

(First published in The Advocate of Phillips County, October 13, 2016)1t

## ORDINANCE NO. 1400

AN ORDINANCE GRANTING TO MIDWEST ENERGY, INC., A KANSAS CORPORATION, ITS SUCCESSORS AND ASSIGNS, A NATURAL GAS FRANCHISE PRESCRIBING THE TERMS THEREOF AND RELATING THERETO, AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT WITH OR IN CONFLICT WITH THE TERMS THEREOF.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF PHILLIPSBURG, KANSAS:

**Section 1.** That, in consideration of the benefits to be derived by the City of Phillipsburg, Kansas, and its inhabitants, hereinafter called "City", there is hereby granted to Midwest Energy, Inc., hereinafter called "Grantee" or "Company", its successors and assigns, the right to use and occupy the streets, avenues, alleys and other public places within the City of Phillipsburg, Kansas, for the purpose of constructing, installing, maintaining and operating a natural gas transmission and distribution system including mains, pipes, conduits, services and other necessary structures and appurtenances, in, under, upon, over, across, and along the streets, alleys, bridges, and public grounds within the present and future corporate limits of the City of Phillipsburg, Kansas, for the furnishing, transmission, distribution, and sale of natural gas, for heating, cooling, domestic, industrial and other purposes, and for transmitting natural gas into, through and beyond said City for a period of ten (10) years from the date of passage of this Ordinance through the 3<sup>rd</sup> day of October, 2026.

**Section 2.** All mains, pipes, conduits and services shall be installed and maintained so as to interfere as little as practicable with traffic over the streets, alleys, bridges and public places of said City.

When Grantee shall do any work of construction, repair or maintenance of said system in the course of which any pavements, curbing or gutter upon any street, alley, bridge or public place shall be excavated, Grantee shall properly protect excavations and shall promptly restore such street, alley, bridge or public place as far as practicable to as good condition as before such work was done.

**Section 3.** That, in consideration of the rights and privileges hereby granted, said Grantee hereby undertakes and agrees to use reasonable effort to maintain good and adequate service to the City hereunder, but it is understood that the Company does not guarantee that the supply of natural gas will at all times be continuous and it is agreed that temporary cessation of Company's service hereunder occasioned by fire, explosion, flood, strike, insurrection, mob violence, governmental interference, breakdown or injury to machinery, or transmission or distribution lines or from other accidents or causes not reasonably within its control, shall not constitute a breach of this Ordinance or any obligation arising hereunder on the part of the Company; and, that Grantee shall not be liable to City for any damages resulting from such temporary cessation of service.

**Section 4.** That, in consideration of the rights and privileges hereby granted, said Grantee, its successors and assigns, shall locate its transmission and distribution lines in the streets, avenues, alleys and other public places in such manner as not to interfere with the use of said streets, avenues, alleys and public places. At times when City causes public improvements to

be made to any of the streets, avenues, alleys or other public places within the City that are occupied by Company's natural gas facilities, Company shall, at City request, relocate its natural gas facilities at Company's expense to conform to the City's planned improvement. If said Grantee is required to move, alter or rebuild any of its natural gas facilities not located on public right-of-way, the cost of moving, altering or rebuilding said facilities shall be borne by the requesting party. In the event City vacates or otherwise abandons City right-of-way on which Company facilities are located, or planned to be located, the Ordinance vacating or abandoning such City right-of-way shall provide City granted easement to Company.

**Section 5.** It is further agreed by the City and the Company, that the rates now in effect or such rates as may be approved by the proper governmental authority having jurisdiction over the Company, shall be deemed to be a reasonable schedule of maximum rates charged the City and its inhabitants for the service provided by the Company.

**Section 6.** Subject to any restriction placed on Company by regulatory authorities having jurisdiction over the Company in consideration of and as compensation for the granting of this franchise by the City of Phillipsburg, Kansas, and in lieu of any licenses, fees and occupation or other revenue taxes, Company shall collect from consumers and pay to the City an amount equal to three percent ( 3%) of the gross revenue derived from the sales of natural gas and of three ( 3 ) cents per therm for gas transported to any customer within the corporate limits of said City. Payment shall be made to the City monthly for the preceding monthly period.

The City shall have access to and the right to examine, at all reasonable times, all books, receipts, files, records and documents of Company necessary to verify the correctness of said payments.

Notwithstanding anything to the contrary in this franchise, the fee provided for in this Section 6 shall not become effective within any area annexed by the City until 30 days after the City provides the Company with a certified copy of the annexation ordinance, proof of publication as required by law, and a map of the city detailing the annexed area.

**Section 7.** Without affecting the other terms of this Ordinance, as further consideration for the rights and privileges hereby granted Company and subject to any restrictions placed on Company by regulatory authorities having jurisdiction over Company, Company agrees that the City will have the option to open the provision of Section 6 relating to the percentage applied to gross receipts derived from applicable natural gas sales. Six (6) months prior to the end of each 5-year period that this Ordinance is in existence, the Company and the City may renegotiate the percentage to be paid to the City during the succeeding 5-year period. If the Company and the City cannot reach a mutual agreement on said percentage during such 6-month period, this Ordinance shall become null and void.

**Section 8.** That the Company, its successors and assigns, in the construction, maintenance and operation of its natural gas transmission and distribution system, under the rights and privileges herein granted, shall exercise all reasonable and proper precaution to avoid damage or injury to persons or property, and shall hold and save harmless the City of Phillipsburg, Kansas, from any and all damage, injury and expense caused by the negligence of said Company, its successors and assigns, or its or their agents or servants.

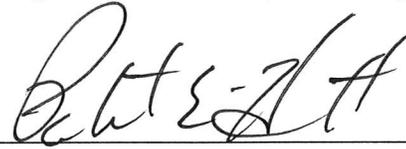
**Section 9.** It is further provided that should any section or sections of this Ordinance be held null and void, or void or illegal by any court having jurisdiction in a proper action, such decision by such court shall not affect any other part of this Ordinance not passed upon by such court.

**Section 10.** That all ordinances or parts of ordinances in conflict with or inconsistent with this Ordinance are hereby repealed.

**Section 11.** This franchise is granted pursuant to the provisions of Article 20, Chapter 12, Kansas Statutes Annotated.

**Section 12.** The ordinance shall take effect and be in force from and after its passage and publication in The Advocate of Phillips County, the official city newspaper.

FINAL ADOPTION AND PASSAGE by the Governing Body of the City of Phillipsburg, Kansas, this 3<sup>rd</sup> day of October, 2016.



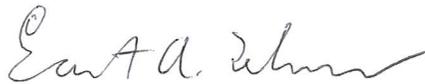
Patrick E. Hewitt  
Mayor

ATTEST:



Brenda L. Chance  
City Clerk

(SEAL)



Earnest A. Lehman  
President, Midwest Energy, Inc.

ATTEST:



Sharon K. Dreher  
Assistant Secretary, Midwest Energy, Inc.

(SEAL)