

District I
PERCY DEAL
P.O. Box 365
Oraibi, AZ 86039
Phone 524-4053

District II
JESSE THOMPSON
P.O. Box 504
Kykotsmovi, AZ 86039
Phone 657-3451

District III
MARLIN F. GILLESPIE
216 Encanto Drive
Holbrook, AZ 86025
Phone 524-3041

District IV
PETE SHUMWAY
P.O. Box 161
Taylor, AZ 85939
Phone 536-4060

District V
LARRY A. LAYTON
HC 62 Box 46188
Lakeside, AZ 85929
Phone 369-0712

NAVAJO COUNTY BOARD OF SUPERVISORS

Governmental Complex
P.O. Box 668 - 100 E. Carter Drive
Holbrook, AZ 86025
(520) 524-4053 FAX (520) 524-4239

EDWARD J. KOURY
County Manager



JUDY JONES
Clerk of the Board

RESOLUTION NO. 40-95

MICROFILMED
INDEXED

A RESOLUTION GRANTING TO CITIZENS UTILITIES COMPANY, A DELAWARE CORPORATION, A NON-EXCLUSIVE TWENTY-FIVE (25) YEAR FRANCHISE AND LICENSE TO CONSTRUCT, OPERATE AND MAINTAIN PIPELINES AND APPURTENANT FACILITIES FOR THE TRANSPORTATION, DISTRIBUTION AND SALE OF NATURAL GAS WITHIN THE RIGHTS-OF-WAY OF ANY ROAD, HIGHWAY OR EASEMENT THAT IS DESIGNATED FOR ACCESS OR PUBLIC USE BY PLAT OR SURVEY OF RECORD IN THE COUNTY OF NAVAJO, ARIZONA (OTHER THAN STATE HIGHWAYS AND PUBLIC WAYS WITHIN THE CONFINES OF ANY INCORPORATED CITY OR TOWN); AND PRESCRIBING IN CONNECTION THEREWITH CERTAIN RIGHTS, DUTIES, TERMS AND CONDITIONS HEREIN MENTIONED; AND REPEALING THAT CERTAIN FRANCHISE AND LICENSE FOR GAS PIPE LINES AND RELATED FACILITIES GRANTED TO SOUTHERN UNION GAS COMPANY UNDER DATE OF DECEMBER 22, 1969.

BE IT RESOLVED by the Board of Supervisors, County of Navajo, State of Arizona:

Section 1: It is hereby granted to Citizens Utilities Company, a Delaware corporation, its duly approved successors and assigns, hereinafter called "Grantee", a franchise and license to construct, operate and maintain pipelines and appurtenant facilities for the transportation, distribution and sale of natural gas in Navajo County within the county rights-of-way of any road, highway or easement or any easement or right-of-way designated for access or public use by plat or survey of record, provided that any such authorization or construction pursuant to such authorization does not impose on the county the duty of maintaining the road or highway unless the county accepts the road or highway into the county maintenance system by appropriate resolution. This grant shall not apply to any state highway or to any road, highway, or easement within the confines of any incorporated city or town.

into the county maintenance system by appropriate resolution. This grant shall not apply to any state highway or to any road, highway, or easement within the confines of any incorporated city or town.

Section 2: The area for which the franchise is granted to Grantee is the unincorporated portions of County of Navajo, Arizona.

Section 3: All pipelines and appurtenant facilities to be constructed pursuant to this franchise shall be constructed and maintained in accordance with accepted county practices and industry standards. Prior to construction, plans and specifications detailing the proposed project shall be approved by such persons as may be designated by the Board of Supervisors.

Section 4: In the event that any pipeline or related facility installed or constructed pursuant to this franchise shall at any time be found by the Board of Supervisors to interfere with public safety, welfare or convenience, the Grantee will, at its own expense, and within a reasonable time after notice thereby by the Board of Supervisors, remove or relocate said line or related facility in accordance with county approved plans and specifications. Grantee shall bear all expenses, including damage and compensation for any alteration of the direction surface, grade or alignment of a county road, made for the purpose of this franchise.

Section 5: In the event that said Board of Supervisors, acting on behalf of the County of Navajo, takes action to dispose of unnecessary public roadways in accordance with the provisions of A.R.S. § 28-1901, et. seq., said Board of Supervisors agrees to recognize each of Grantee's prior rights under this franchise which are affected thereby, as they existed prior to such disposition, by including specific and appropriate language for that purpose in any legal instrument utilized for the purpose of encompassing such disposition.

