

PEOPLE'S ORDINANCE NO. 35

AN ORDINANCE GRANTING A FRANCHISE BY THE CITY OF GRAND JUNCTION TO PUBLIC SERVICE COMPANY OF COLORADO, ITS SUCCESSORS AND ASSIGNS, THE RIGHT TO FURNISH, SELL AND DISTRIBUTE GAS AND ELECTRICITY TO THE CITY AND TO ALL PERSONS, BUSINESSES, AND INDUSTRY 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 AND ELECTRICITY WITHIN THE CITY AND THE RIGHT TO MAKE REASONABLE USE OF ALL STREETS AND OTHER PUBLIC PLACES AND PUBLIC EASEMENTS AS HEREIN DEFINED AS MAY BE NECESSARY; AND FIXING THE TERMS AND CONDITIONS THEREOF.

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BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION,  
COLORADO:

ARTICLE 1

DEFINITIONS

§1.0 For the purposes 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 singular number include the plural number. The word "shall" is mandatory and "may" is permissive. Words not defined in this article shall be given their common ordinary meaning.

1.1 "City" refers to and is the municipal corporation designated as the City of Grand Junction, Mesa County, Colorado and includes the territory as currently is or may in the future be included within the boundaries of the City of Grand Junction.

1.2 "Company" refers to and is Public Service Company of Colorado, and its successors and assigns, but does not

include its affiliates, subsidiaries or any other entity in which it has an ownership interest.

1.3 "Council" or "City Council" refers to and is the legislative body of the City.

1.4 "Distribution Facilities" refers to and is only that portion of the Company's electric system which delivers electric energy from the substation breakers to the point-of-delivery of the customer, including all devices connected to that system, as well as that portion of the Company's gas system which delivers gas from the down side of the regulator station to the point-of-delivery of the customer, including all devices connected to that system.

1.5 "Facilities" refer to and are all facilities reasonably necessary to provide gas and electricity into, within and through the City and include plants, works, systems, substations, transmission and distribution structures, lines, equipment, pipes, mains, conduit, transformers, underground lines, gas compressors, meters, wires, cables and poles.

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

1.7 "Public Easements" refer to and are public and dedicated easements created and available for use by public utilities for their facilities.

1.8 "Public Utilities Commission" or "PUC" refers to and is the Public Utilities Commission of the State of Colorado or other authority succeeding to the regulatory powers of the Public Utilities Commission.

1.9 "Residents" refers to and includes all persons, businesses, industry, governmental agencies, and any other entity whatsoever, presently located or to be hereinafter located, in whole or in part, within the territorial boundaries of the City.

1.10 "Revenues" refer to and are those amounts of money which the Company receives from its customers within the City for the sale and transportation of gas and the sale of electricity and use of its facilities by others within the City, as adjusted for refunds, the net write-off of uncollectible accounts, corrections or other regulatory adjustments.

1.11 "Streets and Other Public Places" refer to and are streets, alleys, viaducts, bridges, roads, lanes and other public rights-of-way and public easements in said City.

## ARTICLE 2

### GRANT OF FRANCHISE

§2.1 Grant of Franchise. The City of Grand Junction hereby grants to Public Service Company, for the period specified in and subject to the conditions, terms and provisions contained in this franchise, a non-exclusive right to furnish, sell and distribute gas and electricity to the City and to all residents of the City. Subject to the conditions, terms and provisions contained in this franchise, the City also hereby grants to the Company a non-exclusive right to acquire, construct, install, locate, maintain, operate and extend into, within and through the City all facilities reasonably necessary to furnish, sell and distribute gas and electricity within and through the City and a non-exclusive right to make reasonable use of the streets and other public places as may be necessary to carry out the terms of this franchise. These rights shall extend to all areas of the City as it is now constituted and to additional areas as the City may increase in size by annexation or otherwise. The City reserves the right to itself make or grant a similar use in the said public ways.

§2.2 Street Lighting Service. The rights granted in this franchise encompass the non-exclusive franchise to provide street lighting service to the City and the provisions of this franchise apply with full and equal force to the street lighting service provided by the Company. Wherever reference is made to the sale of electricity or to the provision of electric service in this franchise, these references shall be deemed to include the provision of street lighting service. Wherever reference is made to Company facilities, equipment, system or plant in this franchise, this reference shall be deemed to include Company-owned street lighting facilities, equipment, system and plant.

§2.3 Term of Franchise. This franchise shall take effect on January 1, 1993. The term of this franchise shall be for 20 years, beginning with said effective date of this franchise and expiring on December 31, 2012.

## ARTICLE 3

### FRANCHISE FEE

§3.1 Franchise Fee. In consideration for the grant of this franchise, the Company shall pay the City a sum equal to three

percent (3%) of the first ten thousand dollars (\$10,000) of all revenue received monthly from the sale of electric power and from the sale and transportation of natural gas within the City, to each customer at any one location and a sum equal to two percent (2%) of all revenue received monthly from the sale of electric power and from the sale and transportation of natural gas within the City in excess of ten thousand dollars (\$10,000) to each customer for each such service at any one location; provided, however, there shall be excluded from all of such revenue all amounts paid to the Company by the City for electric service and gas furnished to the City.

§3.2 Payment Schedule. For the franchise fee owed on revenues received after the effective date of this franchise, payment shall be made in monthly installments not more than thirty (30) days following the close of the month for which payment is to be made. Initial and final payments shall be prorated for the portions of the months at the beginning and end of the term of this ordinance. All payments shall be made to the City Finance Director or other person designated by the City. The City Finance Director, or other authorized representatives, shall have access to the books of the Company for the purpose of auditing or checking to ascertain that the franchise fee has been correctly computed and paid.

In the event an error by the Company results in an overpayment of the franchise fee to the City and said overpayment is in excess of five thousand dollars (\$5,000), credit for the overpayment shall be spread over an equal period of time for which the error was undiscovered. If the overpayment is five thousand dollars (\$5,000) or less, credit shall be taken against the next payment(s).

§3.3 Change of Franchise Fee and Other Franchise Terms. Once during each calendar year of the franchise term the City Council, upon giving thirty (30) days' notice to the Company of its intention so to do, may review and change the consideration the City may be entitled to receive as a part of the franchise; provided, however, the Council may only change the consideration to be received by the City under the terms of this franchise to the equivalent of the consideration paid by the Company to any City or town in the State of Colorado in which the Company supplies gas and/or electric service under franchise.

The Company shall, upon request, report to the City within sixty (60) days of the execution of a subsequent franchise or of any change of franchise in other municipalities under which a City receives greater consideration than is provided herein from the Company to the City hereunder. If the City Council decides the consideration shall be so changed, it shall provide for such

change by ordinance; provided, however, that any change in the franchise fee is then allowed to be surcharged by the Company; and provided, further, that the consideration is not higher than the highest consideration paid by the Company to any municipality, including the City and County of Denver, within the State of Colorado. For purposes of this section, consideration means the franchise fee established in Article 3, Section 1; the undergrounding program established in Article 10, Section 2; and also includes any other provision which is of similar significant financial benefit to the City.

§3.4 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, or similar tax on the privilege of doing business or in connection with the physical operation thereof, but does not exempt the Company from any lawful taxation upon its property or any other tax not related to the franchise or the physical operation thereof except, the City may impose and Company shall pay road cut permits, inspection fees and permits, and other similar costs and fees uniformly applied throughout the City and does not exempt the Company from payment of head taxes or other fees or taxes assessed generally upon businesses.

§3.5 Contract Obligation. This franchise ordinance constitutes a valid and binding contract between the Company and the City. In the event that the franchise fee specified in this ordinance is declared illegal, unconstitutional or void for any reason by any court or other proper authority, the Company will be contractually bound to pay an occupation tax to the City that would be, as near as practicable, equivalent to the amount which would have been paid by the Company as a franchise fee hereunder.

#### ARTICLE 4

##### SUPPLY, CONSTRUCTION AND DESIGN

§4.1 Supply of Gas and Electricity. The Company shall take all reasonable and necessary steps to provide an adequate supply of gas and electricity to its customers at the lowest reasonable cost consistent with long-term reliable supplies. If the supply of gas and electricity to its customers should be interrupted, the Company shall take all necessary and reasonable actions to restore such supply within the shortest practicable time.

