

***BEFORE THE BOARD OF COMMISSIONERS
FOR LEWIS COUNTY, WASHINGTON***

IN THE MATTER OF: a nonexclusive Franchise)
to Puget Sound Energy, Inc., to construct, operate, and)
maintain water mains and cathodic protection cables)
in Lewis County Rights-of-Way; and setting forth)
conditions accompanying the grant of the nonexclusive)
Franchise; and providing for County administration)
and regulation of the nonexclusive Franchise.)

RESOLUTION NO. _____
Nonexclusive Franchise

WHEREAS, Puget Sound Energy, Inc., the operator of the Jackson Prairie Gas Storage Project, on behalf of itself and co-owners of the Jackson Prairie Natural Gas Storage Project: Avista Corp. and Northwest Pipeline, GP; has applied to the Board of County Commissioners of Lewis County, pursuant to Chapter 36.55 RCW and Chapter 12.20 for a nonexclusive Franchise to set, lay, construct, extend, support, maintain, repair, replace, enlarge, operate, use and maintain water mains, pipes and cathodic protection cables, together with any other equipment, appliances, appurtenances and other items necessarily or customarily appertaining to such water mains, pipes and cathodic protection cables (collectively, the "Facilities"), in, upon, over, under, across, through and within any and all public roads, streets, avenues, and highways of the County as now laid out, platted, dedicated or improved, or that may be hereafter be laid out, platted, dedicated or improved, within the area outlined in the attached Exhibit A, which is incorporated by reference (the "Rights-of-Way" or "County Rights-of-Way"); and

WHEREAS, the County under Titles 5 & 12 Lewis County Code (LCC) provides for the regulation of use of County Rights-of-Way for utilities located in or using County Rights-of-Way; and

WHEREAS, pursuant to RCW 36.55.040, notice was posted in three public places in the County seat at least fifteen (15) days before the hearing date, and notice was published twice in the official County newspaper, the last publication being not less than five (5) days before the date fixed for the hearing; and

WHEREAS, pursuant to RCW 36.55.040, a hearing on the application for this Franchise was

RESOLUTION NO. _____
NONEXCLUSIVE FRANCHISE

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held on the ____ day of _____, _____; and

WHEREAS, the Board finds that it is in the public interest and has made a determination under Chapters 12.25 through 12.50 LCC to grant Puget Sound Energy, Inc.'s application for the nonexclusive right, privilege, and authority set forth in this franchise to set, lay, construct, extend, support, maintain, repair, replace, enlarge, operate, use and maintain its Facilities in, upon, over, under, across, through and within County Rights-of-Way;

NOW, THEREFORE BE IT RESOLVED, by the Board of County Commissioners for Lewis County, Washington, that a nonexclusive franchise is hereby granted to Puget Sound Energy, Inc., the operator of the Jackson Prairie Gas Storage Project, on behalf of itself and co-owners of the Jackson Prairie Natural Gas Storage Project: Avista Corp. and Northwest Pipeline, GP; to set, lay, construct, extend, support, maintain, repair, replace, enlarge, operate, use and maintain its Facilities in, upon, over, under, across, through and within County Rights-of-Way under the following express terms and conditions (together, this "Franchise"):

Section 1. Franchise

1.1 Definitions. The terms "Facilities," "Rights-of-Way," and "County Rights-of-Way" are defined as set forth in the Recitals, which Recitals are incorporated by reference into this Franchise. Other terms with initial letters capitalized that are used in this Franchise will have the meanings given them elsewhere in this Franchise. Unless specifically defined otherwise in this Franchise, terms used in this Franchise with initial letters capitalized shall have the same meanings given in Section 12.25.020 LCC and Section 12.20.020 LCC. Words not otherwise defined shall be given their common and ordinary meaning.

1.2 Grant of Franchise. Lewis County, a Washington municipal corporation and subdivision of the State (hereinafter "County") hereby grants Puget Sound Energy, Inc., a Washington corporation (hereinafter "Grantee"), a nonexclusive franchise to set, lay, construct, extend, support, maintain, repair, replace, enlarge, operate, use and maintain its Facilities in, upon, over, under, across, through and within the County Rights-of-Way.

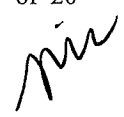
A. This Franchise shall not convey any right, title or interest in the Rights-of-Way but shall be deemed a franchise only to use and occupy the Rights-of-Way in the manner and for the limited purposes and term stated herein.

B. This Franchise shall not authorize or excuse Grantee from securing such further easements, leases, permits or other approvals as may be required to lawfully occupy and use the Rights-of-Way.

C. This Franchise shall not be construed as any warranty of title or interest in any Right-of-Way; it does not provide the Grantee with any interest in any particular location within the Right-of-Way; and it does not confer rights other than as expressly provided in the grant hereof.

D. No act, event, occurrence or thing shall give Grantee any rights to occupy or use the Rights-of-Way permanently nor shall operate as an estoppel against the County.

E. This Franchise is granted subject to the terms and conditions contained in Chapter 12.20 LCC, Installation of Utilities on Lewis County Rights-of-Way, as they are now written or as



later amended; provided, however, notwithstanding the foregoing or any other provision of this Franchise to the contrary, (1) in the event of any irreconcilable conflict or inconsistency between the terms and conditions contained in Chapter 12.20 LCC or in any other codes, ordinances, rules, regulations and standards of the County (collectively, the "County Code") and the Core Franchise Terms (as defined below), the Core Franchise Terms shall govern and control, and (2) in the event of any irreconcilable conflict or inconsistency between the County Code and any terms or conditions of this Franchise that are not Core Franchise Terms, the County Code shall govern and control; provided, further, that nothing herein shall be deemed to waive, prejudice or otherwise limit any right of appeal afforded Grantee by the County Code. As used in this Franchise, the term "Core Franchise Terms" will mean the following provisions of this Franchise: Sections 1.1 (Definitions), 1.2 (Grant of Franchise), 1.3 (Term of Franchise), 1.5 (Franchise Territory), 2.2 (Non-Interference), 2.5 (Relocation of Facilities), 2.10 (Facility Maps), 2.11 (As-Built Drawings), 2.15 (Hazardous Substances), 2.18 (Movement of Facilities for Other Franchise Holders), 3 (Financial Provisions), 4.2 (Vacation), 4.4 (Revocation and Termination), 4.5 (Modification), 4.7 (Assignment or Transfer), 4.15 (Force Majeure) and 4.16 (Regulatory Requirements).

