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April 28, 2011

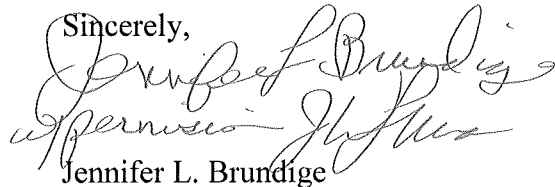
VIA E-MAIL AND HAND DELIVERYMary W. Freeman, Chairman
c/o Ms. Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243filed electronically in docket office on
04/28/11Re: Petition of Chattanooga Gas Company for Approval of Negotiated
Agreement with the City of Chattanooga, Tennessee to Tennessee Code
Annotated § 65-4-107
Docket No. 11-00048

Dear Chairman Freeman:

Pursuant to the Tennessee Regulatory Authority ("TRA") Staff's request, Chattanooga Gas Company ("CGC") is filing an original and four copies of the following documents: (1) a copy of the new negotiated franchise agreement that is pending before the TRA which includes the date that CGC executed the agreement; (2) a copy of CGC's existing franchise agreement; and (3) the Public Service Commission's Order approving the existing franchise agreement.

If you have any questions, please do not hesitate to contact me.

Sincerely,


Jennifer L. Brundige/cb
Enclosures

cc: Archie Hickerson




Chattanooga Council
1000 Lindsay Street
Chattanooga, Tennessee 37402
Telephone (423) 757-5196 / Fax (423) 757-4857

CAROL K. O'NEAL
Clerk of the Council

I. SHIRLEY CROWNOVER
Assistant Clerk of the Council

NOTICE OF CERTIFICATION

I, Carol K. O'Neal, Clerk of the City Council of Chattanooga, Tennessee, and as such keeper of the records of the City Council of said City, do hereby certify that the foregoing is a true, compared and correct copy Ordinance No. 12480 passed at the City Council meeting on March 1, 2011.


Carol K. O'Neal
Clerk of the City Council

WITNESS my hand and the Seal of the City of Chattanooga, Tennessee on this 9th day of March, 2011.

1ST READING 2-22-11
2ND READING 3-1-11
INDEX NO. _____

ORDINANCE NO. 12480

AN ORDINANCE GRANTING UNTO CHATTANOOGA GAS COMPANY, A TENNESSEE CORPORATION, A FRANCHISE FOR THE PURPOSE OF OPERATING A SYSTEM OF GAS DISTRIBUTION AND SERVICE WITHIN THE CITY OF CHATTANOOGA SO AS TO FURNISH GAS SERVICE WITHIN THE CITY TO ITS INHABITANTS FOR DOMESTIC, COMMERCIAL, INDUSTRIAL AND MUNICIPAL GENERAL USE.

THIS GAS FRANCHISE ORDINANCE AND AGREEMENT (the "Franchise Agreement") is entered into by and between the City of Chattanooga, Tennessee ("City"), a municipal corporation, and Chattanooga Gas Company ("Franchisee").

WHEREAS, Franchisee has asked the City to renew its nonexclusive gas franchise including any amendments, resolutions, written agreements or transfer consent ordinances and resolutions related thereto (the "Prior Franchise" dated November 4, 1980, Ordinance No. 7746) to construct, install, maintain and operate a gas system in the City; and

WHEREAS, the construction, installation, maintenance and operation of a gas system involves the occupation of and placement of facilities in the Public Rights-of-Way within the City; and

WHEREAS, the City has reviewed the performance of Franchisee under the Prior Franchise and the quality of service during the Prior Franchise term, has identified the future gas-related needs and interests of the City and its citizens, has considered the financial, technical and legal qualifications of Franchisee, and has determined whether Franchisee's plans for constructing, operating and maintaining its gas system are reasonable to meet the

future gas-related community needs and interests, in light of the costs of meeting such needs and interests, in a full public proceeding affording due process to all parties; and

WHEREAS, the City has relied on Franchisee's representations and has considered the information that Franchisee has presented to it; and

WHEREAS, based on Franchisee's representations and information, and in response to its request for renewal, the City Council has determined that the terms and conditions set forth herein, the grant of a new, nonexclusive renewal Franchise to Franchisee, to supersede the Prior Franchise, on the terms and conditions herein and subject to applicable law, is consistent with the public interest; and

WHEREAS, the City and Franchisee have reached agreement on the terms and conditions set forth herein;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE:

Section 1. This Ordinance shall be known as the "Chattanooga Gas Company Franchise Ordinance."

Section 2. For purposes of this Ordinance, the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number. The word "shall" is always mandatory and not merely directory.

(a) City - City of Chattanooga, Tennessee.

(b) Company - Chattanooga Gas Company, a Tennessee corporation, the Grantee of rights under this franchise and its lawful successors or assigns.

