

## EXHIBIT B-2

### CASCADE NATURAL GAS CORPORATION LEGAL DESCRIPTION APPENDIX A-12 DOCKET UG-

A PORTION OF BENTON COUNTY TO BE ADDED TO APPENDIX A-12 DESCRIBED AS FOLLOWS:

Beginning at the to the northeast corner of Sec 6, T. 9 N., R. 28 E. and the True Point of Beginning; thence south along the west line of Sec's 6, 7, and 18 to the southeast corner of Sec. 18, T. 9 N., R. 28 E.; thence southeasterly to the southeast corner of Sec. 13, T. 8 N., R. 28 E.; thence west along the south line of Sec. 13, to its southwest corner; thence north along the west line of Sec. 13 to its northwest corner; thence west along the south line of Sec. 11 to its southwest corner; thence north along the west line of Sec. 11 to its northwest corner; thence west along the south line of Sec. 3 to its southwest corner; thence north along the west line of Sec. 3 to its northwest corner, T. 8 N., R. 28 E.; thence west along the south line of Sec. 33, T. 9 N., R. 28 E., to its southwest corner; thence north along the west line of Sec. 33 to its northwest corner; thence west along the south line of Sec. 29 to its southwest corner; thence north along the west line of Sec. 29 to its northwest corner; thence west along the south line of Sec. 19, T. 9 N., R. 28 E. and Sec. 24, T. 9 N., R. 27 E. to the southwest corner of Sec. 24; thence north along the west line of Sec's. 24, 13, 12 and 1 to the northwest corner of Sec. 1; thence east along the north line of Sec 1, T. 9 N., R. 27 E. and Sec. 6, T. 9 N., R. 28 E. to the True Point of Beginning.

APPENDIX A-12 AMENDED:

All of the incorporated area comprising the cities of Richland, Kennewick, Pasco and portions of Benton, Franklin and Walla Walla Counties adjacent thereto, lying within the area described as follows:

Beginning at the northwest corner of Sec. 17, T. 10 N., R. 28 E., W.M. and the True Point of Beginning; thence east along the north line of Secs. 17 and 16, T. 10 N., R. 28 E., thence north along the west line of Secs. 10 and 3 of T. 10 E., R. 28 E. to the northwest corner of Sec. 3, T. 10 N., R. 28 E. thence east along the north line of Secs, 3 and 2, T. 10 N., R. 28 E. to the intersection of the north line of Secs. 2, T. 10 N., R. 28 E. with the east boundary of Benton County, thence south along the east boundary of Benton County to its intersection with the south line of Sec. 11, T. 10 N., R. 28 E.; thence southerly along the county boundary to a point where said boundary intersects the north line of Sec. 13, T. 9 N., R. 28 E.; thence east along the north line of said Sec. 13 to the northeast corner of said Sec. 13, thence north along the west line of Sec. 7, T. 9 N., R. 29 E., to the northwest corner of said Sec. 7; thence east along the north line of Secs. 7, 8, and 9, T. 9 N., R. 29 E.; thence north along the west line of Sec. 3, T. 9 N., R. 29 E., and along the west line of Sec. 34; T. 10 N., R. 29 E., to the northwest corner of said Sec. 34; thence east along the north line of Secs. 34 and 35, T. 10 N., R. 29 E., to the northeast corner of said Sec. 35; thence north along the west lines of Secs. 25 and 24, T. 10 N., R. 29 E., to the northwest corner of said Sec, 24; thence east to the northeast corner of said Sec. 24; thence north along the west line of Sec. 18, T. 10 N., R. 30 E., to the northwest corner of said Sec. 18; thence

east to the northeast corner of said Sec. 18; thence north along the west line of Sec. 8, T. 10 N., R. 30 E., to the northwest corner of said Sec. 8; thence east along the north lines of Secs. 8 and 9, T. 10 N., R. 30 E., to the northeast corner of said Sec. 9; thence south along the east lines of Secs. 9 and 16, T. 10 N., R. 30 E., to the southeast corner of said Sec. 16; thence west along the south line of said Sec. 16 to its southwest corner; thence south along the east line to Sec. 20, T. 10 N., R. 30 E., to the southeast corner of said Sec. 20; thence west along the south line of said Sec. 20 to its southwest corner; thence south along the east line of Secs. 30 and 31, T. 10 N., R. 30 E., to the southeast corner of said Sec. 31; thence east along the north line of Sec. 5, T. 9 N., R. 30 E., to the northeast corner of said Sec. 5; thence south along the east line of said Sec. 5 to its southeast corner; thence east along the north line of Sec. 9, T. 9 N., R. 30 E., to the northeast corner of said Sec. 9; thence south along the east line of said Sec. 9 to its southeast corner; thence east along the north line of Secs. 15, 14 and 13, T. 9 N., R. 30 E., to the northeast corner of said Sec. 13; thence south along the east line of Secs. 13, 24 and 25, T. 9 N., R. 30 E., to a point where said line intersects the boundary between Franklin and Walla Walla Counties; thence easterly along said boundary to a point where said boundary intersects the east line of Sec. 28, T. 9 N., R. 31 E.; thence south along the east line of Secs. 28 and 33, T. 9 N., R. 31 E., and along the east line of Secs. 4, 9, 16 and 21, T. 8 N., R. 31 E., to the southeast corner of said Sec. 21; thence east along the north line of Secs. 27 and 26, T. 8 N., R. 31 E., to the northeast corner of Sec. 26; thence south along the east line of Secs. 26 and 35, T. 8 N., R. 31 E.; and along the east line of Secs. 2, 11, 14, 23, 26 and 35, T. 7 N., R. 31 E., to the southeast corner of said Sec. 35; thence west along the south line of Secs. 35, 34, and 33, T. 7 N., R. 31 E., to the intersection of said line with the boundary between Benton and Walla Walla Counties, thence northerly along said boundary to a point where said boundary intersects the south line of Sec. 8, T. 7 N., R. 31 E.; thence west along the south line of Secs. 8 and 7, T. 7 N., R. 31 E., to the southwest corner of said Sec. 7; thence northwesterly to the northwest corner of Sec. 20, T. 8 N., R. 30 E.; thence west along the south line of Sec. 18, T. 8 N., R. 30 E., and along the south line of Secs. 13, 14, 15, 16, 17 and 18, T. 8 N., R. 29 E., and along the south line of Sec. 13, T. 8 N., R. 28 E., to its southwest corner of Sec. 13; thence north along the west line of Sec. 13 to its northwest corner; thence west along the south line of Sec. 11 to its southwest corner; thence north along the west line of Sec. 11 to its northwest corner; thence west along the south line of Sec. 3 to its southwest corner; thence north along the west line of Sec. 3 to its northwest corner, T. 8 N., R. 28 E.; thence west along the south line of Sec. 33, T. 9 N., R. 28 E., to its southwest corner; thence north along the west line of Sec. 33 to its northwest corner; thence west along the south line of Sec. 29 to its southwest corner; thence north along the west line of Sec. 29 to its northwest corner; thence west along the south line of Sec. 19, T. 9 N., R. 28 E. and Sec. 24, T. 9 N., R. 27 E. to the southwest corner of Sec. 24; thence north along the west line of Sec's. 24, 13, 12 and 1 to the northwest corner of Sec. 1; thence east along the north line of Sec 1, T. 9 N., R. 27 E. and Sec. 6, T. 9 N., R. 28 E. to the northwest corner of Sec. 6; thence north along the west line of Sec. 32, 29, 20 and 17, T. 10 N., R. 28 E., to the True Point of Beginning.

