

An Ordinance granting Peoples Natural Gas,
a division of UtiliCorp United Inc.,
a Delaware corporation, its successors and assigns,
a natural gas franchise for a period of twenty (20) years
and the authority to construct, operate, maintain, and extend
a natural gas distribution plant and system,
and granting the right to use the streets, alleys, and other public places
within the present or future corporate limits
of the Town of Stratton, Colorado

Be it ordained by the Board of Trustees of the Town of Stratton, Colorado, as follows:

FRANCHISE GRANTED

The Town of Stratton, Colorado, (hereinafter referred to as "Grantor") hereby grants a non-exclusive franchise to Peoples Natural Gas, a division of UtiliCorp United Inc., a Delaware corporation, (hereinafter called "Grantee"), its lessees, successors and assigns. This repeals the franchise previously granted by Ordinance No. 24A. Grantee is hereby granted the right, privilege, franchise, permission and authority to construct, maintain, operate and extend in the present and future streets, alleys, avenues, bridge, public rights-of-way and public places as are now within the present or future limits of said Grantor, a natural gas distribution system for the purpose of supplying natural gas or processed gas for all purposes to the inhabitants of said Grantor and consumers in the vicinity thereof, and for the distribution of natural gas from or through said Grantor to points beyond the limits thereof. Grantor further grants Grantee the right, permission and authority to lay, install, maintain, and operate over, across and along all of the streets, avenues, alleys, bridges, public rights-of-way and public places of Grantor all mains, services, pipes, conduits and appliances necessary or convenient for transmitting, transporting, distributing and supplying natural gas for all purposes for which it may be used, and to do all other things necessary and proper in providing natural gas service to the inhabitants of Grantor and in carrying on such business.

TERM

The rights and privileges granted by this Ordinance shall remain in effect for a period of twenty (20) years from the effective date of this Ordinance.

FRANCHISE FEES

In exchange for the franchise granted herein, Grantee shall collect from its residential and commercial customers, but not from industrial customers or the Town of Stratton, Colorado, located within the corporate limits of Grantor, and pay to Grantor an amount equal to three percent (3%) of gross receipts derived from the sale, distribution or transportation of natural gas delivered within the present or future limits of Grantor. Gross receipts as used herein are revenues received from the sale, distribution or transportation of natural gas, after adjustment for

the net write-off of uncollectible accounts and corrections of bills theretofore rendered. The amount paid by Grantee shall be in lieu of, and Grantee shall be exempt from, all other occupation, license, excise or right-of-way permit fees or taxes.

Any consideration hereunder shall be reported and paid to Grantor by Grantee on a semiannual basis. Such payment shall be made not more than thirty (30) days following the close of the period for which payment is due. Initial and final payments shall be prorated for the portions of the periods at the beginning and end of the term of this Ordinance.

Grantee shall list the local franchise fee collected from customers as a separate item on bills for utility service issued to customers. If at any time the Colorado Public Utilities Commission or other authority having proper jurisdiction, prohibits such recovery, then Grantee will no longer be obligated to collect and pay the franchise fee herein contemplated.

Grantor shall have access to and the right to examine during normal business hours, those of Grantee's books, receipts, files, records and documents that are necessary to verify the correctness of payments due hereunder. If it is determined that a mistake was made in the payment of any franchise fee required hereunder, such mistake shall be corrected promptly upon discovery, such that any under-payment by Grantee shall be paid within 30 days of the recalculation and any over-payment by Grantee shall be discounted from the next payment(s) due.

