

**FRANCHISE AGREEMENT BETWEEN COLUMBUS, GEORGIA AND
LIBERTY UTILITIES
(PEACH STATE NATURAL GAS) CORP.**

SECTION I. There is hereby granted to Liberty Utilities (Peach State Natural Gas) Corp., a corporation organized and existing under the laws of the State of Georgia, its successors and assigns (hereinafter for convenience, individually and collectively, referred to as "Company"), the right, authority, privilege and franchise to serve the consolidated government of Columbus, Georgia (hereinafter for convenience referred to as "Municipality"), and in the providing of such natural gas service to construct, maintain and operate a system of gas mains, service pipes, regulator stations and all other necessary and appropriate equipment and facilities for the distribution of gas, in, upon, under, along, across and over the highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways and other public grounds in the present or future corporate limits of the Municipality, for the supplying and selling of gas and its by-products to said Municipality and the inhabitants, institutions and businesses thereof, and for such purposes to construct, lay down, maintain, and operate all necessary gas mains, service pipes and other appliances, fixtures and facilities as may be necessary for the transmission, distribution and sale of such to said Municipality and the inhabitants thereof for domestic, commercial, industrial and institutional uses, and other purposes for which it is or may hereafter be used, for an initial term of ten (10) years with two five year renewal terms from the effective date specified in Section XV of this Ordinance. Renewal terms will be deemed to be accepted by both parties unless either party shall give the other party ninety (90) days notice of its election not to enter into the renewal term.

SECTION II. As consideration for the grant of the franchise and rights herein and for the use by Company of the streets, roads, highways, alleys, public ways and other real property owned or controlled by the Municipality, Company shall pay to Municipality a franchise fee equal to five percent (5%) of Company's gross revenues less any amounts deemed uncollectable derived from the sale and distribution by Company of natural gas to residential and commercial customers within the city limits of the Municipality during the preceding calendar year. The Franchisee fee prescribed herein shall be paid to Municipality quarterly on or before the 30th day after the end of each calendar quarter after the effective date of the franchise. Payments at the beginning and end of the franchise shall be prorated.

The Municipality shall have access at all reasonable times, upon reasonable advance notice, to the relevant books of the Company for the purpose of ascertaining the amount of franchise fee due the Municipality. The Company shall furnish quarterly to the Municipality a report showing the amount of gross revenues from Company's sale of gas within the Municipality with the franchise fee payment.

The franchise fee provided herein, together with any and all charges of the Municipality for water, sewage and garbage services provided by the Municipality to Company, any and all sales taxes collected by Company, and any and all ad valorem taxes assessed by the Municipality against Company's property, shall constitute the only amounts for which Company shall be obligated to pay to the Municipality and shall be in lieu of any and all other costs, levies, assessments, fees or other amounts, of any kind whatsoever, that the Municipality, currently or in the future, may charge Company or assess against Company's property.

SECTION III. If during the term of this franchise the boundaries of the Municipality are expanded, then any extension of service to the newly incorporated areas by the Company shall be subject to the terms and conditions of this grant. The Municipality will promptly notify Company in writing of any geographic areas annexed by the Municipality during the term hereof ("Annexation Notice"). Any such Annexation Notice shall be sent to Company by certified mail, return receipt requested, and shall contain the effective date of the annexation, maps showing the annexed area and such other information as Company may reasonably require in order to ascertain whether there exist any customers of Company receiving natural gas service in said annexed area. To the extent there are such Company customers therein, then the gross revenues of Company derived from the sale and distribution of natural gas to such customers shall become subject to the franchise fee provisions hereof effective on the first day of Company's billing cycle immediately following Company's receipt of the Annexation Notice. The failure by the Municipality to advise Company in writing through proper Annexation Notice of any geographic areas which are annexed by the Municipality shall relieve Company from any obligation to remit any franchise fees to Municipality based upon gross revenues derived by Company from the sale and distribution of natural gas to customers within the annexed area until Municipality delivers an Annexation Notice to Company in accordance with the terms hereof.

SECTION IV. All gas mains, service pipes, fixtures, facilities and other appliances so laid, constructed and maintained by virtue of this Ordinance, shall be so laid, constructed and maintained in accordance with all applicable engineering codes adopted or approved by the natural gas distribution industry and/or engineering profession and in accordance with any applicable Statutes of the State of Georgia and the Rules and Regulations of the Georgia Public Service Commission or of any other governmental regulatory commission, board or agency

having jurisdiction over the Company. Said facilities shall be constructed so as not to interfere with the drainage of said Municipality or unreasonably interfere with or damage any sewer or any other improvement which said Municipality has heretofore made or may hereafter make in, upon or along any highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground, or unnecessarily impede or obstruct such highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways and other public grounds of said Municipality; and shall conform to the grade as then or hereafter established. The Company agrees to attempt to utilize known right-of-way whenever practical before resorting to right of condemnation to which the Company may be entitled to utilize by law.

SECTION V. When the streets, avenues, alleys and other public ways are opened, or any other opening is made by the Company within the Municipality, whether the same be made for the purpose of laying, constructing, replacing or repairing the mains, pipes and other appliances and fixtures of the Company, the Company shall place and maintain necessary safety devices, barriers, lights and warnings to properly notify persons of any dangers resulting from such entrances, and shall comply with applicable safety regulations required by federal, state and local laws.