§4.2 Restoration of Service. In the event the Company's gas and/or electric 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.



§4.3 Obligations Regarding Company Facilities. The Company shall install, maintain, repair, renovate and replace its facilities with due diligence in a good and workmanlike manner and the Company's facilities will be of sufficient quality and durability to provide adequate and efficient gas and electric service to the City and its residents. Company facilities shall not interfere with the City's water mains, sewer mains or other municipal use of streets and other public places. The Company shall erect and maintain its facilities in such a way so as to minimize interference with trees and other natural features. Company facilities shall be installed in public easements so as to cause a minimal amount of interference with such property.

§4.4 Excavation and Construction. All excavation and construction work done by the Company shall be done in a timely and expeditious manner which minimizes the inconvenience to the public and individuals. All public and private property whose use conforms to restrictions in public easements disturbed by Company excavation or construction activities shall be restored by the Company at its expense to substantially its former condition. The City reserves the right to determine compliance; provided, however, nothing herein shall limit the Company's ability to challenge the City's determination of compliance before any authority having jurisdiction. If, after reasonable notice to the Company and the Company's failure to restore same, and if such failure poses a threat to the health, safety and welfare of the public, the City may take remedial steps as necessary. In such event, the Company shall reimburse the City fully for its costs therefor.

§4.5 Relocation of Company Facilities. Within the City, if at any time the City requests the Company to relocate any facility in the City installed or maintained in streets, alleys, public rights-of-way or public easements, pursuant to this franchise or previous franchises, in order to permit the City to make any public use of rights-of-way, easements or streets, to construct any public improvement, or to build any public project, or for any municipal purpose in which the City has a financial or ownership interest, such relocation shall be made by the Company at its expense. Such relocation shall be completed within a reasonable time from the date when the City makes its request; provided, however, the Company shall be granted an extension of time of completion equivalent to any delay caused by conditions not under its control and provided further that the Company proceed with due diligence at all times. Following relocation, all property shall be restored to its former condition by the Company at its expense. Nothing herein contained shall be construed to impose any obligation upon the City to make any payment for any relocation of Company's facilities whether located within, or without, said designated areas.

Relocated underground facilities shall be underground. Relocated aboveground facilities shall be aboveground unless the City either agrees to pay the additional cost of moving them underground or requests that such additional cost be paid out of available funds under section 10.2.

§4.6 Service to New Areas. If the boundaries of the City are expanded within the Company's certificated service area during the term of this franchise, the Company shall extend service to residents in the expanded area at the earliest practicable time and in accordance with the Company's extension policy. Service to the expanded area shall be in accordance with the terms of this franchise agreement, including payment of franchise fees.

§4.7 City Not Required to Advance Funds. Upon receipt of the City's authorization for billing and construction, the Company shall extend its facilities to provide gas and electric service to the City for municipal uses within the City limits or for any major municipal facility outside the City limits, and within the Company certificated service area, without requiring the City to advance funds prior to construction.

§4.8 Technological Improvements. The Company shall generally introduce and install, as soon as practicable, electrical energy technological advances in its equipment and service within the City when such advances are technically and economically feasible and are safe and beneficial to the City and its residents. The Company shall report in advance to the City any plans to include technological advances relating to communications systems such as fiber optics which may utilize gas and electric facilities already in place for the transmission of communication signals, which facilities may be installed by the Company for its use, the use of the City, or for use of others as the Company may license. The City may use said facilities for its own use without cost, except such additional expense which may be incurred by the Company as a result of the City's use. The City shall not use said facilities for commercial purposes unless it reaches prior agreement with the Company regarding consideration for the use of said facilities. In no event shall the City's use impair the Company's use of its own facilities. Upon request of the City, the Company will provide a detailed report for the use of such communications systems subject to protecting confidential information. Nothing contained herein shall be construed to authorize the Company to engage in communications activities for sale or lease, nor shall this ordinance be construed as a franchise for said telecommunications activities within the City.

## COMPLIANCE

§5.1 City Regulation. The City expressly reserves, and the Company expressly recognizes, the City's right and duty to adopt, from time to time, in addition to the provisions herein contained, such Charter provisions, ordinances and rules and regulations as may by the City be deemed necessary in the exercise of its police power for the protection of the health, safety and welfare of its citizens.

§5.2 Compliance with City Requirements. The Company will comply with all City requirements regarding curb and pavement cuts, excavating, digging and related construction activities. If requested by the City, the Company shall submit copies of reports of annual and long-term planning for capital improvement projects with descriptions of required street cuts, excavation, digging and related construction activities within thirty (30) days after issuance. Except for emergencies, the City may require that all installations be coordinated with the City's street improvement programs. The Director of Public Works shall be the City's agent for inspection and for compliance with City ordinances and regulations on any such project.

§5.3 City Review of Construction and Design. Prior to construction of any significant facilities for electrical energy, any transmission lines or generating plant, building, substation, or similar structure within the City, the Company shall furnish to the City the plans for such facilities. In addition, the Company shall assess and report on the impact of such proposed construction on the City environment. Such plans and reports may be reviewed by the City to ascertain, inter alia, (1) that all applicable laws including building and zoning codes and air and water pollution regulations are complied with, (2) that aesthetic and good planning principles have been given due consideration and (3) that adverse impact on the environment has been minimized.

§5.4 Compliance with Regulations. The gas and electrical energy which the Company distributes shall conform with the standards promulgated by the Public Utilities Commission, and with the tariff provisions of the Company setting standards, as the same may be amended from time to time.

§5.5 Compliance with Air and Water Pollution Laws. The Company shall use its best efforts to take measures which will result in its facilities meeting the standards required by applicable Federal, State and City air and water pollution laws; provided, however, that nothing herein shall limit the Company's right to challenge the validity of applicability of any such laws or standards. Upon the City's request, the Company will provide the City with a status report of such measures.

§5.6 Inspection. 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 shall also have access to Company records for the purpose of determining Company compliance with this franchise. The Company agrees to cooperate with the City in conducting the inspection and to correct any discrepancies affecting the City's interest in a prompt and efficient manner.

## ARTICLE 6

### PUBLIC UTILITIES COMMISSION

§6.1 Public Utilities Commission Regulation. The City and the Company recognize that the lawful provisions of the Company's tariffs on file and in effect with the Public Utilities Commission which are consistent with the restrictions and limitations of Article XXV of the Colorado Constitution regarding the rights of municipalities to franchise are controlling over any inconsistent provision in this franchise dealing with the same subject matter. In the opinion of the Company, no provision of this franchise is inconsistent with any of the currently effective provisions of the Company's tariffs.

## ARTICLE 7

### REPORTS TO CITY

§7.1 Reports on Company Operations. The Company shall submit reasonable and necessary reports containing or based on information readily obtainable from the Company's books and records as the City may request with respect to the operations of the Company under this franchise and provide the City with a list of real property within the City which is owned by the Company.

§7.2 Copies of Tariffs. The Company shall keep on file in a local Company office, all tariffs, rules, regulations and policies approved by the Public Utilities Commission relating to service by the Company to the City and its residents.

§7.3 Bills. On request by the City, the Company shall at no cost provide a list of account numbers and items metered and shall specify the type of account for which charges are made, i.e., gas service, street lighting, traffic signal, general office, spot lighting, etc., and the Company shall provide the City every two (2) years with a complete listing of all the City's accounts.

## ARTICLE 8

## City USE OF COMPANY FACILITIES

§8.1 City Use. The City shall have the right to use, for the purpose of stringing wires, all poles and suitable overhead structures constructed by the Company within the City, which use shall not include the distribution or transmission of electricity. Such use by the City will be without cost. The Company will allow others holding a franchise, except for electric service, from the City to so utilize such poles and suitable overhead structures upon reasonable terms and conditions to be agreed upon by the Company and such holder of a franchise from the City; provided, however, that nothing herein contained shall limit or restrict Company from, in its sole discretion, authorizing such joint use by holders of an electric franchise from the City and, provided, further, that the Company shall assume no liability nor shall it be put to any additional expense in connection therewith and the use of said poles and structures by the City or others holding a franchise from the City shall be in such a manner as not to constitute a safety hazard or to interfere unreasonably with the Company's use of same.

