

APPLICATION OF OZARK ENERGY PARTNERS, LLC

GA-2006-0561

EXHIBIT I

Municipal Franchises

Kimberling City
Highlandville
Hollister
Reeds Spring

FILED³

MAR 1 2007

**Missouri Public
Service Commission**

Kimberling City

Passed and Approved, August 15, 2006

Ratified by the voters, November 7, 2006

AN ORDINANCE PROVIDING FOR THE BOARD OF ALDERMEN OF THE CITY OF KIMBERLING CITY, GRANTING TO OZARK ENERGY PARTNERS, LLC, THE RIGHT AND PRIVILEGE AND FRANCHISE FOR THE LAYING OF GAS MAINS ALONG THE STREETS, AVENUES, ALLEYS, ROADS AND HIGHWAYS AND OTHER PUBLIC PLACES OF THE CITY, FOR THE PURPOSE OF DISTRIBUTING AND SELLING NATURAL GAS TO THE INHABITANTS OF SAID CITY AND TO OTHERS, AND ALSO THE NON-EXCLUSIVE RIGHT TO LAY PIPES IN THE STREETS, ALLEYS, AVENUES, HIGHWAYS, ROADS AND OTHER PUBLIC PLACES AND GROUNDS OF SAID CITY FOR THE PURPOSE OF CONVEYING NATURAL GAS TO THE INHABITANTS OF SAID CITY, AND TO OTHERS BEYOND THE LIMITS OF SAID CITY, FOR DOMESTIC, COMMERCIAL AND INDUSTRIAL PURPOSES AND PROVIDING THE REGULATION OF SAID GAS DISTRIBUTION SYSTEM, AND OTHER PURPOSES; AND CALLING FOR AN ELECTION TO RATIFY SAME, AND PROVIDING FOR NOTICE THEREOF.

WHEREAS, the Board of Aldermen of the City of Kimberling City have ascertained and hereby declare that there is no natural gas for either domestic, commercial or industrial enterprises within said City; and

WHEREAS, there is a need for an adequate supply of natural gas for the health and welfare of the City; and

WHEREAS, it is necessary to begin the construction of pipe lines and a natural gas distribution system within said City, in order that natural gas may be made available for the citizens of Kimberling City, Missouri, and all users of natural gas as soon as practical;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF KIMBERLING CITY, MISSOURI AS FOLLOWS:

Section 1: The City of Kimberling City, subject to the terms, conditions and stipulations mentioned in this ordinance, consents and grants the non-exclusive right, permission and franchise as is hereby given to Ozark Energy Partners, LLC, the non-exclusive right to lay, construct, equip, operate, repair, and maintain a system of gas mains, pipes, conduits, and feeders for the purpose of supplying and distributing natural gas for light, fuel, power, and heat and for any other purpose, to the residents and inhabitants of said City; and further the non-exclusive right to lay, construct, operate and maintain a system of gas mains, pipe lines, pipe conduits and feeders and the necessary attachments, connections, fixtures and appurtenances for the purpose of conveying, conducting, or distributing natural gas from any point beyond said City limits in order to enable the said Grantee to distribute and sell natural gas to the said City and to the residents and inhabitants thereof, and to others.

Section 2: The Grantee herein is expressly given the non-exclusive permit subject to the approval of the City of plans showing specific locations, to use the streets, avenues, roads, highways, alleys,

sidewalks and other public places, as now laid out, or hereafter to be established for the purpose of laying gas mains, pipe lines, conduits and feeders, and the necessary attachments, fixtures, connections, and appurtenances for the purpose of conveying or conducting natural gas in and to any point within the said City and to operate and maintain a system of pipe lines, pipes, conduits, feeders and the necessary attachments, connections, fixtures and appurtenances for the distribution of natural gas within said City and to serve the said City, the residents and inhabitants thereof, and others; provided, however, that where alleys are accessible for laying mains and pipes, the City of Kimberling City shall have the right to require that the mains and pipes be laid in the alleys instead of the streets, and plans for the laying and construction of said mains and lines must be submitted to the Board of Aldermen or to a specifically appointed representative thereof, and no construction may begin until final written approval of said plans is obtained.

Section 3: Subject to the provision in Section 2 hereof, the main pipes of the Grantee may be laid in the highways, roads, streets, avenues, alleys and other public places as now laid out or as the same shall hereafter be established, and when laid in highways, roads, avenues, streets, alleys, and other public places, the same shall be laid in accordance with the lines and grades now established or hereafter to be established by the City, provided that such main pipes and service pipes be laid at the minimum depth of eighteen inches below the grade of streets, alleys or ditches. All construction shall meet the requirements of the State of Missouri, the Building and Construction Codes of the City of Kimberling City, now in existence or as amended, and the Natural Gas Pipeline Safety Act of the federal government, including the latest amendments.

Section 4: Semi-annually, and on the first day of July, and the first day of January, the Grantee shall provide to the City of Kimberling City, at least two (2) copies of completely revised and updated system maps showing the exact location of all lines currently installed within the City of Kimberling City. The City has established a mapping system for its sewer and water lines and the Grantee shall utilize the same computer system and mapping program for its gas line locations so that any changes and improvements can be quickly and readily reflected upon the overall City mapping system. The City shall provide to the Grantee its water and sewer line maps and locations at any reasonable time.

Section 5: It is provided that in the opening and filling of all openings by the Grantee, it shall re-lay the pavements and do all other work necessary to provide the complete restoration of the streets, sidewalks, or grounds to the condition equally as good prior to such disturbance, and shall restore said streets, sidewalks or grounds in accordance with the City of Kimberling City's Technical specifications, including any amendments, and when the Grantee shall open any ground in said City for the purpose of laying any gas pipe or for any other purpose whatsoever, the Grantee shall open no more space at any one time or at any one place, nor keep the same open any longer than is necessary to properly execute the work for which same shall have been opened, and it is especially required that in all cases where work requires the exercise of skill, as the laying or relaying of pavements or sidewalks, the Grantee shall employ skilled workmen familiar with the executing of such work. The re-laying or refilling of the sidewalks and pavements, all of the repair and replacement of pavement, sidewalks, and other grounds disturbed for the laying of the said pipes, shall be at the sole expense of the Grantee. Whenever any ditch or trench shall have been opened by the Grantee, it will proceed with all reasonable diligence and continuous work to complete said work and close said ditch or trench without delay. The City of Kimberling City must approve all work when completed and if restoration does not meet the City's standards, Grantee will immediately remove and replace all said work in accordance

with the requirements herein specified. Nothing in this ordinance shall grant to Grantee the right or permission to enter upon private property or perform work upon private property without the prior written consent of the owner thereof. Prior to cutting across any private property owner's driveway, on public property, Grantee must notify the owner and provide alternate routes for said owner during said cut.

Section 6: Nothing in this franchise shall be construed as to in any manner abridge the right of the City to pass and enforce the necessary police regulations for the purpose of protecting the citizens of the City and their property and the property of the Grantee. Grantee shall comply with all construction permitting processes of the City of Kimberling City, including any fees and charges for issuing such permits. Grantee shall be required to post bond for its construction work or other written assurance acceptable to Kimberling City's City Attorney.

Grantee shall at all times keep and display the necessary danger signals and proper guards around all excavations and obstructions including, but not limited to, all barricades, cones, and flagpersons in accordance with the latest Missouri Highway & Transportation Department Manual on work zone traffic safety and also comply with all City of Kimberling City requirements on work zone traffic safety, and shall keep sufficient space in good condition for the travel of vehicles on at least one side of all excavations and obstructions, and shall as soon as practicable restore all openings of the highway, road, street avenue, alley and other public places to a condition equally as good as before said openings or obstructions were made.

Section 7: The Grantee shall do no injury to any highway, road, street, avenue, alley, lane, bridge, stream or water course, park, or public place, or in any manner disturb or interfere unnecessarily with any electric lines or with any public or private sewer or drainage system, or water lines, now or hereafter laid or constructed by the City or by any authorized person or entity. Whenever because of public necessity or welfare, the City engages in any public improvement construction project on any property owned by the City or dedicated solely or in part for public use, and a portion of Grantee's system interferes with or obstructs such public improvement project, Grantee shall, as soon as reasonably possible after written request from the City, alter, reset, or relocate at its own expense such portions of Grantee's system located on such property for which the sole legal basis for occupancy is this franchise ordinance; provide however, that where the City acquires additional property or right-of-way over Grantee's existing system, such alteration, resetting, or relocation shall be at the expense of the City. The Grantee shall fully indemnify and save harmless the City from any and all claims for damages for which said City shall or might be made or become liable by reason of the granting of this franchise, or any negligence or carelessness on the part of said Grantee, or because of any act or omission of the Grantee in the construction and operation of its system of mains and pipes.

Section 8: The Grantee shall supply natural gas under the terms and conditions herein specified to all applicants for natural gas or service, when said applicants occupy premises on or abutting the streets, avenues, or other public places in which such gas mains or conduits are laid. The Grantee shall have the right to make and enforce a written agreement with all applicants for natural gas; and to establish the rates to be charged for natural gas, according to law, and fixing the terms and conditions upon which natural gas is to be served, all in accordance with the tariffs, rules and regulations approved and governed by the Missouri Public Service Commission. All such contractors are to conform with the state and federal laws and regulations governing same.