- (c) Construction - The installation, re-installation, laying, erection, digging, renewal, repair, replacement, extension and removal of the gas system, or any activity that may be necessary to maintain and operate a gas system.
- (d) Council - The City Council of the City of Chattanooga, Tennessee
- (e) Gas System - Any pipe, pipeline, tube, main, duct, conduit, service, fitting, feeder, trap, vent, vault, manhole, meter, gauge, regulator, valve, appliance, attachment, appurtenance, and any other personal property constructed, maintained, or operated by Chattanooga Gas Company as may be necessary to import, transport, distribute and sell gas.
- (f) Mayor - The Mayor of the City of Chattanooga, Tennessee.
- (g) Permit Fee Floor - \$100,000 annually
- (h) Streets - The public streets, highways, avenues, roads, courts, alleys, lanes, ways, bridges, utility easements, sidewalks, parkways, public rights-of-way, or other public places or grounds in the City as they now exist or they may be established at any time during the term of this franchise in the City.

Section 3. That there is hereby granted to the Company a franchise to construct, reconstruct, maintain and operate a Gas System in, upon, along, and under the Streets within the City and to carry on, operate, enlarge and continue the same in said City as the same is now or may hereafter exist, for the purposes of furnishing gas service. The Company shall also have the right and privilege within the City to manufacture, sell and distribute natural gas and all other products and services, including appliances, which are related thereto. Neither the enactment of this Ordinance nor anything contained herein shall constitute any repeal or modification, expressed or implied, of any other ordinance of the City now in effect, whether codified or not; provided however, this Ordinance cancels and supersedes all prior Ordinances passed by the City specifically concerning Company and

repeals Ordinance No. 7746. The City expressly reserves the right to enact any and all such ordinances respecting the Company and its business as may be authorized by law, provided that any such ordinances shall not abridge the rights and privileges granted to the Company hereunder.

Section 4. That this franchise shall inure to the benefit of the Company, its successors and assigns, and shall exist and remain in effect from January 1, 2011 for a period of ten (10) years.

Section 5. That the Company shall not at any time charge in excess of such lawful rates as from time to time may be fixed by the Tennessee Regulatory Authority, or such other duly constituted body as may have power and authority in such matter. That the Company shall comply with all lawful orders of the Tennessee Regulatory Authority, or any other duly constituted body as may have power and authority in such matters respecting rates, the quality of gas, pressure, health measures and other conditions of service.

Section 6. That the Company in constructing or continuing a gas system along, across, under or through any City Street, shall comply with all ordinances of the City and shall take care not to obstruct or injure unnecessarily any such Streets, and shall with reasonable diligence restore such Streets to as good state of repair and condition as the same were before disturbed by said Company. The Company shall in all respects fully indemnify and save harmless the City from and against all damages, costs, attorneys fees, or other expenses which the City may incur by reason of such construction. The obligation of indemnity set forth in this section shall also extend to any construction in any Street or right-of-way of the City by any property owner pursuant to any contract between said property owner and the Company authorizing the property owner to construct a service line or other gas line from any main of the Company to such property owner's property.

Section 7. That the Company, its successors, or assigns, by the exercise of this franchise, agrees to hold harmless the City on account of any loss, expense, damage, cost, attorneys fees, litigation expenses, or liabilities that may result from Company's operation of its

gas system except to the extent that such loss, expense, damage, cost, attorneys fees, litigation expenses or liabilities is attributable to the negligence of the City, its agents, servants or employees. This right of indemnification shall include all expenses reasonably incurred by the City in defending any claim arising from the Company's operation of its gas system, whether or not the claim has merit. The Company hereby agrees, upon official request of the City, to maintain and furnish verification to the City's Risk Manager evidence of liability insurance in the minimum annual coverage amounts of \$1,000,000 per occurrence and \$2,000,000 in the aggregate, or coverage limits as required by law, and list the City as an additional insured on the same. Failure to comply with the insurance requirements herein shall be deemed a material violation of the franchise. Notwithstanding the foregoing, the Company may provide the foregoing insurance through self-insurance or through an affiliated captive insurance carrier.

Section 8. The Company shall provide service personnel and equipment based in Chattanooga and/or Hamilton County, Tennessee to respond to customer service calls from locations within the City, and shall provide the local public service agencies, including the City police department, the City fire department, and the 911 Center with the Company's toll-free emergency telephone number and a listing of direct local telephone and/or pager numbers of local Company agents to contact in the event of an emergency. Company shall have trained personnel available 24 hours a day, 365 days per year, who will promptly respond to emergency calls. The Company shall make every reasonable effort to furnish an ample and uninterrupted supply of gas to all customers throughout its entire gas system within the City and on any enlargements and extensions thereof within the City. At the time each and every annexation ordinance of the City becomes operative, the City shall provide the Company with a copy of its ordinance and its accompanying map precisely describing the annexed territory. The Company shall not unreasonably or arbitrarily refuse to make an extension for the purpose of giving gas service to the City, its inhabitants, institutions and businesses.