§8.2 Underground Conduit. If the Company installs new electric underground conduit or opens a trench or replaces such conduit, the Company shall provide adequate advance notice to permit additional installation of similar conduit and pull wire for the City. If the City wants additional similar conduit and pull wire installed, it will so notify the Company and provide similar conduit and pull wire at its expense to the Company which will install it without further expense to the City provided that such action by the City will not unreasonably interfere with the Company's facilities or delay the accomplishment of the project.

§8.3 Annexation To The City. When any property owned by the Company becomes eligible for voluntary annexation to the City and is not simultaneously eligible for voluntary annexation to another municipal corporation, the Company shall petition to annex the same upon request made by the City, provided that no condition of such annexation shall impair the Company's ownership or then existing use of its property and water or water rights for public utility purposes. Except as herein provided, the Company agrees to meet all terms and conditions imposed upon the annexation by the City that are no more stringent than those imposed generally upon property owners seeking annexation of their land to the City. The Company shall be exempted from a public donation of land, money or water rights arising from such mandatory annexation under this Section to the extent that the land being annexed is committed, dedicated or being utilized by facilities directly involved in generating, transmitting or distributing electric energy or gas service(s) under this Ordinance, and provided further that said exemption from public

donation shall not extend to any unimproved land or land not so directly committed, dedicated and currently used.

§8.4 Right of First Purchase. In the event the Company at any time during the term of this franchise proposes to sell or dispose of any of its real property located within the City, it shall grant to the City the right of first purchase of same. The Company shall supply a qualified appraisal on any such property to the City which shall have sixty (60) days in which to exercise the right of first purchase by giving written notice to the Company. Should the City not provide the required written notice, the Company may proceed to negotiate with others for the sale of such property provided that the Company may not sell such property for an amount less than ninety-five percent (95%) of the appraised value without first providing the City an opportunity to purchase such property at such lesser price, in which event the City must notify the Company in writing within thirty (30) days if it wishes to purchase such property. It is understood that nothing in this paragraph shall preclude the Company from transferring real property to a subsidiary or affiliate without first affording the City the rights referred to above, provided that if the transferee proposes to sell or dispose of such property within one (1) year, it shall not do so without first affording the City the rights referred to above.

## ARTICLE 9

### INDEMNIFICATION OF THE CITY

§9.1 City Held Harmless. The Company shall save the City harmless and indemnify the City from and against all liability or damage and all claims or demands whatsoever in nature, and reimburse the City for all its reasonable expenses, arising out of the operations of the Company within the City and the securing of and the exercise by the Company of the franchise rights granted in this ordinance, including any third party claims, administrative hearings and litigation. The Company shall not be obligated to pay that part of any judgment which arises out of the negligent act or failure to act of the City or its officers or employees. The City will provide prompt written notice to the Company of the pendency of any claim or action against the City arising out of the exercise by the Company of its franchise rights. The Company will be permitted, at its own expense, to appear and to defend or to assist in defense of such claim. None of the City expenses reimbursed by the Company under this section shall be surcharged. In the event the City institutes litigation against the Company for a breach of this ordinance or for an interpretation of the ordinance, and the City is the prevailing party, the Company shall reimburse the City for all costs related thereto, including reasonable expert and attorneys' fees. The right of the Company

to seek contribution from the City for its negligence, as provided by the Colorado statutes, is hereby expressly reserved.

§9.2 Payment of Expenses Incurred by City in Relation to Ordinance. At the City's option, the Company shall pay in advance or reimburse the City for expenses incurred in publication of notices and ordinances and for photocopying of documents arising out of the negotiations or process for obtaining the franchise, including the costs of election.

§9.3 Financial Responsibility. At the time of the execution of this ordinance, and from time to time at the City's request, not more frequently than annually, the Company shall submit to the City Attorney as a confidential document proof of its ability to meet its obligations under this ordinance, including its ability to indemnify the City as required by this Article. This proof may take the form of insurance coverage, adequate funding of self-insurance, or the provision of a bond. The Company shall supply the City with a list of its insurance companies with the types of coverage, but not levels of insurance. Said list shall be kept current by annual revisions as of January 1 during the term of the franchise. The City may require, from time to time, and the Company agrees to provide, additional reasonable funding of the Company's indemnification obligations as a self-insured, if Company is acting as a self-insurer.

§9.4 Breach of Contract. In the event the Company fails to fulfill a substantial obligation under this ordinance, the City will have a breach of contract claim against the Company, in addition to any other remedy provided by law.

## ARTICLE 10

### UNDERGROUND CONSTRUCTION AND OVERHEAD CONVERSION

§10.1 Underground Electrical Distribution Lines in New Areas. The Company will place newly constructed electrical distribution lines underground to serve new residential subdivision areas in accordance with the Company's tariffs and City subdivision regulations.

§10.2 Overhead Conversion at Expense of Company.

A. As and when requested by the City, the Company will spend one percent (1%) of the preceding calendar year's electric revenues to move electric distribution facilities located in streets and other public places in the City underground, provided that the undergrounding shall extend for a minimum distance of one block or seven hundred fifty (750) feet, or as may be mutually agreed to by the parties.

B. Any unexpended portion of the one percent (1%) of electric revenue may be carried over to succeeding years and, in addition, upon request by the City, the Company shall anticipate amounts to be available for up to three (3) years in advance. Any amounts advanced shall be credited against amounts to be expended in succeeding years until such advances are eliminated. No relocation expenses which the Company is required to expend pursuant to section 4.5 shall be charged to this allocation.

C. Funds to be expended pursuant to this section shall not be used in any project or situation for which and to the extent that the City has received federal or state funds for the purpose of undergrounding utilities. Funds to be expended pursuant to this section may be used for "matching" purposes with state or federal monies.

D. If the Public Utilities Commission authorizes a system-wide program or programs of undergrounding electric distribution facilities, the Company will allocate to the program of undergrounding in the City such amount as is authorized by the Public Utilities Commission, but in no case less than one percent (1%) of annual electric revenues.

E. In addition to the provisions of this section, the City may require additional facilities to be moved underground at the City's expense.

F. The City acknowledges that the establishment of this undergrounding fund creates no vested right in the City to the undergrounding monies. Further if such monies are not expended pursuant to the conditions hereof, the fund is not convertible to cash or available for any other purposes.

§10.3 Review of Undergrounding Program. Representatives of both the City and the Company shall meet periodically to review the Company's undergrounding program. This review shall include:

(a) Undergrounding programs, including conversions and replacements which have been accomplished or are underway by the Company, together with the Company's plans for additional undergrounding;

(b) Undergrounding projects anticipated by the City.

Such meetings shall be held to achieve a continuing program for the orderly undergrounding of electrical lines in the City.

§10.4 Cooperation with Other Utilities. When undertaking a project of undergrounding, the City and the Company shall work with other utilities or companies which have their lines overhead



to attempt to have all lines undergrounded as part of the same project. When other utilities or companies are placing their lines underground, the Company shall cooperate with these utilities and companies and undertake to underground Company facilities as part of the same project where feasible. The Company shall not be required to pay the costs of any other utility in connection with work under this Section.

## ARTICLE 11

### TRANSFER OF FRANCHISE

§11.1 Consent of City Required. The Company shall not transfer or assign any rights under this franchise to a third party excepting only corporate reorganizations of the Company not including a third party, unless the City Council shall approve in writing such transfer or assignment. Approval of the transfer or assignment shall not be unreasonably withheld.

§11.2 Transfer Fee. In order that the City may share in the value this franchise adds to the Company's operation, any such transfer or assignment of rights under this franchise requiring the approval of the City Council shall be subject to the conditions that the transferee shall promptly pay to the City of Grand Junction a pro rata share of one million dollars (\$1,000,000), which pro rata amount of one million dollars (\$1,000,000) shall be calculated by multiplying one million dollars (\$1,000,000) times a fraction of which the then population of the City of Grand Junction which is served by the Company is the numerator and the then population of the City and County of Denver is the denominator. Such transfer fee shall not be recovered from the City or from the City residents or property owners through electric rates or gas rates of customers in the City of Grand Junction or by surcharge by the transferee or the Company.