Section 9: A. Service Line Extensions

- (1) The Grantee will furnish meters, regulators and accessories at no cost to measure the consumption of gas by the customer. The Grantee also will furnish at no cost a portion of the service extending from the *main* distribution tap to the service customer.
- (2) For residential or commercial applicants, the Grantee will furnish, at its own expense, an average of 125 feet of service line per meter from right-of-way line to owner's access point. Applicants requiring the installation of pipe over 125 feet will be required to pay in advance non-refundable aid to construction charges equal to \$3.00 per foot.
- (3) Service lines placed for the industrial applicants (as defined by the tariff) will be installed and billed on an individual basis depending on the economic feasibility of the extension.
- (4) All parts and portion of service line and main distribution line extensions shall remain the property of the Grantee.

B. Main Distribution Line Extensions

- (1) When at the request of residential or commercial applicant(s), it is necessary to extend a main distribution line, the Grantee will furnish, at its own expense, an average of 200 feet per service meter.
- (2) For extensions in excess of the 200 feet per meter, the Grantee will require an advance deposit from the applicant(s) an amount equal to \$12.50 per foot. The Grantee will refund with interest a prorated share of the extension deposit to the participating customer(s) for each additional customer connected to the extension within a five (5) year period. After five (5) years, the Grantee will refund any unrefunded deposits above the actual cost of the extension.
- (3) Where an applicant along the extension refuses to participate in the extension, and within three (3) years after completion of the extension, the applicant will be considered in redetermining the cost of the original extension, the applicant then will be required to make a deposit on the prorated share of the extension as specified I (2) above.
- (4) Customers with aid-to-construction deposits held by the Grantee and discontinuing service within the five (5) year period will not be eligible for deposit refunds.
- (5) Distribution line extensions placed for industrial customers (as defined by the tariff) will be installed and billed on an individual case basis depending on the economic feasibility of the extension.

C. Main Distribution Line Extensions to Undeveloped Subdivisions, Mobile Home Parks and Industrial Parks

- (1) Before the Grantee will consider extending a main distribution line to undeveloped areas, the developer(s) must present to the Grantee a subdivided

plat specifying the size and number of building lots and all planned streets, roads, alleys and available easements. Furthermore, the Grantee will require the developer(s) to provide a copy of the property deed(s) and evidence that they meet all local and/or county zoning requirements. The Grantee reserves the right to develop a forecast and make a decision regarding construction of the main based on the feasibility of the project.

(2) The Grantee will install distribution main lines in planned streets, roads, alleys and rights-of-way along the shortest practical route provided that the applicable right-of-way agreement(s) and other conditions are satisfactory.

(3) For extensions of main distribution lines into undeveloped subdivisions and mobile home parks, the Grantee will require an advance deposit from the developer(s) an amount equal to the estimated cost of constructing such facilities.

Section 10: The Grantee shall Furnish promptly to the proper authorities any and all information which may be required by them in regard to the size, location, or depths of any pipes, mains conduits or service pipes, in any form whatsoever, and any other information in regard to its occupation of roads, highways, streets, avenues, or public grounds of said City. Whenever the word Grantee occurs on the ordinance, it shall mean and it shall be understood to be Ozark Energy Partners, LLC, and wherever the words "authorities" occur in the franchise they shall mean and shall be understood to mean the authorized officer or officers, committee or board representing the City of Kimberling City or Grantor, and/or such state or federal authority, having jurisdiction over the installation and operation of natural Gas Distribution Systems.

Section 11: The Franchise shall take effect and continue and remain in force for a period of twenty (20) years, from and after the date of the first service of natural gas to a user within the City limits of said City of Kimberling City.

Section 12: Be it further stipulated that the Grantee, shall have twenty-four (24) months from the final approval of the Public Service Commission, State of Missouri, granting a Certificate of Convenience and Necessity to Ozark Energy Partners, LLC, and not longer, in which to begin the actual laying of pipes lines and laterals for the distribution of natural gas in said City and shall furnish gas to those so promised, within two (2) years of the date beginning construction of the gas distribution system in the City of Kimberling City. A failure on the part of the Grantee, to comply the work foregoing provisions of the section as to the time in which to begin the work shall render null and void this ordinance; it is further provided, however, that upon showing by the Grantee, that the actual construction in said City has been delayed due to the Grantee's inability to secure necessary pipes or other materials, or due to acts of God, the period allowed above shall be automatically extended for an additional period as required by the delay.

Grantee shall apply for a Certificate of Convenience and Necessity to the Public Service Commission, State of Missouri, or such other governmental agency as required by granting such rights within one (1) year of the approval and reification by the voters of the City of

Kimberling City of this ordinance and failure to do so with in one year will render this ordinance null and void.

Notwithstanding such, Grantee shall have the duty to serve all applicants within the City limits as required by the Public Service Commission of Missouri.

Section 13: Be it further ordained, that the rates charged and the service tendered for domestic, commercial and industrial consumption of natural gas shall be reasonable and as approved by the Public Service Commission or the Commission or other Regulatory Body the having jurisdiction over rates of the public utilities having jurisdiction in the State of Missouri.

Section 14: This Ordinance shall take effect and shall be in full force and effect from and after its passage, approval and ratification by a majority of the voters of the City of Kimberling City, Missouri, at an election duly called and held.

Section 15: It is hereby agreed that Grantee shall pay an annual franchise fee to the City of Kimberling City, for the rights and privileges granted above, all based upon the gross receipts received for the sale or transportation of natural gas into or within the City limits of said City, exclusive of taxes, from the period and date that the first customer is served the natural gas, as follows:

1 st year	Zero
2 nd year	2% of sales
3 rd year (and thereafter)	5% of sales

It is agreed that the City may excuse from such fees any new enterprise or industry as the City so determines.

Grantee shall provide to the City of Kimberling City a quarter-annual written report of gross sales and transportation receipts and detail the number of customers served, and provide quarter-annual payments of the then due franchise fees.

Section 16: Upon commencement of construction, Grantee shall maintain all hazard and liability insurance required in an amount of net less than \$1,000,000; and the City will be named as co-insured under any and all of said policies. Grantee shall file all required proofs of insurance with the Kimberling City City Clerk and said proofs shall be files prior to commencement of construction. Grantee shall keep all insurance coverage in full force and effect until excused from doing so by City. A failure to maintain insurance by Grantee shall be a material breach of this Agreement and entitle City to terminate this contract and recover all incidental damages incurred due to this breach.

Section 17: This ordinance shall take effect and be in force from and after its passage and approval provided that written acceptance by Ozark Energy Partners, LLC, shall be filed with the Clerk of the City of Kimberling City, its acceptance by the Board of Aldermen.

Section 18: If any section, paragraph, subdivision, clause, phrase, or provision of this ordinance shall be adjudged invalid or unconstitutional, the same shall not affect the validity of the ordinance as a whole, or any remaining parts or provisions, other than the part so decided to be invalid or unconstitutional.

Section 19: That an election shall be held in said City on the 7th day of Nov., 2006, For the purpose of ratifying this ordinance. The City Clerk shall be and is hereby ordered and directed to send to the County Clerk of Stone County, Missouri such notices as are required by law.

The County Clerk is hereby requested to designate voting places in the respective wards or precincts. The County Clerk is hereby requested to give notice of this election by publication of the notice hereinafter set out, as required by law.

That the County Clerk is hereby requested to cause the notices of said election, including a sample ballot, to be printed and published as aforesaid, the notice to be insubstantially the following form, to-wit:

Pursuant to an Ordinance duly passed by the Board of Aldermen of the City of Kimberling City, Missouri, and approved by the Mayor thereof, being Ordinance No. 309, notice is hereby given that an election will be held in the various wards and voting precincts of said City on Tuesday, the 7th day of Nov., 2006 for the purpose of voting upon the following proposition, to-wit:

To ratify and approve said Ordinance No. 309 and to grant thereby to Ozark Energy Partners, LLC, it successors and assigns, the right to use the streets, avenues, lanes, alley, and other public grounds and ways in the City of Kimberling City, Missouri, as its limits now exist or may be altered, for the purpose of constructing and maintaining an underground natural gas system, with pipes, meters and other apparatus, equipment and appliances necessary therefore, subject to reasonable supervision of the Board of Aldermen as to the place of burying the pipes for said purposes; and for the purpose of procuring, distributing and selling natural gas to the City and the inhabitants thereof for power, heat and any other purpose under regulation of the Missouri Public Service Commission for a period of twenty (20) years, all as provided in said ordinance.

The polls will be open for said election on said day at each of the voting places prescribed herein from ____ o'clock in the forenoon until ____ o'clock in the afternoon.

Sample Ballot Language

Shall Ordinance No. 309 of the City of Kimberling City, Missouri, granting to Ozark Energy Partners, LLC, its successors and assigns the right and franchise for a period of twenty (20) years to use the streets, alleys, and other public grounds and ways in the City of Kimberling City for the construction, installation, and operation of a natural gas service to the

City, providing for a franchise fee on the company which will be passed through to natural gas customers be approved and ratified?

