

**OTSEGO LAKE TOWNSHIP
OTSEGO COUNTY, MICHIGAN**

**TOWNSHIP ORDINANCE NO. 2001-01
LOCAL GAS PUBLIC UTILITY FRANCHISE**

A FRANCHISE, granting to REED CITY ENERGY, L.L.C., d/b/a GREAT LAKES ENERGY GAS SERVICES, 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 and other public places, and to do a local gas public utility business in the Township of Otsego Lake, Otsego County, Michigan for a period of thirty years.

THE TOWNSHIP OF OTSEGO LAKE ORDAINS:

SECTION 1. Grant of Gas Franchise and Consent to Laying of Pipes, Etc. Subject to all the terms and conditions mentioned in this Franchise, consent, permission, right and authority is hereby given to Reed City Energy, L.L.C., d/b/a Great Lakes Energy Gas Services, a limited liability company organized under the laws of the State of Michigan (the "Company"), and to its successors and assigns to lay, maintain, operate and use gas pipes, mains, conductors, service pipes and other necessary equipment, in the highways, streets, alleys and other public places in the Township of Otsego Lake, Otsego County, Michigan, (the "Township") and a non-exclusive franchise is hereby granted to the Company, its successors and assigns, to transact local business in the Township for the purposes of producing, storing, transmitting, selling and distributing gas, into and through the Township and all other matters incidental thereto.

SECTION 2. Use of Streets and Other Public Places. The Company, its successors and assigns, shall not unnecessarily obstruct the passage of any of the highways, streets, alleys, or other public places within the Township and shall within a reasonable time after making an opening or excavations, repair the same and leave it in as good condition as before the opening or excavation was made. The Company, its successors and assigns shall use due care in exercising the privileges herein contained and shall be liable to the Township and to every owner of property abutting the Company's gas pipelines, or other facilities, for all damages and costs arising from the default, carelessness, or negligence of the Company or its officers, agents and servants.

No road, street, alley, or highway shall be opened for the laying of gas trunk lines or gas lateral mains except upon application to the State Transportation Commission, the Otsego County Road Commission or the Township or other authority having jurisdiction in the premises (whichever is applicable), stating the nature of the proposed work and the route. Upon receipt of such application, it shall be the duty of the State Transportation Commission or the Township Board, or such other authority as may have jurisdiction, to issue a permit to the Company to do the work proposed.

SECTION 3. Force Majeure. The Company shall not be under any liability for failure to furnish gas service as herein provided, or for any breach of the Company'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 Company.

SECTION 4. Indemnity. As part of the consideration for the granting of this Franchise, the Company (indemnitor) shall, at its sole cost and expense, fully indemnify and hold the Township (indemnitee), its officers, boards, commissions, agents and employees, harmless against any and all claims, demands, lawsuits, actions, liability and judgments for damages arising out of the negligent or wrongful act of indemnitee in the operation of this Franchise, including but not limited to liability for damages to any former holder of a public utility franchise whose franchise may have been revoked and superseded by this Franchise. In further consideration for the granting of this Franchise, the Company shall pay actual reasonable attorney's fees, costs and

expenses which may be incurred by the Township in defense of or in response to any claim, demand, lawsuit, action or administrative proceeding arising out of the negligent or wrongful act of indemnitee in the operation of this Franchise or the revocation of prior franchise, whether or not judgment is entered against the Township.

SECTION 5. Effective Date; Term of Franchise; Acceptance by the Company. This Franchise shall take effect the day following the date of publication thereof, which publication shall be made within thirty (30) days after the date of its adoption, and shall continue in effect for a period of thirty (30) years thereafter; provided, however, that when this Franchise shall become effective the Township Clerk shall deliver to the Company a certified copy of the Franchise accompanied by written evidence of publication thereof as required by law, and the Company shall, within sixty (60) days after receipt of the above documents, file with the Township Clerk its written acceptance of the conditions and provisions hereof.

SECTION 6. Franchise Not Exclusive. The rights, power and authority granted by this Franchise are not exclusive, and nothing contained herein shall prevent the Township from granting other non-exclusive gas franchises.

SECTION 7. Franchise Revocable. This Franchise shall be revocable by either the Township or the Company upon sixty (60) days' written notice to the other party.

SECTION 8. Effect and Interpretation of Franchise. All other franchises, ordinances and resolutions, and parts thereof, which conflict with any of the terms of this Franchise are hereby rescinded, to the extent of such conflict. The catch line headings which precede each section of this Franchise are for convenience in reference only and shall not be taken into consideration in the construction or interpretation of any of the provisions of this Franchise.

SECTION 9. Successors and Assigns. The words "Reed City Energy, L.L.C.," "Great Lakes Energy Gas Services" and the "Company," wherever used herein, are intended and shall be held and construed to mean and include both Reed City Energy, L.L.C. d/b/a Great Lakes Energy Gas Services and its successors and assigns, whether so expressed or not.

Ayes: Four

Nays: None

Date Passed: April 19, 2001

Attested, by Order of the Township of
Otsego Lake, Otsego County, Michigan
Lorraine Markovich [sig.]
Otsego Lake Township Clerk

T. H. Wagar [sig.]
Township Supervisor