F. Grantee shall comply with all applicable requirements of state and federal law, including regulatory requirements of the WUTC, which are applicable to Grantee in its installation, construction, maintenance, operation, use, repair, replacement, enlargement, setting, laying, and extending of the Facilities within, in, upon, over, under, across and through the Rights-of-Way.

G. As used in this Franchise, the term "Party" shall mean the County or Grantee and the term "Parties" shall refer to those entities collectively.

1.3 Term of Franchise. The term of this Franchise shall be **five (5)** years, beginning June 1st 2023 (the "Term") and terminating on May 31st 2028.

1.4 Nonexclusive Franchise. The Franchise granted herein shall be nonexclusive. The County specifically reserves the right to grant, at any time, such rights, permits, licenses and/or franchises to other persons to use the Rights-of-Way for similar or different purposes allowed hereunder as the County deems appropriate so long as such uses do not impair Grantee's rights under this Franchise. Subject to this Franchise, Grantee shall not prevent or prohibit the County from constructing, altering, maintaining or using any of said Rights-of-Way, or affect its jurisdiction over them or any part of them, the County having full power and authority to make all necessary changes, relocation, repairs, or maintenance of said Rights-of-Way as the County deems appropriate.

1.5 Franchise Territory. The territory covered by this Franchise shall be that territory set out in Exhibit A attached hereto and made a part hereof (the "Franchise Territory"). This Franchise does not give or grant to Grantee the right, privilege or authority to install its Facilities within any County rights-of-way that are outside of the Franchise Territory. Grantee agrees not to install its Facilities within any County rights-of-way that are outside of the Franchise Territory. Further, this Franchise shall not govern or apply to any of Grantee's Facilities located on Grantee owned or leased properties or easements (whether inside or outside of the Franchise Territory, whether granted by a private or public entity, and whether now existing or hereafter acquired) and such Facilities are not, and will not be deemed to be, located pursuant to rights derived from this Franchise or pursuant to rights otherwise granted by the County.



1.6 Amendment of Franchise for Territory Changes. If Grantee desires to extend or locate its Facilities to or within any County rights-of-way that are outside of the Franchise Territory, Grantee shall apply in writing for an amendment to the Franchise. If the County approves Grantee's application to locate or relocate its Facilities to or within any County rights-of-way that are outside of the Franchise Territory, the County shall grant an amendment to this Franchise for the territory change, subject to compliance with the publication and hearing requirements applicable to a grant of a franchise.

Section 2. Operation in Rights-of-Way

2.1 Construction or Alteration.

A. Facilities shall be constructed, operated and maintained in accordance with all applicable federal and state codes, rules and regulations, this Franchise and, subject to Section 1.2.E, all applicable County codes, rules and regulations, including, but not limited to, Chapter 12.20 LCC. Grantee shall comply with all lawful County resolutions and ordinances regarding the acquisition of permits and/or such other items as may be required in order to construct, operate, and maintain its Facilities in the Rights-of-Way.

B. Notwithstanding anything in Section 1.2E to the contrary, Grantee shall not construct, maintain, repair, relocate or remove its Facilities within the Rights-of-Way without obtaining a utility permit. Applications for utility permits to construct Grantee's Facilities shall be in compliance with the provisions of Chapter 12.20 LCC. As part of the permitting process, the County may impose such conditions and regulations as are necessary for the purpose of protecting any structures in such Rights-of-Way, proper restoration of such Rights-of-Way and structures, the protection of the public, and the continuity of pedestrian or vehicular traffic; provided such conditions and/or regulations are not in irreconcilable conflict with any Core Franchise Terms. Such conditions may also include the provision of a construction schedule and maps showing the location of the Facilities to be installed in the Right-of-Way. As to any maps or drawings provided by Grantee to the County under or in connection with this Franchise, Grantee does not warrant the accuracy thereof and, to the extent the location of Facilities are shown, such Facilities are shown in their approximate location. With respect to any excavations within the Rights-of-way undertaken by or on behalf of Grantee or the County, nothing in this Franchise is intended (nor shall be construed) to relieve either party of their respective obligations arising under applicable law with respect to determining the location of utility facilities. All work authorized and required hereunder shall be done in a safe, thorough and workmanlike manner. All installations of equipment shall be permanent in nature, durable and installed in accordance with good engineering practices.

C. Within limits reasonably related to the County's role in protecting public health, safety and welfare, and subject to applicable federal and state regulatory requirements, the County may require that Grantee's Facilities within the Rights-of-Way be installed at a particular time, at a specific place or in a particular manner as a condition of access to a particular Right-of-Way; may deny access if Grantee is not willing to comply with County's requirements; and, subject to and in accordance with the applicable provisions of this Franchise and any provisions of the Lewis County Code that do not irreconcilably conflict with the applicable Core Franchise Terms, may remove, or require removal of, any such Facility that is not installed in compliance with the requirements established by the County,



and may request Grantee to cooperate with others to minimize adverse impacts on the Rights-of-Way through joint trenching and other arrangements.

2.2 Non-Interference. In installing, constructing, operating, repairing, and maintaining its Facilities within the County Rights-of-Way, Grantee shall not unreasonably interfere with the free passage of pedestrian and vehicular traffic within the Rights-of-Way or the use of the Rights-of-Way by the County. Grantee's Facilities at a given location within the County Rights-of-Way shall be constructed and maintained in such manner as not to unreasonably interfere with pipes, wires, conduits, pedestals, structures, or other facilities that were installed at that location within the Rights-of-Way by or under the County's authority prior to the time Grantee's Facilities were first installed at that location. In the event of such interference, the County may require the removal or relocation of Grantee's Facilities from the property in question at Grantee's expense.

2.3 Construction Schedule and Notice of Work. Unless otherwise provided herein, Grantee, or any Person acting on Grantee's behalf, shall comply with the notice provisions set out in Chapter 12.20 LCC in connection with Grantee's performance of work within the Rights-of-Way.

2.4 Traffic Control. Grantee shall comply with the traffic control provisions set out in Chapter 12.20 LCC in connection with Grantee's performance of work under this Franchise.

