

**An Ordinance granting Aquila, Inc., d/b/a Aquila Networks,
a Delaware corporation, its lessees, successors and assigns,
a natural gas franchise 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 City of Friend, Nebraska**

Be it ordained by the City Council of the City of Friend, NE, as follows:

FRANCHISE GRANTED

The City of Friend, NE (hereinafter referred to as "Grantor"), hereby grants a non-exclusive franchise to Aquila, Inc., d/b/a Aquila Networks, a Delaware corporation (hereinafter called "Grantee"), its lessees, successors and assigns. Grantee is hereby granted the right, privilege, franchise, permission and authority to lay, construct, install, maintain, operate and extend in, along, over or across the present and future streets, alleys, avenues, bridges, public rights-of-way and public places as are now within the present or future limits of said Grantor, a natural gas distribution system and all facilities necessary for the purpose of supplying natural gas or processed gas and other operations connected therewith or incident thereto 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. Such facilities shall include, but not be limited to, all mains, services, pipes, conduits and all other apparatus and appliances necessary or convenient for 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 hereunder shall remain in effect for a period of twenty-five (25) years from the effective date of this Ordinance.

GOVERNING RULES AND REGULATIONS

The franchise granted hereunder is subject to all conditions, limitations and immunities now provided for, or as hereafter amended, and applicable to the operations of a public utility, by state or federal law. 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 economically whole. In determining the rights and duties of the Grantee, the terms of this Ordinance shall take precedence over any conflicting terms or requirements contained in any other ordinance enacted by the Grantor.

PROVISION FOR INADEQUATE ENERGY SUPPLIES

If an energy supplier is unable to furnish an adequate supply of energy due to an emergency, an order or decision of a public regulatory body, or other acts beyond the control of the Grantee, then the Grantee shall have the right and authority to adopt reasonable rules and regulations limiting, curtailing or allocating extensions of service or supply of energy to any customers or prospective customers, and withholding the supply of energy to new customers, provided that such rules and regulations shall be uniform as applied to each class of customers or prospective customers, and shall be non-discriminatory as between communities receiving service from the Grantee.

CONSTRUCTION AND MAINTENANCE OF GRANTEE'S FACILITIES

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 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.

Grantee agrees that for the term of this franchise, it will use its best efforts to maintain its facilities and equipment in a condition 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 such 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.

Grantor will give Grantee reasonable notice of plans for street improvements where paving or resurfacing of a permanent nature is involved that affects Grantee's facilities. The notice shall contain the nature and character of the improvements, the rights-of-way upon which the improvements are to be made, the extent of the improvements, and the time when the Grantor will start the work, and, if more than one right-of-way is involved, the order in which the work is to proceed. The notice shall be given to the Grantee a sufficient length of time in advance of the actual commencement of the work, considering seasonable working conditions, to permit the Grantee to make any additions, alterations, or repairs to its facilities.

EXTENSION OF GRANTEE'S 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.

EFFECT AND INTERPRETATION OF ORDINANCE

The captions that precede each section of this Ordinance are for convenience and/or reference only and shall not be taken into consideration in the interpretation of any of the provisions of this Ordinance.

EFFECTIVE DATE AND ACCEPTANCE

This Ordinance shall become effective and be a binding contract between the Grantor and Grantee upon its final passage and approval by Grantor, in accordance with applicable laws and regulations, and upon Grantee's acceptance by written instrument, within sixty (60) days of passage by the City Council, and filing with the Clerk of the City of Friend, NE. The Clerk of the City of Friend, NE shall sign and affix the community seal to acknowledge receipt of such acceptance, and return one copy to Grantee. If Grantee does not, within sixty (60) days following passage of this Ordinance, either 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.

Passed and approved by the City Council of the City of Friend, NE, this 4th day of June, 2007.



Attest

Debbie L. Fisher
City Clerk of the City of Friend, NE

James W. Vank
Mayor

**Acceptance by Aquila, Inc., d/b/a Aquila Networks,
a Delaware corporation,
of the terms and provisions
of Ordinance No. 07-697
of the City of Friend, Nebraska,
granting a franchise to said company**

Aquila, Inc., d/b/a Aquila Networks, a Delaware corporation ("Aquila"), hereby accepts for itself, its lessees, successor and assigns, all of the terms, conditions and provisions of Ordinance No. 07-697, passed by the City Council of Friend, Nebraska, this 4th day of June, 2007, granting a franchise to Aquila.

IN WITNESS WHEREOF, Aquila has caused this Acceptance to be executed by its Vice President of Operations, on this 4th day of June, 2007.

Aquila, Inc., d/b/a Aquila Networks

By: _____
Vice President of Operations

Received this 4th day of June, 2007, by the City of Friend, NE.

By: Debbie Gilmer
Clerk of the City of Friend, NE



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Aquila, Inc., d/b/a Aquila Networks

By: _____
Vice President of Operations

Received this 4th day of June, 2007, by the City of Friend, NE.



By: Debbie Gilmer
Clerk of the City of Friend, NE


C E R T I F I C A T E

State of Nebraska)
)
County of Saline)

I, Debbie Gilmer, the duly qualified and acting Clerk of the City of Friend, Nebraska in said County of Saline, Nebraska, and the official custodian of the records of the said municipality, hereby certify that the foregoing is a true, correct and complete copy of Ordinance No. 07-697 read by title times and passed in the manner required by law at a meeting of the City Council, of said municipality, held on the 4th day of June, 2007, approved and signed on the 4th day of June, 2007, and recorded on the 4th day of June, 2007, as said ordinance appears from the records in my office; that the vote of the City Council of the City of Friend, Nebraska on said ordinance as cast and recorded on the records in my office was as follows:

For the Ordinance:	<u>Councilman Drake</u>	_____
	<u>Councilman Schrock</u>	_____
	<u>Councilman Fricke</u>	_____
	<u>Councilman Lawver</u>	_____
	_____	_____
	_____	_____
Against the Ordinance:	<u>none</u>	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____

Given under my hand and the corporate seal of said municipality this 4th day of June, 2007.

 Attest Debbie Gilmer
Clerk of the City of Friend,
Nebraska