Section 9. That in consideration of the grant of this franchise, the Company shall pay as a franchise fee (the "Franchise Fee") a sum as shown in

the table below:

Year	Percentage of the gross receipts received from sales of any type to the Company's customers within the city limits of the City
2011, 2012	3.15%
2013, 2014	4.15%
2015 and beyond	5.15%

Such sum shall, in accordance with prevailing state law and the Company's rate tariffs, be approved by the Tennessee Regulatory Authority, be directly added to the gas bills of, and collected from, those customers of the Company located within the City. Said fee shall be in addition to any sums due to the City from the Company as ad valorem taxes, street cut fees, permit fees, water quality fees, administrative fees or any other related fees, taxes or charges for the exercise of Company's work in the City ("Permit Fees"). Notwithstanding the foregoing, the Franchise Fee payable hereunder shall be reduced, on an annual basis, by the amount of Permit Fees paid by Company to the City up to the Permit Fee Floor.

The amount of the franchise fee billed by the Company each quarter shall be paid to the City on or before the 45th day following the end of each quarter. If the Company shall fail to pay the amount due, then the City reserves the right to revoke this franchise if said amount that is due and payable is not paid within a period of sixty (60) days after written notice of such delinquency to the Company.

There shall be a grace period of fifteen (15) days for any amount which is unpaid on the 45th day following the end of each quarter. In the event any Franchise fee payment or re-computation amount is not made on or before the expiration of said grace period, the Franchisee shall pay additional compensation and charges computed from such due date at an annual rate equal to one percent (1%) per month on any portion thereof of the unpaid amount.

The City shall have access with reasonable advance notice at all reasonable times to the books of the Company for the purpose of ascertaining and/or auditing the amount of fees due the City. The Company shall furnish the City with an annual report showing the amount of gross receipts from its sale of gas within the City. The franchise fee imposed herein shall be effective from and after the adoption of this Ordinance and acceptance by the Company.

The Franchise fee payments required by this Section shall be in addition to any and all taxes or fees of general applicability. The Franchisee shall not have or make any claim for any deduction or other credit of all or any part of the amount of said Franchise fee payments from or against any of said City taxes or other fees of general applicability, except as expressly permitted pursuant to this Paragraph 9 or by applicable law.

Section 10. If the Company desires to sell the assets of its gas system located within the City as a stand-alone transaction and not as a sale of its larger gas system, then the Company must offer the City the opportunity to buy those assets located and situated in the City on the same terms as being offered to some other party. The City will have sixty (60) days to accept the offer and an additional one hundred twenty (120) days to close said transaction in the event the City elects to exercise the option to purchase.

In the event the City chooses not to exercise the option to purchase, the City shall continue to have the right to approve any sale, assignment, or transfer that Company may desire and this franchise cannot be sold, assigned, or transferred without the express written consent of the City Council, provided, however, that such consent shall not be unreasonably withheld.

In any negotiations between the City and the Company for the purchase of the Company's property by the City, no value shall be placed upon this franchise agreement in arriving at the purchase price to be paid by the City.

Section 11. Any flagrant or continuing violation of the provisions of this Franchise Ordinance by the Company or its successors shall be cause for forfeiture of this franchise agreement, provided that the City shall have given the Company written notification of such violation and allow the Company a

reasonable and appropriate time to correct the cited violations.

Section 12. In the event it becomes necessary or expedient for the City 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 its gas system, then, upon the written request of the City, the Company will remove or change the location or depth of such gas system to conform to the proposed street alteration. It is agreed that Company will, at its own expense, within sixty (60) days after written notice from the Mayor, Company's receipt of final plan approval, and notice to proceed, begin the work of completing any and all things necessary to effect such change in position or location in conformity with such written instructions; provided, however, that if such request is to accommodate any development by any person or entity other than the City or another governmental body, then the person or entity responsible for such development shall reimburse Company its expenses for such removal or change.

Section 13. After adoption of this Ordinance, should any section, subsection, sentence, provision, clause or phrase of this Ordinance be declared invalid by a court of competent jurisdiction or appropriate regulatory authority, such declaration shall not affect the validity of this Ordinance as a whole or any part thereof other than the part so declared to be invalid or unconstitutional, it being the intent in adopting this Ordinance that no portion thereof or provision or regulation contained therein shall become inoperative or fail by reason of the unconstitutionally or invalidity of any other portion or provision or regulation.

Section 14. That this Ordinance shall not be operative, as distinguished from its effectiveness, until it has been accepted by the Company. The Company shall have thirty (30) days from the date of the final passage of this Ordinance to file with the City Clerk its unconditional acceptance of the terms and conditions of this Ordinance. After receipt of the written approval of this franchise agreement from the Tennessee Regulatory Authority, the Company shall promptly furnish the City a copy, which shall be filed with this Franchise Ordinance.