2.5 Relocation of Facilities.

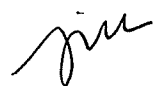
A. As used in this Section 2.5, (1) the term "County Project" means any improvement or repair within the County Rights-of-Way that is funded by the County (either directly with its own funds or with other monies obtained by the County), including but not limited to any such improvement or repair that involves the construction, relocation, expansion, repair, maintenance, or removal of any County facility located on or in the County Rights-of-Way, including but not limited to a building, structure, park, parking lot, retention facility, curtilage, highway, street, road, median, shoulder, bridge, sidewalk, gutter, drain, curb, pole, guardrail, road prism, cable, conduit, network, hydrant, sign, monument or other County-owned, leased or operated facility located on or in the County Rights-of-Way; and (2) the term "Third Party" means any person, party or entity other than the County, Grantee and their respective contractors and subcontractors.

B. Whenever the County causes any County Project to be undertaken by or on behalf of the County within the County Rights-of-Way, and such work (in the County's reasonable discretion) necessitates the relocation of Grantee's Facilities from their existing location within the County Rights-of-Way, such relocation will be at no cost to the County.

C. In connection with each County Project for which relocation of Grantee's Facilities is required under Section 2.5.B, above, the County shall:

- (1) provide Grantee, within a reasonable time prior to the commencement of such County Project, written notice requesting such relocation; and
- (2) provide Grantee with reasonable plans and specifications for such County Project.

After receipt of such notice and such plans and specifications, the County and Grantee shall work



cooperatively to accomplish the relocation of Grantee's Facilities in order to accommodate the County Project. If the County requires the subsequent relocation of any Facilities within five (5) years from the date of relocation of such Facilities pursuant to this Section 2.5.B, the County shall bear the entire cost of such subsequent relocation except to the extent the subsequent relocation is caused by unanticipated emergencies or changes in applicable law that the County could not reasonably have foreseen as of the date of the initial relocation.

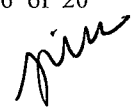
D. In the event an emergency posing a threat to public safety or welfare requires the relocation of Grantee's Facilities within the County Rights-of-Way, the County shall give Grantee notice of the emergency as soon as reasonably practicable. Upon receipt of such notice from the County, Grantee shall endeavor to respond as soon as reasonably practicable to relocate the affected Facilities.

E. Subject to Section 2.5.F, below, whenever any Third Party requires the relocation of Grantee's Facilities to accommodate work of such Third Party within the County Rights-of-Way (and such work is not being done as part of or to support a County Project), then Grantee shall have the right as a condition of any such relocation to require payment by the Third Party to Grantee, at a time and upon terms acceptable to Grantee, for any and all costs and expenses incurred by Grantee in the relocation of Grantee's Facilities. Grantee shall work with relocating Third Parties in good faith in an effort to ensure that the negotiation between them does not delay the required relocation of Grantee's Facilities.

F. Any condition or requirement imposed by the County upon any Third Party (including, without limitation, any condition or requirement imposed pursuant to any contract or in conjunction with approvals or permits obtained pursuant to any zoning, land use, construction or other development regulation) which requires the relocation of Grantee's Facilities within the County Rights-of-Way (and which work is not being done as part of or to support a County Project) shall be a condition or requirement causing relocation of Grantee's Facilities to occur subject to the provisions of Section 2.5.E, above; provided, however, in the event the County reasonably determines and notifies Grantee that the primary purpose of imposing such condition or requirement upon such Third Party is to cause or facilitate the construction of a public improvement to be undertaken within a segment of the County Rights-of-Way that is then-identified in the County's six-year transportation improvement program (and which is not then being done as part of or to support a County Project), then only those costs and expenses incurred by Grantee in reconnecting such relocated Facilities with Grantee's other Facilities shall be paid to Grantee by such Third Party, and Grantee shall otherwise relocate its Facilities within such segment of the County Rights-of-Way in accordance with Section 2.5.B, above.

G. As to any relocation of Grantee Facilities whereby the cost and expense thereof is to be borne by Grantee in accordance with this Section 2.5, Grantee may, after receipt of written notice requesting such relocation, submit in writing to the County alternatives to relocation of its Facilities. Upon the County's receipt from Grantee of such written alternatives, the County shall evaluate such alternatives and shall advise Grantee in writing if one or more of such alternatives is suitable to accommodate the work which would otherwise necessitate relocation of Grantee's Facilities. In the event the County reasonably determines that such alternatives are not appropriate, Grantee shall relocate its Facilities as otherwise provided in this Section 2.5.

H. Nothing in this Section 2.5 shall require Grantee to bear any cost or expense in connection with the relocation of any Facilities existing under benefit of Grantee's easement (other



than County-owned utility easements) or Grantee's other prior rights not arising under this Franchise.

2.6 Consistency with Designated Use. Notwithstanding this Franchise to use County Rights-of-Way, no Right-of-Way shall be used by Grantee if the County determines that such use is inconsistent with the terms, conditions or provisions by which such Right-of-Way was created or dedicated, or presently used under State and local laws, and notifies Grantee of such inconsistency prior to the time Grantee first installs its Facilities in such Right-of-Way.

2.7 Restoration of Rights-of-Way. Subject to Section 1.2.E, Grantee shall comply with the restoration of Rights-of-Way conditions set out in Chapter 12.20 LCC in restoring the area disturbed by its work in the Rights-of-Way. The County shall ensure that the restoration conditions imposed on Grantee under Chapter 12.20 or otherwise do not require Grantee to perform unreasonable or excessive restoration work relative to the size of the area disturbed by Grantee's work or the comparative condition of the Rights-of-Way before and after Grantee's work.

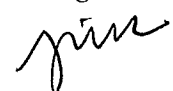
2.8 Restoration of Improvements. Subject to Section 1.2.E, upon completion of any construction work by Grantee within the Rights-of-Way, Grantee shall restore the area disturbed by its work in the Rights-of-Way in accordance with Chapter 12.20 LCC. The County shall ensure that the requirements imposed on Grantee under Chapter 12.20 or otherwise do not require Grantee to perform unreasonable or excessive restoration work relative to the size of the area disturbed by Grantee's work or the comparative condition of the Rights-of-Way before and after Grantee's work.

2.9 Warranty of Restoration Work. Grantee shall warrant any restoration work performed by or for Grantee in the Rights-of-Way pursuant to Section 2.7 for one (1) year. If restoration is not satisfactorily performed by the Grantee within a reasonable time, the County may, after 48 hours prior notice to the Grantee, or without notice where the disturbance or damage may create a risk to public health or safety, cause the repairs to be made and recover the actual cost of those repairs from the Grantee. Within thirty (30) days of receipt of an itemized list of those costs, including the costs of labor, materials and equipment, the Grantee shall pay the County.

