mayor and Council (or other legally constituted governing body) of the Town, and all sidewalks or street pavements or street surfaces which may be displaced by reason of such work shall be properly replaced and relayed by the Company, its successors and assigns, to the reasonable requirements of the Mayor and Council (or other legally constituted governing body) of the Town.

Section 10

The Company shall, as to all other conditions and elements of service not fixed herein, be and remain subject to the reasonable rules and regulations of the Public Service Commission of South Carolina or its successors, applicable to electric & gas service in the Town.

Section 11

A. As payment for the right to provide electric and gas services, and any other services as may be permitted under this Franchise Ordinance, in the succeeding calendar year, the Company shall pre-pay into the Treasury of the Town, on the first business day of July each year, beginning with the year 2022, a sum of money (the "Franchise Fee") equal to five percent (5%) of the gross sales revenue accruing to the Company during the preceding calendar year from all residential and commercial sales of electricity and gas in the municipality and all wheeling or transportation service to such customers within the corporate limits of the Town, not including sales made under legally authorized special sales programs which allow the Company to reduce prices to meet customers' competitive energy prices. To change the percentage of the revenue on which the Franchise Fee is calculated, the Town must both (1) amend this Franchise Ordinance by means of an Amendatory Ordinance solely addressed to that purpose, and (2) provide the Company written notice including an attested copy of the Amendatory Ordinance at least ninety (90) days prior to the next Franchise Fee payment due date. So long as both conditions are met, the increase or decrease will apply to the next Franchise Fee payment due from the Company and the recovery of the higher fee will begin during the calendar year for which

the Franchise Fee applies. During the term of this Franchise Ordinance, the percentage of the revenue on which the Franchise Fee is based shall not exceed the highest percentage paid by the Company to any other town or city under a franchise agreement. Any other revenue accruing to the Company in the municipality may be subject to other fees and/or business license taxes as appropriate.

B. Subject to Section 11(A) above, the Town's right to receive franchise fees as provided for herein shall be in lieu of all occupation, license, excise and special franchise taxes and fees, and shall be in full payment of all money demands, charges, or fees of any nature whatsoever imposed by the Town, except ad valorem taxes on property. The Company may at its option pay and deduct from its franchise fee payments any amount that shall be required or exacted from the Company for the benefit of the Town other than ad valorem taxes on property.

C. It is expressly understood that all franchise fees or other payments imposed by the Town on the Company shall be collected from customers of the Company within the municipal boundaries, as is presently provided for in the orders of the Public Service Commission of South Carolina applicable to the Company. From time to time, but no more than once a year and no less than once every three years, the Company will provide the Town a list of service addresses to which franchise fees are being applied (the "List"). The Town shall have sixty (60) days from receipt to verify that all addresses included on the List are accurate and that no addresses are missing. Unless the Town notifies the Company of any error: (1) the Town shall be required to reimburse the Company for any Franchise Fee refund based on an address incorrectly included on the List; (2) the Company shall not be responsible for Franchise Fees for any service addresses not included on the List. Reimbursement shall be made to the Company within sixty (60) days of receipt of request by the Town or the Company may agree, in its sole discretion, to deduct the amounts owed under this Subsection from the next Franchise Fee payment to the Town. This information is confidential and proprietary and shall not be disclosed to any third party

under the Freedom of Information Act or otherwise without a court order or the Company's prior written consent.

D. The Town hereby levies, and the Company may collect and transmit to the Town, a franchise fee on electricity and gas sold by third parties to customers within the Town using the Company lines, or facilities; said fee is to be in all respects equivalent to the franchise fees established herein plus a proportional share of all other payments to the Town, or to the Non-Standard Service Fund established hereunder, which the Company is obligated to make on whatever basis during the life of this franchise.

E. Should the Town itself ever at any time construct, purchase, lease, acquire, own, hold or operate an electric or gas distribution system to provide electric and gas service within the Town, then the payment of percentages of gross sales revenue herein provided to be paid by the Company, shall abate, cease and no longer be due and no other fee for the franchise rights shall be required.

Section 12

The Town and Company further agree that:

A. In addition to the requirements above, the Town may require the Company to convert overhead distribution and service lines to underground lines or other non-standard service to existing customers ("Non-Standard Service"), including the use of special equipment or facilities or the use of special landscaping or screening of facilities, within the municipal limits of Town, to the extent that the cost of such Non-Standard Service can be defrayed by the Non-Standard Service Fund provided for in this Section. The costs of Non-Standard Service are defined as those costs which exceed the costs of standard service. Underground distribution and/or service wires to new customers, whether residential or commercial, shall not be included in the definition of Non-Standard Service for the purposes of this Section.

B. The Non-Standard Service Fund (hereinafter, the “Fund”) shall be established pursuant to the terms of this Ordinance and shall be used to defray the costs of Non-Standard Service.

C. Each year the Company shall designate to the Fund an amount equivalent to fifty basis points (0.50%) applied to the Company's gross revenue from electric service utilized in Section 11, that being the same amount of electric revenue that is used in computing its municipal franchise fee payment for that year. (The “Company Match” to the Fund.) This designation shall occur simultaneously with the payment of the franchise fee for the year in question and shall be in addition to the franchise fee. The Company Match funds shall remain on deposit with the Company and be paid out by the Company on a one to one basis with the Town matching funds as needed to defray costs of Non-Standard Service. Unexpended amounts of the Company Match not used in a given year shall remain designated to the Fund, provided that the amount of Company Match designated to the Fund shall never exceed the sum of the matches for the most recent five (5) years. The sum of the Company Match designated to the Fund for the most recent five years is \$464,856.18, with the individual totals for each of the most recent five years as follows: \$90,738.30 in 2017, \$95,839.12 in 2018, \$94,337.20 in 2019, \$89,594.25 in 2020, and \$94,347.31 in 2021.