When Recorded Return To:  
City of West Richland  
3801 W. Van Giesen  
West Richland, WA. 99353

EXHIBIT C-1

**CITY OF WEST RICHLAND  
ORDINANCE NO. 11-03**

**AN ORDINANCE GRANTING CASCADE NATURAL GAS CORPORATION, A WASHINGTON CORPORATION, ITS SUCCESSORS, GRANTEEES AND ASSIGNS THE NONEXCLUSIVE RIGHT, PRIVILEGE, AUTHORITY AND FRANCHISE TO CONSTRUCT, OPERATE, MAINTAIN, REMOVE, REPLACE, AND REPAIR EXISTING PIPELINE FACILITIES, TOGETHER WITH EQUIPMENT AND APPURTENANCES THERETO, FOR THE TRANSPORTATION OF NATURAL GAS WITHIN AND THROUGH THE CITY OF WEST RICHLAND.**

**WHEREAS, CASCADE NATURAL GAS CORPORATION** (hereinafter "Grantee") has applied for a nonexclusive Franchise to operate and maintain a natural gas pipeline within and through the **CITY OF WEST RICHLAND** (hereinafter the "City" or "Grantor"); and,

**WHEREAS,** the state statutes and City ordinances authorize the City to grant nonexclusive Franchises;

**NOW, THEREFORE, THE CITY OF WEST RICHLAND DOES ORDAIN:**

**Section 1. Definitions.**

For the purposes of this Franchise and all exhibits attached hereto, the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural include the singular, and words in the singular include the plural. Words not defined shall be given their common and ordinary meaning.

**1.1 Construct or Construction** shall mean removing, replacing, and repairing existing pipeline(s) and/or Facilities and may include, but is not limited to, digging and/or excavating for the purposes of removing, replacing, and repairing existing pipeline(s) and/or Facilities.

1.2 **Effective Date** shall mean the date designated herein, after passage, approval and legal publication of this Ordinance and acceptance by Grantee, upon which the rights, duties and obligations shall come in effect and the date from which the time requirement for any notice, extension and/or renewal will be measured.

1.3 **Facilities** shall mean the Grantee's natural gas pipeline system, lines, valves, mains, appurtenances, and all other Facilities necessary for the purpose of transportation and/or distribution of natural gas service.

1.4 **Franchise** shall mean this Franchise and any amendments, exhibits, or appendices to this Franchise.

1.5 **Franchise Area** means the area within the jurisdictional boundaries of the Grantor, including any areas annexed by Grantor during the term of this Franchise, in which case the annexed area shall become subject to the terms of this Franchise.

1.6 **Hazardous Substance** shall mean any hazardous, toxic, or dangerous substance, material, waste, pollutant, or contaminant. The term shall specifically include natural gas, petroleum and petroleum products and their bi-products, residue, and remainder in whatever form or state. The term shall also be interpreted to include any substance which, after release into the environment, will or may reasonably be anticipated to cause death, disease, injury, sickness, illness, behavior abnormalities or, genetic abnormalities.

1.7 **Maintenance or Maintain** shall mean examining, testing, inspecting, repairing, maintaining and replacing the existing pipeline(s) and/or Facilities or any part thereof as required and necessary for safe operation.

1.8 **Pipeline Corridor** shall mean the pipeline pathway through the Franchise Area in which the pipeline(s) and or Facilities of the Grantee are located, including any Rights-of-Way, Public Property, and/or easement over and through private property.

1.9 **Public Properties** shall mean the present and/or future property owned or leased by Grantor within the present and/or future corporate limits or jurisdictional boundaries of the Grantor.

1.10 **Operate or Operations** shall mean the use of Grantee's existing pipeline(s) and/or Facilities for the transportation, distribution and handling of petroleum products or byproducts within and through the Franchise Area.

1.11 **Rights-of-Way** means the surface and the space above and below streets, roadways, highways, avenues, courts, lanes, alleys, sidewalks, easements, rights-of-way and similar public property and areas located within the Franchise Area.

## **Section 2. Grant of Authority.**

- 2.1 Subject to the terms and conditions set forth in this ordinance, City hereby grants to Grantee, a corporation organized and existing under and by virtue of the laws of the State of Washington, and which is authorized to transact business within the State of Washington, its successors and assigns (as provided in Section 4), the right, privilege, authority and Franchise to Construct, Operate and Maintain gas works and/or Facilities necessary for the transportation, distribution and handling of natural gas within and passing through the Franchise Area.
- 2.2 This Franchise is non-exclusive. Grantor reserves all rights to its property, including, without limitation, the right to grant additional Franchises, easements, licenses and permits to others to use the Rights-of Way and Public Properties. This Franchise shall in no manner prohibit the Grantor or limit its power to perform work upon its Rights-of-Way, Public Properties or make all necessary changes, relocations, repairs, maintenance, establishment, improvement thereto, or from using any of the Rights-of Way and Public Properties, or any part of them, as the Grantor may deem fit from time to time, including the dedication, establishment, maintenance and improvement of all new Rights-of-Way and other Public Properties of every type and description.
- 2.3 This Franchise is conditioned upon the terms and conditions contained herein and Grantee's compliance with all applicable federal, state or other regulatory programs that currently exist or may hereafter be enacted by any regulatory agencies with jurisdiction over the Grantee.
- 2.4 By granting this Franchise, the Grantor is not assuming any risks or liabilities there from, which shall be the responsibility of the Grantee. Grantee agrees and covenants to, at its sole cost and expense, take all necessary and prudent steps to protect, support, and keep safe from harm its pipeline(s) and/or Facilities, or any part thereof, when necessary to protect the public health and safety.
- 2.5 This Franchise is only intended to convey a limited right and interest. It is not a warranty of title or interest in Grantor's Rights-of Way or other Public Property. None of the rights granted herein shall affect the Grantor's jurisdiction over its property, streets or Rights-of-Way.
- 2.6 The limited rights and privileges granted under this Franchise shall not convey any right to Grantee to install any new pipeline(s) and/ or Facilities without the express written consent of Grantor in the form of a street cut permit.
- 2.7 The City grants to the Grantee the right, privilege, authority and franchise to charge and collect fees, rates and other compensation for such natural gas services.
- 2.8 Grantee shall be subject to any and all applicable ordinances of Grantor as now exists or are subsequently amended.

2.9 The Grantee, its successors and assigns, shall have the right to pass on and charge to customers, each customer's pro rata share of any federal, state or municipal tax which may be levied upon the property, business or occupation of the Grantee, its successors and assigns, which tax shall not have been taken into account and made part of the costs of the Grantee, its successors and assigns, utilized for rate fixing purposes by the appropriate regulatory authorities. The customer's pro rata share of such tax shall be charged to and paid in addition to the charge made to such customer for gas consumed at the approved and applicable rate.

### **Section 3. Term.**

3.1 Each of the provisions of this Franchise shall become effective upon the Effective Date, subject to Grantee's acceptance of the terms and conditions of this Franchise and shall remain in effect for ten (10) years thereafter. City Council will consider renewing this Franchise, at the written request of Grantee, for an additional ten (10) year renewal period at any time within two (2) years before the end of the Franchise's original ten (10) year term, unless either party expresses its intention in writing to terminate this Franchise at the conclusion of the original ten (10) year term.