YES

NO

This election has been called by the City of Kimberling City upon the order and direction of the Mayor and Board of Aldermen and is being conducted by the County Clerk of Stone County. Done by the County Clerk of Stone County upon order of the Mayor and Board of Alderman of the City of Kimberling City, Missouri, by said Ordinance No. 309 passed and approved on the 15th day of August, 2006.

County Clerk

That the County Clerk is hereby requested to provide the necessary poll books, tally sheets tally books, and other election supplies required by law and further to prepare and have printed ballot card to be used at said election which may be tabulated by automatic tabulating equipment after being properly voted. Said ballot card shall be in the form set forth above.

Section 20: The City's proportional cost and expense of the election on the 7th day of Nov., 2006 shall be shared equally by the City of Kimberling City and Ozark Energy Partners, LLC.

Section 21: This ordinance shall be in full force and effect upon its passage and approval.

PASSED AND APPROVED BY THE BOARD OF ALDERMAN OF THE CITY OF KIMBERLING CITY, MISSOURI THIS 15th DAY OF Aug., 2006.

APPROVED:

George R. Quest, Jr.
George R. Quest, Jr., Mayor

ATTEST:

M. Elaine Kahler
M. Elaine Kahler, City Clerk

Highlandville

Passed and Approved, July 25, 2006

Ratified by the voters, November 7, 2006

AN ORDINANCE GRANTING A FRANCHISE BY THE CITY OF HIGHLANDVILLE, COUNTY OF CHRISTIAN COUNTY, MISSOURI, TO OZARK ENERGY PARTNERS, LLC, IT'S SUCCESSORS AND ASSIGNS, THE RIGHT TO FURNISH, SELL, AND DISTRIBUTE GAS TO THE CITY AND TO ALL PERSONS, BUSINESSES AND INDUSTRIES WITHIN THE CITY AND THE RIGHT TO ACQUIRE, CONSTRUCT, INSTALL, LOCATE, MAINTAIN, OPERATE AND EXTEND INTO, WITHIN AND THROUGH SAID CITY ALL FACILITIES REASONABLY NECESSARY TO FURNISH, SELL, AND DISTRIBUTE GAS TO THE CITY AND TO ALL PERSONS, BUSINESSES AND INDUSTRIES WITHIN THE CITY AND IN THE TERRITORY ADJACENT THERETO AND THE RIGHT TO MAKE REASONABLE USE OF ALL STREETS AND OTHER PUBLIC PLACES AS MAY BE NECESSARY, AND FIXING THE TERMS AND CONDITIONS THEREOF.

BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF HIGHLANDVILLE, OF CHRISTIAN COUNTY, MISSOURI.

ARTICLE I

Definitions

For the purpose of this franchise, the following words and phrases shall have the meaning given in this article. When not inconsistent with the context, words used in the present tense include the future tense, words in the plural number include the singular number, and words in the single number include the plural number. The word "shall" is mandatory and "may" is permissive. Words not defined in this article shall be given common and ordinary meaning.

- 1.1 "Board of Aldermen" refers to and is the legislative body of the City of Highlandville.
- 1.2 "Company" refers to and is Ozark Energy Partners, LLC., a Missouri corporation formed to provide natural gas service in Missouri, and it's successors and assigns.
- 1.3 "Distribution Facilities" refer to and are only those facilities reasonably necessary to provide gas within the City.

1.4 "Facilities" refer to and are all facilities reasonably necessary to provide gas into, within and through the City and include pipelines and mains, service lines, meters, regulator stations, plants and equipment.

1.5 "Gas" or "Natural Gas" refers to and includes such gaseous fuels as natural, artificial, synthetic, liquefied natural, liquefied petroleum, manufactured, or any mixture thereof.

1.6 "Public Service Commission" refers to and is the Public Service Commission of the State of Missouri.

1.7 "Revenues" refer to and are those amounts of money which the Company receives from its residential and commercial customers within the City for the sale and transport of gas under rates, temporary or permanent, authorized by The Public Service Commission of the State of Missouri and represents amounts billed under such rates as adjusted for refunds, the net write-off of uncollectible accounts, corrections or other regulatory adjustments.

1.8 "Streets and Other Public Places" refer to and are streets, alleys, viaducts, bridges, roads, lanes, easements, public ways and other public places in said City.

1.9 "City" refers to and is the City of Highlandville Christian County, Missouri, and includes the territory as currently is or may in the future be included within the boundaries of the City of Highlandville.

ARTICLE II

GRANT OF FRANCHISE

2.1 Grant of Franchise. The City hereby grants to the Company, for the period specified and subject to the conditions, terms and provisions contained in this Ordinance, the right to transport, sell and distribute gas to the City and to all persons, businesses and industries within the City; the right to acquire, construct, install, locate, maintain, operate and extend into, within and through the City all

Facilities reasonably necessary to provide gas to the City and to all persons, businesses and industries within the City and in the territory thereto; and the right to make reasonable use of all streets and other places as may be necessary to carry out the terms of the ordinance.

2.2 Terms of Franchise. This franchise ordinance shall not be effective unless and until the Grant of Rights, permission and authority herein contained be approved by a majority of the electors voting thereon at an election, pursuant to another ordinance and the franchise herein contained shall be and continue in force and effect for a period of twenty (20) years from the date of such election. Any franchise granted hereunder shall be non-exclusive.

ARTICLE III **FRANCHISE FEE**

3.1 Franchise Fee. In consideration for the grant of this franchise, the Company shall collect and remit to the City a sum not to exceed zero % 1st year, 2nd year 2%, 3rd year and thereafter 5% of the sales revenues derived annually from the sale of gas within the City, excluding the amount received from the City itself for gas service furnished it. Quarterly franchise fee payments shall be made within thirty (30) days after the end of each calendar quarter. Payments at the beginning and end of the franchise shall be prorated. Franchise fee shall be waived for gas sales during the first 12 calendar months in which Company provides gas service to customers within the City.

3.2 Franchise Fee Payment in Lieu of Other Fees. Payment of the franchise fee by the Company is accepted by the City in lieu of any occupancy tax, license tax, permit charge, inspection fee or similar tax, assessment or excise upon the pipes, mains, meters, or other personal property of the Company or on the privilege of doing business or in connection

but does not exempt the Company from any lawful taxation upon its real property or any other tax not related to the franchise or the physical operation thereof

ARTICLE IV

CONDUCT OF BUSINESS

4.1 Conduct of Business. The Company may establish, from time to time, such rules, regulations, terms and conditions governing the conduct of its business as shall be reasonably necessary to enable the Company to exercise its rights and perform its obligations under this franchise; provided, however, that such rules, regulations, terms and conditions shall not be in conflict with the laws of the State of Missouri.

4.2 Tariffs on File. The Company shall keep on file in its nearest office copies of all its tariffs currently in effect and on file with the Public Service Commission of Missouri. Said tariffs shall be available for inspection by the Public.

4.3 Compliance with PSC Regulations. The company shall comply with all rules and regulations adopted by the Public Service Commission of Missouri.

4.4 Compliance with Company Tariffs. The Company shall furnish gas within the City to the City and to all persons, businesses and industries within the City at the rates and under the terms and conditions set forth in its tariffs on file with the Public Service Commission of Missouri.

4.5 Applicability of Company Tariffs. The City and the Company recognize that the lawful provisions of the Company's tariffs on file and in effect with the Public Service Commission of Missouri are controlling over any inconsistent provision in this franchise dealing with the same subject matter.

ARTICLE V

CONSTRUCTION, INSTALLATION & OPERATION OF COMPANY FACILITIES

5.1 Location of Facilities. Company facilities shall not interfere with the City's water mains, sewer mains or other municipal use of streets and other public places. Company facilities shall be located so as to cause minimum interference with public use of streets and other public places and shall be maintained in good repair and condition.

5.2 Excavation and Construction. All construction, excavation, maintenance and repair work done by the Company shall be done in a timely and expeditious manner which minimizes the inconvenience to the public and individuals. All such construction, excavation, maintenance and repair work done by the Company shall comply with all federal, state and local codes. All public and private property whose use conforms to restrictions in easements disturbed by Company construction or excavation activities shall be restored as soon as practical by the Company at its expense to substantially its former condition. The Company shall comply with the City's requests for reasonable and prompt action to remedy all damage to private property adjacent to streets or dedicated easements where the Company is performing construction, excavation, maintenance or repair work. The town reserves the right to restore property and remedy damages caused by Company activities at the expense of the Company in the event the Company fails to perform such work within a reasonable time after Notice from the City.

5.3 Relocation of Company Facilities. If at any time the City requests the Company to relocate any distribution gas main or service connection installed or maintained in streets or other public places in order to permit the City to change street grades, pavements, sewers, water mains or other City works, such relocation shall be made by the Company at its expense. The Company is not obligated hereunder to relocate any facilities at its expense which were installed in private easements

obtained by the Company, the underlying fee of which was, at some point subsequent to installation, transferred to the City. Following relocation, all property shall be restored to substantially its former condition by the Company at its expense.