## ARTICLE 12

### PURCHASE OR CONDEMNATION

§12.1 City's Right to Purchase or Condemn. The right of the City to construct, purchase or condemn any public utility works or ways, and the rights of the Company in connection therewith, as provided by the Colorado Constitution and statutes, are hereby expressly reserved.

§12.2 Continued Cooperation by Company. In the event the City exercises its option to purchase or condemn, the Company agrees that, at the City's request, it will continue to supply any service it supplies under this franchise, for the duration of the term of this franchise pursuant to terms and conditions

negotiated for such continued operation. At City's request, Company shall supply electric power for use by the City in the City system. No value shall be given to the franchise or to public rights-of-way. Company shall cooperate with the City by making available then existing pertinent Company records which are not privileged to enable the City to evaluate the feasibility of acquisition by the City of Company facilities.

## ARTICLE 13

### REMOVAL OF COMPANY FACILITIES AT END OF FRANCHISE

§13.1 Limitations on Company Removal. In the event this franchise is not renewed at the expiration of its term or the Company terminates any service provided herein for any reason whatsoever, and the City has not purchased or condemned the system and has not provided for alternative gas or electrical service, or if the franchise is forfeited, the Company shall have no right to remove said system pending resolution of the disposition of the system. The Company further agrees it will not withhold any temporary services necessary to protect the public and shall be entitled only to monetary compensation in no greater amount than it would have been entitled to were such services provided during the term of this franchise. Only upon receipt of written notice from the City stating that the City has adequate alternative electrical energy sources to provide for the people of the City shall the Company be entitled to remove any or all of said systems in use under the terms of this franchise.

## ARTICLE 14

### TRANSPORTATION OF GAS

§14.1 Transportation of Gas. The City expressly reserves the right to obtain or produce gas. The Company shall transport natural gas purchased by the City for use in City facilities pursuant to separate contracts with the City. The Company agrees to transport gas made available for sale on terms and conditions comparable to other contracts entered into contemporaneously by the Company with similarly situated customers.

## ARTICLE 15

### SMALL POWER PRODUCTION AND COGENERATION

§15.1 Company to Purchase. The City expressly reserves the right to engage in the production of electricity. The Company agrees to purchase said City-generated power pursuant to its tariffs. Payment for generated power and energy actually purchased shall be guaranteed over the term of the purchase contract. The Company

agrees to purchase said City-generated power pursuant to separate contracts negotiated with the City.

## ARTICLE 16

### FORFEITURE

§16.1 Forfeiture. Both the Company and the City recognize there may be circumstances whereby compliance with the provisions of this franchise is impossible or is delayed because of circumstances beyond the Company's control. In those instances, the Company shall use its best efforts to comply in a timely manner and to the extent possible. If the Company fails to perform any of the terms and conditions of this franchise and such failure is within the Company's control, the City, acting by and through its Council, may determine, after hearing, that such failure is of a substantial nature. Upon receiving notice of such determination, the Company shall have a reasonable time in which to remedy the violations. If during said reasonable time corrective actions have not been successfully taken, the City, acting by and through its Council, shall determine whether any or all rights and privileges granted the Company under this ordinance shall be forfeited. This shall not limit or restrict any other rights or remedies available to the City and the Company in law or equity.

§16.2 Judicial Review. Any such declaration of forfeiture shall be subject to judicial review as provided by law.

§16.3 Other Legal Remedies. Nothing herein contained shall limit or restrict any legal rights that the City or the Company may possess arising from any alleged violation of this franchise.

§16.4 Continued Obligations. Upon forfeiture, the Company shall continue to provide service to the City and its residents in accordance with the terms hereof until the City makes alternative arrangements for such service. If the Company fails to provide continued service, it shall be liable for damages to the City.

## ARTICLE 17

### AMENDMENTS

§17.1 Amendments to Franchise. At any time during the term of this franchise, the City, through its City Council, or the Company may propose amendments to this franchise by giving thirty (30) days' written notice to the other of the proposed amendment(s) desired and both parties thereafter, through their designated representatives, will negotiate within a reasonable time in good faith in an effort to agree on mutually satisfactory

amendment(s). The word "amendment" as used in this section does not include a change authorized in section 3.3.

ARTICLE 18

MISCELLANEOUS

§18.1 Successors and Assigns. The rights, privileges, franchises and obligations granted and contained in this ordinance shall inure to the benefit of and be binding upon Public Service Company, its successors and assigns.

§18.2 Third Parties. Nothing contained in this franchise shall be construed to provide rights to third parties.

§18.3 Representatives. Both parties shall designate from time to time in writing representatives for the Company and the City who will be the persons to whom notices shall be sent regarding any action to be taken under this ordinance. Notice shall be in writing and forwarded by certified mail or hand delivery to the persons and addresses as hereinafter stated, unless the persons or addresses are changed at the written request of either party, delivered in person or by certified mail. Until any such change shall hereafter be made, notices shall be sent to the City and to the Company's Western Division Manager. Currently the addresses are as follows:

For the City:	City Manager, City of Grand Junction 250 N. 5th Street Grand Junction, Colorado 81501-2668
For the Company:	Western Division Manager Public Service Company Post Office Box 849 Grand Junction, Colorado 81502

§18.4 Severability. Should any one or more provisions of this franchise be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective; provided, however, the parties shall forthwith enter into good faith negotiations and proceed with due diligence to draft a term that will achieve the original intent of the parties hereunder.

§18.5 Entire Agreement. This franchise constitutes the entire agreement of the parties. There have been no representations made other than those contained in this franchise.

ARTICLE 19

APPROVAL

§19.1 Council Approval. This grant of franchise shall not become effective unless approved by a majority vote of the City Council.

§19.2 Company Approval. The Company shall file with the City Clerk its written acceptance of this franchise and of all of its terms and provisions within ten (10) days, after the adoption of this franchise by the City Council. The acceptance shall be in form and content approved by the City Attorney. If the Company shall fail to timely file its written acceptance as herein provided, this franchise shall be and become null and void.

§19.3 Voter's Approval. This grant of franchise shall not become effective unless approved by a majority vote of the qualified electors of the City voting thereon at a Special Election to be held on a date to be hereinafter established by the City Council.

§19.4 Termination of Prior Franchise. Upon the effective date of this franchise, the franchise granted to the Company by the City as set forth in Ordinance No. 32, Series of 1977 of the City shall be terminated and of no further force and effect.

And,

AN ORDINANCE GRANTING A FRANCHISE BY THE CITY OF GRAND JUNCTION TO GRAND VALLEY RURAL POWER LINES, INC., ITS SUCCESSORS AND ASSIGNS, THE RIGHT TO FURNISH, SELL AND DISTRIBUTE ELECTRICITY TO THE CITY AND TO ALL PERSONS, BUSINESSES, AND INDUSTRY 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 ELECTRICITY WITHIN THE CITY AND THE RIGHT TO MAKE REASONABLE USE OF ALL STREETS AND OTHER PUBLIC PLACES AND PUBLIC EASEMENTS AS HEREIN DEFINED AS MAY BE NECESSARY; AND FIXING THE TERMS AND CONDITIONS THEREOF.

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BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION,  
COLORADO:

ARTICLE 1

DEFINITIONS

§1.0 For the purposes 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 singular number include the plural number. The word "shall" is mandatory and "may" is permissive. Words not defined in this article shall be given their common ordinary meaning.

1.1 "City" refers to and is the municipal corporation designated as the City of Grand Junction, Mesa County, Colorado and includes the territory as currently is or may in the future be included within the boundaries of the City of Grand Junction.

1.2 "Company" refers to and is Grand Valley Rural Power Lines, Inc. (Grand Valley Power), and its successors and assigns, but does not include its affiliates, subsidiaries or any other entity in which it has an ownership interest.

1.3 "Council" or "City Council" refers to and is the legislative body of the City.

1.4 "Distribution Facilities" refers to and is only that portion of the Company's electric system which delivers electric energy from the substation breakers to the point-of-delivery of the customer, including all devices connected to that system.

1.5 "Facilities" refer to and are all facilities reasonably necessary to provide electricity into, within and through the City and include plants, works, systems, substations, transmission and distribution structures, lines, equipment, conduit, transformers, underground lines, meters, wires, cables and poles.