Section 15. All rights herein granted and/or authorized shall be subject to and governed by this Ordinance, provided, however, the City Council expressly reserves unto itself all its police power to adopt general ordinances and to take other action necessary to protect and promote the safety and welfare of the general public in relation to the rights now reserved to or in the City of Chattanooga under its Charter and to all such rights as are now provided by general law.

Section 16. This Franchise Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns.

If any term, condition, or provision of this Agreement shall, to any extent, be held to be invalid or unenforceable, the remainder hereof shall be valid in all other respects and continue to be effective. In the event of a subsequent change in applicable law so that the provision which had been held invalid is no longer invalid, said provision shall thereupon return to full force and effect without further action by the City and shall thereafter be binding on the Franchisee and the City.

In the event that federal or state laws, rules or regulations preempt a provision or limit the enforceability of a provision of this Agreement, then the provision shall be read to be preempted to the extent and for the time, but only to the extent and for the time, required by law. In the event such federal or state law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision hereof that had been preempted is no longer preempted, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of the City.

Section 17. This Franchise Agreement shall be governed in all respects by the law of the State of Tennessee.

Section 18. Unless otherwise expressly stated herein, notices required under this Franchise Agreement shall be mailed first class, postage prepaid, to the

addressees below. Each party may change its designee by providing written notice to the other party, but each party may only designate one entity to receive notice.

Notices to the Franchisee shall be mailed to:

Chattanooga Gas Company
c/o AGL Resources Inc.
P.O. Box 4569
Atlanta, GA 30302-4569
Attn: General Counsel

Notices to the City shall be mailed to:

City of Chattanooga
Attn: Mayor's Office
City Hall
101 East 11th Street
Chattanooga, Tennessee 37402

with a copy to:

City Attorney
City of Chattanooga
100 E. 11th Street, Suite 200
Chattanooga, TN 37402

Unless otherwise provided by the Municipal Code or by this Agreement, notices shall be effective upon receipt.

Section 19. Time is of the essence in all provisions of this Agreement.

Section 20. This Agreement is not intended to, and shall not be construed to, grant any rights to or vest any rights in third parties, except as expressly provided herein.

Section 21. This Agreement supersedes all prior oral or written agreements, drafts, commitments, or understandings with respect to the matters provided for herein. The parties recognize, however, the right of the City to establish and amend the Municipal Code and City regulations from time to time, as empowered by the State of Tennessee, and the Franchisee agrees to abide by all such applicable laws and regulations, subject to the provisions of the Franchise Agreement.

Section 22. BE IT FURTHER ORDAINED, That this Ordinance shall take effect two (2) weeks from and after its passage.

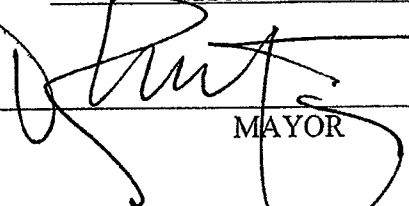
PASSED on Second and Final Reading.



CHAIRPERSON

APPROVED: x DISAPPROVED:

DATE: March 1, 2011.



MAYOR

The within Franchise and its terms and conditions are hereby accepted by Chattanooga Gas Company on this 16th day of March, 2011.