2.10 Facilities Maps. Grantee shall provide the County with Facilities maps in accordance with Section 12.20 LCC as requested by the County, provided the request is limited to Facilities at specific locations in the Franchise Territory in connection with a planned County Project. As to any such maps provided, Grantee does not warrant the accuracy thereof and, to the extent the location of Facilities is shown, such Facilities are shown in their approximate location.

2.11 As-Built Drawings. Grantee shall provide as-built drawings to the County of Facilities installed in the County's Rights-of-Way under this Franchise, but such as-built drawings shall not be required to be sealed or dated by a registered professional engineer in accordance with LCC 12.20.160.

2.12 Aesthetic and Scenic Considerations. Subject to Section 1.2.E and other applicable provisions of this Franchise, Grantee shall comply with Chapter 12.20 LCC in connection with work



performed by Grantee in the Rights-of-Way under this Franchise.

2.13 Damage to Grantee's Facilities. To the extent permitted by Washington law, the County shall not be liable for any damage to or loss of any of Grantee's Facilities or any interruption in Services within the Rights-of-Way as a result of or in connection with any emergency removal or relocation, public works, public improvements, construction, excavation, grading, filling, or work of any kind in the Rights-of-Way by or on behalf of the County or any person under contract with the County, except to the extent the damage or loss is caused by the negligence or willful misconduct of the County or its agents, employees or contractors. The parties mutually acknowledge that this provision is entered into in contemplation of the very limited scope of the water system governed by this Franchise and is not and shall not be deemed to be precedential for purposes of any negotiation of Grantee and the County concerning any other franchise.

2.14 Location of Facilities. Subject to Section 1.2.E and other applicable provisions of this Franchise, all Facilities of Grantee within the Rights-of-Way shall be constructed, installed, and located in accordance with Chapter 12.20 LCC.

2.15 Hazardous Substances.

A. "Hazardous Substances" means substances so designated under the Model Toxics Control Act," Ch. 70A.305 RCW, or the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601(4).

B. Grantee shall comply with any and all applicable laws, statutes, regulations and orders concerning Hazardous Substances relating to Grantee's Facilities in the Rights-of-Way.

C. Grantee agrees to indemnify, defend and hold the County harmless against any claims, costs, and expenses, of any kind, whether direct or indirect, to the extent the same are caused or alleged to be caused by any unlawful release of Hazardous Substances by Grantee or its Facilities in the Rights-of-Way.

2.16 Notice to Private Property Owners. Grantee shall give notice to private property owners of work on or adjacent to private property that is undertaken by Grantee in the Rights-of-Way, all in accordance with Grantee's standard operating practice and procedures. At a minimum, Grantee will make an effort to notify affected private property owners adjacent to County Rights-of-Way within one hundred (100) yards on each side of Grantee work within the County Rights-of-Way at least one (1) day prior to commencement of the work (or as required by the permit).

2.17 Shared Use of Excavations. In the event either Grantee or the County shall cause excavations to be made within the Rights-of-Way, the party causing such excavation shall afford the other, upon receipt of a written request to do so, an opportunity to use such excavation so long as such joint use does not unreasonably delay the work of the party causing such excavation, and such joint use is arranged and accomplished upon terms and conditions reasonably satisfactory to the party causing such excavation.

2.18 Movement of Facilities for Other Franchise Holders. If any removal, replacement, modification or disconnection of Grantee's Facilities in the Rights-of-Way is required to



accommodate the construction, operation or repair of the facilities or equipment of another County franchise holder, Grantee shall complete such removal or relocation in accordance with Section 2.5, above. Subject to Section 2.5 above, Grantee may require that the costs associated with the removal or relocation be paid by the benefited party.

2.19 Work of Contractors and Subcontractors. Grantee's contractors and subcontractors shall be licensed and bonded in accordance with state law. Work by contractors and subcontractors is subject to the same restrictions, limitations and conditions as if the work were performed by Grantee. Grantee shall be responsible for all work performed by its contractors and subcontractors and others performing work on its behalf as if the work were performed by it, and shall ensure that all such work is performed in compliance with this Franchise and other applicable law, and shall be jointly and severally liable for all damages and correcting all damage caused by them. It is Grantee's responsibility to ensure that contractors, subcontractors or other persons performing work on Grantee's behalf are familiar with the requirements of this Franchise and other applicable laws governing the work performed by them.

2.20 Inspection of Construction and Facilities. The County may inspect any of Grantee's Facilities, equipment or construction in the Rights-of-Way at any time upon at least twenty-four (24) hours' notice, or, in case of emergency, upon demand without prior notice. If an unsafe condition is found to exist with respect to Grantee's Facilities in the Rights-of-Way, the County, in addition to taking any other action permitted under applicable law, may order Grantee, in writing, to make the necessary repairs and alterations specified therein forthwith to correct the unsafe condition by a time the County establishes. The County has the right to correct, inspect, administer and repair the unsafe condition if Grantee fails to do so, and to charge Grantee therefor.

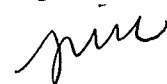
2.21 Stop Work.

A. On notice from the County that any work by Grantee in the Rights-of-Way is being performed contrary to the provisions of this Franchise, or in an unsafe or dangerous manner as determined in good faith by the County, or in violation of the terms of any applicable permit, laws, regulations, ordinances, or standards, the work may immediately be stopped by the County.

B. The stop work order shall:

- (1) Be in writing;
- (2) Be given to the Person doing the work, or posted on the work site;
- (3) Be sent to Grantee by overnight delivery at the address given herein;
- (4) Indicate the nature of the alleged violation or unsafe condition; and
- (5) Establish conditions under which work may be resumed.

2.22 Decommissioned Facilities. During the term of this Franchise, including any extensions, and after the expiration of this Franchise, if Grantee has not obtained a new franchise from the County, the County shall have the right to require Grantee to remove, in accordance with and subject to the procedures stated in LCC 12.20.140, as amended, all or any part of Grantee's Facilities within the Rights-of-Way that are then no longer in use by Grantee and have been permanently decommissioned in place by Grantee. The parties mutually acknowledge that this provision is entered into in contemplation of the very limited scope of the water system governed by this Franchise and is



not and shall not be deemed to be precedential for purposes of any negotiation of Grantee and the County concerning any other franchise.