1.6 "Public Easements" refer to and are public and dedicated easements created and available for use by public utilities for their facilities.

1.7 "Public Utilities Commission" or "PUC" refers to and is the Public Utilities Commission of the State of Colorado or other authority succeeding to the regulatory powers of the Public Utilities Commission.

1.8 "REA" refers to and is the Rural Electrification Administration, United States Department of Agriculture.

1.9 "Residents" refers to and includes all persons, businesses, industry, governmental agencies, and any other entity whatsoever, presently located or to be hereinafter located, in whole or in part, within the territorial boundaries of the City.

1.10 "Revenues" refer to and are those amounts of money which the Company receives from its customers within the City for the sale of electricity and use of its facilities by others, as adjusted for refunds, the net write-off of uncollectible accounts, corrections or other approved adjustments.

1.11 "Streets and Other Public Places" refer to and are streets, alleys, viaducts, bridges, roads, lanes and other public rights of way in said City.

## ARTICLE 2

### GRANT OF FRANCHISE

§2.1 Grant of Franchise. The City of Grand Junction hereby grants to Grand Valley Power, for the period specified in and subject to the conditions, terms and provisions contained in this franchise, a non-exclusive right to furnish, sell and distribute electricity to the City and to all residents of the City. Subject to the conditions, terms and provisions contained in this franchise, the City also hereby grants to the Company a non-exclusive right to acquire, construct, install, locate, maintain, operate and extend into, within and through the City all facilities reasonably necessary to furnish, sell and distribute electricity within and through the City and a non-exclusive right to make reasonable use of the streets and other public rights of way and public easements as may be necessary to carry out the terms of this franchise. These rights shall extend to all areas of the City as it is now constituted and to additional areas as the City may increase in size by annexation or otherwise. The City reserves

the right to itself make or grant a similar use in the said public ways.

§2.2 Street Lighting Service. The rights granted in this franchise encompass the non-exclusive franchise to provide street lighting service to the City and the provisions of this franchise apply with full and equal force to the street lighting service provided by the Company. Wherever reference is made to the sale of electricity or to the provision of electric service in this franchise, these references shall be deemed to include the provision of street lighting service. Wherever reference is made to Company facilities, equipment, system or plant in this franchise, this reference shall be deemed to include Company-owned street lighting facilities, equipment, system and plant.

§2.3 Term of Franchise. This franchise shall take effect on January 1, 1993. The term of this franchise shall be for 20 years, beginning with said effective date of this franchise and expiring on December 31, 2012.

### ARTICLE 3

#### FRANCHISE FEE

§3.1 Franchise Fee. In consideration for the grant of this franchise, the Company shall pay the City a sum equal to three percent (3%) of the first ten thousand dollars (\$10,000) of all revenue received monthly from the sale of electric power within the City, to each customer at any one location and a sum equal to two percent (2%) of all revenue received monthly from the sale of electric power in excess of Ten Thousand Dollars (\$10,000) to each customer for each such service at any one location; provided, however, there shall be excluded from all of such revenue all amounts paid to the Company by the City for electric service furnished to the City.

§3.2 Payment Schedule. For the franchise fee owed on revenues received after the effective date of this franchise, payment shall be made in monthly installments not more than thirty days following the close of the month for which payment is to be made. Initial and final payments shall be prorated for the portions of the months at the beginning and end of the term of this ordinance. All payments shall be made to the City Finance Director or other person designated by the City. The City Finance Director, or other authorized representatives, shall have access to the books of the Company for the purpose of auditing or checking to ascertain that the franchise fee has been correctly computed and paid.

In the event an error by the Company results in an overpayment of the franchise fee to the City and said overpayment

is in excess of \$5,000, credit for the overpayment shall be spread over an equal period of time for which the error was undiscovered. If the overpayment is \$5,000 or less, credit shall be taken against the next payment(s).

§3.3 Change of Franchise Fee and Other Franchise Terms. Once during each calendar year of the franchise term the City Council, upon giving 30 days notice to the Company of its intention so to do, may review and change the consideration the City may be entitled to receive as a part of the franchise; provided, however, the Council may only change the consideration to be received by the City under the terms of this franchise to the equivalent of the consideration paid by the Company to any city or town in the State of Colorado in which the Company supplies electric service under franchise.

The Company shall, upon request, report to the City within sixty (60) days of the execution of a subsequent franchise or of any change of franchise in other municipalities under which a city receives greater consideration than is provided herein from the Company to the City hereunder. If the City Council decides the consideration shall be so changed, it shall provide for such change by ordinance; provided, however, that any change in the franchise fee is then allowed to be surcharged by the Company; and provided, further, that the consideration is not higher than the highest consideration paid by the Company to any municipality or city and county within the State of Colorado. For purposes of this section, consideration means the franchise fee established in Article 3, Section 1; the undergrounding program established in Article 10, Section 2; and also includes any other provision which is of similar significant financial benefit to the City.

§3.4 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, or similar tax on the privilege of doing business or in connection with the physical operation thereof, but does not exempt the Company from any lawful taxation upon its property or any other tax not related to the franchise or the physical operation thereof except, the City may impose and Company shall pay road cut permits, inspection fees and permits, and other similar costs and fees uniformly applied throughout the City and does not exempt the Company from payment of head taxes or other fees or taxes assessed generally upon businesses.

§3.5 Contract Obligation. This franchise ordinance constitutes a valid and binding contract between the Company and the City. In the event that the franchise fee specified in this ordinance is declared illegal, unconstitutional or void for any reason by any court or other proper authority, the Company will be contractually bound to pay an occupation tax to the City that

would be, as near as practicable, equivalent to the amount which would have been paid by the Company as a franchise fee hereunder.

#### ARTICLE 4

##### SUPPLY, CONSTRUCTION AND DESIGN

§4.1 Supply of Electricity. The Company shall take all reasonable and necessary steps to provide an adequate supply of electricity to its customers at the lowest reasonable cost consistent with long-term reliable supplies. If the supply of electricity to its customers should be interrupted, the Company shall take all necessary and reasonable actions to restore such supply within the shortest practicable time.

§4.2 Restoration of Service. In the event the Company's electric 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. The City reserves the right to determine compliance. The Company shall promptly perform reasonable remedial action required by the City pursuant to said inspection.

§4.3 Obligations Regarding Company Facilities. The Company shall install, maintain, repair, renovate and replace its facilities with due diligence in a good and workmanlike manner and the Company's facilities will be of sufficient quality and durability to provide adequate and efficient electric service to the City and its residents. Company facilities shall not interfere with the City's water mains, sewer mains or other municipal use of streets and other public places. The Company shall erect and maintain its facilities in such a way so as to minimize interference with trees and other natural features. Company facilities shall be installed in public easements so as to cause a minimal amount of interference with such property.

§4.4 Excavation and Construction. All excavation and construction work done by the Company shall be done in a timely and expeditious manner which minimizes the inconvenience to the public and individuals. All public and private property whose use conforms to restrictions in public easements disturbed by Company excavation or construction activities shall be restored by the Company at its expense to substantially its former condition. The City reserves the right to determine compliance; provided, however, nothing herein shall limit the Company's ability to challenge the City's determination of compliance before any authority having jurisdiction of the premises. If, after reasonable notice to the Company and the Company's failure to restore same, and if such failure poses a threat to the health, safety and welfare of the public, the City may take remedial

steps as necessary. In such event, the Company shall reimburse the City fully for its costs therefor.

§4.5 Relocation of Company Facilities. Within the City, if at any time the City requests the Company to relocate any facility in the City installed or maintained in streets, alleys, public rights-of-way or public easements, pursuant to this franchise or previous franchises, in order to permit the City to make any public use of rights-of-way, easements or streets, to construct any public improvement, or to build any public project, or for any municipal purpose in which the City has a financial or ownership interest, such relocation shall be made by the Company at its expense. Such relocation shall be completed within a reasonable time from the date when the City makes its request; provided, however, the Company shall be granted an extension of time of completion equivalent to any delay caused by conditions not under its control and provided further that the Company proceed with due diligence at all times. Following relocation, all property shall be restored to its former condition by the Company at its expense. Nothing herein contained shall be construed to impose any obligation upon the City to make any payment for any relocation of Company's facilities whether located within, or without, said designated areas.