5.4 Service to New Areas. If during the term of this franchise the boundaries of the City are expanded, the Company shall extend service to the newly incorporated areas. Service to annexed areas shall be in accordance with the terms of this franchise agreement and the Company's tariffs, rules and regulations then in effect. Company shall not be required to extend service if Company is unable to obtain an adequate gas supply to serve additional customers, nor where such extension is not economically feasible for the Company.

5.5 Restoration of Service. In the event the Company's gas system, or any part thereof, is partially or wholly destroyed or incapacitated, the Company shall use due diligence to restore its system to satisfactory service within the shortest practicable time.

5.6 Supply and Quality of Service. The Company shall make available an adequate supply of gas to provide service in the City. The Company's facilities shall be of sufficient quality, durability, and redundancy to provide adequate and efficient gas service to the City.

5.7 Safety Regulations by the City. The City reserves the right to adopt, from time to time, reasonable regulations in the exercise of its police power which are necessary to ensure the health, safety and welfare of the public, provided that such regulations are not destructive of the rights granted herein. The Company agrees to comply with all such regulations, in the construction, maintenance and operation of its facilities and in the provision of gas within the City.

5.8 Inspection, Audit and Quality Control. The City shall have the right to inspect, at all reasonable times, any portion of the Company's system used to serve the City and its residents. The City also shall have the right to inspect and conduct an audit of Company records relevant to

compliance with any terms of this ordinance at all reasonable times. The Company agrees to cooperate with the City in conducting the inspection and/or audit to correct any discrepancies affecting the City's interest in a prompt and efficient manner.

5.9 Liability. The Company shall hold said City harmless from all liability imposed upon it on account of injury or damage to person or property caused by Company, its contractors, agents or employees in the course of or in connection with the installation, removal, operation or maintenance of pipelines and mains, service lines, meters and other utility equipment in public places in the City in the exercise of any of the rights and privileges conferred by this franchise.

ARTICLE VI

ASSIGNMENT; SAVINGS CLAUSE, AMENDMENT

6.1 Assignment. Nothing in this Ordinance shall prevent the Company from assigning its rights under this franchise. Any successors or assigns shall notify the City by a simultaneous informational filing with the City Clerk all documents required by the Missouri Public Service Commission to authorize change of control of Company. All successors and assignees are bound by the terms of this franchise agreement.

6.2 Savings Clause. If any portion of this franchise Ordinance is declared illegal or void by a court of competent jurisdiction, the remainder of the Ordinance shall survive and not be affected thereby.

with the physical operation thereof,

ARTICLE VII

EXPIRATION OF FRANCHISE OR CONDEMNATION: RIGHT OF FIRST PURCHASE

7.1 Expiration of Franchises; Purchase or Condemnation. If at any time of expiration of the franchise granted under this Ordinance no extension or renewal had been negotiated between the City and the Company, the Company shall have the right to remove it's distribution facilities from the streets and other public places, but only after the City has had sufficient time to purchase or condemn said facilities. In removing it's facilities, the Company shall remove in a workmanlike manner, at the Company's expense, from the streets and other public places all distribution facilities belonging to the Company which are not purchased by the City at the expiration of the franchise. All public property shall be restored by the Company to it's former condition to the extent practicable, after said removal.

Read this first time and second time unanimously and passed by the Board of Aldermen
This 25th day of July, 2006.

ATTEST: Joan Reynolds
Joan Reynolds, City Clerk

Paul Weeks
Paul Weeks, Mayor

Approved this 25th day of July, 2006.

ATTEST: Joan Reynolds
Joan Reynolds, City Clerk

Paul Weeks
Paul Weeks, Mayor

Hollister

Passed and Approved, January 18, 2007

To be ratified by the voters, April 3, 2007

AN ORDINANCE GRANTING A NATURAL GAS FRANCHISE TO EITHER ALLIANCE GAS ENERGY OR OZARK ENERGY PARTNERS, LLC.

AN ORDINANCE OF THE BOARD OF ALDERMEN OF THE CITY OF HOLLISTER, GRANTING TO EITHER ALLIANCE GAS ENERGY OR OZARK ENERGY PARTNERS, LLC, THE RIGHT AND PRIVILEGE AND FRANCHISE FOR THE LAYING OF GAS MAINS ALONG THE STREETS, AVENUES, ALLEYS, ROADS AND HIGHWAYS AND OTHER PUBLIC PLACES OF THE CITY, FOR THE PURPOSE OF DISTRIBUTING AND SELLING NATURAL GAS TO THE INHABITANTS OF SAID CITY AND TO OTHERS, AND ALSO THE NON-EXCLUSIVE RIGHT TO LAY PIPE LINES IN THE STREETS, ALLEYS, AVENUES, HIGHWAYS, ROADS AND OTHER PUBLIC PLACES AND GROUNDS OF SAID CITY FOR THE PURPOSE OF CONVEYING NATURAL GAS THROUGH AND IN SAID CITY FOR THE DISTRIBUTION OF NATURAL GAS TO THE INHABITANTS OF SAID CITY, AND TO OTHERS BEYOND THE LIMITS OF SAID CITY, FOR DOMESTIC, COMMERCIAL AND INDUSTRIAL PURPOSES, AND PROVIDING THE REGULATION OF SAID GAS DISTRIBUTION SYSTEM, AND OTHER PURPOSES; AND CALLING FOR AN ELECTION TO RATIFY SAME, AND PROVIDING FOR NOTICE THEREOF.

WHEREAS, the City of Hollister has ascertained and hereby declares that there is no natural gas for either domestic, commercial or industrial enterprises within said City; and

WHEREAS, there is a need for an adequate supply of natural gas for the health and welfare of the City; and

WHEREAS, it is necessary to begin the construction of pipe lines and a natural gas distribution system within said City, in order that natural gas may be made available for the citizens of Hollister, Missouri, and all users of natural gas as soon as practical.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF HOLLISTER, MISSOURI, THAT:

Section 1: The City of Hollister, subject to the terms, conditions and stipulations mentioned in this ordinance, consents and grants the non-exclusive right, permission and franchise as is hereby given to either Alliance Gas Energy or Ozark Energy Partners, LLC, the non-exclusive right to lay, construct, equip, operate, repair and maintain a system of gas mains, pipes, conduits, and feeders for the purpose of supplying and distributing natural gas for light, fuel, power, and heat and for any other purpose, to the residents or inhabitants of the said City; and further the non-exclusive right to lay, construct, operate and maintain a system of gas mains, pipe lines, pipe conduits and feeders and the necessary attachments, connections, fixtures and appurtenances for the purpose of conveying, conducting, or distributing natural gas from any point beyond said City limits in order to enable the said Grantee to distribute

and sell natural gas to the said City and to the residents or inhabitants thereof, and to others.

Section 2: The Grantee herein is expressly given the non-exclusive permit subject to the approval of the City of plans showing specific locations, to use the streets, avenues, roads, highways, alleys, sidewalks and other public places, as now laid out, or hereafter to be established for the purpose of laying gas mains, pipe lines, conduits and feeders, and the necessary attachments, fixtures, connections, and appurtenances for the purpose of conveying or conducting natural gas in and to any point within the said City and to operate and maintain a system of pipe lines, pipes, conduits, feeders and the necessary attachments, connections, fixtures and appurtenances for the distribution of natural gas within said City and to serve the said City, the residents and inhabitants thereof, and others; provided, however, that where alleys are accessible for laying mains and pipes, the City shall have the right to require that the mains and pipes be laid in the alleys instead of the streets, and plans for the laying and construction of said mains and lines must be submitted to the Board of Aldermen or to a specifically appointed representative thereof, and no construction may begin until final written approval of said plans is obtained.

Section 3: Subject to the provision in Section 2 hereof, the main pipes of the Grantee may be laid in the highways, roads, streets, avenues, alleys and other public places as now laid out or as the same shall hereafter be established, and when laid in highways, roads, avenues, streets, alleys, and other public places the same shall be laid in accordance with the lines and grades now established or hereafter to be established by the City, provided that such main pipes and service pipes be laid at the minimum depth of eighteen inches below the grade of streets, alleys or ditches. All construction shall meet the requirements of the State of Missouri, the Building and Construction Codes of the City of Hollister, now in existence or as amended, and the Natural Gas Pipeline Safety Act of the Federal Government, including the latest amendments.

Section 4: Semi-annually, and on the 1st day of July, and the 1st day of January, the Grantee shall provide to the City of Hollister, at least two (2) copies of completely revised and updated system maps showing the exact location of all lines currently installed within the City of Hollister. The City of Hollister has established a mapping system for its sewer and water lines and the Grantee shall utilize the same computer system and mapping program for their gas line locations so that any changes and improvements can be quickly and readily reflected upon the overall city mapping system. The City shall provide to the Grantee its water and sewer line maps and locations at any reasonable time.