Section 3. Financial Provisions

3.1 Financial Security. Pursuant to LCC 12.20, whenever Grantee intends to work in the Rights-of-Way, the County, in its sole discretion and as part of its permit requirements, may require Grantee to first post a bond, in a reasonable amount, to ensure restoration of the Rights-of-Way and any improvements as part of Grantee's work. Subject to approval by the County, Grantee may satisfy the County's bond requirements by posting a permanent performance bond under this Franchise in an amount and on terms determined by the County in its sole discretion.

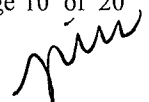
3.2 Indemnity and Hold Harmless.

A. In addition to and distinct from the insurance requirements of this Franchise, Grantee releases and shall defend, indemnify and hold harmless the County, its elected and appointed officers, officials, employees, agents, and representatives (collectively referred to as the "Indemnitees") from any and all third party claims, and any resulting losses, costs, liabilities, damages and expenses, including, but not limited to, reasonable attorneys' fees, made against an Indemnatee on account of injury or damage to person or property of another caused by the negligence or willful misconduct of Grantee or any of its suppliers or contractors of any tier, or anyone acting on Grantee's behalf in constructing, operating or maintaining Grantee's Facilities within the County Rights-of-Way under this Franchise, except that such indemnification shall not extend to nor include any liability due to the sole negligence of the County, its elected and appointed officials, agents, officers, and employees acting within the scope of their employment. Provided, however, that in the event any claim be presented to or filed with the County, the County shall promptly notify Grantee thereof, and Grantee shall have the right, at its election and at its sole cost and expense, to settle and compromise such claim; provided further, that in the event any suit or action is begun against the County based upon any such claim, the County shall likewise promptly notify Grantee thereof, and Grantee shall have the right, at its election and its sole cost and expense, to settle and compromise such suit or action, or defend the same at its sole cost and expense, by attorneys of its own election.

B. To the fullest extent permitted by applicable law, the foregoing release, indemnity and hold harmless provisions shall apply to and be for the benefit of the Indemnitees.

C. Inspection or acceptance by the County of any work performed by Grantee shall not be grounds for avoidance by Grantee of any of its obligations under this Section. Said indemnification obligations shall extend to claims which are not reduced to a suit and any claims which may be compromised by or with the written approval of Grantee prior to the culmination of any litigation or the institution of any litigation.

D. In the event of any claim covered by the indemnification obligations of Grantee under this Section 3.2, Grantee reserves the right to petition a court of competent jurisdiction to determine that the indemnity in this Franchise is subject to RCW 4.24.115 and requires the County to bear liability to the extent of its concurrent negligence. If a court of competent jurisdiction finally determines that any damage claim or demand covered by the indemnification obligations of Grantee under this Section 3.2 is subject to RCW 4.24.115 and is caused by or results from the concurrent negligence of (a) the County or its elected or appointed officials, agents, officers, and employees and



(b) Grantee or its suppliers or contractors of any tier, then in such event the defense and indemnity obligations of Grantee provided for in this Section 3.2 shall be valid and enforceable only to the extent of Grantee's negligence. It is further specifically and expressly understood that, solely to the extent required to enforce the indemnification provided herein, Grantee waives its immunity as to the County only under RCW Title 51; provided, however, the foregoing waiver shall not in any way preclude Grantee from raising such immunity as a defense against any claim brought against Grantee by any of its employees. This waiver has been mutually negotiated by the parties. The parties mutually acknowledge that this Section 3.2 is entered into in contemplation of the very limited scope of the water system governed by this Franchise and is not and shall not be deemed to be precedential for purposes of any negotiation of Grantee and the County concerning any other franchise.

E. The provisions of Section 3.2 shall survive the expiration or termination of this Franchise. Further, all provisions of Section 3.2 shall apply to the successors and assigns of Grantee.

F. Procedures and Defense. If a claim or action arises for which indemnification is provided under Section 3.2.A, the County or other Indemnitee shall tender the defense of the claim or action to the Grantee, which defense shall be at the Grantee's expense. The County may participate in the defense of a claim at the County's expense and, in any event, the Grantee may not agree to any settlement of claims financially affecting the County without the County's written approval, which shall not be unreasonably withheld.

G. Duty of Defense. The fact that the Grantee carries out any activities under this Franchise through independent contractors shall not constitute an avoidance of or defense to the Grantee's duty of defense and indemnification under this Section.

3.3 Insurance.

A. Grantee shall procure and maintain for the duration of this Franchise, insurance, or provide self-insurance, against all claims for injuries to persons or damages to property which may arise from or in connection with the exercise of rights, privileges and authority granted hereunder to Grantee, its agents, representatives or employees. Grantee shall provide evidence of self-insurance and/or an insurance certificate, together with endorsement naming the County, its officers, elected officials, agents, employees, representatives, engineers, consultants, and volunteers as additional insureds, to the County for its inspection prior to the commencement of any work or installation of any Facilities pursuant to this Franchise, and such self-insurance and/or insurance certificates shall evidence the following minimum coverage:

- a. Commercial general liability and, if necessary, excess/umbrella liability insurance including coverage for bodily injury (including death), property damage, premises — operations, explosion, collapse and underground hazards (XCU), sudden and accidental pollution liability, and products-completed operations, with limits not less than:
 - i. \$5,000,000 per occurrence; and
 - ii. \$5,000,000 in the aggregate.
- b. Automobile liability for owned, non-owned and hired vehicles with a limit of \$5,000,000 combined single limit;
- c. Worker's compensation within statutory limits and employer's liability insurance with limits of not less than \$2,000,000.



If coverage is purchased or provided on a "claims made" basis, then Grantee shall warrant continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the termination date of this Franchise, and/or conversion from a claims made form to an "occurrence" coverage form.

B. Any deductibles or self-insured retentions must be declared to the County. Payment of deductibles and self-insured retentions shall be the sole responsibility of Grantee. The insurance certificate required by this section shall contain a clause stating that coverage shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

C. Grantee's insurance shall be primary insurance with respect to the County, its officers, officials, employees, agents, consultants and volunteers. Any insurance maintained by the County, its officers, officials, employees, agents, consultants, and volunteers shall be in excess of Grantee's insurance and shall not contribute with it.

D. Grantee will provide 30 days written notice to the County of any material change to, or cancellation of, any policy of insurance required herein, and will provide an updated certificate of insurance as evidence of replacement or renewed coverage prior to cancellation of the existing policy(ies).