Relocated underground facilities shall be underground. Relocated aboveground facilities shall be aboveground unless the City either agrees to pay the additional cost of moving them underground or requests that such additional cost be paid out of available funds under section 10.2.

§4.6 Service to New Areas. If the boundaries of the City are expanded within the Company's certificated service area during the term of this franchise, the Company shall extend service to residents in the expanded area at the earliest practicable time and in accordance with the Company's extension policy. Service to the expanded area shall be in accordance with the terms of this franchise agreement, including payment of franchise fees.

§4.7 City Not Required to Advance Funds. Upon receipt of the City's authorization for billing and construction, the Company shall extend its facilities to provide electric service to the City for municipal uses within the City limits or for any major municipal facility outside the City limits, and within the Company certificated service area, without requiring the City to advance funds prior to construction.

§4.8 Technological Improvements. The Company shall generally introduce and install, as soon as practicable, electrical energy technological advances in its equipment and service within the City when such advances are technically and economically feasible

and are safe and beneficial to the City and its residents. The Company shall report in advance to the City any plans to include technological advances relating to communications systems such as fiber optics which may utilize electric facilities already in place for the transmission of communication signals, which facilities may be installed by the Company for its use, the use of the City, or for use of others as the Company may license. The City may use said facilities for its own use without cost, except such additional expense which may be incurred by the Company as a result of the City's use. The City shall not use said facilities for commercial purposes unless it reaches prior agreement with the Company regarding consideration for the use of said facilities. In no event shall the City's use impair the Company's ability to use its own facilities. Upon request of the City, the Company will provide a detailed report for the use of such communications systems subject to protecting confidential information. Nothing contained herein shall be construed to authorize the Company to engage in communications activities for sale or lease, nor shall this ordinance be construed as a franchise for said telecommunications activities within the City.

## ARTICLE 5

### COMPLIANCE

§5.1 City Regulation. The City expressly reserves, and the Company expressly recognizes, the City's right and duty to adopt, from time to time, in addition to the provisions herein contained, such Charter provisions, ordinances and rules and regulations as may by the City be deemed necessary in the exercise of its police power for the protection of the health, safety and welfare of its citizens.

§5.2 Compliance with City Requirements. The Company will comply with all City requirements regarding curb and pavement cuts, excavating, digging and related construction activities. If requested by the City, the Company shall submit copies of reports of annual and long-term planning for capital improvement projects with descriptions of required street cuts, excavation, digging and related construction activities within 30 days after issuance. Except for emergencies, the City may require that all installations be coordinated with the City's street improvement programs. The Director of Public Works shall be the City's agent for inspection and for compliance with City ordinances and regulations on any such project.

§5.3 City Review of Construction and Design. Prior to construction of any significant facilities for electrical energy, any transmission lines or generating plant, building, substation, or similar structure within the City, if requested by the City,

the Company shall furnish to the City the plans for such facilities. In addition, the Company shall assess and report on the impact of such proposed construction on the City environment. Such plans and reports may be reviewed by the City to ascertain, inter alia, (1) that all applicable laws including building and zoning codes and air and water pollution regulations are complied with, (2) that aesthetic and good planning principles have been given due consideration and (3) that adverse impact on the environment has been minimized. The Company shall submit reports of annual and long-term planning for capital improvement projects with descriptions of required street cuts, excavation, digging and related construction activities. Except for emergencies, the City will require that all installations be coordinated with the City's street improvement programs. The City Director of Public Works shall be the City agent for inspection and for compliance with City ordinances and regulations on any such projects.

§5.4 Compliance with REA and PUC Regulations. The electrical energy which the Company distributes shall conform with the standards promulgated by the REA or the Public Utilities Commission, depending upon which body has oversight jurisdiction over the issue in question, and with the tariff provisions of the Company setting standards, as the same may be amended from time to time.

§5.5 Compliance with Air and Water Pollution Laws. The Company shall use its best efforts to take measures which will result in its facilities meeting the standards required by applicable Federal, State and City air and water pollution laws; provided, however, that nothing herein shall limit the Company's right to challenge the validity or applicability of any such laws. Upon the City's request, the Company will provide the City with a status report of such measures.

§5.6 Inspection. 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 shall also have access to Company records for the purpose of determining Company compliance with this franchise. The Company agrees to cooperate with the City in conducting the inspection and to correct any discrepancies affecting the City's interest in a prompt and efficient manner.

## ARTICLE 6

### PUBLIC UTILITIES COMMISSION

§6.1 Public Utilities Commission and REA Regulations. The Company has exempted itself from Public Utilities Commission regulation pursuant to Part 1 of Article 9.5 of Title 40, Colorado Revised



Statutes. Nevertheless, the PUC retains jurisdiction over the Company for certain matters as set forth under Colorado law. In addition, the Company is subject to regulation by the REA.

## ARTICLE 7

### REPORTS TO CITY

§7.1 Reports on Company Operations. The Company shall submit reasonable and necessary reports containing or based on information readily obtainable from the Company's books and records as the City may request with respect to the operations of the Company under this franchise and provide the City with a list of real property within the City which is owned by the Company.

§7.2 Copies of Tariffs. The Company shall keep on file in a local Company office, all tariffs, rules, regulations and policies approved by the Board of Directors relating to service by the Company to the City and its residents.

§7.3 Bills. On request by the City, the Company shall at no cost provide a list of account numbers and items metered and shall specify the type of account for which charges are made, i.e., street lighting, traffic signal, general office, spot lighting, etc., and the Company shall provide the City every two years with a complete listing of all the City's accounts.

## ARTICLE 8

### CITY USE OF COMPANY FACILITIES

§8.1 City Use. The City shall have the right to use, for the purpose of stringing wires, all poles and suitable overhead structures constructed by the Company within the City, which use shall not include the distribution or transmission of electricity. Such use by the City will be without cost. The Company will allow others holding a franchise, except for electric service, from the City to so utilize such poles and suitable overhead structures upon reasonable terms and conditions to be agreed upon by the Company and such holder of a franchise from the City; provided, however, that nothing herein contained shall limit or restrict Company from, in its sole discretion, authorizing such joint use by holders of an electric franchise from the City and, provided, further, that the Company shall assume no liability nor shall it be put to any additional expense in connection therewith and the use of said poles and structures by the City or others holding a franchise from the City shall be in such a manner as not to constitute a safety hazard or to interfere unnecessarily with the Company's use of same.

§8.2 Underground Conduit. If the Company installs new electric underground conduit or opens a trench or replaces such conduit, the Company shall provide adequate advance notice to permit additional installation of similar conduit and pull wire for the City. If the City wants additional similar conduit and pull wire installed, it will so notify the Company and provide similar conduit and pull wire at its expense to the Company which will install it without further expense to the City provided that such action by the City will not unnecessarily interfere with the Company's facilities or delay the accomplishment of the project.

§8.3 Annexation To The City. When any property owned by the Company becomes eligible for voluntary annexation to the City, the Company shall petition to annex the same upon request made by the City, provided that no condition of such annexation shall impair the Company's ownership or then existing use of its property and water or water rights for public utility purposes. Except as herein provided, the Company agrees to meet all terms and conditions imposed upon the annexation by the City that are no more stringent than those imposed generally upon property owners seeking annexation of their land to the City. The Company shall be exempted from a public donation of land, money or water rights arising from such mandatory annexation under this Section to the extent that the land being annexed is committed, dedicated or being utilized by facilities directly involved in generating, transmitting or distributing electric energy service under this Ordinance, and provided further that said exemption from public donation shall not extend to any unimproved land or land not so directly committed, dedicated and currently used.