Section 5: It is provided that in the opening and filling of all openings by the Grantee, it shall re-lay the pavements and do all other work necessary to provide the complete restoration of the streets, sidewalks or grounds to the condition equally as good prior to such disturbance, and shall restore said streets, sidewalks or grounds in accordance with the "CITY OF HOLLISTER'S TECHNICAL SPECIFICATIONS, INCLUDING ANY AMENDMENTS", and when the Grantee shall open any ground in said City for the purpose of laying any gas pipe or for any other purpose whatsoever, the Grantee shall open no more space at any one time or at any one place, nor keep the same open any longer than is necessary to properly execute the work for which same shall have been opened, and it is especially required that in all cases where work requires the exercise of skill, as the laying or re-laying of pavements or sidewalks, the Grantee shall employ skilled workmen familiar with the execution of such work. The

re-laying or refilling of the sidewalks and pavements, all of the repair and replacement of pavement, sidewalks, and other grounds disturbed for the laying of the said pipes, shall be at the sole expense of the Grantee. Whenever any ditch or trench shall have been opened by Grantee, it will proceed with all reasonable diligence and continuous work to complete said work and close said ditch or trench without delay. The City of Hollister must approve all work when completed and if restoration does not meet the City's standards, Grantee will immediately remove and replace all said work in accordance with the requirements herein specified. Nothing in this ordinance shall grant to Grantee the right or permission to enter upon private property or perform work upon private property without the prior written consent of the owner thereof. Prior to cutting across any property owner's driveway, on public property, Grantee must notify the owner and provide alternate routes for said owner during said cut.

Section 6: Nothing in this franchise shall be construed as to in any manner abridge the right of the City to pass and enforce the necessary police regulations for the purpose of protecting the citizens of said City and their property and the property of the Grantee. Grantee shall comply with all construction permitting processes of the City of Hollister, including any fees and charges for issuing such permits. Grantee shall be required to post bond for its construction work or other written assurance acceptable to Hollister's City Attorney.

Grantee shall at all times keep and display the necessary danger signals and proper guards around all excavations and obstructions including, but not limited to, all barricades, cones and flagmen in accordance with the latest Missouri Highway & Transportation Department Manual on work zone traffic safety and also comply with all City of Hollister requirements on work zone traffic safety, and shall keep sufficient space in good condition for the travel of vehicles on at least one side of all excavations and obstructions, and shall as soon as practicable restore all openings of the highway, road, street, avenue, alley and other public places to a condition equally as good as before said openings or obstructions were made.

Section 7: The Grantee shall do no injury to any highway, road, street, avenue, alley, lane, bridge, stream or water course, park or public place, or in any manner disturb or interfere unnecessarily with any electric lines or with any public or private sewer or drainage system, or water lines, now or hereinafter laid or constructed by the City or by any authorized person or corporation. Whenever because of public necessity or welfare, the City engages in any public improvement construction project on any property owned by the City or dedicated wholly or in part for public use, and a portion of Grantee's plant system interferes with or obstructs such public improvement project, Grantee shall, as soon as reasonably possible after written request from the City, alter, reset, or relocate at its own expense such portions of Grantee's plant system located on such property for which the sole legal basis for occupancy is this franchise ordinance; provided, however, that where the City acquires additional property or right-of-way over Grantee's existing plant system, such alteration, resetting or relocation shall be at the expense of the City. The Grantee shall fully indemnify and save harmless the City from any and all claims for damages for which said City shall or might be made or become liable by reason of the granting of this franchise, or any negligence or carelessness on the part of said Grantee, or because of any act or omission of the Grantee in the construction and operation of its system of mains and pipes.

All easements, right-of-ways or other forms of corridors secured by the Grantee, for the purpose of providing service within the city shall be dedicated as utility easements

or public right-of-ways and as such be made available, without cost for city owned and operated utility use. The Grantee would be reimbursed for any and all costs associated with relocation, modification, and/or adjustment required by City activities within Grantee secured easements. The City of Hollister would meet all codes and state requirements related to joint trenching and co-existence within the easement.

Section 8: The Grantee shall supply natural gas under the terms and conditions herein specified to all applicants for natural gas or service, when said applicants own an occupied premises on or abutting the streets, avenues, or other public places in which such gas mains or conduits are laid.

The Grantee shall have the right to make and enforce a written agreement with all applicants for natural gas; and to establish the rates to be charged for natural gas, according to Section 12 hereof and fixing the terms and conditions upon which natural gas is to be served, all in accordance with tariffs, rules and regulations approved and governed by the Missouri Public Service Commission. All such contractors are to conform with the state and federal laws and regulations governing same.

Section 9: (a) Service Line Extensions

- (i.) The Grantee will furnish meters, regulators and accessories at no cost to measure the consumption of gas by the customer. The Grantee also will furnish at no cost the portion of the service extending from the main distribution tap to the service meter.
- (ii.) For residential or commercial applicants, the Grantee will furnish, at its own expense, an average of 125 feet of service line per meter from right-of-way line to owner's access point. Applicants requiring the installation of pipe over 125 feet will be required to pay in advance non-refundable aid-to-construction charges equal to \$3.00 per foot.
- (iii.) Service lines placed for the industrial applicants (as defined by the tariff) will be installed and billed on an individual case basis depending on the economic feasibility of the extension.
- (iv.) All parts and portions of service line and main distribution line extensions shall remain the property of the Grantee.

(b) Main Distribution Line Extensions

- (i.) When at the request of residential or commercial applicant(s), it is necessary to extend a main distribution line; the Grantee will furnish, at its own expense, an average of 200 feet of main distribution pipe per service meter.
- (ii.) For extensions in excess of the 200 feet per meter, the Grantee will require an advance deposit from the applicant(s) an amount equal to \$12.50 per foot. The Grantee will refund with interest a prorated share of the extension deposit to the participating customer(s) for each additional customer connected to the extension within a five (5) year period. After five (5) years, the Grantee will refund any unrefunded deposits above the actual cost of the extension installation.

- (iii.) Where an applicant along the extension refuses to participate in the extension, and within three (3) years after completion of the extension, the applicant will be considered in redetermining the cost of the original extension, the applicant then will be required to make a deposit on the prorated share of the extension as specified in (ii) above.
- (iv.) Customers with aid-to-construction deposits held by the Grantee and discontinuing service within the five (5) year period will not be eligible for deposit refunds.
- (v.) Distribution line extensions placed for industrial customers (as defined by the tariff) will be installed and billed on an individual case basis depending on the economic feasibility of the extension.

(c) Main Distribution Line Extensions to Undeveloped Subdivisions and Industrial Parks

- (i.) Before the Grantee will consider extending a main distribution line to undeveloped areas, i.e., subdivisions, trailer parks, industrial parks, the developer(s) must present to the Grantee a subdivided plat specifying the size and number of building lots and all planned streets, roads, alleys and available easements. Furthermore, the Grantee will require the developer(s) to provide a copy of the property deed(s) and evidence that they meet all local and/or county zoning requirements. The Grantee reserves the right to develop a forecast and make a decision regarding construction of the main based on the feasibility of the project.
- (ii.) The Grantee will install distribution main lines in planned streets, roads, alleys and rights-of-way along the shortest practical route provided that the requirements of this agreement are met.
- (iii.) For extensions of main distribution lines into undeveloped subdivisions, the Grantee will require an advance deposit from the developer(s) an amount equal to the estimated cost of constructing such facilities.

Section 10: The Grantee shall furnish promptly to the proper authorities any and all information which may be required by them in regard to the size, location, or depths of any of the pipes, mains, conduits or service pipes, in any form whatsoever, and any other information in regard to its occupation of roads, highways, streets, avenues or public grounds of said City. Whenever the word Grantee occurs in this ordinance, it shall mean and it shall be understood to be either Alliance Gas Energy or Ozark Energy Partners, LLC, and wherever the words "authorities" or "property authorities" occur in this franchise they shall mean and shall be understood to mean the authorized officer or officers, committee or board representing the City of Hollister as Grantor, and/or such state or federal authority, having jurisdiction over the installation and operation of Natural Gas Distribution Systems.

Section 11: This franchise shall take effect and continue and remain in force for a period of twenty (20) years, from the date established by ratification by the vote of the City of Hollister, of this ordinance.

Section 12: Be it further stipulated that the Grantee, shall have twenty-four (24) months from the final approval of the Public Service Commission, State of Missouri, granting a Certificate of Convenience and Necessity to either Alliance Gas Energy or Ozark Energy Partners, LLC, and not longer, in which to begin the actual laying of pipe lines and laterals for the distribution of natural gas in said City and shall furnish gas to those so promised, within two (2) years of the date beginning construction of the gas distribution system in Hollister. A failure on the part of the Grantee, to comply with the foregoing provisions of this section as to the time in which to begin the work shall render null and void this ordinance; it is further provided, however, that upon a showing by the Grantee, that the actual construction in said City has been delayed due to the Grantee's inability to secure necessary pipe or other materials, or due to acts of God, the period allowed above shall be automatically extended for an additional period as required by the delay.

Once construction has started it will continue, without pause until a predetermined phase is complete.

Grantee shall apply for a Certificate of Convenience and Necessity to the Public Service Commission, State of Missouri, or such other governmental agency as required by law granting such rights within one (1) year of the approval and ratification by the voters of the City of Hollister of this ordinance and failure to do so within one year will render this ordinance null and void.

Notwithstanding such, Grantee shall have the duty to serve all applicants within the City limits as required by the Public Service Commission of Missouri.