SECTION VI. In the event it becomes necessary or expedient for the Municipality to change the course or grade of any highway, street, avenue, road, alley, way, parkway, or other public ground in which the Company is maintaining gas mains, pipes or other appliances and fixtures, then, upon the written request of the Municipality, the Company will remove or change the location or depth of such mains, pipes or other appliances and fixtures, as necessary to conform to the proposed street alteration. To the extent Company has any right of reimbursement under applicable federal or state law for any relocation of its facilities hereunder, Company may seek such reimbursement from any parties obligated therefor; provided, however, that nothing herein shall be construed as obligating Municipality for such reimbursement unless expressly provided by applicable law or agreement of the parties.

SECTION VII. Whenever the Company wishes to enter upon any highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground for the purpose of constructing, replacing or repairing any gas mains, pipes, or other facilities, it will notify the Municipality and file a plan or map of the proposed work, if practicable, before commencing same. Whenever any highway, street, avenue, road, alley, lane, way, utility easement, parkway or other public way shall be entered, dug up or disturbed by the Company, the Company shall, at its expense and as soon as possible after the work is completed, restore such highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground in as good condition as existed before

the work was done and to the reasonable satisfaction of the Municipality. In the event the Company shall fail to fulfill its obligations under this Section, the Municipality, after giving the Company reasonable written notice, and failure of the Company to make such repairs or restoration, may make the necessary restoration or repairs itself and the Company shall be liable for the cost of same.

The provisions of this Section shall not be applied or interpreted in such a way as to prevent or delay Company work that may be required as a result of any emergency, leak or other immediate hazard or danger. Likewise, the provisions of this Section anticipate that the Company shall not be unreasonably denied permission to perform necessary work.

SECTION VIII. The Company shall at all times indemnify and hold harmless the Municipality from and against any and all lawful claims for injury to any person or property by reason of the Company or its employees' failure to exercise due care and diligence in and about the installing and maintenance of said system, guarding trenches and excavation while said system is being installed or subsequent extensions, repairs or alterations are being made or generally in the operation and maintenance of said system, provided the Company shall have been notified in writing of any claim against the Municipality on account thereof, and shall have been afforded the opportunity fully to defend the same.

SECTION IX. The Municipality and the Company hereby agree that this Ordinance shall from time to time be subject to rules and regulations adopted by the Company and approved by the Georgia Public Service Commission or any other regulatory body having jurisdiction thereof during the term of this Ordinance , and shall also be subject to all Rules and Regulations adopted and approved by the Georgia Public Service Commission or any other regulatory body and that all such Rules and Regulations shall be and become a part of this Ordinance to the same extent and with the same effect as if said Rules and Regulations were herein set out in full. The Company shall not be obligated or required to make any extension of distribution mains or service lines except in accordance with the provisions relating thereto adopted or approved by the Georgia Public Service Commission, or any other regulatory body having jurisdiction thereof during the term this Ordinance.

SECTION X. Nothing herein contained shall be construed as preventing the Company from installing, placing, replacing, taking up, repairing or removing gas pipes, mains, service pipes or other devices for furnishing gas services, from using any easements for gas service which are shown on any plats of any portion of said Municipality heretofore or hereafter platted or recorded or any such easement which may hereafter be created, granted or dedicated for any such utility purposes by any person, firm or corporation whatsoever.

SECTION XI. If any section, or portion of any section, of this Ordinance shall hereafter be declared or determined by any court of competent authority to be invalid, the Company and the Municipality at their election may ratify or conform the remaining portions of this Ordinance, and upon such ratification or confirmation the remaining portions of this Ordinance shall remain in full force and effect.

SECTION XII. The Company shall, within ninety (90) days after the passage of the Ordinance, file with the City Clerk or other appropriate official of the Municipality its unconditional acceptance, signed by its President or Vice President, of the terms and conditions of this Ordinance. After filing of such acceptance, this Ordinance shall constitute a contract between the parties thereto and shall, subject to the rights and powers vested in the Georgia Public Service Commission or such other regulatory body of the State of Georgia as may hereafter succeed to the rights and powers of the Georgia Public Service Commission or as may exercise statutory jurisdiction of gas companies furnishing gas service in the State of Georgia, be the measure of the rights, powers, obligations, privileges and liabilities of said Municipality and of said Company. The Company, by its acceptance of the provisions of this ordinance, binds itself to provide the necessary gas service contemplated in this ordinance, continuing without substantial interruption, except for the cause beyond its control, until the expiration of the term of this grant. In the event that said Company fails to file said written acceptance within the time hereinbefore specified, this grant shall *be void and of no effect.*

SECTION XIII. Company shall not be required to perform any covenant or obligation in this Ordinance, or be liable in damages to Municipality, so long as the performance or non-performance of the covenant or obligation is delayed, caused or prevented by an act of God, force majeure or by the other party. An "act of God" or "force majeure" is defined for purposes of this Ordinance as strikes, lockouts, sit-downs, material or labor restrictions by any governmental authority, unusual transportation delays, riots, floods, washouts, explosions, earthquakes, fire, storms, weather (including wet grounds or inclement weather which prevents construction), acts of the public enemy, wars, insurrections, and/or any other cause not reasonably within the control of Company or which by the exercise of due diligence Company is unable wholly or in part, to prevent or overcome.

SECTION XIV. All the privileges given and obligations created by this Ordinance shall be binding upon the successors and assigns of the Company.

SECTION XV. This franchise agreement shall become effective upon the date of the company's execution of the Acceptance as set forth below .