3.4 Recovery of Costs. Subject to applicable law, Grantee shall reimburse the County's costs in connection with the administration, oversight and enforcement of this Franchise, and in connection with reviewing, inspecting, monitoring and supervising the Grantee's use and occupancy of the Rights-of-Way. Without limiting the foregoing, Grantee shall pay the fees required by the County for issuance of utility and Right-of-Way permits and any costs of review, inspection, and enforcement associated therewith. Nothing herein shall prohibit the County and Grantee from agreeing upon the compensation to be paid.

3.5 Reimbursement. Grantee shall reimburse the County within thirty (30) calendar days after receipt of written demand for all costs reimbursable to the County under Section 3.4.

Section 4. Additional Franchise Provisions

4.1 Publication Costs. Grantee shall assume the costs of publication associated with this Franchise as such publication is required by law.

4.2 Vacation.

A. If the County considers vacation of any portion of the Right of Way during the Term of this Franchise, the County shall give Grantee advance written notice of the same to allow Grantee the opportunity to review and comment on the proposed vacation. Notice shall be provided as indicated in Section 4.10.

B. If the County vacates all or portion of any County Rights-of-Way which is subject to rights granted by this Franchise, and said vacation is for the purpose of acquiring the fee or other property interest in said Rights-of-Way for the use of the County in either its proprietary or governmental capacity, the Board may, at its option and by giving forty-five (45) days written notice



to Grantee, terminate this Franchise with reference to any County Rights-of-Way so vacated, and the County shall not be liable for any damages or loss to Grantee by reason of such termination.

C. Whenever a County Right-of-Way or any portion thereof is vacated upon a finding that it is not useful and the public will be benefited by the vacation, the County may retain an easement in respect to the vacated land for the installation, construction, repair and maintenance of public utilities and services which at the time of the vacation are specifically authorized under this Franchise or physically located on a portion of the land being vacated, but only in accordance with the provisions of RCW 36.87.140. The County shall not be liable for any damages or loss to Grantee by reason of any such vacation.

4.3 Eminent Domain. This Franchise is subject to the power of eminent domain and the right of the Board or the people acting for themselves through the initiative or referendum process to repeal, amend, or modify this Franchise except as to the Core Franchise Terms described in Section 1.2.E. In any proceeding under eminent domain, this Franchise itself shall have no value.

4.4 Revocation or Termination.

A. This Franchise may be revoked or terminated after written notice to Grantee of the violation of the Franchise, a reasonable opportunity to cure, the Grantee's failure to adequately cure the violation, and a hearing.

B. At the expiration of the term of this Franchise or upon its revocation or termination, the County shall have the right to require Grantee to remove its Facilities within ninety (90) days from the County Rights-of-Way except as otherwise provided by applicable law. Grantee shall be liable for any costs incurred in removing any such Facilities of Grantee and restoring any County Rights-of-Way. In removing its plant, structures and equipment, Grantee shall refill, at its own expense, any excavation that is made by it and shall leave all Rights-of-Way, public places and private property in as good condition as that prevailing prior to Grantee's removal of its equipment without affecting the electrical or telephone cable wires or attachments. The indemnification and insurance provisions and any letter of credit or performance bond shall remain in full force and effect during the period of removal, and Grantee shall not be entitled to, and agrees not to request, compensation of any sort therefor.

C. With respect to any Facilities required to be removed from the Rights-of-Way by Grantee under Section 4.4.B, above, if Grantee fails to remove such Facilities to the County's satisfaction in the timeframe required Section 4.4.B or such longer time as permitted by the County, the County may perform the work and collect the cost thereof from Grantee.

D. A revocation or termination of this Franchise shall not prejudice any other remedy for breach of contract, damages, non-payment or otherwise which the County has under this Franchise or under law.

4.5 Modification. The County and Grantee reserve the right to modify the terms and conditions of this Franchise upon written agreement of both parties to such modification.

4.6 Future County Ordinances and Regulations. With respect to any period for which this Franchise is in effect, and subject to Section 1.2.E, the County may adopt and enforce all necessary and appropriate ordinances regulating the performance of the conditions of this Franchise,



including any valid ordinance made in the exercise of the County's police powers in the interest of public safety and for the welfare of the public. The County shall have the authority at all times to control by appropriate regulations the location, elevation, manner of installation, construction and maintenance of any Facilities by Grantee. Grantee agrees to promptly conform to all such regulations as if they were in effect at the time this Franchise was executed by the County, unless compliance would cause Grantee to violate other requirements of law. With respect to any period for which this Franchise is in effect, and notwithstanding anything to the contrary set forth in this Section 4.6, in the event of any irreconcilable conflict or inconsistency between any such ordinance or regulation (or any other provision of the County Code) and any Core Franchise Terms, the Core Franchise Terms will govern and control. Further, nothing in this Section 4.6 or in any other provision of this Franchise is intended, nor shall it be construed, to preclude Grantee from taking those actions that are required to discharge its public service obligations in accordance with the Laws of the State of Washington.

4.7 Assignments or Transfers. Grantee shall not assign this Franchise without the prior consent of the County, which consent shall not be unreasonably withheld or delayed. In no event shall a sale, lease, sharing, transfer, assignment, or disposal of ownership, interest or control be approved without the transferee acknowledging the obligations under the Franchise, becoming a signatory to this Franchise and assuming all rights and obligations hereunder, and assuming all other rights and obligations of the transferor to the County. Notwithstanding the foregoing, Grantee shall have the right, without notice or written acceptance, to (a) mortgage its rights, benefits and privileges in and under this Franchise for the benefit of bondholders or (b) sell, lease, transfer, assign or dispose of ownership, interest or control between the existing owners of the Facilities.

4.8 Receivership and Foreclosure.

A. At the option of the County, subject to applicable law, this Franchise may be revoked one hundred twenty (120) days after the appointment of a receiver or trustee to take over and conduct the business of Grantee whether in a receivership, reorganization, bankruptcy or other action or proceeding, unless:

- (1) The receivership or trusteeship is vacated within one hundred twenty (120) days of appointment; or
- (2) The receivers or trustees have, within one hundred twenty (120) days after their election or appointment, fully complied with all the terms and provisions of this Franchise, and have remedied all defaults under the Franchise. Additionally, the receivers or trustees shall have executed an agreement duly approved by the court having jurisdiction, by which the receivers or trustees assume and agree to be bound by each and every term, provision and limitation of this Franchise.