Section 13: Be it further ordained, that the rates charged and the service rendered for domestic, commercial and industrial consumption of natural gas shall be reasonable and as approved by the Public Service Commission or the Commission or other regulatory body then having jurisdiction over rates of public utilities having jurisdiction in the State of Missouri.

Section 14: This Ordinance shall take effect and shall be in full force and effect from and after its passage, approval and ratification by a majority of the voters of Hollister, Missouri, at an election duly called and held as set out herein.

Section 15: It is hereby agreed that Grantee shall pay an annual franchise fee to the City of Hollister, for the rights and privileges granted above, all based upon the gross receipts received for the sale or transport or transportation of natural gas into or within the City limits of said City, exclusive of taxes, from the period and date that the first customer is served natural gas at an initial rate of 5% of sales, to be established, from time to time, by the Board of Aldermen.

It is agreed that the City may excuse from such fees any new enterprise or industry as the City so determines.

Grantee shall provide to the City of Hollister a quarter-annual written report of gross sales and transportation receipts and detail the number of customers served, and provide quarter-annual payments of the then due franchise fees.

Grantee shall also provide an annual audit at Grantee's expense.

Section 16: Upon commencement of construction, Grantee shall maintain all hazard and liability insurance required in an amount of not less than \$2,000,000; and the City will be named as co-insured under any and all of said policies. Grantee shall file all *required proofs of insurance with the Hollister City Clerk* and said proofs shall be filed prior to commencement of construction. Grantee shall keep all insurance coverages in full force and effect until excused from doing so by City. A failure to maintain insurance by Grantee shall be a material breach of this Agreement and entitle City to terminate this contract and recover all incidental damages incurred due to this breach.

Section 17: This ordinance shall take effect and be in force from and after its passage and approval provided that written acceptance by either Alliance Gas Energy or Ozark Energy Partners, LLC, shall be filed with the Clerk of the City of Hollister, its acceptance as provided in Section 13 thereof and recorded with the County of Taney.

Section 18: If any section, paragraph, subdivision, clause, phrase, or provision of this ordinance shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this ordinance as a whole, or any *remaining parts or provisions, other than the part so decided to be invalid or unconstitutional.*

Section 19: That an election shall be held in said City on the 3rd day of April, 2007, for the purpose of ratifying this ordinance. The City Clerk shall be and is hereby ordered and directed to send to the County Clerk of Taney County, Missouri, such notices as are required by law.

The County Clerk is hereby requested to designate voting places in the respective wards or precincts, as follows:

VOTING PLACES

WARD I

HOLLISTER TOWN HALL

WARD II

HOLLISTER MIDDLE SCHOOL

The County Clerk is hereby requested to appoint four (4) judges for each voting place and to designate two (2) of the judges for each voting place as supervisory judges, all such appointments and designations to be done in accordance with the applicable statutes.

The County Clerk is hereby requested to give notice of this election by publication of the notice hereinafter set out, as follows:

TWICE IN THE BRANSON DAILY NEWS, A
NEWSPAPER PUBLISHED IN HOLLISTER, MISSOURI

The first publication of such notice shall occur in the second week prior to the election date, and the second publication thereof shall occur within one week prior to said election date.

That the County Clerk is hereby requested to cause the notices of said election, including a sample ballot, to be printed and published as aforesaid, the notice to be insubstantially the following form, to-wit:

NOTICE OF ELECTION

Pursuant to an Ordinance duly passed by the Board of Aldermen of the City of Hollister, Missouri, and approved by the Mayor thereof, being Ordinance No. 07-03, notice is hereby given that an election will be held in the various wards and voting precincts of said City on Tuesday, the 3rd day of April, 2007, for the purpose of voting upon the following proposition, to-wit:

To ratify and approve said Ordinance No. 07-03 and to grant thereby to either Alliance Gas Energy or Ozark Energy Partners, LLC, its successors and assigns, the right to use the streets, avenues, lanes, alleys, and other public grounds and ways in the City of Hollister, Missouri, as its limits now exist or may be altered, for the purpose of constructing and maintaining an underground natural gas system, with pipes, meters and other apparatus, equipment and appliances necessary therefore, subject to reasonable supervision of the Board of Aldermen as to the place of burying the pipes for said purposes; and for the purpose of procuring, distributing and selling natural gas to the City and the inhabitants thereof for power, heat and any other purpose under regulation of the Missouri Public Service Commission for a period of twenty (20) years, all as provided in said ordinance.

The polls will be open for said election on said day at each of the voting places prescribed herein from 6:00 o'clock in the forenoon until 7:00 o'clock in the afternoon.

SAMPLE BALLOT CARD

(For use with Automatic Tabulating Equipment)

Shall Ordinance No. 07-03 of the City of Hollister, Missouri, granting to either Alliance Gas Energy or Ozark Energy Partners, LLC, its successors and assigns, the right and franchise for a period of twenty (20) years to use the streets, alleys, and other public grounds and ways in the City of Hollister for the construction, installation, and operation of a natural gas transmission and distribution system to provide natural gas service to the City, and providing for a franchise fee on the company which will be passed through to natural gas customers, be approved and ratified?

YES

NO

INSTRUCTIONS TO VOTERS:

If you are in favor of the question, punch a hole opposite "YES".

If you are opposed to the question, punch a hole opposite "NO".

This election has been called by the City of Hollister upon the order and direction of the Mayor and Board of Aldermen and is being conducted by the County Clerk of Taney County.

Done by the County Clerk of Taney County upon order of the Mayor and Board of Aldermen of the City of Hollister, Missouri, by said Ordinance No. 07-03 duly passed and approved on the 18th day of January, 2007.

County Clerk

That the County Clerk is hereby requested to provide the necessary poll books, tally sheets, tally books, and other election supplies required by law and further to prepare and have printed ballot cards to be used at said election which may be tabulated by automatic tabulating equipment after being properly voted. Said ballot cards shall be in the form set forth above.

Section 20: The City's proportional cost and expense of the election on April 3, 2007 shall be shared equally by the City of Hollister and by either Alliance Gas Energy or Ozark Energy Partners, LLC.

Section 21: This ordinance shall be in full force and effect upon its passage and approval.

Read this first time and second time unanimously and passed by the Board of Aldermen this 18th day of January, 2007.




David G. Tate, Mayor

ATTEST:

APPROVED AS TO FORM:



Sheryl Brashear, C.M.C.
City Clerk



Henry X. Griffin
City Attorney

Reeds Spring

Passed and Approved, January 9, 2007

To be ratified by the voters, April 3, 2007

Ordinance

Bill No. 2007-03

No. 2007-03

AN ORDINANCE OF THE BOARD OF ALDERMEN OF THE CITY OF REEDS SPRING, GRANTING TO OZARK ENERGY PARTNERS, LLC, THE RIGHTS AND PRIVILEGE AND FRANCHISE FOR THE LAYING OF GAS MAINS ALONG THE STREETS, AVENUE ALLEYS, ROADS AND HIGHWAYS AND OTHER PUBLIC PLACES OF THE CITY, FOR THE PURPOSE OF DISTRIBUTING AND SELLING NATURAL GAS TO THE INHABITANTS OF SAID CITY AND TO OTHERS, AND ALSO THE NON-EXCLUSIVE RIGHT TO LAY PIPE LINES IN THE STREETS, ALLEYS, AVENUES, HIGHWAYS, ROADS AND OTHER PUBLIC PLACES AND GROUNDS OF SAID CITY FOR THE PURPOSE OF CONVEYING NATURAL GAS THROUGH AND IN SAID CITY, FOR THE DISTRIBUTION OF NATURAL GAS TO THE INHABITANTS OF SAID CITY, AND TO OTHERS BEYOND THE LIMITS OF SAID CITY, FOR DOMESTIC, COMMERCIAL AND INDUSTRIAL PURPOSES, AND PROVIDING THE REGULATION OF SAID GAS DISTRIBUTION SYSTEM, AND OTHER PURPOSES; AND CALLING FOR AN ELECTION TO RATIFY SAME, AND PROVIDING FOR NOTICE THEREOF.

WHEREAS, the city of Reeds Spring has ascertained and hereby declares that there is no natural gas for either domestic, commercial or industrial enterprises within said City; and

WHEREAS, there is a need for an adequate supply of natural gas for the health and welfare of the City; and

WHEREAS, it is necessary to begin the construction of pipe lines and a natural gas distribution system within said City, in order that natural gas may be made available for the citizens of Reeds Spring, Missouri, and all users of natural gas as soon as practical.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF REEDS SPRING, MISSOURI, THAT:

Section 1: The City of Reeds Spring, subject to the terms, conditions and stipulations mentioned in this ordinance, consents and grants the non-exclusive right, permission and franchise as is hereby given to Ozark Energy Partners, LLC, the non-exclusive right to lay, construct, equip, operate, repair and maintain a system of gas mains, pipes, conduits, and feeders for the purpose of supplying and distributing natural gas for light, fuel, power and for any other purpose, to the residents or inhabitants of the said City; and further the non-exclusive right to lay, construct, operate and maintain a system of gas mains, pipe lines, pipe conduits and feeders and the necessary attachments, connections, fixtures and appurtenances for the purpose of conveying, conducting, or distributing natural gas from any point beyond said City limits in order to enable the said Grantee to distribute and sell natural gas to the said City and to the residents or inhabitants thereof, and to others.