§8.4 Right of First Purchase. In the event the Company at any time during the term of this franchise proposes to sell or dispose of any of its real property located within the Clean Water Act 201 Planning Area for Mesa County and those portions of Mesa County lying south of the Highline Canal, west of 34 Road and north of the Gunnison River, it shall grant to the City the right of first purchase of same. The Company shall supply a qualified appraisal on any such property to the City which shall have sixty (60) days in which to exercise the right of first purchase by giving written notice to the Company. Should the City not provide the required written notice, the Company may proceed to negotiate with others for the sale of such property provided that the Company may not sell such property for an amount less than ninety-five percent (95%) of the appraised value without first providing the City an opportunity to purchase such property at such lesser price, in which event the City must notify the Company in writing within thirty (30) days if it wishes to purchase such property. It is understood that nothing in this paragraph shall preclude the Company from transferring real property to a subsidiary or affiliate without first affording the

City the rights referred to above, provided that if the transferee proposes to sell or dispose of such property within one (1) year, it shall not do so without first affording the City the rights referred to above.

## ARTICLE 9

### INDEMNIFICATION OF THE CITY

§9.1 City Held Harmless. The Company shall save the City harmless and indemnify the City from and against all liability or damage and all claims or demands whatsoever in nature, and reimburse the City for all its reasonable expenses, arising out of the operations of the Company within the City and the securing of and the exercise by the Company of the franchise rights granted in this ordinance, including any third party claims, administrative hearings and litigation. The Company shall not be obligated to pay any judgment which arises out of the negligent act or failure to act of the City or its officers or employees. None of the City expenses reimbursed by the Company under this section shall be surcharged. In the event the City institutes litigation against the Company for a breach of this ordinance or for an interpretation of the ordinance, and the City is the prevailing party, the Company shall reimburse the City for all costs related thereto, including reasonable expert and attorneys' fees. The right of the Company to seek contribution from the City for its negligence, as provided by the Colorado statutes, is hereby expressly reserved.

§9.2 Payment of Expenses Incurred by City in Relation to Ordinance. At the City's option, the Company shall pay in advance or reimburse the City for expenses incurred in publication of notices and ordinances and for photocopying of documents arising out of the negotiations or process for obtaining the franchise, including the costs of election.

§9.3 Financial Responsibility. At the time of the execution of this ordinance, and from time to time at the City's request, not more frequently than annually, the Company shall submit to the City Attorney as a confidential document proof of its ability to meet its obligations under this ordinance, including its ability to indemnify the City as required by this Article. This proof may take the form of insurance coverage, adequate funding of self-insurance, or the provision of a bond. The Company shall supply the City with a list of its insurance companies with the types of coverage, but not levels of insurance. Said list shall be kept current by annual revisions as of January 1 during the term of the franchise. The City may require, from time to time, and the Company agrees to provide, additional reasonable funding of the

Company's indemnification obligations as a self insured, if Company is acting as a self-insurer.

§9.4 Breach of Contract. In the event the Company fails to fulfill a substantial obligation under this ordinance, the City will have a breach of contract claim against the Company, in addition to any other remedy provided by law.

## ARTICLE 10

### UNDERGROUND CONSTRUCTION AND OVERHEAD CONVERSION

§10.1 Underground Electrical Distribution Lines in New Areas. The Company will place newly constructed electrical distribution lines underground to serve new residential subdivision areas in accordance with the Company's tariffs and City subdivision regulations.

§10.2 Overhead Conversion at Expense of Company.

A. As and when requested by the City, the Company will spend one percent (1%) of the preceding calendar year's electric revenues to move electric distribution facilities located in streets and other public places in the City underground, provided that the undergrounding shall extend for a minimum distance of one block or 750 feet, or as may be mutually agreed to by the parties.

B. Any unexpended portion of the one percent (1%) of electric revenue may be carried over to succeeding years and, in addition, upon request by the City, the Company shall anticipate amounts to be available for up to three (3) years in advance. Any amounts advanced shall be credited against amounts to be expended in succeeding years until such advances are eliminated. No relocation expenses which the Company is required to expend pursuant to section 4.5 shall be charged to this allocation.

C. Funds to be expended pursuant to this section shall not be used in any project or situation for which and to the extent that the City has received federal or state funds for the purpose of undergrounding utilities. Funds to be expended pursuant to this section may be used for "matching" purposes with state or federal monies.

D. If the Public Utilities Commission or the REA, depending upon which body has oversight jurisdiction, authorizes a system-wide program or programs of undergrounding electric distribution facilities, the Company will allocate to the program of undergrounding in the City such amount as is authorized by the

Public Utilities Commission or the REA, but in no case less than one percent (1%) of annual electric revenues.

E. In addition to the provisions of this section, the City may require additional facilities to be moved underground at the City's expense.

F. The City acknowledges that the establishment of this undergrounding fund creates no vested right in the City to the undergrounding monies. Further if such monies are not expended pursuant to the conditions hereof, the fund is not convertible to cash or available for any other purposes.

G. Within the City, the Company will use its best efforts to landscape existing substations and other facilities. All new facilities shall be landscaped within one year of the time that the facilities are placed into operation. "Landscaping" means according to plans approved by the City Community Development Department.

§10.3 Review of Undergrounding Program. Representatives of both the City and the Company shall meet periodically to review the Company's undergrounding program. This review shall include:

(a) Undergrounding programs, including conversions and replacements which have been accomplished or are underway by the Company, together with the Company's plans for additional undergrounding;

(b) Undergrounding projects anticipated by the City.

Such meetings shall be held to achieve a continuing program for the orderly undergrounding of electrical lines in the City.

§10.4 Cooperation with Other Utilities. When undertaking a project of undergrounding, the City and the Company shall work with other utilities or companies which have their lines overhead to attempt to have all lines undergrounded as part of the same project. When other utilities or companies are placing their lines underground, the Company shall cooperate with these utilities and companies and undertake to underground Company facilities as part of the same project where feasible. The Company shall not be required to pay the costs of any other utility in connection with work under this Section.

## ARTICLE 11

### TRANSFER OF FRANCHISE

§11.1 Consent of City Required. The Company shall not transfer or assign any rights under this franchise to a third party excepting

only corporate reorganizations of the Company not including a third party, unless the City Council shall approve in writing such transfer or assignment. Approval of the transfer or assignment shall not be unreasonably withheld.

§11.2 Transfer Fee. In order that the City may share in the value this franchise adds to the Company's operation, any such transfer or assignment of rights under this franchise requiring the approval of the City Council shall be subject to the conditions that the transferee shall promptly pay to the City of Grand Junction a pro rata share of one million dollars, which pro rata amount of one million dollars shall be calculated by multiplying one million dollars times a fraction of which the then population of the City of Grand Junction which is served by the Company is the numerator and the then population of the City and County of Denver is the denominator. Such transfer fee shall not be recovered from the City or from the City residents or property owners through electric rates of customers in the City of Grand Junction or by surcharge by the transferee or the Company.

## ARTICLE 12

### PURCHASE OR CONDEMNATION

§12.1 City's Right to Purchase or Condemn. The right of the City to construct, purchase or condemn any public utility works or ways, and the rights of the Company in connection therewith, as provided by the Colorado Constitution and statutes, are hereby expressly reserved.

§12.2 Continued Cooperation by Company. In the event the City exercises its option to purchase or condemn, the Company agrees that, at the City's request, it will continue to supply any service it supplies under this franchise, for the duration of the term of this franchise pursuant to terms and conditions negotiated for such continued operation. At City's request, Company shall supply electric power for use by the City in the City system. No value shall be given to the franchise or to rights of way. Company shall cooperate with the City by making available then existing pertinent Company records which are not privileged to enable the City to evaluate the feasibility of acquisition by the City of Company facilities.

## ARTICLE 13

### REMOVAL OF COMPANY FACILITIES AT END OF FRANCHISE

§13.1 Limitations on Company Removal. In the event this franchise is not renewed at the expiration of its term or the Company terminates any service provided herein for any reason whatsoever,

and the City has not purchased or condemned the system and has not provided for alternative electrical service, or if the franchise is forfeited, the Company shall have no right to remove said system pending resolution of the disposition of the system. The Company further agrees it will not withhold any temporary services necessary to protect the public and shall be entitled only to monetary compensation in no greater amount than it would have been entitled to were such services provided during the term of this franchise. Only upon receipt of written notice from the City stating that the City has adequate alternative electrical energy sources to provide for the people of the City shall the Company be entitled to remove any or all of said systems in use under the terms of this franchise.