D. The Town shall designate as the Town's matching funds an amount equal to fifty basis points (0.50%) applied to the electric revenue subject to franchise fee charges for that year. The Town's matching funds shall remain on deposit with the Town and be paid out on a one to one basis with the Company Match funds to defray the cost of Non-Standard Service. Unexpended fund balances will carry over from year to year, provided that the amount of the Town's match designated to the Fund shall never exceed the sum of the matches for the most recent five (5) years. The sum of the Town Match designated to the Fund for the most recent five years is \$464,856.18, with the individual totals for each of the most recent five years as follows:

\$90,738.30 in 2017, \$95,839.12 in 2018, \$94,337.20 in 2019, \$89,594.25 in 2020, and \$94,347.31 in 2021.

E. For any Non-Standard Service project involving more than twenty-five (25) existing customers, the Town may designate an underground utility district ("Underground Utility District") wherein Non-Standard Service will be provided, and at its option may conduct a referendum or petition in that district to determine whether the project should go forward. After an Underground Utility District has been designated and the Non-Standard Service project approved by that District, but prior to commencement of construction for the Non-Standard Service project, the Town shall, by ordinance pursuant to S.C. Code Ann. § 6-1-330, as amended, authorize the collection of a fee from the property owners of each parcel within the District (the "Underground Utility Fee"). The Underground Utility Fee shall be applied to all of Company's accounts for electricity within the boundaries of the Underground Utility District. The total of such Underground Utility Fee, the Franchise Fee in Section 11(A) and any other fee provided for in Section 11 will not exceed 7% of a customer's total bill for electricity. The Underground Utility Fee shall be applied beginning with the commencement of construction of the project for a definite time not to exceed ten (10) years. Proceeds shall be paid into the Fund, provided that the Fund has paid for the construction of the Non-Standard Service within the Underground Utility District. If the Town or the Company advanced funds for the Non-Standard Service in the Underground Utility District, the Underground Utility Fee shall be used to reimburse the Town or the Company as appropriate on a monthly basis following recovery of same from the customers. The cost of borrowing funds from the Company to pay for the Non-Standard Service in the Underground Utility District shall be included in the reimbursement. The Company's weighted average cost of capital as filed with the Public Service Commission of South Carolina would apply to any amounts advanced by the Company.

F. The amounts designated for the Fund shall be used exclusively to defray the reasonable and necessary costs of planning, designing, permitting and/or constructing the electric utility projects involving Non-Standard Service.

G. Costs for Non-Standard Service projects shall be paid from amounts designated to the Fund as incurred. The Company shall be required to undertake Non-Standard Service projects in the Town only to the extent that balances designated to the Fund are reasonably projected to be adequate to cover the costs of the projects as they are incurred.

H. The Town shall establish, in consultation with the Company, priorities for Non-Standard Service projects. Projects which maintain system reliability, and/or improve system safety, shall have priority over all other non-standard service projects. All Non-Standard Service projects shall conform to good utility practices as to reliability and safety.

I. The Town shall use best efforts to acquire all necessary right-of-way, transformer sites, or other use and access rights for Non-Standard Service projects. Within three (3) months of completion of an overhead to underground conversion project, the Company shall remove overhead facilities and the Town shall remove and require other utilities and third parties, if any, to remove their facilities from the Company's poles and shall require property owners to connect to the underground facilities.

Section 13

This Franchise Ordinance is subject to the constitution and laws of the State of South Carolina.

Section 14

This Franchise Ordinance shall not become effective until accepted in writing by the Company, which shall be within thirty (30) days from the date of its ratification by the Town and on the same date that the Franchise Ordinance for Palmetto Electric becomes effective. The

terms, obligations and rights granted by this Franchise Ordinance, when accepted by the Company, shall constitute a contract between the Town and the Company, and shall be in full force and effect for a term of twenty (20) years from the effective date. Upon acceptance by the Company in writing, this Franchise Ordinance supersedes and replaces the Electric and Gas Franchise Ordinance which became effective on August 28, 2001.

Section 15

The rights hereunder accrue exclusively to the parties, their successors and assigns. It is the express intent of the parties that this Franchise Ordinance shall not create any rights in third parties.

Ratified in Town Council this _____ day of _____, 2021.

(originally signed by:) _____
Lisa Sulka, Mayor

ATTEST:
(originally signed by:) _____
Kimberly Chapman, Town Clerk

FIRST READING: _____

SECOND READING: _____

ACCEPTANCE of the franchises granted by the within Ordinance acknowledged by
DOMINION ENERGY SOUTH CAROLINA, INC., THIS _____ DAY OF _____, 2021.

DOMINION ENERGY SOUTH CAROLINA, INC.

(originally signed by) _____
W. Keller Kissam
President-Electric Operations

ATTEST:

Karen W. Doggett
Its Assistant Corporate Secretary and Director-Governance

(Corporate Seal)