

THE TOWNSHIP OF HANCOCK
FRANCHISE GRANTED TO
SEMCO Energy Gas Company

Ordinance No. 10

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 Hancock, located in Houghton County, Michigan, for a period of thirty years.

THE TOWNSHIP OF HANCOCK ORDAINS:

Section 1. **GRANT OF FRANCHISE.** The Township of Hancock, located in Houghton County, Michigan, hereby grants to SEMCO Energy Gas Company, a division of SEMCO Energy, Inc., a Michigan corporation, its successors and assigns, hereinafter called the "Grantee," the right, power and authority to construct, operate, maintain and replace in the public streets, highways, alleys and other public places in the Township of Hancock, 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 Hancock, 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.

Section 2. **CONSIDERATION.** In consideration of the rights, power and authority hereby granted, said 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 said Grantee shall be obstructed longer than necessary during the work of construction or repair, and shall be restored to the same order and condition as when the work was commenced. 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.

Section 4. **HOLD HARMLESS.** Said Grantee shall at all times keep and save the Township free and harmless from all loss, costs and expense to which it may be subject by reason of the Grantee's negligent construction and negligent maintenance of the structures and equipment hereby authorized. In case any action is commenced against the Township on account of the permission herein given, said Grantee shall, upon notice defend the Township and save it free and harmless from all loss, cost and damage arising out of such negligent 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.

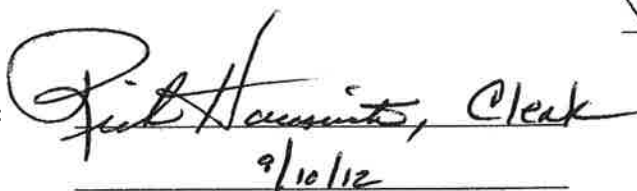
Section 8. **MICHIGAN PUBLIC SERVICE COMMISSION, JURISDICTION.** Said Grantee shall, as to all other conditions and elements of service not herein fixed, be and remain subject to the reasonable rules and regulations of the Michigan Public Service Commission or its successors, applicable to gas service 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. **ASSIGNMENT OF FRANCHISE.** Grantee shall not assign this Franchise to any other person, firm or corporation without the prior written approval of the Township Board except in those cases where the Michigan Public Service Commission has granted any required approval of the acquisition, transfer of control, merger or encumbrance transaction underlying the assignment of this Franchise. The Township shall not unreasonably withhold its consent to an assignment if the Assignee is financially able to carry out the Grantee's obligations under this Franchise. The assignment of this Franchise to a subsidiary, division, or affiliated corporation of Grantee or its parent corporation shall not be considered an assignment requiring the consent of the Township Board.

Section 10. **EFFECTIVE DATE.** This ordinance shall take effect upon the day after the date of publication thereof; provided, however, it shall cease and be of no effect after sixty 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.

We certify that the foregoing Franchise Ordinance was duly enacted by the Township Board of the Township of Hancock, Michigan, on the 10th day of Sept., 2012.

Attest:


Rick Housharts, Clerk
9/10/12