3.2 The full acceptance of this Franchise and all of its terms and conditions shall be filed with City Clerk within sixty (60) days from the date of this Ordinance, by the Grantee. Full acceptance of this Franchise is a condition precedent to its taking effect, and unless this Franchise is accepted within the time specified, this grant will be null and void and have no force or effect.

### **Section 4. Assignment and Transfer of Franchise.**

4.1 This franchise shall not be leased, assigned or otherwise alienated without the express consent of the Grantor by ordinance, which approval shall not be unreasonably withheld.

4.2 Subject to the foregoing, Grantee and any proposed assignee or transferee shall provide and certify the following to the City not less than 120 days prior to the proposed date of transfer: (a) Complete information setting forth the nature, terms and conditions of the proposed assignment or transfer; b) Any other information reasonably required by the City, including information about the proposed assignee's or transferee's safety record; and, c) An application fee which shall be set by the City, plus any other costs actually and reasonably incurred by the City in processing and investigating the proposed assignment or transfer.

4.3 No transfer shall be approved unless the assignee or transferee has at least the legal, technical, financial, and other requisite qualifications to carry on the activities of the Grantee.

4.4 Any transfer or assignment of this Franchise without the prior written consent of the City shall be void and result in revocation of the Franchise.

## **Section 5. Compliance with Laws and Standards.**

5.1 In carrying out any authorized activities under the privileges granted herein, Grantee shall meet accepted industry standards and comply with all applicable laws of any governmental entity with jurisdiction over the pipeline and its operation. This shall include all applicable laws, rules and regulations existing at the Effective Date of this Franchise or that may be subsequently enacted by any governmental entity with jurisdiction over Grantee and/or the pipeline(s) and Facilities.

5.2 In the case of any conflict between the terms of this Franchise and the terms of Grantor's ordinances, codes, regulations, standards and procedures, this Franchise shall govern.

## **Section 6. Construction and Maintenance.**

6.1 All pipeline Construction, Maintenance or Operation undertaken by Grantee, upon Grantee's direction or on Grantee's behalf shall be completed in a workmanlike manner.

6.2 Except in the case of an emergency, prior to commencing any Construction and/or Maintenance work in the Franchise Area, the Grantee shall first file with the Grantor such detailed plans, specifications and profiles of the intended work as may be required by the Grantor. Grantor may require such additional information, plans and/or specifications as are in Grantor's opinion necessary to protect the public health and safety during the Construction and/or Maintenance work and for the remaining term of this Franchise.

6.3 All Construction and/or Maintenance work shall be performed in conformity with the maps and specifications filed with the Grantor, except in instances in which deviation may be allowed thereafter in writing pursuant to an application by the Grantee.

6.4 All pipe and other components of any Facilities used in Construction and/or Maintenance activities within the Franchise Area will shall comply with applicable federal regulations, as from time to time amended

6.5 Except in the event of an emergency, Grantee shall provide Grantor at least ten (10) calendar days written notice prior to any Construction and/or Maintenance, or other substantial activity, other than routine inspections and maintenance, by Grantee, its agents, employees or contractors on Grantee's pipeline(s) or Facilities within the Franchise Area.

6.6 Work shall only commence upon the issuance of applicable permits by the City, which permits shall not be unreasonably withheld or delayed. However, in the event of an emergency requiring immediate action by Grantee for the protection of the pipeline(s) or Facilities, Grantor's property or other persons or property, Grantee may proceed without first obtaining the normally required permits. In such event Grantee must (1) take all necessary and prudent steps to protect, support, and keep safe from harm its pipeline(s) and/or Facilities, or any part thereof; Grantor's property; or other persons or property, and

to protect the public health and safety; and (2) as soon as possible thereafter, must obtain the required permits and comply with any mitigation requirements or other conditions in the after-the-fact permit.

6.7 Unless such condition or regulation is in conflict with a federal requirement, the Grantor may condition the granting of any permit or other approval that is required under this Franchise, in any manner reasonably necessary for the safe use and management of the public right-of-way or the Grantor's property including, by way of example and not limitation, bonding, maintaining proper distance from other utilities, protecting the continuity of pedestrian and vehicular traffic and protecting any Rights-of-Way improvements, private facilities and public safety.

6.8 Whenever necessary, after Constructing or Maintaining any of Grantee's pipeline(s) or Facilities within the Franchise Area, the Grantee shall, without delay, and at Grantee's sole expense, remove all debris and restore the surface as nearly as possible to as good or better condition as it was in before the work began. Grantee shall replace any property corner monuments, survey reference or hubs that were disturbed or destroyed during Grantee's work in the areas covered by this Franchise. Such restoration shall be done in a manner consistent with applicable codes and laws, under the supervision of the Grantor and to the Grantor's satisfaction and specifications. The restoration shall be done under a bond in an amount appropriate to guarantee adequate restoration.

6.9 Grantee shall continuously be a member of the State of Washington one number locator service under RCW 19.122, or an approved equivalent, and shall comply with all such applicable rules and regulations. Grantee shall provide reasonable notice to the City prior to commencing any Maintenance or Construction under this Franchise and additionally to those owners or other persons in control of property in the Franchise Area when the Maintenance or Construction will affect access or otherwise impact the property.

6.10 Markers demarcating the pipeline's location shall, in accordance with federal and state guidelines, be placed on the surface so as to provide clear warning of the presence of the pipeline but in a manner that does not interfere with trails or other public uses in that area.

6.11 Upon acceptance of this Franchise by Grantee, the Grantee shall file and thereafter maintain at all times with the Grantor a AutoCAD base map depicting the location of the Pipeline Corridor within the Franchise Area as well as the approximate location of Grantee's pipeline(s) and Facilities within the Pipeline Corridor.

6.12 Grantee shall also provide as-built design drawings showing the size and location of all pipes, other service appurtenances and Facilities within the Franchise Area.

6.13 Within thirty (30) days of completing any Construction or any other substantial activity within the Franchise Area, the Grantee shall provide updated and corrected as-built drawings showing the location and other characteristics of the Facilities within the

Franchise Area.

6.14 Nothing in this Franchise shall be deemed to impose any duty or obligation upon Grantor to determine the adequacy or sufficiency of Grantee's plans and designs or to ascertain whether Grantee's proposed or actual construction, testing, maintenance, repairs, replacement or removal is adequate or sufficient or in conformance with the plans and specifications reviewed by Grantor.

6.15 Grantee shall be responsible for workplace safety and safe working practices on its job sites within the Franchise area, including safety of all persons and property during the performance of any work.

6.16 Grantee shall financially participate in the installation of utility conduit banks for future utility use on new or reconstructed arterial roadways in the Franchise Area, unless written approval for not participating is granted by the City Engineer. Grantee fully understands and accepts that roadway cut permits will not be issued on newly constructed or reconstructed roadways for a period of seven years from the date of roadway construction completion.

### **Section 7. Operations, Maintenance, Inspection, Testing.**

7.1 Grantee shall operate, maintain, inspect and test its pipeline(s) and Facilities in the Franchise Area in full compliance with the applicable provisions of all federal, state and local laws, regulations and standards, as now enacted or hereafter amended, and any other future laws or regulations that are applicable to Grantee's pipeline(s) and Facilities, products and business operations.

