

**THE CITY OF ALBION
FRANCHISE GRANTED TO
SEMCO Energy Gas Company**

Ordinance No. 2013-08

An Ordinance, granting to SEMCO Energy Gas Company, a division of SEMCO Energy, Inc., a Michigan corporation, its successors and assigns, the right, power and authority to lay, maintain and operate gas mains, pipes and services on, along, across and under the highways, streets, alleys, bridges, waterways, and other public places, and to conduct a local gas business in the City of Albion, located in Calhoun County, Michigan, for a period of thirty years.

THE CITY OF ALBION ORDAINS:

Section 1. GRANT OF FRANCHISE. The City of Albion, located in Calhoun County, Michigan (the "City"), hereby grants to SEMCO Energy Gas Company, a division of SEMCO Energy, Inc., a Michigan corporation, its successors and assigns, (the "Grantee") the right, power and authority to construct, lay, operate, operate, maintain and replace in the public streets, highways, alleys and other public places in the City of Albion, Michigan, all needful and proper gas pipes, mains, conductors, service pipes and other apparatus and facilities requisite for the manufacture, transmission and distribution of gas for all purposes to the City of Albion, and the inhabitants thereof, and for conducting gas elsewhere to supply neighboring cities, and other territories supplied with gas by said Grantee, for a period of thirty years.

Section 2. CONSIDERATION. In consideration of the rights, power and authority hereby granted, Grantee shall faithfully perform all things required by the terms hereof.

Section 3. CONDITIONS. No highway, street, alley, bridge or other public place used by Grantee shall be obstructed longer than necessary during the work of construction or repair, and shall be restored to the as good order and condition as when Grantee commenced the work. All of Grantee's pipes and mains shall be so placed in the highways and other public places as not to unnecessarily interfere with the use thereof for highway purposes.

Section 4. HOLD HARMLESS. Grantee shall at all times keep and save the City free and harmless from all loss, costs and expense to which it may be subject by reason of the Grantee's negligent construction and negligent maintenance of the structures and equipment hereby authorized. If any action is commenced against the City resulting from Grantee's negligent construction and maintenance, Grantee shall, upon notice, defend the City and save it free and harmless from all loss, cost and damage arising out of such negligent construction and maintenance.

Section 5. FRANCHISE NOT EXCLUSIVE. The rights, power and authority herein granted, are not exclusive. Either manufactured or natural gas may be furnished hereunder.

Section 6. RATES. Grantee shall charge for gas furnished the rates, charges and special taxes as approved from time to time by the Michigan Public Service Commission, or its successors having authority and jurisdiction to fix and regulate gas rates and charges, or as otherwise permitted or required by applicable law or tariff, for the term of this franchise. Such

rates shall be subject to Commission review and change at any time upon petition therefore being made by either said City, acting by its City Council, or by said Grantee.

Section 7. REVOCATION. The franchise granted by this ordinance is subject to revocation upon sixty (60) days written notice by the party desiring such revocation.

Section 8. MICHIGAN PUBLIC SERVICE COMMISSION JURISDICTION. Grantee shall, as to all other conditions and elements of service not herein fixed, be and remain subject to the reasonable rules and regulations of the Michigan Public Service Commission or its successors, applicable to gas service in said City and shall provide service in accordance with the terms and conditions set forth in its applicable tariff as approved from time to time by the Michigan Public Service Commission or its successors.


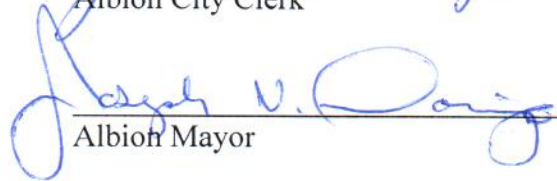
Section 9. SUCCESSORS AND ASSIGNS. The words "SEMCO Energy Gas Company" and "SEMCO Energy, Inc.," wherever used herein, are intended and shall be held and construed to mean and include SEMCO Energy Gas Company and its parent, subsidiaries, successors, affiliates, and assigns, whether so expressed or not. The word "Grantee," wherever used herein, is intended and shall be held and construed to mean and include SEMCO Energy Gas Company, SEMCO Energy, Inc., and the successors and assigns of each, whether so expressed or not. Grantee may assign the rights and obligations under this agreement as long as the Grantee provides prior written notice to the City of any such assignment.

Section 10. FORCE MAJEURE. The Grantee shall not be liable for failure to furnish service as herein provided, or for any breach of the Grantee's obligations hereunder, if such failure or breach is caused by acts of God, labor troubles, riot, or any other causes or contingencies not reasonably within the control of the Grantee.

Section 11. EFFECTIVE DATE. Upon adoption, the City Clerk shall deliver to Grantee a certified copy of this ordinance. Additionally, the City shall publish this ordinance within thirty (30) days of its adoption and this ordinance shall take effect upon the day after the date of publication thereof, continuing for a term of thirty (30) years from that date; provided, however, it shall cease and be of no effect after sixty (60) days from its adoption unless within said period the Grantee shall accept the same in writing filed with the City Clerk. Upon acceptance and publication hereof, the ordinance shall constitute a contract between said City and said Grantee.

Ayes: 17
Nays: 0
Date Passed: 5-6-13

Attested, by Order of the City of
Albion, Calhoun County, Michigan


Albion City Clerk

Albion Mayor

CERTIFICATION

The undersigned, being the duly qualified and acting Clerk of the City of Albion, Calhoun County, Michigan, hereby certifies that: (1) the foregoing is a true and complete copy of a resolution duly adopted by the City Council at a regular meeting held on the 6th day of May, 2013 at which meeting a quorum was present and remained throughout, (2) the original thereof is on file in the records in my office, (3) the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with the Open Meetings Act (Act No. 267, Public Acts of Michigan, 1976, as amended) and, (4) minutes of such meeting were kept and will be or have been made available as required thereby.

Dated: 5-6-13

Jill A. Domingo
Albion City Clerk


ACCEPTANCE

SEMCO Energy Gas Company, a division of SEMCO Energy, Inc., the Grantee under a Franchise approved by City of Albion, County of Calhoun, Michigan, hereby accepts the Franchise, pursuant to the terms and conditions thereof.

Dated: 5/15/13

**SEMCO Energy Gas Company,
a division of SEMCO Energy, Inc.**

By:



James C. Larsen
President SEMCO Energy Gas Company