GOVERNING RULES AND REGULATIONS

This Ordinance is granted subject to all conditions, limitations and immunities now provided for, or as hereafter amended, and applicable to the operations of a public utility, by the laws of the State of Colorado. The rates to be charged by Grantee for service within the present or future corporate limits of Grantor and the rules and regulations regarding the character, quality and standards of service to be furnished by Grantee shall be under the jurisdiction and control of such regulatory body or bodies as may, from time to time, be vested by law with authority and jurisdiction over the rates, regulations and quality and standards of service to be supplied by Grantee. Provided however, should any judicial, regulatory or legislative body, having proper jurisdiction, take any action that precludes Grantee from recovering from its customers any cost associated with services provided hereunder, then Grantee and Grantor shall renegotiate the terms of this Ordinance in accordance with the action taken, so as to allow Grantee to be made whole economically. In determining the rights and duties of the Grantee, the terms of this franchise Ordinance shall take precedence over any conflicting terms or requirements contained in any other Ordinance enacted by the Grantor.

CONSTRUCTION

Any pavements, sidewalks or curbing taken up and any and all excavations made shall be done in such a manner as to cause only such inconvenience to the inhabitants of Grantor and to the general public as is reasonably necessary; and repairs and replacements shall be made promptly by Grantee, leaving such properties in as good as condition as existed immediately prior to excavation.

MAINTENANCE

Grantee agrees that for the term of this grant, it will use its best efforts to maintain facilities and equipment sufficient to meet the current and future energy requirements of Grantor, its inhabitants and industries. While maintaining its facilities and equipment, Grantee shall obtain permits as required by ordinance, except that in emergency situations, Grantee shall take immediate unilateral actions as it determines are necessary to protect the public health, safety, and welfare; in which case, Grantee shall notify Grantor as soon as reasonably possible.

EXTENSION OF COMPANY FACILITIES

Upon receipt and acceptance of a valid application for service, Grantee shall, subject to its own economic feasibility criteria, make reasonable extensions of its distribution facilities to serve customers located within the current or future corporate limits of Grantor. No obligation shall extend to, or be binding upon, Grantee to extend its facilities if Grantee is, for any reason, unable to obtain and deliver an adequate energy supply.

RELOCATION OF COMPANY FACILITIES

If Grantor elects to change the grade of or otherwise alter any street, alley, avenue, bridge, public right-of-way or public place for a public purpose, Grantee, upon reasonable notice from Grantor, shall remove and relocate its facilities or equipment situated in the public rights-of-way, if such removal is necessary to prevent interference and not merely for the convenience of the Grantor, at the cost and expense of Grantee. If Grantor orders or requests Grantee to relocate its facilities or equipment primarily for non-public purposes or the primary benefit of a commercial or private project, or as a result of the initial request of a commercial or private developer or other non-public entity, and such removal is necessary to prevent interference and not merely for the convenience of the Grantor or other right-of-way user, Grantee shall receive payment for the cost of such relocation as a precondition to relocating its facilities or equipment. Grantor shall consider reasonable alternatives in designing its public works projects so as not arbitrarily to cause Grantee unreasonable additional expense in exercising its authority under this section. Grantor shall also provide a reasonable alternative location for Grantee's facilities.

CONFIDENTIAL INFORMATION

Grantor acknowledges that certain information it might request pursuant to this franchise may be of a proprietary and confidential nature. If Grantee requests that any information provided by Grantee to Grantor be kept confidential due to such proprietary or commercial value, Grantor and its employees, agents, and representatives shall maintain the confidentiality of that information. If Grantor is requested or required by legal or administrative process to disclose any such confidential information, Grantor shall promptly notify Grantee of such request or requirement so that Grantee may seek an appropriate protective order or other relief. Grantor shall use all reasonable efforts to ensure that the confidentiality of Grantee's confidential information is maintained.

FORCE MAJEURE

It shall not be a breach or default under this franchise if either party fails to perform its obligations hereunder due to Force Majeure. Force Majeure shall include, but not be limited to, the following: 1) physical events such as acts of God, landslides, lightning, earthquakes, fires,

freezing, storms, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery, equipment or distribution or transmission lines; 2) acts of others such as strikes, work-force stoppages, riots, sabotage, insurrections or wars; 3) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, executive order, or regulation promulgated by a governmental authority having jurisdiction; and any other causes, whether of the kind herein enumerated or otherwise not reasonably within the control of the affected party to prevent or overcome. Each party shall make reasonable efforts to avoid Force Majeure and to resolve such event as promptly as reasonably possible once it occurs in order to resume performance; provided, however, that this provision shall not obligate a party to settle any labor strike.