7.2 Grantee shall perform routine visual inspections of its pipeline routes.

7.3 If a third party conducts any excavation or other significant work within the Pipeline Corridor, Grantee shall conduct such inspections and/or testing as necessary to determine that no direct or indirect damage was done to the pipeline(s) or Facilities and that the work did not abnormally load Grantee's pipeline(s) or Facilities or impair the effectiveness of Grantee's cathodic protection system.

7.4 Within thirty (30) days of the Effective Date of this Franchise, Grantee shall provide a simplified flow diagram and discuss the system operation including overpressure protection devices and emergency response procedures.

7.5 Grantee shall copy any reports or notification sent to the Washington Utilities and Transportation Commission to the Grantor within 5 days

7.6 On an annual basis, on about the anniversary of the Effective Date of this Franchise, Grantee shall submit and present to City Council a written report regarding Grantee's Operation, Construction and Maintenance activity in the Franchise Area. Such report shall, at a minimum, identify any major activity undertaken or performed by Grantee in

the Franchise Area during the previous year or to be conducted in the future, customer service, and any proposed or pending changes to consumption rates.

### **Section 8. Leaks, Ruptures and Emergency Response.**

8.1 During the term of this Franchise, Grantee shall have a written emergency response plan and procedure for locating leaks and ruptures and for shutting down valves as rapidly as possible.

8.2 Upon acceptance of this Franchise, Grantee shall provide a copy of its emergency response policy including, but not limited to, emergency rupture response. Discussions will be held to demonstrate to Grantor that procedures are appropriate.

8.3 Grantee's emergency policy shall designate Grantee's responsible local emergency response officials and a direct 24-hour emergency contact number for the control center operator. Grantee shall, after being notified of an emergency, cooperate with the Grantor and make every effort to respond as soon as possible to protect the public's health, safety and welfare.

8.4 The parties agree to meet annually to review the emergency plans and procedures. Grantee shall coordinate this meeting with the Grantor.

8.5 Grantee shall be responsible for necessary costs incurred in responding to any leak, rupture or other release of natural gas from Grantee's pipeline(s) and/or Facilities, including, but not limited to, detection and removal of any contaminants from air, earth or water, and all remediation costs.

8.6 If requested by Grantor in writing, Grantee shall provide a written summary concerning any leak or rupture within thirty (30) days with of the event, including, but not limited to, the leak or rupture's date, time, amount, location, response, remediation, and other agencies Grantee has notified.

### **Section 9. Relocation.**

9.1 In the event that Grantor undertakes or approves the construction of or changes to the grade or location of any water, sewer or storm drainage line, street, sidewalk or other City improvement project or any governmental agency or any person or entity acting in a governmental capacity, or on the behalf of, under the authority of, or at the request of the Grantor or any other governmental agency, undertakes any improvement project and the Grantor determines that the project might reasonably require the relocation of Grantee's Facilities, Grantor shall provide the Grantee at least one hundred and twenty (120) calendar days prior written notice or such additional time as may reasonably be required, of such project requiring relocation of Grantee's pipeline(s) and/or Facilities.

9.2 Grantor shall provide Grantee with copies of pertinent portions of the plans and specifications for the improvement project. Upon request, Grantee shall, at its cost and

expense, determine and identify for Grantor the exact location of its pipeline(s) and Facilities potentially affected by the improvement project.

9.3 Grantee may, after receipt of written notice requesting a relocation of its Facilities, submit to the City written alternatives to the relocation within forty five (45) calendar days of receiving the plans and specifications. The City shall evaluate the alternatives and advise Grantee in writing if one or more of the alternatives is suitable to accommodate the work that would otherwise necessitate relocation of the Facilities. If requested by the City, Grantee shall submit additional information to assist the City in making the evaluation. The City shall give each alternative proposed by Grantee full and fair consideration but retains full discretion to decide for itself whether to utilize its original plan or an alternative proposed by Grantee. In the event the City ultimately determines that there is no other reasonable alternative, Grantee shall relocate its Facilities as proposed by the city.

9.4 If any improvement project under section 9 is required in the interest of public health, safety, welfare, necessity or convenience, as adjudged in the sole discretion of the Grantor, the Grantee shall make such changes as required herein at Grantee's sole cost, expense and risk

9.5 Grantor shall work cooperatively with Grantee in determining a viable and practical route within which Grantee may relocate its Facilities, in order to minimize costs while meeting Grantor's project objectives.

9.6 Grantee shall complete relocation of its Facilities so as to accommodate the improvement project at least ten (10) calendar days prior to commencement of the improvement project or such other time as the parties may agree in writing.

#### **Section 10. Removal, Abandonment in Place**

10.1 Unless expressly prohibited by the Grantor due to conflicts with other facilities or other good reason, the Grantee may purge its pipeline(s) and Facilities, as directed by Grantor, and abandon them in place. Grantee shall be responsible for any environmental review required for the abandonment of any pipeline(s) and/or Facilities and the payment of any costs of such environmental review. Grantor's consent to the abandonment of Facilities in place shall not relieve the Grantee of the obligation and/or costs to remove or to alter such Facilities in the future in the event it is reasonably determined that removal or alterations is necessary or advisable for the health and safety of the public, in which case the Grantee shall perform such work at no cost to the Grantor.

10.2 The parties expressly agree that paragraph 10.1 shall survive the expiration, revocation or termination of this Franchise.

#### **Section 11. Violations, Remedies and Termination.**

11.1 In addition to any rights set out elsewhere in this Franchise, or other rights it may

possess at law or equity, the Grantor reserves the right to apply any of the following remedies, alone or in combination, in the event Grantee violates any material provision of this Franchise. The remedies provided for in this Franchise are cumulative and not exclusive; the exercise of one remedy shall not prevent the exercise of another, or any rights of the Grantor at law or equity.

11.2 Grantor may terminate this Franchise if Grantee materially breaches or otherwise fails to perform, comply with or otherwise observe any of the terms and conditions of this Franchise, or fails to maintain all required licenses and approvals from federal, state, and local jurisdictions, and fails to cure such breach or default within thirty (30) calendar days of Grantor's providing Grantee written notice thereof, or, if not reasonably capable of being cured within thirty (30) calendar days, within such other reasonable period of time as the parties may agree.

11.3 This Franchise shall not be terminated except upon a majority vote of the full membership of the City Council, after reasonable notice to Grantee and an opportunity to be heard, provided that if exigent circumstances necessitate immediate termination, the hearing may be held as soon as possible after the termination.

11.4 In the event of termination under this Franchise, Grantee shall immediately discontinue operation of the pipeline through the Franchise Area. Either party may in such case invoke the dispute resolution provisions. Alternatively, Grantor may elect to seek relief directly in Superior Court, in which case the dispute resolution requirements shall not be applicable in this limited situation. Once the Grantee's rights to Operate in the Franchise Area have terminated, Grantee shall comply with Franchise provision regarding removal and/or abandonment of Facilities.

11.5 Grantor's failure to exercise a particular remedy at any time shall not waive Grantor's right to terminate, assess penalties, or assert that or any other remedy at law or equity for any future breach or default of Grantee.