Section 6: In case of any disturbance of pavement, sidewalk, driveway or other surfacing, planting or ground cover resulting from Grantee's action pursuant to this franchise, Grantee shall, in a manner satisfactory to said Board of Supervisors and the department having appropriate jurisdiction, replace and restore the pavement, sidewalk, driveway or other surfacing, planting of ground cover of any street, alley or other public way or place so disturbed in as good condition as it was prior to said disturbance. All such work shall be completed with due diligence and in accordance with county approved plans and specifications.

Section 7: Grantee shall save the County of Navajo harmless from expenses, claims and liabilities arising by reason of the exercise of this franchise by Grantee.

Section 8: This franchise shall continue in full force and effect for a period of twenty-five (25) years from the date of the franchise.

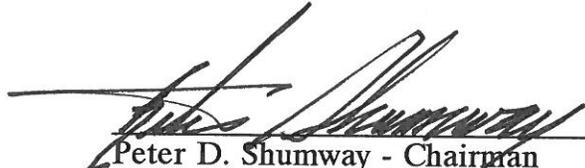
Section 9: The franchise and license hereby granted, and all rights, privileges, and responsibilities attendant thereto, shall inure to the benefit of, and be binding upon, Grantee and its duly approved successors and assigns.

Section 11: If any section, paragraph, subdivision, cause, phrase or provision of this Resolution shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this Resolution as a whole or any part of the provisions hereof other than the part adjudged to be invalid or unconstitutional.

DATED this 12th day of June, 1995.

Upon motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution granting a franchise to Citizens Utilities Company, in the County of Navajo, State of Arizona, was duly passed and adopted by the Board of Supervisors, County of Navajo, State of Arizona, at a regular session of said Board held on the _____ day of _____, 1995.

NAVAJO COUNTY BOARD OF SUPERVISORS



Peter D. Shumway - Chairman

ATTEST:



Judy Jones
Clerk of the Board of Supervisors

FRANCHISE AND LICENSE
FOR
PIPELINES AND RELATED FACILITIES

WHEREAS, CITIZENS UTILITIES COMPANY, a corporation duly authorized to transact business within this State as public service corporation and a gas utility (herein called "Company"), has made application to the Board of Supervisors of Navajo County, Arizona, for a franchise and license to construct, operate and maintain pipelines and appurtenant facilities for the transportation, distribution and sale of natural gas to the public in Navajo County; and

WHEREAS, said application has been considered and found to be reasonable and proper:

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE BOARD OF SUPERVISORS OF NAVAJO COUNTY, ARIZONA:

Section I. That the County of Navajo, State of Arizona (herein called "County"), subject to the provisions hereof, hereby grants Citizens Utilities Company, a corporation (herein called "Company") a franchise and license to construct, operate and maintain pipelines and appurtenant facilities for the transportation, distribution and sale of natural gas in Navajo County within the county rights-of-way of any road, highway or easement or any easements or rights-of-way designated for access or public use by plat or survey

of record, provided that any such authorization or construction pursuant to such authorization does not impose on the county the duty of maintaining the road or highway unless the county accepts the road or highway into the county maintenance system by appropriate resolution. This grant shall not apply to any state highway or to any road, highway or easement within the confines of any incorporated city or town.

Section II. The Company is hereby authorized and empowered to do any and all things necessary and proper to be done and performed in executing the powers and utilizing the privileges herein mentioned and granted by this franchise and license provided the same do not conflict with existing rights-of-way and easement uses, and that all work done in or on County rights-of-way and easements by the Company shall be done in accordance with county restrictions and limitations with the utmost diligence and the least inconvenience to the public or individuals. In case of disturbance of pavement, sidewalk, driveway or other surfacing, planting or ground cover resulting from Company's action pursuant to this franchise, Company shall, in a manner satisfactory to the Board of Supervisors and the department having appropriate jurisdiction, replace and restore the pavement, sidewalk, driveway or other surfacing, planting of ground cover of any street, alley or other public way or place so disturbed in as good condition as it was prior to said disturbance. The Company shall save the County, its Board of Supervisors, officers and agents, harmless from any and all liability arising or incurred because of the erection, construction, installation or operation hereunder of the Company's facilities caused by the Company's negligence. The rights of any persons claiming to be injured or damaged in any manner by the Company or by the exercise of any right or provisions

hereunder shall not be affected hereby.