HOLD HARMLESS

Grantee, during the term of this Ordinance, agrees to save harmless Grantor from and against all claims, demands, losses and expenses arising directly out of the negligence of Grantee, its employees or agents, in the constructing, operating, and maintaining of distribution and transmission facilities or appliances of Grantee; provided, however, that Grantee need not save harmless Grantor from claims, demands, losses and expenses arising out of the negligence of Grantor, its employees or agents.

SEVERABILITY

If any clause, sentence or section of this Ordinance is deemed invalid, the remaining provisions shall not be affected.

NON WAIVER

Any waiver of any obligation or default under this franchise shall not be construed as a waiver of any future defaults, whether of like or different character.

REPEAL CONFLICTING ORDINANCES

All ordinances or parts of ordinances in conflict herewith are hereby repealed.

EFFECTIVE DATE AND ACCEPTANCE

This Ordinance shall become effective upon its final passage and approval by Grantor, in accordance with applicable laws and regulations, and upon acceptance by Grantee by written instrument within sixty (60) days of passage by the governing body, and filed with the Town Clerk of the Town of Stratton, Colorado. If Grantee does not, within sixty (60) days following passage of this Ordinance express in writing its objections to any terms or provisions contained therein, or reject this ordinance in its entirety, Grantee shall be deemed to have accepted this ordinance and all of its terms and conditions.

NOTICES

Any notices required to be given hereunder shall be sent to the following:

If to Grantee: Vice President
Community Relations
UtiliCorp United Inc.
20 West 9th Street
Kansas City, Missouri 64105

If to Grantor: Town Clerk
Stratton, Colorado 80836

Passed and approved by the Board of Trustees of the Town of Stratton, Colorado on this 11
day of October, 2001.



[Handwritten Signature]
Town Clerk

[Handwritten Signature]

Mayor

C E R T I F I C A T E

STATE OF COLORADO)
)
COUNTY OF KIT CARSON)

I, PAULETTE THOMPSON, the duly qualified and acting Town Clerk of the Town of Stratton, Colorado, in said County of Kit Carson, and the official custodian of the records of the said Town, do hereby certify that the foregoing is a true, correct and complete copy of Ordinance No. 2-B read two times and passed in the manner required by law at a meeting of the Board of Trustees of said municipality, held on the 11 day of October, 2001, approved and signed on the 11 day October, 2001, and recorded on the 12 day of October, 2001, as said ordinance appears from the records in my office; that the vote of the Board of Trustees on said ordinance as cast and recorded on the records in my office was as follows:

For the Ordinance:

<u>Maude Dick Ramos</u>	<u>Penni Fox</u>
<u>Mayor-Pro Tem Dana Stekman</u>	<u>Harold Eisenbart</u>
<u>Larry Shutte</u>	_____
<u>Neah Schmidt</u>	_____
<u>Terry Baylie</u>	_____

Against the Ordinance:

_____	_____
_____	_____
_____	_____
_____	_____

Given under my hand and the corporate seal of said municipality this 12 day of OCTOBER, 2001.

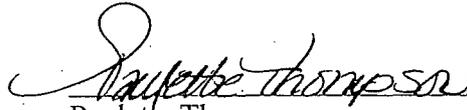


Attest: Paulette Thompson
Town Clerk

STATE OF COLORADO)
County of Kit Carson)ss.
Town of Stratton)

CLERK'S CERTIFICATE OF PUBLICATION

I, Paulette Thompson, the official Town Clerk of the Town of Stratton, do by these presents say that the foregoing Ordinance No. 2-B attached thereto was published in the Stratton Spotlight, a weekly newspaper of general circulation in Stratton, Kit Carson County, Colorado on October 16, 2001, and the "Proof of Publication" is filed therewith.



Paulette Thompson
Town Clerk