11.6 Termination of this franchise shall not release Grantee from any liability or obligation with respect to any matter occurring prior to such termination, nor shall such termination release Grantee from any obligation to remove or secure the pipeline pursuant to this Franchise and to restore the Franchise Area.

11.7 The parties acknowledge that the covenants set forth herein are essential to this Franchise, and, but for the mutual agreements of the parties to comply with such covenants, the parties would not have entered into this Franchise. The parties further acknowledge that they may not have an adequate remedy at law if the other party violates such covenant. Therefore, the parties shall have the right, in addition to any other rights they may have, to obtain in any court of competent jurisdiction injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any of the covenants contained herein should the other party fail to perform them.

## **Section 12. Dispute Resolution.**

12.1 In the event of a dispute between Grantor and Grantee arising by reason of this Franchise, the dispute shall first be referred to the operational officers or representatives designated by Grantor and Grantee to have oversight over the administration of this Franchise. The officers or representatives shall meet within thirty (30) calendar days of either party's request for a meeting, whichever request is first, and the parties shall make a good faith effort to achieve a resolution of the dispute

12.2 If the parties are unable to resolve the dispute under the procedure set forth in this section, the parties hereby agree that the matter shall be referred to mediation. The parties shall mutually agree upon a mediator to assist them in resolving their differences. If the parties are unable to agree upon a mediator, the parties shall jointly obtain a list of seven (7) mediators from a reputable dispute resolution organization and alternate striking mediators on that list until one remains. A coin toss shall determine who may strike the first name. If a party fails to notify the other party of which mediator it has stricken within two (2) business days, the other party shall have the option of selecting the mediator from those mediators remaining on the list. Any expenses incidental to mediation shall be borne equally by the parties.

12.3 If the parties fail to achieve a resolution of the dispute through mediation, either party may then pursue any available judicial remedies, provided that if the party seeking judicial redress does not substantially prevail in the judicial action, it shall pay the other party's reasonable legal fees and costs incurred in the judicial action.

## **Section 13. Indemnification.**

13.1 General Indemnification. Except to the extent caused by the negligence or misconduct of the City or its agents, Grantee shall indemnify, defend and hold harmless the City, its appointed and elected officials, and employees and agents from any and all liability, loss, damage, cost, expense, and claim of any kind, including reasonable attorneys' and experts' fees incurred by Grantor in defense thereof, arising out of or related to, directly or indirectly, the installation, construction, operation, use, location, testing, repair, maintenance, removal, or abandonment of Grantee's pipeline(s) and/or Facilities, or from the existence of Grantee's pipeline and other appurtenant Facilities, and the products contained in, transferred through, released or escaped from said pipeline and appurtenant Facilities, including the reasonable costs of assessing such damages and any liability for costs of investigation, abatement, correction, cleanup, fines, penalties, or other damages arising under any environmental laws. Except to the extent caused by the negligence or misconduct of the City or its agents if any action or proceeding is brought against Grantor by reason of the pipeline(s) or its appurtenant Facilities, Grantee shall defend the Grantor at the Grantee's complete expense, provided that, for uninsured actions or proceedings, defense attorneys shall be approved by Grantor, which approval shall not be unreasonably withheld

13.2 Environmental Indemnification. Grantee shall indemnify, defend and save Grantor

harmless from and against any and all liability, loss, damage, expense, actions and claims, either at law or in equity, including, but not limited to, costs and reasonable attorneys' and experts' fees incurred by Grantor in defense thereof, arising directly or indirectly from (a) Grantee's breach of any environmental laws applicable to the pipeline or (b) from any release of a hazardous substance on or from the pipeline unless caused by Grantor or (c) other activity related to this Franchise by Grantee, its agents, contractors or subcontractors. This indemnity includes but is not limited to (a) liability for a governmental agency's costs of removal or remedial action for hazardous substances; (b) damages to natural resources caused by hazardous substances, including the reasonable costs of assessing such damages; (c) liability for any other person's costs of responding to hazardous substances; (d) liability for any costs of investigation, abatement, correction, cleanup, fines, penalties, or other damages arising under any environmental laws; and (e) liability for personal injury, property damage, or economic loss arising under any statutory or common-law theory.

#### **Section 14. Insurance and Bond Requirements.**

14.1 The Grantee shall obtain and keep in force during the term of the Franchise commercial general liability insurance or excess liability policies with insurance companies which initially have an A.M. Best's rating of "A-VI" or better, and who are approved by the insurance commissioner of the State of Washington pursuant to Title 48 RCW.

14.2 Prior to the execution of the Franchise, the Grantee shall purchase a commercial general liability insurance or an excess liability policy meeting the requirements set forth in this Franchise. The Grantee shall file with the City a certificate of insurance evidencing such coverage to be in force. The certificate shall be accompanied by such policy endorsements as are necessary to comply with the requirements set forth herein. The Grantee's failure to fully comply with the requirements regarding insurance will be considered a material breach of this Franchise and shall be cause for termination of the Franchise pursuant to Section 11 of this Franchise.

14.3 Such insurance shall name the City as an additional insured. The coverage so provided shall protect against claims from bodily injuries, including accidental death, as well as claims for property damages which may rise from any act or omission of the Grantee, its subcontractors, agents, or employees.

14.4 The insurance shall be maintained in full force and effect at the Grantee's sole expense throughout the term of the Franchise.

14.5 The City shall be given at least forty-five (45) days written notice of cancellation, non-renewal, material reduction or material modification of such insurance coverage. Such notice to the City shall be by certified mail.

14.6 The coverage provided by the Grantee's insurance policies shall be primary to any insurance maintained by the City except as to losses or damages attributable to the

negligence of the City. Any insurance maintained by the City that might relate to this Franchise shall be in excess to the Grantee's insurance and shall not contribute with or to it.

14.7 Inclusion of more than one insured shall not affect the rights of any insured as respect to any claim, suit or judgment made or brought by or for any other insured or by or for any employee of any other insured.

14.8 The Grantee's insurance policies shall not contain deductible or self-insured retentions in excess of \$1,000,000 unless approved by the City in writing.

14.9 The provision of the coverage in the stated amount shall not be construed to relieve the Grantee from liability in excess of such limits.

14.10 The Grantee shall maintain Worker's Compensation Insurance as required by state and federal statute. The Grantee Labor and Industries account number shall be noted on the certificate of insurance.

14.11 The Grantee shall be responsible for safety and safety conditions on its job sites and for its work within the Franchise Area, including the safety of all persons and property during performance of any work therein. The services of the City or City's consultant personnel in conducting construction review of the Grantee's work relating to the Franchise is not intended to include review of the adequacy of the Grantee's work methods, equipment, scaffolding, or trenching, or safety measures in, on or near such Franchise Area or job site. The Grantee shall provide safe access for the City and its inspectors to adequately inspect the work and its conformance with applicable statutes, ordinances, rules, regulations, and the Franchise.

14.12 The Grantee shall be responsible to perform all work related to this Franchise in compliance with all applicable federal, state, county and city statutes, rules, regulations, ordinances, orders and codes. The Grantee's attention is directed to the requirements of the Washington Industrial Safety and Health Act, Chapter 49.17 RCW.

14.13 The contractual coverage of the Grantee's insurance policies shall be sufficiently broad enough to insure the provisions of the hold harmless clause of the Franchise subject to the terms and conditions of the insurance policies.