Section 2: The Grantee herein is expressly given the non-exclusive permit subject to the approval of the City of plans showing specific locations, to use the streets, avenues, roads, highways, alleys, sidewalks and other public places, as now laid out, or hereafter to be established for the purpose of laying gas mains, pipe lines, conduits and feeders, and the necessary attachments, fixtures, connections, and appurtenances for the purpose of conveying or conducting natural gas in and to any point within the said City and to operate and maintain a system of pipe lines, pipes, conduits, feeders and the necessary attachments, connections, fixtures and appurtenances for the distribution of natural gas within said City and to serve the said City, the

residents and inhabitants thereof, and others; provided, however, that where alleys are accessible for laying mains and pipes, the City shall have the right to require that the mains and pipes be laid in the alleys instead of the streets, and plans for the laying and construction of said mains and lines must be submitted to the Board of Aldermen or to a specifically appointed representative thereof, and no construction may begin until final written approval of said plans is obtained.

Section 3: Subject to the provision in Section 2 hereof, the main pipes of the Grantee may be laid in the highways, roads, streets, avenues, alleys and other public places as now laid out or as the same shall hereafter be established, and when laid in highways, roads, avenues, streets, alleys, and other public places the same shall be laid in accordance with the lines and grades now established or hereafter to be established by the City, provided that such main pipes and service pipes be laid at the minimum depth of eighteen inches below the grade of the streets, alleys or ditches. All construction shall meet the requirements of the State of Missouri, the Building and Construction Codes of the City of Reeds Spring, now in existence or as amended, and the Natural Gas Pipeline-Safety Act of the Federal Government, including the latest amendments.

Section 4: Semi-annually, and on the 1st day of July, and the 1st day of January, the Grantee shall provide to the City of Reeds Spring, at least two (2) copies of completely revised and updated system maps showing the exact location of all lines currently installed within the City of Reeds Spring. The City of Reeds Spring has established a mapping system for its sewer and water lines and the Grantee shall utilize the same computer system and mapping program for their gas line locations so that any changes and improvements can be quickly and readily reflected upon the overall City mapping system. The City shall provide to the Grantee its water and sewer line maps and locations at any reasonable time. (See Amendment #1)

Section 5: It is provided that in the opening and filling of all openings by the Grantee, it shall re-lay the pavements and do all other work necessary to provide the complete restoration of the streets, sidewalks or grounds to the condition equally as good prior to such disturbance, and shall restore said streets, sidewalks or grounds in accordance with the "CITY OF REEDS SPRING'S TECHNICAL SPECIFICATIONS, INCLUDING ANY AMENDMENTS", and when Grantee shall open any ground in said City for the purpose of laying any gas pipe or for any other purpose whatsoever, the Grantee shall open no more space at any one time or at any one place, nor keep the same open any longer than is necessary to properly execute the work for which same shall have been opened, and it is especially required that in all cases where work requires the exercise of skill, as the laying or re-laying of pavements or sidewalks, the Grantee shall employ skilled workmen familiar with the execution of such work. The re-laying or refilling of the sidewalks and pavements, all of the repair and replacement of pavement, sidewalks and other grounds disturbed for the laying of the said pipes, shall be at the sole expense of the Grantee. Whenever any ditch or trench shall have been opened by Grantee, it will proceed with all reasonable diligence and continuous work to complete said work and close said ditch or trench without delay. The City of Reeds Spring must approve all work when completed and if restoration does not meet the City's standards, Grantee will immediately remove and replace all said work in accordance with the requirements herein specified. Nothing in this ordinance shall grant to Grantee the right or permission to enter upon private property or perform work upon private property without the prior written consent

of the owner thereof. Prior to cutting across any property owner's driveway, on public property, Grantee must notify the owner and provide alternate routes for said owner during said cut.

Section 6: Nothing in this franchise shall be construed as to in any manner abridge the right of the City to pass and enforce the necessary police regulations for the purpose of protecting the citizens of said City and their property and property of the Grantee. Grantee shall comply with all construction permitting processes of the City of Reeds Spring, including any fees and charges for issuing such permits. Grantee shall be required to post bond for its construction work or other written assurance acceptable to Reeds Spring's City Attorney.

Grantee shall at all times keep and display the necessary danger signals and proper guards around all excavations and obstructions including, but not limited to, all barricades, cones and flagmen in accordance with the latest Missouri Highway & Transportation Department Manual on work zone traffic safety and also comply with all City of Reeds Spring requirements on work zone traffic safety, and shall keep sufficient space in good condition for the travel of vehicles on at least one side of all excavations and obstructions, and shall as soon as practicable restore all openings of the highway, road, street, avenue, alley and other public places to a condition equally as good as before said openings or obstructions were made.

Section 7: The Grantee shall do no injury to any highway, road, street, avenue, alley, lane, bridge, stream or water course, park or public place, or in any manner disturb or interfere unnecessarily with any electric lines or with any public or private sewer drainage system, or water lines, now or hereinafter laid or constructed by the City or by any authorized person or corporation. Whenever because of public necessity or welfare, the City engages in any public improvement construction project on any property owned by the City or dedicated wholly or in part for public use, and a portion of Grantee's plant system interferes with or obstructs such public improvement project, Grantee shall, as soon as reasonably possible after written request from the City, alter, reset, or relocate at its own expense such portions of Grantee's plant system located on such property for which the sole legal basis for occupancy is this franchise ordinance; provided, however that where the City acquires additional property or right-of-way over Grantee's existing plant system, such alteration, resetting or relocating shall be at the expense of the City. The Grantee shall fully indemnify and save harmless the City from any and all claims for damages for which said City shall or might be made or become liable by reason of the granting of this franchise, or any negligence or carelessness on the part of said Grantee, or because of any act or omission of the Grantee in the construction and operation of its system of mains and pipes.

All easements, right-of-ways or other forms of corridors secured by the Grantee, for the purpose of providing service within the City shall be dedicated as utility easements or public right-of-ways and as such be made available, without cost for all utility use.

Section 8: The Grantee shall supply natural gas under the terms and conditions herein specified to all applicants for natural gas or service, when said applicants occupy premises on or abutting the streets, avenues, or other public places in which such gas mains or conduits are laid.

The Grantee shall have the right to make and enforce a written agreement with all applicants for natural gas; and to establish the rates to be charged for natural gas, according to Section 12 hereof and fixing the terms and conditions upon which natural gas is to be served, all in accordance with tariffs, rules and regulations approved and governed by the Missouri Public Service Commission. All such contractors are to conform to the state and federal laws and regulations governing same.

Section 9: (a) Service Line Extensions

- (1) The Grantee will furnish meters, regulators and accessories at no cost to measure the consumption of gas by the customer. The Grantee will furnish at no cost the portion of

- the service extending from the main distribution tap to the service meter.
- (II) For residential or commercial applicants, the Grantee will furnish, at its own expense an average of 125 feet of service line per meter from right-of-way line to owner's access point. Applicants requiring the installation of pipe over 125 feet will be required to pay in advance non-refundable aid-to construction charges equal to \$3.00 per foot.
 - (III) Service lines placed for industrial applicants (as defined by the tariff) will be installed and billed on an individual case basis depending on the economic feasibility of the extension.
 - (IV) All parts and portions of service line and main distribution line extensions shall remain the property of the Grantee.

(b) Main Distribution Line Extensions

- (I) When at the request of residential or commercial applicant(s), it is necessary to extend main distribution line, the Grantee will furnish at its own expense, an average of 200 feet of main distribution pipe per service meter.
- (II) For extensions in excess of the 200 feet per meter the Grantee will require an advance deposit from applicant(s) an amount equal to \$12.50 per foot. The Grantee will refund with interest a prorated share of the extension deposit to the participating customer(s) connected to the extension within a five (5) year period. After five (5) years, the Grantee will refund any unrefunded deposits above the actual cost of the extension installation.
- (III) Where an applicant along the extension refuses to participate in the extension, and within three (3) years after completion of the extension, the applicant will be considered in re-determining the cost of the original extension. The applicant then will be required to make a deposit on the prorated share of the extension as specified in (II) above.
- (IV) Customers with aid-to-construction deposits held by the Grantee as disconnecting service within the five (5) year period will not be eligible for deposit refunds.
- (v) Distribution line extensions placed for industrial customers (as defined by the tariff) will be installed and billed on an individual case basis depending on the economic feasibility of the extension.

(c) Main Distribution Line Extension to Undeveloped Subdivisions and Industrial Parks

- (I) Before the Grantee will consider extending a main distribution line to undeveloped areas, i.e., subdivisions, trailer parks, industrial parks the developer (s) must present to the Grantee a subdivided plat specifying the size and number of building lots and all planned streets, roads alleys, and available easements. Furthermore the Grantee will require the developer(s) to provide a copy of the property deed (s) and evidence that they meet all local and/or County zoning requirements. The Grantee reserves the right to develop a forecast and make a decision regarding construction of the main based on the feasibility of

- the project.
- (II) The Grantee will install distribution main lines in planned streets, roads, alleys and right-of-way along the shortest practical route provided that the requirements of this agreement are met.
 - (III) For extensions of main distribution lines into undeveloped subdivisions the Grantee will require an advance deposit from the developer an amount equal to the estimated cost of constructing such facilities.