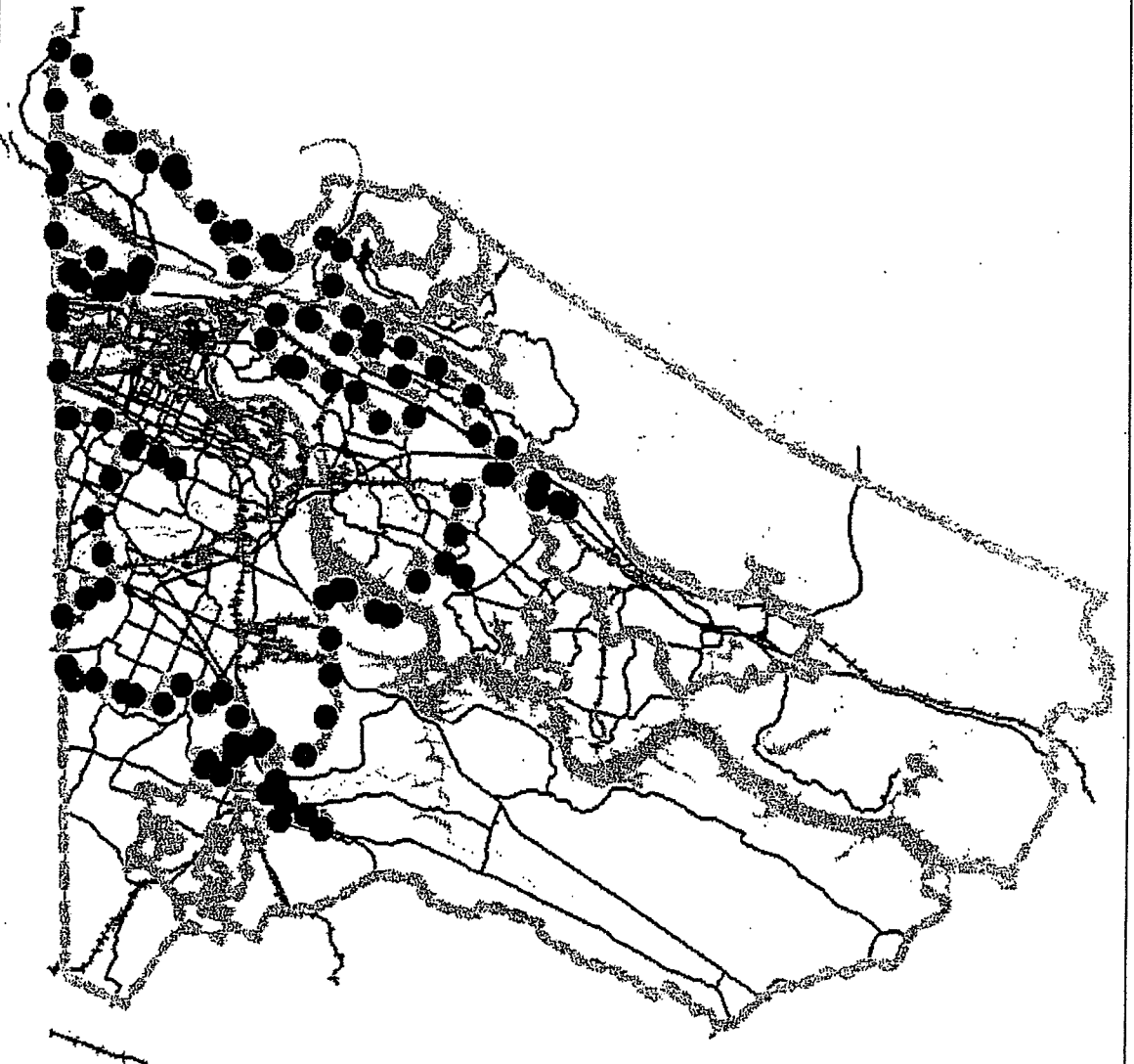
CHATTANOOGA GAS COMPANY

By: 

Name: Steven L. Lindsey

Title: Vice President & General Manager

PPB/mms



2011-0028 Franchise Agreement with Chatt Gas Co for ten (10) years

PLANNING COMMISSION RECOMMENDATION FOR CASE NO. MR-2011-028: Approve



1 in. = 5.39 miles

BEFORE THE TENNESSEE PUBLIC SERVICE COMMISSION

Nashville, Tennessee

[207 5 1 1980]

IN RE: JOINT PETITION OF CHATTANOOGA GAS COMPANY
AND CITY OF CHATTANOOGA FOR APPROVAL OF A
CITY OF CHATTANOOGA ORDINANCE GRANTING
UNTO CHATTANOOGA GAS COMPANY A FRANCHISE
FOR THE PURPOSE OF OPERATING A SYSTEM OF
GAS DISTRIBUTION AND SERVICE WITHIN THE
CITY OF CHATTANOOGA

DOCKET NO. U-6996

O R D E R

This matter is before the Tennessee Public Service Commission upon the joint petition of Chattanooga Gas Company and the City of Chattanooga pursuant to Tennessee Code Annotated, Sections 65-404, 405 and 407, for approval of a franchise granted the Chattanooga Gas Company by the City of Chattanooga, Tennessee. From the certified petition and exhibits and all other relevant matters submitted in support thereof, it appears that:

1. The Chattanooga Gas Company is a gas distribution company, a division of Jupiter Industries, Inc., a Tennessee corporation with its situs at Chattanooga, Tennessee. That it is engaged in the distribution and sale of natural gas to the public in various communities in and around Chattanooga, Tennessee, including the city of Cleveland, Tennessee.

2. That Chattanooga Gas Company has served the City of Chattanooga, Tennessee, and its environs since 1950 under a franchise granted by the City of Chattanooga to expire after thirty (30) years. The Company's franchise for the City of Chattanooga is currently being renewed by said City for a term of thirty (30) years from and after February 1, 1980, a copy of which has been filed herein. That said franchise has been passed on two readings of the City Council and will be finally approved upon approval by this Commission of the terms and conditions of said franchise.

3. It appears to the Commission that the terms of said franchise are reasonable and proper and that the approval of same is in the public interest.

The Commission, having reviewed and studied this joint petition and the exhibits submitted in support thereof, and being fully advised of the premises, is of the opinion and finds:

1. That the Commission has jurisdiction over the subject matter of said petition, and
2. That the prayer of said petition for approval of said franchise is in the public interest and should be granted.