B. If there is a foreclosure or other involuntary sale of the whole or any part of the property and equipment of Grantee, the County may serve notice of revocation on Grantee and to the purchaser at the sale, and the rights and privileges of Grantee under this Franchise shall be revoked thirty (30) days after service of such notice, unless:

- (1) The County has approved the transfer of the Franchise, in accordance with the procedures set forth in this Franchise and as provided by law; and



(2) The purchaser has covenanted and agreed with the County to assume and be bound by all of the terms and conditions of this Franchise.

4.9 Incorporation and Annexation.

A. If any Rights-of-Way covered by this Franchise are incorporated into the limits of any city or town, and except as otherwise provided by applicable law, this Franchise shall terminate as to any Rights-of-Way within the corporate limits of such city or town; but this Franchise shall continue as to County Rights-of-Way not incorporated into a city or town.

B. If, pursuant to Article XI § 3 of the Washington Constitution, territory is stricken or taken from the County and a new county is established from the territory taken from the County, and except as otherwise provided by applicable law, this Franchise shall terminate as to any Rights-of-Way within the territory so taken to establish the new county; but this Franchise shall continue as to County Rights-of-Way not taken from the County.

4.10 Service of Notice. Except as provided herein, any notices required or permitted to be given under this Franchise shall be deemed properly served when deposited with the United States Postal Service, postage paid, addressed to the party to receive same.

Notice to the County shall be sent to:

Lewis County Public Works Department
Real Estate Services Division
57 West Main Street
Chehalis, WA 98532

Notice to Grantee shall be sent to:

Municipal Liaison Manager
Attn: Municipal Relations
Puget Sound Energy, Inc. -
P.O. Box 97034
Bellevue, WA 98009

With a copy sent via email to: Municipal.Relations@pse.com

4.11 Severability. The parties understand and agree that if a court holds any part, term, or provision of this Franchise to be illegal, or invalid in whole or in part, the validity of the remaining provisions shall not be affected, and the parties' rights and obligations shall be construed and enforced as if the Franchise did not contain the particular invalid provision.

4.12 Dispute Resolution.

A. The Parties recognize that cooperation and communication are essential to resolving issues quickly and efficiently. If any dispute arises in regard to the terms or conditions of this Franchise, the Parties shall meet and engage in good faith discussions with the objective of settling the dispute within ten (10) days after either Party requests such a meeting. If the Parties cannot resolve the dispute within such ten (10) day period, the Parties will, upon the written request of either Party,



seek to resolve the dispute in accordance with the following dispute resolution process:

Level One – A representative from Grantee and the County's Public Works Director shall meet to discuss and attempt to resolve the dispute in a timely manner. If these representatives cannot resolve the dispute within fourteen (14) calendar days after referral of the dispute to Level One, either Party may by written notice to the other Party refer the dispute to Level Two.

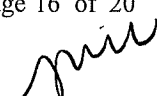
Level Two – In the event either Party properly refers the dispute to Level Two, the Parties shall refer the dispute to mediation using a mediator mutually agreeable to the parties. If the parties cannot resolve the dispute through mediation within fourteen (14) calendar days after referral of the dispute to Level Two, either Party may seek resolution of the dispute through litigation or other judicial proceedings in a court of competent jurisdiction.

B. Notwithstanding Section 4.12.A or any other provision of this Franchise to the contrary, if a dispute is related to either Party's obligations under this Franchise with respect to the relocation, removal, decommissioning or abandonment of Grantee's Facilities within the County Rights-of-Way or other action required to be taken by a Party under this Franchise, the dispute resolution process shall not relieve either Party of the obligation to promptly comply with the Franchise requirement. In such event, however, each Party reserves and will be deemed to have reserved all rights in connection with the dispute notwithstanding such continued performance, and the dispute process may proceed to determine responsibility for payment of the costs of compliance. Further, with respect to any dispute arising under this Franchise, either Party may commence litigation or other judicial proceedings within thirty (30) days prior to the date after which the commencement of litigation could be barred by any applicable statute of limitations or other law, rule, regulation, or order of similar import or in order to request injunctive or other equitable relief necessary to prevent irreparable harm. In such event, the Parties will (except as may be prohibited by judicial order) nevertheless continue to follow the procedures set forth in this Section 4.12.

4.13 Remedies. All remedies and penalties under this Franchise, including termination of this Franchise, are cumulative, and the recovery or enforcement of one is not a bar to the recovery or enforcement of any other such remedy or penalty. The remedies and penalties contained in this Franchise, including termination of this Franchise, are not exclusive, and the each party reserves the right to enforce the provisions of any ordinance or resolution and to avail itself of any and all remedies available at law or in equity.

4.14 Nonwaiver of Rights. The County and Grantee agree that the excuse or forgiveness of performance, or waiver of any provision(s) of this Franchise does not constitute a waiver of such provision(s) or future performance, or prejudice the right of the waiving party to enforce any of the provisions of this Franchise at a subsequent time.

4.15 Force Majeure. If Grantee is prevented or delayed in the performance of any of its obligations under this Franchise by reason of a Force Majeure (as defined below), then Grantee's performance shall be excused during a Force Majeure occurrence; provided, however, that all of



Grantee's obligations under this Franchise shall be immediately reinstated upon the termination or removal of the Force Majeure occurrence. Upon removal or termination of the Force Majeure occurrence, Grantee shall promptly perform its obligations in an orderly and expedited manner using industry accepted best practices, including any obligations of Grantee under this Franchise to repair or restore damage caused by Grantee's Facilities during the Force Majeure occurrence. As used in this Franchise, the term "Force Majeure" means any event or circumstance (or combination thereof) and the continuing effects of any such event or circumstance (whether or not such event or circumstance was foreseeable or foreseen) that delays or prevents performance by Grantee of any of its obligations under this Franchise, but only to the extent that and for so long as the event or circumstance is beyond the reasonable control of Grantee, in spite of its skill, diligence and good faith, and shall include, without limitation, all of the following: (1) acts of nature, including volcanic eruption, landslide, earthquake, flood, lightning, tornado or other unusually severe storm or environmental conditions, perils of the sea, wildfire or any other natural disaster; (2) acts of public enemies, armed conflicts, act of foreign enemy, acts of terrorism (whether domestic or foreign, state-sponsored or otherwise), war (whether declared or undeclared), blockade, insurrection, riot, civil disturbance, revolution or sabotage; and (3) accidents or other casualty, damage, loss or delay during transportation, explosions, fire, epidemics, quarantine or criminal acts.