Section 10: The Grantee shall furnish promptly to the proper authorities any and all information which may be required by them in regard to the size, location, or depths of any of the pipes, mains, conduits or service pipes, in any form whatsoever, and any other information in regard to its occupation of roads, highways, streets, avenues or public grounds of said City. Whenever the word Grantee occurs in this ordinance, it shall mean and shall be understood to be Ozark Energy Partners, LLC, and wherever the words "authorities" or "property authorities" occur in this franchise they shall mean and it shall be understood to mean the authorized officer or officers, committee or board representing the City of Reeds Spring as Grantor, and/or such state or federal authority, having jurisdiction over the installation and operation of natural gas Distribution Systems

Section 11: This franchise shall take effect and continue and remain in force to a period of twenty (20) years, from the date established by ratification by the vote of the City of Reeds Spring, of this ordinance.

Section 12: Be it further stipulated that the Grantee, shall have twenty-four (24) months from the final approval of the Public Service Commission, State of Missouri, granting a Certificate of Convenience and Necessity to Ozark Energy Partners, LLC, and not longer, in which to begin the actual laying of pipe lines and laterals for the distribution of natural gas in said City and shall furnish gas to those so promised, within two (2) years of the date beginning construction of the gas distribution system in Reeds Spring. A failure on the part of the Grantee, to comply with the foregoing provisions of this section as to the time in which to begin in the work shall render null and void this ordinance; it is further provided, however, that upon a showing by the Grantee, that the actual construction in said City has been delayed due to the Grantee's inability to secure necessary pipe or other materials, or due to acts of God, the period allowed above shall be automatically extended for an additional period as required by the delay.

Once construction has started it will continue, without pause until a predetermined phase is complete.

Grantee shall apply for a Certificate of Convenience and Necessity to the Public Service Commission, State of Missouri, or such other governmental agency as required by law granting such rights within one (1) year of the approval and ratification by the voters of the City of Reeds Spring of this ordinance and failure to do so within one year will render this ordinance null and void.

Notwithstanding such, Grantee shall have the duty to serve all applicants within the City limits as required by the Public Service Commission of Missouri.

Section 13: Be it further ordained, that the rates charged and the service

rendered for domestic, commercial and industrial consumption of natural gas shall be reasonable and as approved by the Public Service Commission or the Commission or other regulatory body then having jurisdiction over rates of public utilities having jurisdiction in the State of Missouri.

Section 14: This Ordinance shall take effect and shall be in full force and effect from and after its passage, approval and ratification by a majority of the voters of Reeds Spring, Missouri, at an election duly called and held as set out herein.

Section 15: It is hereby agreed that Grantee shall pay in annual franchise fee to the City of Reeds Spring, for the rights and privileges granted above, all based upon the gross receipts received for the sale transport or transportation of natural gas into or within the City limits of said City, exclusive of taxes, from the period and date that the first customer is served natural gas, as follows:

1st year	Zero
2nd year	2% of sales
3rd year (and thereafter)	5% of sales

It is agreed that the City may excuse from such fees any new enterprise or industry as the City so determines.

Grantee shall provide to the City of Reeds Spring a quarter-annual written report of gross sales and transportation receipts and detail the number of customers served, and provide quarter-annual payments of the then due franchise fees.

Grantee shall also provide an annual audit at Grantee's expense.

Section 16: Upon commencement of construction, Grantee shall maintain all hazard and liability insurance required in an amount of not less than \$2,000,000; and the City will be named as co-insured any and all of said policies. Grantee shall file all required proofs of insurance with the Reeds Spring city clerk and said proofs shall be filed prior to commencement of construction. Grantee shall keep all insurance coverage's in full force and effect until excused from doing so by City. A failure to maintain insurance by Grantee shall be a material breach of this Agreement and entitle City to terminate this contract and recover all incidental damages incurred due to this breach.

Section 17: This ordinance shall take effect and be in force from and after its passage and approval provided that written acceptance by Ozark Energy Partners, LLC, shall be filed with the Clerk of the City of Reeds Spring, its acceptance as provided in Section 13 thereof and recorded with the County of Stone.

Section 18: If any section, paragraph, subdivision, clause, phrase or provision of this ordinance shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this ordinance as a whole, or any remaining parts of provisions, other than the part so decided to be invalid or unconstitutional.

Section 19: That an election shall be held in said City on third day of April, 2007, for the purpose of ratifying this ordinance. The City Clerk shall be and

is hereby ordered and directed to send to the County Clerk of Stone County, Missouri, such notices as are required by law.

The County Clerk is hereby requested to designate voting places in the respective wards or precincts, as follows

Voting Places

WARD 1
WARD 2

The County Clerk is hereby requested to appoint four (4) judges for each voting place and to designate two (2) of the judges for each voting place and supervisory judges, all such appointments and designations to be done in accordance with the applicable statutes.

The County Clerk is hereby requested to give notice of this election by publication of the notice hereinafter set out, as follows:

TWICE IN THE STONE COUNTY GAZETTE A LOCAL
NEWSPAPER PUBLISHED IN STONE COUNTY

The first publication of such shall occur in the second week prior to the election date, and the second publication thereof shall occur within one week prior to said election date.

That the County Clerk is hereby requested to cause the notices of said election, including a sample ballot, to be printed and published as aforesaid, the notice to be insubstantially the following form, to-wit;

NOTICE OF ELECTION

Pursuant to an Ordinance duly passed by the Board of Aldermen of the City of Reeds Spring, Missouri, and approved by the Mayor thereof, being Ordinance No. 2007-03, notice is hereby given that an election will be held in the various wards and voting precincts of said City on Tuesday, the third day of April, 2007, for the purpose of voting upon the following proposition, to-wit:

To ratify and approve said Ordinance No. 2007-03 and to grant thereby to Ozark Energy Partners, LLC, its successors and assigns, the right to use the streets, avenues, lanes, alleys, and other public grounds and ways in the City of Reeds Spring, Missouri, as its limits now to exist or may be altered, for the purpose of constructing and maintaining and underground natural gas system, with pipes, meters and other apparatus, equipment and appliances necessary therefore, subject to reasonable supervision of the Board of Aldermen as to the place of burying the pipes for said purposes; and for the purpose of procuring, distributing and selling natural gas to the City and the inhabitants thereof for power, heat and any other purpose under the regulation of the Missouri Public Service Commission for a period of twenty (20) years, all as provided in said Ordinance.

The polls will be open for said election on said day at each of the voting places prescribed herein from 6:00 o'clock in the forenoon until 7:00 o'clock in the afternoon.

SAMPLE BALLOT CARD

Shall Ordinance No. 2007-03 of the City of Reeds Spring, Missouri granting to Ozark Energy Partners, LLC, its successors and assigns, the right and franchise for a period of twenty (20) years to use the streets, alleys, and other public grounds and ways in the City of Reeds Spring, for the construction, installation, and operation of a natural gas transmission and distribution system to provide natural gas service to the City, and providing for a franchise fee on the company which will be passed through to natural gas customers, be approved and ratified?

YES
NO

INSTRUCTIONS TO VOTERS:

If you are in favor of the question, mark your ballot "YES".

If you are opposed to the question, mark your ballot "NO".

This election has been called by the City of Reeds Spring upon the order and direction of the Mayor and Board of Aldermen and is being conducted by the County Clerk of Stone County, Missouri.

Done by the County Clerk of Stone County upon order of the Mayor and Board of Aldermen of the City of Reeds Spring, Missouri, by said Ordinance No. 2007-03 duly passed and approved on the ninth day of January, 2007.

That the County Clerk is hereby requested to provide the necessary poll books, tally sheets, tally books, and other election supplies required by law and further to prepare and have printed ballot cards to be used at said election which may be tabulated by automatic tabulating equipment after being properly voted. Said ballot cards shall be in the form set forth above.

_____, County Clerk

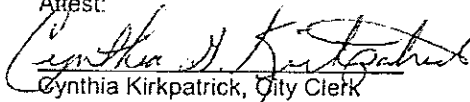
That the county Clerk is hereby requested to provide the necessary poll books, tally sheets, tally books, and other election supplies required by law and further to prepare and have printed ballot cards to be used at said election which may be tabulated by automatic tabulating equipment after being properly voted. Said ballot cards shall be in the form set forth above.

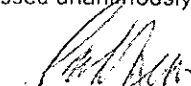
Section 20: The City's proportional cost and expense of the election on the third day of April, 2007 shall be paid by Ozark Energy Partners, LLC.

Section 21: This Ordinance shall be in full force and effect upon its passage and approval.

Read this first time and second time and passed unanimously by the Board of Aldermen this ninth day of January 2007.

Attest:


Cynthia Kirkpatrick, City Clerk


Paul Lear, Mayor

