

APPENDIX B

GAS FRANCHISE

ORDINANCE NO. 4006

AN ORDINANCE GRANTING UNTO INTERSTATE POWER AND LIGHT COMPANY, ITS SUCCESSORS AND ASSIGNS, A NON-EXCLUSIVE FRANCHISE AND RIGHT FOR A PERIOD OF TWENTY-FIVE YEARS TO ERECT, CONSTRUCT, RECONSTRUCT, MAINTAIN, AND OPERATE PLANT AND DISTRIBUTING SYSTEMS FOR THE DISTRIBUTION OF NATURAL GAS IN THE CITY OF AMES, IOWA, AND TO ENTER UPON AND TO USE AND OCCUPY THE STREETS, AVENUES, ALLEYS, BRIDGES, AND OTHER PUBLIC PLACES OF SAID CITY FOR THE PURPOSE OF CONSTRUCTING, RECONSTRUCTING, MAINTAINING, AND OPERATING THEREIN, THEREON, AND THEREUNDER SAID SYSTEMS FOR THE DISTRIBUTION OF NATURAL GAS OR ANY AND ALL OTHER TYPES AND KINDS OF GAS, CONSISTING OF MAINS, PIPES, PIPE LINES, DISTRIBUTING LINES, CONDUITS AND OTHER EQUIPMENT, APPURTENANCES AND CONSTRUCTION NECESSARY OR INCIDENT TO SAID DISTRIBUTION SYSTEMS, AND TO SELL, DISTRIBUTE, AND SUPPLY NATURAL GAS TO SAID CITY AND THE INHABITANTS THEREOF AND OTHERS WITHIN AND WITHOUT SAID CITY FOR ALL PURPOSES, AND PRESCRIBING THE TERMS AND CONDITIONS OF THE GRANT AND REPEALING ALL ORDINANCES IN CONFLICT THEREWITH.

BE IT ORDAINED by the City Council of the City of Ames, Iowa:

Section One. The City of Ames, Iowa, hereby grants unto Interstate Power and Light Company, an Iowa corporation, its successors and assigns, hereinafter called the Grantee, a non-exclusive franchise and right for a period of twenty-five years from and after the date this ordinance becomes effective, to erect, construct, reconstruct, maintain, and operate within the corporate limits of said City of Ames, Iowa, as the same now are or hereafter may be located or extended, the plant and facilities for distribution of natural gas, whether said distribution systems have been heretofore or hereafter may be constructed, together with the franchise and right to enter upon and to use and occupy the streets, avenues, alleys, bridges, and other public places of said City as the same now are or hereafter may be located or extended, for the purpose of constructing, reconstructing, maintaining, and operating therein, thereon, and thereunder systems for the distribution of natural gas consisting of mains, pipes, pipe lines, distributing lines, conduits and other equipment, appurtenances and construction necessary or incident to said distribution systems, and together with the franchise and right to supply, distribute, and sell natural gas to said City and to the inhabitants thereof and others within and without the corporate limits of said City for any and all purposes, and upon such terms and conditions and under such restrictions and regulations as are hereinafter contained, and such other reasonable rules and regulations as hereafter may be provided by the rule-making body having jurisdiction thereof, and as provided by the State Code of Iowa.

Section Two. The Grantee shall maintain within said City a modern gas service, with sufficient capacity to meet the reasonable requirements of its patrons, and shall supply same in such a manner as to render efficient service unless prevented by an Act of God, a public enemy, a governmental authority, or by a cause not under the control of the Grantee, and in any such event, the Grantee may adopt reasonable rules and regulations governing the volume of gas which it shall be required to furnish its patrons or any class of patrons.

Section Three. The systems for the distribution of gas shall be constructed, maintained, and operated by the Grantee in such a manner as not to endanger persons or property and so as not to interfere unreasonably with any improvements the City may deem proper to make, or to hinder unnecessarily or obstruct the free use of the streets, avenues, alleys, bridges, or other public places, and so as not to interfere with the construction or operation of sewers, drainage or water system, electrical facilities, communications and fiber optic facilities, and other utility or signal lines in the City. The City of Ames, Iowa, shall have the right to require the Grantee to remove, at its own cost and expense, its existing facilities and equipment which interferes with or obstructs the construction, reconstruction, or repair of any municipal facilities or public improvements. The City will attempt to give to the Grantee as much advance notice of the removal requirement as the City deems possible.