Section III. The rates and charges to be charged by the Company for furnishing natural gas service hereunder and the rules and regulations to be made and enforced by the Company for the conduct of its business shall be those from time to time on file and effective with the Arizona Corporation Commission applicable to such service.

Section IV. The Company shall have the right and privilege of assigning this franchise and all rights and privileges granted herein and whenever the word "Company" appears herein, it shall be construed as applying to its successors and assigns. Prior to an assignment of this franchise the Company shall advise the County of the proposed assignment, and will provide any additional information requested by the County to make an informed decision regarding its position on the proposed assignment. This section shall not be deemed a warranty of assignability by the County.

Section V. Citizens Utilities Company, its successors, lessees and assigns, for and in consideration of the granting of this license and franchise, and as rental for the occupation and use of rights-of-way easements in said County shall pay to the County each year during all the time this provision shall remain in force and effect a total aggregate sum of two percent (2%) of the gross receipts of Citizens Utilities Company, its successors, lessees and assigns, during such year, for gas sold within the County, subject to the limitations hereinafter stated; such gross receipts to consist of the total amount collected from users and consumers on account of gas sold and consumed within the County under the Company's rates in existence at the time of payment, excepting therefrom, however, (1) the gross receipts for gas sold to the county for its own use, (2)

the gross receipts for gas sold to consumers within the limits of any incorporated city or town as such limits may exist from time to time, and (3) the gross receipts for gas sold (excluding transportation costs) to industrial consumers under special contract. The County may, upon application by an industrial consumer under special contract, waive all or part of the franchise fee on gas transport costs paid to Company for special contract gas delivery. The Company shall make such payments semiannually on or before the last day of January and July in each such year while this provision shall remain in force and effect. For the purpose of determining such revenue, the books of the Company shall at all times be subject to inspection by duly authorized County officials.

Said payments shall be in lieu of any and all other currently authorized County franchise, license, privilege, occupation, and other such assessments (except general ad valorem property taxes, special assessments for local improvements, and rights-of-way use permit fees, and except municipal privilege, sales or use taxes authorized by law and collected by the Company from users and consumers of gas within the County) upon the business, revenue, property, gas lines, gas systems, conduits, storage tanks, pipes, fixtures or other appurtenances of the Company and all other property or equipment of the Company, or any part thereof, in said County during the term of this license and franchise; provided that anything to the contrary herein notwithstanding said payment shall continue only so long as said Company is not prohibited from making the same by any lawful authority having jurisdiction in the premises.

Section VI. This franchise and license shall be accepted by the Company in writing, which acceptance shall be filed with the County within sixty (60) days after the

passage of this grant, and when so accepted this grant shall be a contract duly executed by and between the County and the Company.

Section VII. If any section, paragraph, subdivision, clause, phrase or provision hereof shall be adjudged invalid or unconstitutional, the same shall not affect the validity hereof as a whole, or any part or provision other than the part so decided to be invalid or unconstitutional.

Section VIII. The Board of Supervisors may, at any time, hereafter, impose according to law such restrictions and limitations, additional to those incorporated herein, as to the use by the Company of public rights-of-way or easements as the Board deems best for the public safety, welfare or convenience.

Section IX. The Company shall bear all expenses, including damages and compensation for any alteration of the direction, surface, grade or alignment of any County road or highway made for the purpose of this franchise and license.

Section X. This franchise and license shall cease to confer upon the Company any rights or privileges within the limits of any city or town when the latter shall have incorporated and there shall be in effect its municipal franchise in favor of the Company for gas purposes.

Section XI. This franchise and license shall continue in full force and effect for a period of twenty-five (25) years from its date of passage.

Section XII. After the passage of this grant and upon its acceptance by the Company all rights and privileges heretofore granted by the County by that certain franchise and license to the Company passes and effective the 22nd day of December,

1969 shall be superseded by this grant and shall then be of no further force of effect.

PASSED AND EFFECTIVE this 12th day of June, 1995.

BOARD OF SUPERVISORS
Navajo County, Arizona


Peter D. Shumway, Chairman

ATTEST



Judy Jones
Clerk of the Board of Supervisors