14.14 The following types and limits of insurance are required:

14.14.10 Commercial General Liability or Excess Liability

\$5,000,000 combined Single Limit Bodily injury and Property Damage

Policies shall contain no exclusions for Employees and Volunteers as Additional insured, Premises and operations, Broad form property damage including underground, explosion, and collapse hazard (XCU), Products completed operations

(through guaranty period), Blanket Contractual, Subcontractors, Personal injury with EE exclusion deleted, and Employers liability (stop gap). Grantee may self insure a portion of the risk as indicated in Section 14.8.

#### 14.14.20 Automobile Liability

\$1,000,000 per accident bodily injury and property damage liability, covering any owned automobile, hired automobiles, non-owned automobile.

### **Section 15. Receivership and Foreclosure.**

15.1 Grantee shall immediately notify the Grantor in writing if it: files a voluntary petition in bankruptcy, a voluntary petition to reorganize its business, or a voluntary petition to effect a plan or other arrangement with creditors; files an answer admitting the jurisdiction of the Court and the material allegations of an involuntary petition filed pursuant to the Bankruptcy Code, as amended; or is adjudicated bankrupt, makes an assignment for the benefit of creditors, or applies for or consents to the appointment of any receiver or trustee of all or any part of its property including all or any parts of its business operations, pipeline(s) or Facilities within or affecting the Franchise Area.

15.2 Upon the foreclosure or other judicial sale of all or a substantial part of Grantee's business operations, pipeline(s) or Facilities within or affecting the Franchise Area, or upon the termination of any lease covering all or a substantial part of the pipeline(s) or Facilities within or affecting the Franchise Area, or upon the occasion of additional events which effectively cause termination of Grantee's rights or ability to operate the pipeline(s) or Facilities within or affecting the Franchise Area, Grantee shall notify the Grantor of such fact, and such notification or the occurrence of such terminating events shall be treated as a notification that a change in control of the Grantee has taken place, and the provisions of this Franchise Agreement governing the consent of the Grantor to such change in control of the Grantee shall apply.

15.3 The Grantor shall have the right to cancel this Franchise one hundred twenty (120) days after the appointment of a receiver or trustee to take over and conduct the business of a Grantee, whether in receivership, reorganization, bankruptcy, or other action or proceeding, unless such receivership or trusteeship shall have been vacated prior to the expiration of said one hundred twenty (120) days, or unless:

(a) Within one hundred twenty (120) days after the election or appointment, such receiver or trustee shall have fully complied with all of the provisions of this Franchise Agreement and remedied any existing violations and/or defaults; and

(b) Within said one hundred twenty (120) days, such receiver or trustee shall have executed an agreement, duly approved by the court having jurisdiction, whereby such receiver or trustee assumes and agrees to be bound by each and every provision of this Franchise Agreement granted to

the Grantee except where expressly prohibited by Washington law.

#### **Section 16. Reimbursement of Costs.**

16.1 Pursuant to RCW 35.21.860, the Grantee shall reimburse and pay to the City the actual amount of administrative expenses incurred by the City which are directly related to administering this Franchise Agreement. Such payments shall be invoiced by the Grantor and paid quarterly by the Grantee. In the event of non-payment thereafter, the Grantee shall pay the City's reasonable attorney's fees and other costs incurred in collecting such amount.

16.2 The reimbursement of cost in section 16.1 does not include any payments associated with the Grantor licensing, permitting or granting any other approvals necessary for Grantee to Construct, Operate or Maintain its pipeline(s) and/or Facilities or for any inspection or enforcement costs there under. Grantee agrees that it will obtain, at the Grantor's then-existing rate, any and all licenses, permits or other approvals necessary for Grantee to Construct, Operate and Maintain its pipeline(s) and/or Facilities in the Franchise Area.

#### **Section 17. Legal Relations.**

17.1 Nothing contained in this Franchise shall be construed to create an association, trust, partnership, agency relationship, or joint venture or to impose a trust, partnership, or agency duty, obligation or liability on or with regard to any party. Each party shall be individually and severally liable for its own duties, obligations, and liabilities under this Franchise.

17.2 Grantee accepts any privileges granted by Grantor to the Franchise Area, public Rights-of-Way and other Public Property in an "as is" condition. Grantee agrees that the City has never made any representations, implied or express warranties or guarantees as to the suitability, security or safety of Grantee's location of facilities or the facilities themselves in public property or rights of way or possible hazards or dangers arising from other uses of the public rights of way or other public property by the City or the general public. Grantee shall remain solely and separately liable for the function, testing, maintenance, replacement and/or repair of the pipeline or other activities permitted under this Franchise.

17.3 Grantee waives immunity under Title 51 RCW in any cases involving the Grantor and affirms that the Grantor and Grantee have specifically negotiated this provision, to the extent it may apply. This Franchise shall not create any duty of the City or any of its officials, employees or agents and no liability shall arise from any action or failure to act by the City or any of its officials, employees or agents in the exercise of powers reserved to the Grantor. Further, this ordinance is not intended to acknowledge, create, imply or expand any duty or liability of the Grantor with respect to any function in the exercise of its police power or for any other purpose. Any duty that may be deemed to be created in the City shall be deemed a duty to the general public and not to any specific party, group

or entity.

17.4 This Franchise shall be governed by and construed in accordance with the laws of the State of Washington and the parties agree that in any action, except actions based on federal questions, venue shall lie exclusively in Benton County, Washington.

#### **Section 18. Miscellaneous.**

18.1 In the event that a court or agency of competent jurisdiction declares a material provision of this Franchise Agreement to be invalid, illegal or unenforceable, the parties shall negotiate in good faith and agree, to the maximum extent practicable in light of such determination, to such amendments or modifications as are appropriate actions so as to give effect to the intentions of the parties as reflected herein. If severance from this Franchise Agreement of the particular provision(s) determined to be invalid, illegal or unenforceable will fundamentally impair the value of this Franchise Agreement, either party may apply to a court of competent jurisdiction to reform or reconstitute the Franchise Agreement so as to recapture the original intent of said particular provision(s). All other provisions of the Franchise shall remain in effect at all times during which negotiations or a judicial action remains pending.

18.2 Whenever this Franchise sets forth a time for any act to be performed, such time shall be deemed to be of the essence, and any failure to perform within the allotted time may be considered a material violation of this Franchise.

18.3 In the event that Grantee is prevented or delayed in the performance of any of its obligations under this Franchise by reason(s) beyond the reasonable control of Grantee, then Grantee's performance shall be excused during the Force Majeure occurrence. Upon removal or termination of the Force Majeure occurrence the Grantee shall promptly perform the affected obligations in an orderly and expedited manner under this Franchise or procure a substitute for such obligation or performance that is satisfactory to Grantor. Grantee shall not be excused by mere economic hardship nor by misfeasance or malfeasance of its directors, officers or employees.

18.4 The Section headings in this Franchise are for convenience only, and do not purport to and shall not be deemed to define, limit, or extend the scope or intent of the Section to which they pertain.

18.5 By entering into this Franchise, the parties expressly do not intend to create any obligation or liability, or promise any performance to, any third party, nor have the parties created for any third party any right to enforce this Franchise.

18.6 This Franchise and all of the terms and provisions shall be binding upon and inure to the benefit of the respective successors and assignees of the parties.