IT IS THEREFORE ORDERED:

1. That the ordinance of the City of Chattanooga granting unto Chattanooga Gas Company a franchise for the purpose of operating a system of gas distribution and service within the City of Chattanooga so as to furnish gas service within the City to its inhabitants for domestic, commercial, industrial and municipal general use from February 1, 1980, for a period of thirty (30) years thereafter, be, and the same is hereby approved.
2. That the approval of this franchise is conditioned upon the final approval of said franchise by the City Council of the City of Chattanooga.
3. That any party aggrieved with the Commission's decision in this matter has a right of judicial review by filing a petition for review in the Chancery Court of Davidson County within sixty (60) days from and after the date of this order.

PREPARED BY GENERAL
COUNSEL'S OFFICE

A. Kenneth Atkins
GENERAL COUNSEL

ATTEST

James L. Larbo
EXECUTIVE DIRECTOR

Frank A. Carson
CHAIRMAN

William L. Ingle
COMMISSIONER

W. D. Whinn
COMMISSIONER

Introduced By
Passed:
1st reading 9-15-86
2nd reading 9-28-86
3rd reading 11-4-86
Number
Indexed:
Recorded:

ORDINANCE NO. 7746

AN ORDINANCE GRANTING UNTO CHATTANOOGA GAS COMPANY, A DIVISION OF JUPITER INDUSTRIES, -INC., A FRANCHISE FOR THE PURPOSE OF OPERATING A SYSTEM OF GAS DISTRIBUTION AND SERVICE WITHIN THE CITY OF CHATTANOOGA SO AS TO FURNISH GAS SERVICE WITHIN THE CITY TO ITS INHABITANTS FOR DOMESTIC, COMMERCIAL, INDUSTRIAL AND MUNICIPAL GENERAL USE.

BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF
THE CITY OF CHATTANOOGA, TENNESSEE:

SECTION 1. That there is hereby granted unto Chattanooga Gas Company, a division of Jupiter Industries, Inc. (herein referred to as the "Company"), a franchise to construct, reconstruct, maintain and operate gas mains, pipes, and conduits, with all necessary fittings; feeders and service pipes in connection therewith, in, upon, along, and under all of the streets, alleys, avenues, bridges, and public places within the City of Chattanooga, Tennessee (herein sometimes referred to as "City"), and to carry on, operate, enlarge and continue the same in said City as the same is now or may hereafter exist, for the purposes of furnishing gas service; provided, however, that all mains shall be located and installed in accordance with the provisions of Chattanooga City Code, Part II, Section 32-76 through 32-79, as in effect on the effective date of this Ordinance or as they may be amended from time to time. The Company shall also have the right and privilege within the City to manufacture, sell and distribute natural gas and all other products and services, including appliances, which are related thereto. Neither the enactment of this Ordinance nor anything contained herein shall constitute any repeal or

modification, expressed or implied, of any other ordinance of the City now in effect, whether codified or not, and the City expressly reserves the right to enact any and all such ordinances respecting the Company and its business as may be authorized by law, provided that any such ordinances shall not abridge the rights and privileges granted the Company hereunder.

SECTION 2. That this franchise shall inure to the benefit of the Company, its successors and assigns and shall exist and remain in effect for a period of thirty (30) years from and after February 1, 1980. In the event that the City should at any time determine to acquire the property of the Company by purchase or otherwise, this franchise shall be considered as of no value in arriving at the purchase price to be paid by the City.

SECTION 3. That the Company shall not at any time charge in excess of such lawful rates as from time to time may be fixed by the Tennessee Public Service Commission, or such other duly constituted body as may have power and authority in such matter. That the Company shall comply with all lawful orders of the Tennessee Public Service Commission or any other duly constituted body as may have power and authority in such matters respecting rates, the quality of gas, pressure, health measures and other conditions of service.

SECTION 4. That the Company in digging for, installing, reinstalling or continuing gas pipes along, across, under or through any and all of the streets, lanes, alleys, sidewalks, public grounds, or public rights-of-way of the City and in digging for repair of pipes, shall take care not to obstruct or injure unnecessarily any such streets, lanes, alleys, sidewalks, public grounds or public rights-of-way; and shall with reasonable diligence restore such

streets, lanes, alleys, sidewalks, public grounds, or public rights-of-way to as good state of repair and condition as the same were before disturbed by said Company and shall in all respects fully indemnify and save harmless the City from and against all damages, costs, attorneys fees, or other expenses which the City may incur by reason of such digging unless such damages, costs, attorneys fees, or other expenses are attributable in whole or in part to the negligence of the City, its agents, servants, or employees. All such construction work performed by the Company shall be subject to the approval of the City's Department of Public Works, which approval shall not be unreasonably withheld. The obligation of indemnity set forth in this section shall also extend to any digging or installation in any street, lane, alley, sidewalk or other right-of-way of the City by any property owner pursuant to any contract between said property owner and the Company authorizing the property owner to construct a service line or other gas line from any main of the Company to such property owner's property.