Section Four. Whenever the Grantee, in erecting, constructing, or maintaining said distribution systems, shall take up or disturb any pavement or sidewalk or make any excavations in the streets, avenues, alleys, bridges, or public places of said City, such excavations shall be done pursuant to City permits and regulations and shall at once be refilled and the pavement, sidewalk, or other improvement replaced to the satisfaction of the City officials, and in case of its failure to do as promptly as is practical, the City may do so at the expense of the Grantee.

Section Five. The Grantee shall extend its mains as provided by its most current gas tariff and applicable rules promulgated by the governing regulatory body for customers in all cases where bona fide customers apply in writing to be supplied with gas. The Grantee shall furnish the service pipes from the main to the lot line without expense to the customer, so long as it is not prohibited by regulatory agency rules. This ordinance shall allow the Grantee to appropriate and condemn property when necessary to provide gas service to its customers, in accordance with the applicable requirements contained in the Code of Iowa, following approval of the City Council. The Grantee must establish necessity for each taking of private property, and when so established, the City Council may approve the condemnation of private property by resolution. The owners of any property that may be subject to condemnation shall be given notice at least ten days prior to any approval of such condemnation by City Council.

Section Six. The Grantee shall indemnify, defend, and hold the City harmless from and against any and all claims, demands, losses, damages, costs, and expenses whatsoever (including, but not limited to, court costs, fines, penalties, and reasonable attorney's fees), judgments, liabilities, and causes of action of any nature whatsoever which may arise through or by reason of the acts or omissions of Grantee, its employees, contractors, agents, and assigns related to the construction, maintenance, and operation of said systems for the distribution of gas and other construction hereby authorized.

Section Seven. Said Grantee shall have the right to supply, distribute and sell gas for any and all purposes to said City and to the inhabitants thereof, and to charge therefor such just and reasonable rates as hereafter may be fixed and determined by the rate-making body established under the laws of the State of Iowa and given jurisdiction thereof.

Section Eight. All of the provisions of this Ordinance shall apply to the successors or assigns of the Grantee with the same force and effect as they do to the Grantee itself.

Section Nine. The Grantee shall, within sixty (60) days after the publication of this Ordinance, signify in writing an acceptance of the grant herein, including the conditions and restrictions herein expressed, and this Ordinance, and the franchise granted herein, shall not be operative or binding until such acceptance is filed with the City Clerk. Upon acceptance, this ordinance shall supersede the prior franchise agreement between the City and the Grantee.

Section Ten. In its monthly billing, the Grantee shall include a Franchise Fee of 0% on the gross receipts from the distribution, supply, or sale of gas to customers within the City of Ames. The Grantee shall commence the collection of this Fee on the first of the month following the six-month notification by the City of Ames of an amount to be collected. The Fee may be increased or decreased by the City with a minimum of six months notice to the Grantee, and shall be limited to the maximum amount allowed by Iowa law. Such Franchise Fee shall be used by the City as allowed by law, and shall cease upon repeal of the Fee by the City Council, or at the end of this ordinance. The Franchise Fee will be applied to all customers' bills in accordance with applicable Iowa law. Should actions by the State of Iowa, or any of its regulatory agencies, invalidate the collection of this Franchise Fee, the Grantee shall be relieved of its

collection obligations. The Grantee shall be allowed to collect an additional .06% on the gross receipts from the distribution, supply, or sale of gas to customers within the City of Ames to cover administrative expenses associated with the collection of the Franchise Fee. This .06% charge shall be collected only when the Franchise Fee is being collected.

Section Eleven. The expense of the publication of this ordinance shall be paid by the Grantee. The term of the non-exclusive franchise granted by this ordinance shall be twenty-five years from the date of acceptance by the Grantee.

Section Twelve. All ordinances or parts of ordinances, insofar as they are in direct conflict herewith, are hereby repealed.

Passed this 22nd day of September, 2009.