#### ARTICLE 14

THIS ARTICLE IS RESERVED

#### ARTICLE 15

##### SMALL POWER PRODUCTION AND COGENERATION

§15.1 Company to Purchase. The City expressly reserves the right to engage in the production of electricity. The Company agrees to purchase City-generated power pursuant to its tariffs. Payment for generated power and energy actually purchased shall be guaranteed over the term of the purchase contract. The Company agrees to purchase the City-generated power in accordance with its tariffs and applicable Public Utilities Commission Rules and Regulations.

#### ARTICLE 16

##### FORFEITURE

§16.1 Forfeiture. Both the Company and the City recognize there may be circumstances whereby compliance with the provisions of this franchise is impossible or is delayed because of circumstances beyond the Company's control. In those instances, the Company shall use its best efforts to comply in a timely manner and to the extent possible. If the Company fails to perform any of the terms and conditions of this franchise and such failure is within the Company's control, the City, acting by and through its Council, may determine, after hearing, that such failure is of a substantial nature. Upon receiving notice of such determination, the Company shall have a reasonable time in which to remedy the violations. If during said reasonable time corrective actions have not been successfully taken, the City, acting by and through its Council, shall determine whether any or

all rights and privileges granted the Company under this ordinance shall be forfeited. This shall not limit or restrict any other rights or remedies available to the City and the Company in law or equity.

§16.2 Judicial Review. Any such declaration of forfeiture shall be subject to judicial review as provided by law.

§16.3 Other Legal Remedies. Nothing herein contained shall limit or restrict any legal rights that the City or the Company may possess arising from any alleged violation of this franchise.

§16.4 Continued Obligations. Upon forfeiture, the Company shall continue to provide service to the City and its residents in accordance with the terms hereof until the City makes alternative arrangements for such service. If the Company fails to provide continued service, it shall be liable for damages to the City.

## ARTICLE 17

### AMENDMENTS

§17.1 Amendments to Franchise. At any time during the term of this franchise, the City, through its City Council, or the Company may propose amendments to this franchise by giving 30 days' written notice to the other of the proposed amendment(s) desired and both parties thereafter, through their designated representatives, will negotiate within a reasonable time in good faith in an effort to agree on mutually satisfactory amendment(s). The word "amendment" as used in this section does not include a change authorized in section 3.3.

## ARTICLE 18

### MISCELLANEOUS

§18.1 Successors and Assigns. The rights, privileges, franchises and obligations granted and contained in this ordinance shall inure to the benefit of and be binding upon Grand Valley Power, its successors and assigns.

§18.2 Third Parties. Nothing contained in this franchise shall be construed to provide rights to third parties.

§18.3 Representatives. Both parties shall designate from time to time in writing representatives for the Company and the City who will be the persons to whom notices shall be sent regarding any action to be taken under this ordinance. Notice shall be in writing and forwarded by certified mail or hand delivery to the persons and addresses as hereinafter stated, unless the persons



or addresses are changed at the written request of either party, delivered in person or by certified mail. Until any such change shall hereafter be made, notices shall be sent to the City and to the Company's General Manager. Currently the addresses are as follows:

For the City:	City Manager, City of Grand Junction 250 N. 5th Street Grand Junction, Colorado 81501-2668
For the Company:	General Manager Grand Valley Power Company Post Office Box 190 Grand Junction, Colorado 81502

§18.4 Severability. Should any one or more provisions of this franchise be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective; provided, however, the parties shall forthwith enter into good faith negotiations and proceed with due diligence to draft a term that will achieve the original intent of the parties hereunder.

§18.5 Entire Agreement. This franchise constitutes the entire agreement of the parties. There have been no representations made other than those contained in this franchise.

§18.6 Attorneys' Fees. In the event the City institutes litigation against the Company for a breach of this Ordinance or for an interpretation of the Ordinance, and the City is the prevailing party, the Company shall reimburse the City for all costs related thereto, including reasonable attorney's fees.

## ARTICLE 19

### APPROVAL

§19.1 Council Approval. This grant of franchise shall not become effective unless approved by a majority vote of the City Council.

§19.2 Company Approval. The Company shall file with the City Clerk its written acceptance of this franchise and of all of its terms and provisions within ten days after the adoption of this franchise by the City Council. The acceptance shall be in form and content approved by the City Attorney. If the Company shall fail to timely file its written acceptance as herein provided, this franchise shall be and become null and void.

§19.3 Voter's Approval. This grant of franchise shall not become effective unless approved by a majority vote of the qualified electors of the City voting thereon at a Special Election to be held on a date to be hereinafter established by the City Council.

INTRODUCED, READ AND ORDERED PUBLISHED this 2nd day of September, 1992.

PASSED, ADOPTED AND APPROVED this 4th of November, 1992.

/s/ Reford C. Theobald  
Mayor

ATTEST:

/s/ Neva B. Lockhart, CMC  
City Clerk

APPROVED AS TO FORM:

/s/ Daniel E. Wilson  
City Attorney

I HEREBY CERTIFY that the foregoing People's Ordinance No. 35 was introduced, read, and ordered published by the City Council of the City of Grand Junction, Colorado, at a regular meeting of said body held on the 2nd day of September, 1992, and that the same was published in THE DAILY SENTINEL and THE DENVER POST on September 28, October 5, 12, 19, 26, and November 2, 1992. People's Ordinance No. 35 is to be submitted to the registered electors of said City for their acceptance or rejection at a SPECIAL MUNICIPAL ELECTION to be held December 8, 1992.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official Seal of said City this 5th day of November, 1992.

/s/ Neva B. Lockhart, CMC  
City Clerk

Published: November 10, 1992

ACCEPTANCE BY PUBLIC SERVICE COMPANY OF COLORADO OF A GAS  
AND ELECTRIC FRANCHISE GRANTED BY THE CITY OF GRAND  
JUNCTION, MESA COUNTY, COLORADO, BY ORDINANCE NO. 35

WHEREAS, Public Service Company of Colorado and the City of Grand Junction, have negotiated the terms and conditions of a new gas and electric franchise between said Company and the City of

Grand Junction, which franchise is as set forth in Ordinance No. 35 of the City of Grand Junction, adopted by the City, and entitled:

AN ORDINANCE GRANTING A FRANCHISE BY THE CITY OF GRAND JUNCTION TO PUBLIC SERVICE COMPANY OF COLORADO, ITS SUCCESSORS AND ASSIGNS, THE RIGHT TO FURNISH, SELL AND DISTRIBUTE GAS AND ELECTRICITY TO THE CITY AND TO ALL PERSONS, BUSINESSES, AND INDUSTRY 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 AND ELECTRICITY WITHIN THE CITY AND THE RIGHT TO MAKE REASONABLE USE OF ALL STREETS AND OTHER PUBLIC PLACES AND PUBLIC EASEMENTS AS HEREIN DEFINED AS MAY BE NECESSARY; AND FIXING THE TERMS AND CONDITIONS THEREOF.

NOW, THEREFORE, in consideration of the premises and in pursuance of the provisions of said Ordinance No. 35 of the City of Grand Junction, Public Service Company of Colorado does hereby accept the terms and conditions contained in said Ordinance as the franchise agreement between Public Service Company of Colorado and the City of Grand Junction, Mesa County, Colorado.

IN WITNESS WHEREOF, Public Service Company of Colorado has caused its Corporate name to be hereunto subscribed by its Vice President, and its corporate Seal to be hereunto affixed, attested by its Assistant Secretary, as of the 18th day of November, 1992.

PUBLIC SERVICE COMPANY OF COLORADO

By /s/ Philip D. Shenkel?  
Vice President

ATTEST:

By /s/ Stephen H. Whitcomb  
Assistant Secretary

FILED WITH THE CITY CLERK OF THE CITY OF GRAND JUNCTION THIS 1st DAY OF DECEMBER, 1992.

/s/ Neva B. Lockhart, CMC  
City Clerk

I HEREBY CERTIFY that the foregoing People's Ordinance No. 35 was submitted to a vote of the registered electors for their adoption or rejection at a Special Municipal Election held in the City of Grand Junction on the 8th day of December, 1992, at which

election a majority of the votes were cast in favor of the acceptance of People's Ordinance No. 35.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of said City this 9th day of December, 1992.

/s/ Neva B. Lockhart  
City Clerk