SECTION 5. That the Company, its successors, or assigns, by the exercise of this franchise, agrees to hold harmless the City on account of expenses, damages, costs, attorneys fees, litigation and liabilities that may result from the construction, reconstruction, maintenance, repair or operation of its gas distribution system or from the digging up or doing of work in the streets, alleys, lanes, avenues or public places of the City unless such expenses, damages, costs, attorneys fees, litigation or liabilities are attributable in whole or part to the negligence of the City, its agents, servants, or employees.

SECTION 6. That the Company shall maintain all service lines to its customers up to and including the meters and shall, when necessary, repair, renew, or replace service lines which are the property of the Company.

SECTION 7. That the right to use and occupy said streets, alleys, lanes, public rights-of-way and places under this franchise for the purposes herein set forth shall not be exclusive, and the City reserves the right to grant a similar use of said streets, lanes, alleys, sidewalks, public rights-of-way and places to any person or corporation at any time during the period of this franchise; provided, however, City will not grant a similar right to any person or corporation for the business of conveying and selling gas to others as a public utility unless said person or corporation has first obtained a certificate of convenience and necessity from the Tennessee Public Service Commission or such other duly constituted body as may have power and authority in such matter so long as such certificate is a legal prerequisite to engage in such business.

SECTION 8. That in consideration of the grant of this franchise, the Company shall pay to the City during each calendar year of this franchise an annual fee in accordance with the following table:

1980. . . \$137,500	1990. . . \$212,500	2000. . . \$287,500
1981. . . 145,000	1991. . . 220,000	2001. . . 295,000
1982. . . 152,500	1992. . . 227,500	2002. . . 302,500
1983. . . 160,000	1993. . . 235,000	2003. . . 310,000
1984. . . 167,500	1994. . . 242,500	2004. . . 317,500
1985. . . 175,000	1995. . . 250,000	2005. . . 325,000
1986. . . 182,500	1996. . . 257,500	2006. . . 332,500
1987. . . 190,000	1997. . . 265,000	2007. . . 340,500
1988. . . 197,500	1998. . . 272,500	2008. . . 347,500
1989. . . 205,000	1999. . . 280,000	2009. . . 355,000

The said annual fee shall be paid in four (4) equal quarterly installments on or before March 31, June 30, September 30 and December 31 of each year.

SECTION 9. That it is the intention of the Company and the City that all franchise fees to be paid by the Company pursuant to the provisions of Section 8 hereof shall be accorded the same consideration by the Tennessee Public Service Commission in the establishment of the Company's rates and charges as has been accorded the payments heretofore

made by the Company to the City under its previous franchise from the City. With respect to the foregoing the Company has a rate case presently pending before the Tennessee Public Service Commission (Docket No. U-6931). In the event the Tennessee Public Service Commission, in Docket No. U-6931 or in any subsequent rate case filed by the Company, should for any reason refuse to accord the franchise payments set forth in Section 8 hereof the same consideration as has been granted in the past, or in the event the said franchise payments should be held invalid by court decision, then the City shall have the right to request a change in the franchise payments set forth in Section 8 hereof. In such event, the City and the Company shall negotiate in good faith for the purpose of mutually agreeing to new franchise payments to be substituted for those provided for in Section 8 hereof. Any such new franchise payments shall be established and applied in accordance with the law which is then prevailing.

SECTION 10. That this Ordinance shall not be operative, as distinguished from its effectiveness, until it has been accepted by the Company within thirty (30) days of the effective date of this Ordinance.

SECTION 11. This Ordinance shall take effect two weeks from and after its passage upon three separate readings as required by law.

PASSED on Third and Final
Reading 11/4/80

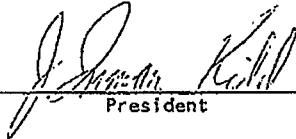
C. A. Rose
MAYOR

Jim Elch
COMMISSIONER

ACCEPTANCE

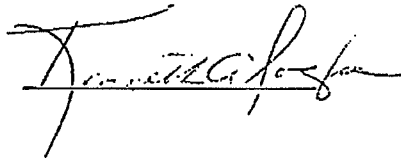
The within Franchise and its terms and conditions are hereby accepted
by Chattanooga Gas Company, a Division of Jupiter Industries, Inc., on
this the 11th day of November, 1980.

CHATTANOOGA GAS COMPANY, A
DIVISION OF JUPITER INDUSTRIES, INC.



President


Attested:



President

I, H. D. Miller, Auditor of the City of Chattanooga, Tennessee, and as such keeper of the records of the Board of Commissioners of said city, do hereby certify that the foregoing is a true, compared and correct copy of Ordinance No. 7746, passed by the Board of Commissioners of the City of Chattanooga, Tennessee on Nov. 4, 1980.