18.7 Whenever this Franchise calls for notice to or notification by any party, the same

(unless otherwise specifically provided) shall be in writing and directed to the recipient at the address set forth in this Section, unless written notice of change of address is provided to the other party. If the date for making any payment or performing any act is a legal holiday, payment may be made or the act performed on the next succeeding business day which is not a legal holiday.

Notices shall be directed to the parties as follows:

To the Grantor:

City of West Richland  
3801 W. Van Giesen  
West Richland, WA. 99353  
Attn: City Clerk

To the Grantee:

Cascade Natural Gas Corporation  
222 Fairview Avenue North  
Seattle, WA. 98109  
Attn: ~~Larry E. Anderson~~ SR. DIRECTOR, SAFETY AND ENGINEERING

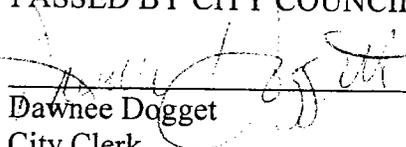
18.8 The parties each represent and warrant that they have full authority to enter into and to perform this Franchise, that they are not in default or violation of any permit, license, or similar requirement necessary to carry out the terms hereof, and that no further approval, permit, license, certification, or action by a governmental authority is required to execute and perform this Franchise, except such as may be routinely required and obtained in the ordinary course of business.

18.9 This Franchise Agreement and the attachments hereto represent the entire understanding and agreement between the parties with respect to the subject matter and it supersedes all prior oral negotiations between the parties. This Franchise Agreement can be amended, supplemented, modified or changed only by an agreement in writing which makes specific reference to the Franchise Agreement or the appropriate attachment and which is signed by the party against whom enforcement of any such amendment, supplement, modification or change is sought. All previous Franchise Agreements between the parties pertaining to Grantee's Operation of its pipeline(s) and/or Facilities are hereby superseded.

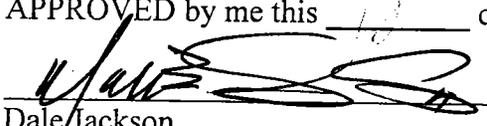
18.10 Grantee shall, within sixty (60) days after passage of this Ordinance, file with the City Clerk, its unconditional written acceptance of all the terms and conditions of this Franchise. If Grantee shall fail to so file its written acceptance within such period, then the rights and privileges granted hereunder shall be deemed forfeited.

18.11 The Effective Date of this Franchise shall be the \_\_\_\_ day of \_\_\_\_\_, 2003, after passage, approval and legal publication of this Ordinance as provided by law, and provided it has been duly accepted by Grantee as herein above provided.

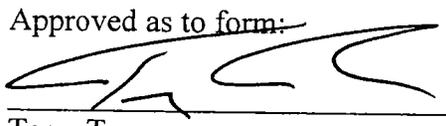
PASSED BY CITY COUNCIL this 21st day of July, 2003.

  
\_\_\_\_\_  
Dawnee Dogget  
City Clerk

APPROVED by me this 20<sup>th</sup> day of August, 2003.

  
\_\_\_\_\_  
Dale Jackson  
Mayor Pro-Tem

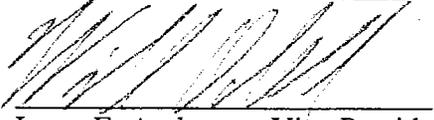
Approved as to form:

  
\_\_\_\_\_  
Terry Tanner  
City Attorney

Date of Publication: \_\_\_\_\_

**UNCONDITIONAL ACCEPTANCE BY GRANTEE:**

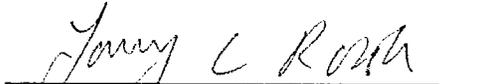
I, the undersigned official of CASCADE NATURAL GAS CORPORATION, am authorized to bind CASCADE NATURAL GAS CORPORATION and to unconditionally accept the terms and conditions of the foregoing Franchise (Ordinance No. 11-03), which is hereby accepted by CASCADE NATURAL GAS CORPORATION this 19 day of AUGUST, 2003.



~~Larry E. Anderson, Vice President, Safety & Engineering.~~

~~Will Odell, Chief operating officer~~

Attest:

  
Larry C. Rosok, Corporate Secretary

Received on behalf of the City this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ORDINANCE NO. 2-85

AN ORDINANCE GRANTING TO CASCADE NATURAL GAS CORPORATION, A WASHINGTON CORPORATION, ITS SUCCESSORS AND ASSIGNS, THE RIGHT AND PRIVILEGE TO USE AND OCCUPY THE STREETS, AVENUES, LANES, ALLEYS, HIGHWAYS AND OTHER PUBLIC PLACES OF THE CITY OF RICHLAND, STATE OF WASHINGTON, FOR THE PURPOSE OF SUPPLYING, DISTRIBUTING AND SELLING GAS TO THE INHABITANTS OF THE CITY, AND ELSEWHERE; AND THE RIGHT AND PRIVILEGE OF CONSTRUCTING, AND THEREAFTER MAINTAINING A GAS WORKS, MAINS, SERVICE PIPES AND OTHER NECESSARY EQUIPMENT IN SAID CITY, FOR THE DISTRIBUTION OF GAS FOR FUEL, POWER, HEAT AND OTHER PURPOSES.

THE CITY COUNCIL OF THE CITY OF RICHLAND DO ORDAIN AS FOLLOWS:

SECTION 1. That Cascade Natural Gas Corporation, its successors and assigns (hereafter designated as "Grantee"), is hereby granted the right and privilege to construct, maintain, use, own and operate a gas works, within the corporate limits of said City of Richland, Washington (hereinafter designated as the "City"), as the same now or may hereafter be extended, and to construct, lay, maintain and operate along the streets, avenues, lanes, alleys, highways and other public places in the said City of Richland, a system of mains, pipes and the necessary attachments and appurtenances for the storage, conveyance, distribution and sale of gas for fuel, power, heat and other purposes in the City of Richland, Washington, and elsewhere. Such right and authority, permission and power is hereby granted for a term of twenty-five (25) years from and after the date of the final acceptance of this Ordinance by the Grantee.

SECTION 2. That the rates to be charged for gas for fuel, power, heat and other purposes by the Grantee, and character of the service to be rendered by the Grantee shall be such as shall be prescribed by the Washington Utilities and Transportation Commission, or other agency of said state having jurisdiction over said matters under the laws thereof.