4.16 Regulatory Requirements. This Franchise is subject to all regulatory requirements of any federal or state agency having jurisdiction the Grantee or its Facilities and/or operations. In the event of any irreconcilable conflict or inconsistency between the provisions of this Franchise and such regulatory requirements, the regulatory requirements will govern and control.

4.17 Choice of Law. This Franchise has been and shall be construed as having been made and delivered within the State of Washington, and it is agreed by each party hereto that this Franchise shall be governed by the laws of the State of Washington, both as to its interpretation and performance.

4.18 Jurisdiction. Any action at law, suit in equity, or judicial proceeding arising out of this Franchise shall be instituted and maintained only in any of the courts of competent jurisdiction in Lewis County, Washington.

4.19 Context. When consistent 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.

4.20 Entire Agreement. The parties agree that this Franchise is the complete expression of the terms and conditions hereunder, and supersedes all prior agreements or proposals except as specifically set forth herein. Any oral or written representations or understandings not incorporated herein are specifically excluded. This Franchise is executed in duplicate originals and executed by the persons signing below who warrant that they have the authority to execute this Franchise.

4.21 Familiarity with Franchise. The Grantee acknowledges and warrants by acceptance of the rights, privileges and agreements granted herein, that it has carefully read and fully comprehends the terms and conditions of this Franchise and is willing to and does accept all lawful



and reasonable risks of the meaning of the provisions, terms and conditions herein.

RESOLUTION NO. _____
NONEXCLUSIVE FRANCHISE

Page 18 of 20

A handwritten signature in black ink, consisting of a stylized 'M' followed by a flourish.

DONE IN OPEN SESSION this _____ day of _____, _____.

ACCEPTANCE:

BOARD OF COUNTY COMMISSIONERS
Lewis County, Washington

Puget Sound Energy
Grantee

By: [Signature]
(Authorized Signatory & Representative)

Scott J. Brummer, Chair

Its: Janet Kelly
Director of Government and Community Affairs

Lindsey R. Pollock, DVM, Vice Chair

ATTEST:

Sean D. Swope, Commissioner

Clerk of the Board

APPROVED AS TO FORM:
Jonathan L. Meyer, Prosecuting Attorney

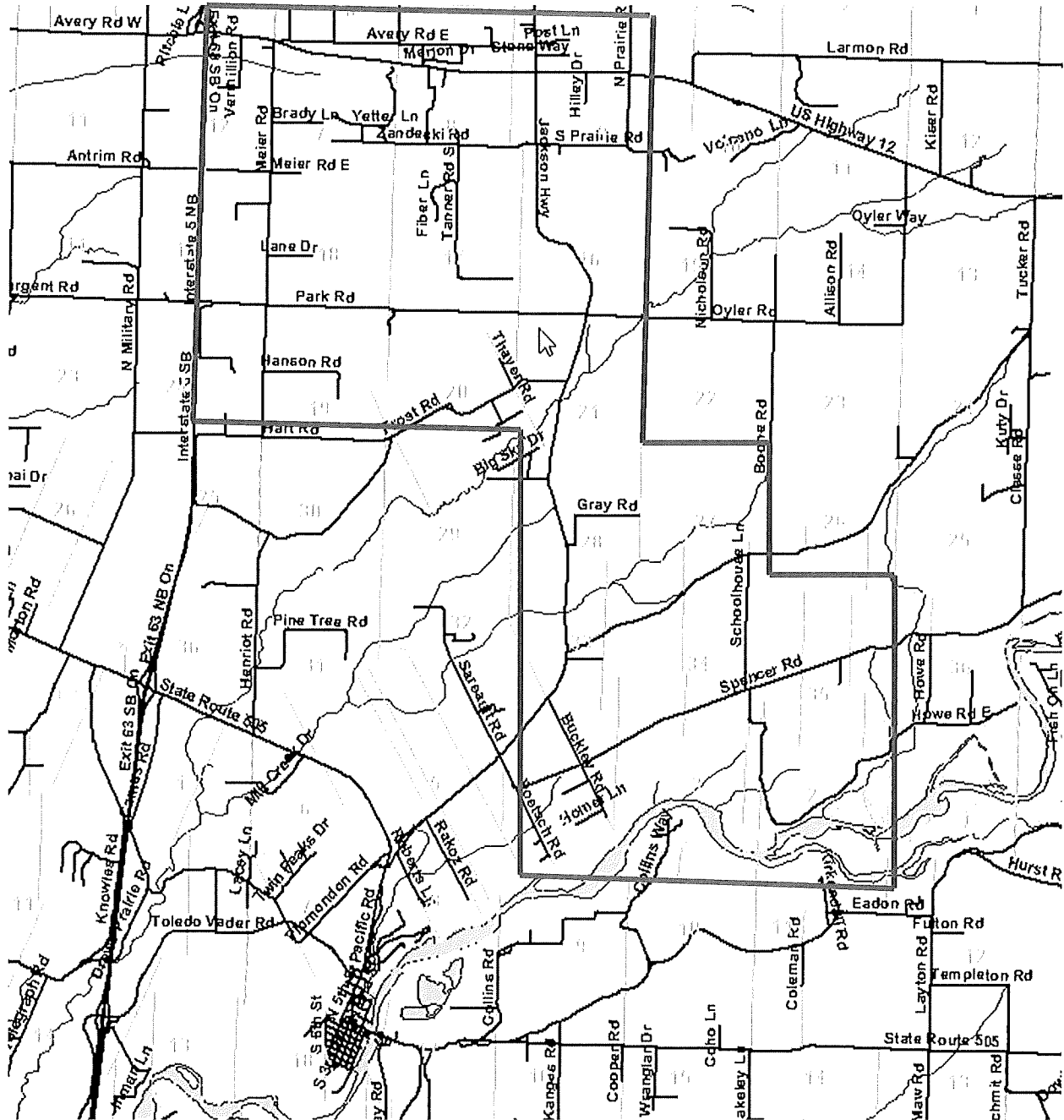
By: _____
Civil Deputy

RESOLUTION NO. _____
NONEXCLUSIVE FRANCHISE

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[Signature]

EXHIBIT A



RESOLUTION NO. _____
NONEXCLUSIVE FRANCHISE

[Handwritten signature]