

**THE TOWNSHIP OF WASHINGTON
FRANCHISE GRANTED TO
SEMCO Energy Gas Company**

Ordinance No. 153

An Ordinance, granting to SEMCO Energy Gas Company, a division of SEMCO Energy, Inc., a Michigan corporation, its successors and assigns, the right, power and authority to lay, maintain and operate gas mains, pipes and services on, along, across and under the highways, streets, alleys, bridges, waterways, and other public places, and to conduct a local gas business in the Township of Washington, located in Macomb County, Michigan, for a period of thirty years.

THE TOWNSHIP OF WASHINGTON ORDAINS:

Section 1. GRANT OF FRANCHISE. The Township of Washington, located in Macomb County, Michigan (the "Township"), hereby grants to SEMCO Energy Gas Company, a division of SEMCO Energy, Inc., a Michigan corporation, its successors and assigns, (the "Grantee") the right, power and authority to construct, lay, operate, maintain and replace in the public streets, highways, alleys and other public places in the Township of Washington, Michigan, all needful and proper gas pipes, mains, conductors, service pipes and other apparatus and facilities requisite for the manufacture, transmission and distribution of gas for all purposes to the Township of Washington, and the inhabitants thereof, and for conducting gas elsewhere to supply neighboring cities, villages and other territories supplied with gas by said Grantee, for a period of thirty years. Before Grantee installs new pipes, mains, conductors, service pipe or other apparatus in a right-of-way, Grantee shall provide the Township with advance notice of such anticipated work by utilizing MISS DIG System, Inc. including but not limited to the calling in of a "Design Ticket" and "Meet Ticket".

Section 2. CONSIDERATION. In consideration of the rights, power and authority hereby granted, Grantee shall faithfully perform all things required by the terms hereof.

Section 3. CONDITIONS. No highway, street, alley, bridge or other public place used by Grantee shall be obstructed longer than necessary during the work of construction or repair, and shall be restored to as good order and condition as when Grantee commenced the work. All of Grantee's pipes and mains shall be so placed in the highways and other public places as not to unnecessarily interfere with the use thereof for highway purposes. Grantee will use its best efforts to not unreasonably interfere with or disrupt any public utility apparatus or facilities operated by the Township and, to the extent Grantee interferes with or disrupts any such public utility apparatus or facilities, Grantee shall restore such apparatus or facilities to as good order and condition as when Grantee commenced work.

Section 4. HOLD HARMLESS. Grantee shall at all times keep and save the Township free and harmless from all loss, costs and expense caused by Grantee's construction and maintenance of the structures and equipment hereby authorized. If any action is commenced against the Township seeking relief for damages caused by Grantee's construction and maintenance,

Grantee shall, upon notice, defend the Township and save it free and harmless from all loss, costs and damage arising out of such construction and maintenance.

Section 5. FRANCHISE NOT EXCLUSIVE. The rights, power and authority herein granted, are not exclusive. Either manufactured or natural gas may be furnished hereunder.

Section 6. RATES. Grantee shall charge for gas furnished the rates, charges and special taxes as approved from time to time by the Michigan Public Service Commission, or its successors having authority and jurisdiction to fix and regulate gas rates and charges, or as otherwise permitted or required by applicable law or tariff, for the term of this franchise. Such rates shall be subject to Commission review and change at any time upon petition therefore being made by either said Township, acting by its Township Board, or by said Grantee.

Section 7. REVOCATION. The franchise granted by this ordinance is subject to revocation upon sixty (60) days written notice by the party desiring such revocation.

Section 8. MICHIGAN PUBLIC SERVICE COMMISSION JURISDICTION. Grantee shall, as to all other conditions and elements of service not herein fixed, be and remain subject to the reasonable rules and regulations of the Michigan Public Service Commission or its successors, applicable to gas service in said township and shall provide service in accordance with the terms and conditions set forth in its applicable tariff as approved from time to time by the Michigan Public Service Commission or its successors.

Section 9. SUCCESSORS AND ASSIGNS. The words "SEMCO Energy Gas Company" and "SEMCO Energy, Inc.," wherever used herein, are intended and shall be held and construed to mean and include SEMCO Energy Gas Company and its parent, subsidiaries, successors, affiliates, and assigns, whether so expressed or not. The word "Grantee," wherever used herein, is intended and shall be held and construed to mean and include SEMCO Energy Gas Company, SEMCO Energy, Inc., and the successors and assigns of each, whether so expressed or not. Grantee may assign the rights and obligations under this agreement as long as the Grantee provides prior written notice to the Township of any such assignment.

Section 10. FORCE MAJEURE. The Grantee shall not be liable for failure to furnish service as herein provided, or for any breach of the Grantee's obligations hereunder, if such failure or breach is caused by acts of God, labor troubles, riot, or any other causes or contingencies not reasonably within the control of the Grantee.

Section 11. EFFECTIVE DATE. Upon adoption, the Township Clerk shall deliver to Grantee a certified copy of this ordinance. Additionally, a true copy of this Ordinance or a summary thereof shall be published twice in accordance with MCL 42.20. Publication shall be made by posting a true copy of the Ordinance in the office of the Township Clerk and on the Township's website in accordance with MCL 42.8(3)(b). This ordinance shall take effect upon the day after the date of publication thereof, continuing for a term of thirty (30) years from that date; provided, however, it shall cease and be of no effect after sixty (60) days from its adoption unless

within said period the Grantee shall accept the same in writing filed with the Township Clerk. Upon acceptance and publication hereof, the ordinance shall constitute a contract between said Township and said Grantee.