

**March 15, 2000**  
**OPINION NUMBER 2000-40**

Honorable Ed Harris, Mayor  
Town of Richwood  
5130 Brown Road  
Richwood, LA 71202-7004

Dear Mayor Harris:

We received your request for an opinion regarding a franchise agreement between the Town of Richwood and Entergy. Specifically, you inquire as to the calculation of the franchise fee as outlined in the agreement.

We reviewed the franchise agreement provided to us by your office and we respond to your request on the assumption that the agreement was approved by the Department of Revenue and the Louisiana Public Service Commission as indicated in the agreement.

Pursuant to the franchise agreement, Entergy is to pay Richwood a franchise fee equal to 2% of the gross receipts from the sale of electric service at retail for residential and commercial purposes within Richwood. The agreement further provides that the fee ***shall not*** apply to or include any receipts from the sale of electric service to the Town of Richwood or to any other government or municipal agencies.

You specifically question whether the sale of electric service to the Ouachita Parish Correctional Center, the Ouachita Industrialization Center, and the Ouachita Multi-Purpose Community Action Program or any other governmental agency may be included in the calculation of the fee. The franchise agreement expressly excludes the sale of electric service to government or municipal agencies. Thus, the sale of electric service to the government agencies specified in your request may not be included in the computation of franchise fees.

You also question whether or not the sale of electric service to a non-profit organization may be included in the calculation of the fee. The franchise agreement excludes only municipal or government agencies. Since there is no exclusion for sales to non-profit organizations, such sales must be included in the fee calculation.

While the agreement specifically exempts from franchise fees sales of electricity for industrial purposes or for resale within Richwood, there is no such exemption for sales for commercial purposes within Richwood. Instead the agreement explicitly includes such

sales within the base for the franchise fee.

In sum, the sale of electric service to government agencies may not be included in the computation of franchise fees. However, the sale of electric service to non-profit organizations and sales for commercial purposes within Richwood must be included in the fee computation.

We trust this adequately responds to your request. If you have further questions or comments, please contact our office.

Yours very truly,

RICHARD P. IEYOUNG  
ATTORNEY GENERAL

BY: \_\_\_\_\_  
TINA VICARI GRANT  
Assistant Attorney General

TVG:jv

The Town of Richwood may not include the sale of electric service to government agencies in the calculation of its franchise fee as provided for in the franchise agreement it has with Entergy. The franchise fee must include the sale of electric service for commercial purposes within the town limits.

Honorable Ed Harris, Mayor  
Town of Richwood  
5130 Brown Road  
Richwood, LA 71202-7004

Date Received:  
Date Released: March 15, 2000

Tina Vicari Grant  
Assistant Attorney General