WITNESS my hand and the Seal of the City of Chattanooga, Tennessee, this 12th day of November, 1980.


City Auditor and Clerk of
the Board of Commissioners,
Chattanooga, Tennessee.

RESOLUTION NO. 16513

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AN AGREEMENT WITH JUPITER INDUSTRIES, INC., DOING BUSINESS AS CHATTANOOGA GAS COMPANY, FOR THE EXTENSION OF A GAS MAIN TO PROPERTY OWNED BY THE CITY OF CHATTANOOGA ON CUMMINGS ROAD AND OLD WAUHATCHIE PIKE FOR AND IN CONSIDERATION OF THE SUM OF THREE HUNDRED THOUSAND (\$300,000.00) DOLLARS.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CITY OF CHATTANOOGA, TENNESSEE, That the Mayor be and is hereby authorized to execute an agreement with Jupiter Industries, Inc., doing business as Chattanooga Gas Company, for the extension of a gas main to property owned by the City of Chattanooga on Cummings Road and Old Wauhatchie Pike for and in consideration of the sum of \$300,000.00.

ADOPTED: 10/1/85

MAM:sca

JUPITER INDUSTRIES, INC. d/b/a
CHATTANOOGA GAS COMPANY
AGREEMENT
CONTRIBUTION IN AID OF CONSTRUCTION

W.O.# _____

MAIN EXTENSION

STATE OF TENNESSEE:
COUNTY OF HAMILTON:

This AGREEMENT made and entered into this 1st day of Oct. 1985
by and between Jupiter Industries, Inc., d/b/a Chattanooga Gas Company (herein
sometimes referred to as "Company") and The City of Chattanooga, Tennessee.

W I T N E S S E T H :

NOW THEREFORE, in consideration of the covenants and conditions hereinafter
set forth, the parties do agree, and do mutually bind themselves, their
administrators or successors or assigns, as follows:

1. Jupiter Industries, Inc., d/b/a Chattanooga Gas Company will, upon the
receipt of required construction permits, extend its distribution system in
Hamilton County, Tennessee, so as to provide natural gas service to the
property owned by the City of Chattanooga on Cummings Road and Old Wauhatchie
Pike in Tiftonia to facilitate its development as an industrial and commercial
site for new business, with the cost of construction to the Company for such
extension to be \$750,000 (or more). Construction will begin within 30 days of
the receipt of the required permits and continue until completion, except for
unforeseen delays beyond the Company's control.

2. The City of Chattanooga will pay to Jupiter Industries, Inc., d/b/a
Chattanooga Gas Company a Contribution-In-Aid-Of-Construction in the sum of
Three Hundred Thousand and no/100 Dollars (\$300,000) upon completion of the
required construction work, in the following manner:

Each year for six consecutive fiscal years beginning with the
fiscal year beginning July 1, 1986, the Company shall be granted
a \$50,000 credit against the annual amount of Franchise fee to be
paid by the Company to the City of Chattanooga under the terms of
the existing Franchise Ordinance No. 7746. The amount of \$12,500
shall be deducted from each quarterly payment due by the Company
during the applicable six-year period.

3. Jupiter Industries, Inc., d/b/a Chattanooga Gas Company will refund
to the City of Chattanooga all of, but not more than, the sum of Three Hundred
Thousand and 00/100 Dollars (\$300,000) in the following manner:

Beginning July 1, 1986, and continuing until the full amount of
\$300,000 has been refunded the Company shall each quarter pay to
the City of Chattanooga the amount of 6 cents per MCF (Thousand
Cubic Feet) of volumes of gas sold by the Company from and
through the facilities constructed by the Company under this
extension agreement, and any subsequent additions the Company, on
its own initiative adds thereto. The initial payment due shall
include all volumes from the beginning of gas service to the
payment date.

4. That the Company, its successors, or assigns by the exercise of this agreement, agrees to hold harmless the City on account of expenses, damages, costs, attorneys fees, litigation and liabilities that may result from the construction work to be performed under the terms of this agreement unless such expenses, damages, costs, attorneys fees, litigation or liabilities are attributable in whole or part to the negligence of the City, its agents, servants, or employees.

5. The title to any and all of the gas distribution system utilized in providing gas service under this Agreement at all times shall remain in the Jupiter Industries, Inc., d/b/a Chattanooga Gas Company.

IN WITNESS WHEREOF, the parties have hereunto set their hand and have caused this Agreement to be duly executed this 1st day of Oct 1985.

WITNESS:

W. Lynn Abraham

THE CITY OF CHATTANOOGA, TENNESSEE

By:

Gene J. Whit

WITNESS:

Thomas J. Waters
Asst. Sec'y.

JUPITER INDUSTRIES, INC. d/b/a
CHATTANOOGA GAS COMPANY

By:

J. J. Man
VICE-PRESIDENT