"ASSIGNMENT NO. 43-14-251"

SECTION 3. All mains and other lines of the grantee shall be laid at least 24 inches below the established grade of the streets and alleys of said City and at such greater depth as to be below the bottom of all irrigation and drain ditches and shall be laid in such a manner so as not to interfere with any present public or private irrigation or drain ditches, drains, sewers, water mains, conduits, sidewalks, paving or other public improvements; provided, that the City may allow such mains and lines to be laid at a lesser depth than the minimum specified herein, upon written application of the grantee showing necessity therefor. If practicable, no pipeline shall be laid closer than 2 feet to any water main or other pipe or conduit or other utilities. All sidewalks, paving or other public improvements must be replaced in a good workmanlike manner as quickly as possible in all cases at the sole expense of grantee. Whenever grantee, in the exercise of any of the rights and privileges herein granted, shall disturb any of the streets, alleys or other public places, grantee agrees to backfill any excavation within 48 hours after such excavation is begun and agrees to restore the streets, alleys or other public places to a condition acceptable to the City within the time provided in the required permit issued for such work by the Department of Public Works or its successor. Grantee agrees to pay all costs and expenditures required for a period of two years hereafter as a result of settling or any other need for repair or maintenance resulting from excavations made by grantee. Except with the approval of the City Engineer, no trench shall be excavated more than 300 feet in advance of pipe laying, nor left unfilled more than 700 feet where pipe has been laid; in no event however, shall the length of the trench be greater than the length of the pipe and the necessary accessories which are available on the site ready to put in place. Except with the special permission of the City, not more than one street intersection shall be closed to traffic at any one time. On streets where traffic is heavy, the City may require that one-half of the street be open to traffic at all times. Detours for pedestrians shall not exceed

one block in length and foot bridges over trenches shall be provided with adequate hand rails. At entrances to business properties and other private roads or driveways, bridges or other means as providing access shall be provided by the grantee. The Grantee shall be responsible for keeping such streets and other places guarded, in order to prevent accident to persons or property; and if at any time the City is subjected to liability for injury to persons or property growing out of the actions of the Grantee, its agents, servants or employees, in connection with the operations of the Grantee, the Grantee shall fully indemnify and hold the City harmless from any and all such liability; provided, however, that in case suit be instituted against the City, the City shall promptly notify the Grantee of such suit, giving it ample and reasonable time to defend the same. The City, upon 30 days' notice to the Grantee, may at any time do, or order to have done any and all work that they consider necessary to restore to a safe condition any such street, alley or other public place left by the Grantee or its agents in a condition dangerous to life or property, and Grantee upon demand, shall pay to the City all costs of such work.

SECTION 4. In case of any future improvement or construction of sewers or underground fixtures for the conveyance of water or of any of the streets, avenues, lanes, alleys, highways and public places where any gas mains, pipes, services, attachments, and appurtenances of the Grantee may be situated, and it is necessary to change the location of the same in connection with said improvement or construction, the grantor, at the pre-design stage of any such improvement or construction shall meet with grantee to review the actual location of grantee's mains. The grantee may give input as to suggest alternative in design which would benefit both grantee and grantor. After such consultation the grantee, at its own expense, move and change any gas main, pipes, services, attachments or appurtenances to conform to such public improvement. In the event Federal, state or other funds are available in whole or in part

for utility relocating purposes, the City shall apply for such funds and the Grantee will be given credit to the extent any such funds are actually obtained. The City agrees to protect Grantee's rights by retaining easements for its facilities located within public rights of ways being vacated by Ordinance. If Grantee's facilities must be relocated from a vacated public right of way, the petitioners of said vacation will bear the expense of moving said facilities.

SECTION 5. Except as to emergency repairs, grantee shall, prior to excavating within any street, alley or other public place, and installing any pipe, main, conduit or service line therein, file with the City Engineer plans and specifications thereof showing the work to be done, the location and nature of the installation to be made, repaired or maintained, and a schedule showing the times of beginning and completion and shall secure a permit from the City before proceeding with any such work. The grantee shall conform to all requirements of Chapter 12.08 - Excavation of the city code except the bonding and fee requirements shall be waived.

SECTION 6. Grantee shall at all times keep up-to-date maps and records showing the location and sizes of all gas mains, lines, and service connections laid by it in said City. Such maps and records shall be kept in grantee's district operating office and shall be subject to inspection at all reasonable times by proper officials or agents of said City. Two copies of a corrected and up-to-date map of the location of all mains, lines and service connections shall be furnished to and maintained in the office of the City Engineer at all times during the term of this right and privilege.

SECTION 7. This franchise is granted upon the express condition that it shall not be deemed or held to be an exclusive franchise and shall not in any manner prohibit the City from granting other and future franchises over, upon and along any of said public streets, avenues, alleys, highways, public or municipally owned places, and failure on the part of Grantee to comply in any respect with any of the provisions of this Ordinance shall be grounds for forfeiture of the grant.

SECTION 8. The franchise hereby granted shall not be leased, assigned or otherwise alienated by the Grantee to any third party without the express consent of the City by ordinance passed for that purpose, and no rule of estoppel shall ever be invoked against the City in case it shall assert the invalidity of any attempted transfer in violation of this section. Notwithstanding anything to the contrary herein contained, permission is hereby granted to the Company to mortgage this franchise, together with the gas utility facilities and properties of the Company, within the City to secure any legal bond issue or other bona fide indebtedness of the Company, and express consent is hereby given to the mortgaging and assignment for security purposes of said franchise, facilities and properties by the Company to The Chase Manhattan Bank, N. A. with no requirement that the Trustee file any acceptance of this franchise and the liabilities and obligations of said Trustees shall in any event be limited to the properties and assets of the Company comprising the trust estate.

SECTION 9. The Grantee herein agrees as part of the consideration of this franchise to pay promptly any and all licenses and taxes legally levied by the City.

SECTION 10. Grantee shall within thirty (30) days of the passage of this Ordinance, file with the City Clerk its written acceptance of all the terms and conditions of the Ordinance, and if such acceptance is not filed as herein provided, this Ordinance shall be null and void and of no force or effect.

SECTION 11. If any section, subsection, sentence, clause or phrases of this ordinance is for any reason held invalid or unconstitutional by the decision of any court or regulatory body of competent jurisdiction, such decision shall not affect the validity of the remaining portions hereof. The Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause, and phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared illegal, invalid or unconstitutional. The invalidity of any portion of this ordinance shall not abate, reduce or otherwise affect any consideration or other obligation required of the Grantee. All ordinances and parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

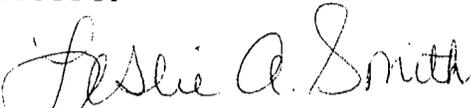
SECTION 12. That this ordinance shall be in full force and effect 30 days after publication as required by City Charter.

Introduced and read at the Richland City Council meeting held  
January 7, 1985

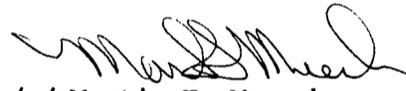
Passed by the City Council this 7th day of January, 1985.

  
/s/ John Poyner  
Mayor

Attest:

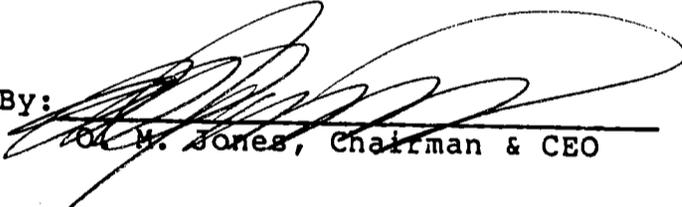
  
/s/ Leslie A. Smith  
City Clerk

Approved as to form:

  
/s/ Martin F. Muench  
City Attorney

The terms and conditions of the foregoing Franchise Ordinance  
No. 2-85 are hereby accepted this 21 day of  
JANUARY, 1985.

CASCADE NATURAL GAS CORPORATION

By:   
G. M. Jones, Chairman & CEO

Attest:

  
Lucille R. Walsh  
Corporate Secretary

Above acceptance received by:

  
Leslie A. Smith Dated 1/22/85  
City Clerk