



WASHOE COUNTY

"Dedicated To Excellence in Public Service"

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CM/ACM KS
Finance DN
DA ✓
Risk Mgt. DC
Treasurer TD
Comptroller MS

STAFF REPORT

BOARD MEETING DATE: August 25, 2015

DATE: June 10, 2015

TO: Board of County Commissioners

FROM: Dave Solaro, Arch., P.E., Director
Community Services Department, 328-3600, dsolaro@washoecounty.us

THROUGH: Kevin Schiller, Assistant County Manager

SUBJECT: Continued Public Hearing and possible action:

- 1) To consider an application by Southwest Gas Corporation for a non-exclusive franchise agreement to provide natural and other gas service to portions of Washoe County, including any objections on the matter;
- 2) If determined to be in the best interests of the residents of Washoe County, to approve a Franchise Agreement between Southwest Gas Corporation and the County of Washoe, retroactive to May 1, 2015, effective through April 30, 2040, fixing the terms and prescribing the conditions pursuant to which the franchise is to be granted, the character or kinds of service to be rendered, the maximum rates to be charged for the service, and such other matters as may be properly connected therewith;
- 3) If the Franchise Agreement is approved, to adopt a Resolution Authorizing and Approving the Issuance of a Non-Exclusive Franchise to Southwest Gas Corporation to Supply Natural Gas to Portions of Washoe County, Nevada; and
- 4) If the Franchise Agreement is approved, to approve an associated Agreement to Pay Annually to Washoe County 2% of the franchisee's Net Profits under the franchise for the Benefit of the County School District Fund of Washoe County, State of Nevada. (All Commission Districts.)

SUMMARY

This public hearing was set pursuant to an application submitted by Southwest Gas Corporation to provide natural gas service to portions of Washoe County. On June 9, 2015, the Board of County Commissioners (Board) directed the Washoe County Clerk to cause notice of the public hearing to be held July 14, 2015, at which time all objections to the granting of such franchise shall be presented to the Board. On July 14, 2015, the Board continued this matter to August 11, 2015 by consent of the parties; and on August 11, 2015, the Board continued this matter to August 25, 2015 by consent of the parties in order to provide time to review the agreements submitted by Southwest Gas.

Pursuant to NRS 709.070, notice of this hearing was duly advertised in the Reno Gazette Journal for four consecutive weeks beginning June 12, 2015 and concluding on July 3,

AGENDA ITEM # 14

2015. In addition, Notice of this hearing was posted in three public places at least 10 days prior to this hearing.

Washoe County Strategic Objective supported by this item: Stewardship of our community.

PREVIOUS ACTION

On March 27, 1990, the Board caused notice to be published and posted of an application from Southwest Gas Corporation for a Franchise Agreement to provide natural gas service to portions of Washoe County.

On May 22, 1990, the Board held a public hearing to consider the application by Southwest Gas Corporation, and issued a franchise agreement. A copy of the prior franchise agreement has been attached for your reference.

On June 9, 2015, the Board directed the Washoe County Clerk to cause notice to be published and to post an application by Southwest Gas Corporation for a Franchise Agreement to provide natural gas service to portions of Washoe County and to set the date for a hearing on the application to include any objections for July 14, 2015.

On July 14, 2015, the Board held a public hearing to consider the application by Southwest Gas Corporation and directed the matter be continued to August 11, 2015.

On August 11, 2015 the Board continued this matter to August 25, 2015 by consent of the parties in order to provide time to review the agreements submitted by Southwest Gas.

BACKGROUND

The power to grant franchise agreements by the Board is contained within the Nevada Revised Statutes (NRS) 709.050 to 709.170 and requires the Board to cause notice of the application upon receipt. The Community Services Department received the attached letter (application – See Attachment A) for franchise agreement from Southwest Gas Corporation. The process for granting a franchise agreement has distinct steps, the first of which is to cause notice of the application and set a public hearing. The notice must contain pertinent information about the application and explain the process for making objections. The notice must be published once each week for a total of four consecutive weeks in a general circulation newspaper in the county, in this case the Reno Gazette Journal. The notice must also be posted in three public locations in the county at least 10 days prior to the application hearing, and the County Clerk will prove that notice was given at the meeting when the application hearing occurs and will make that a part of the record. Attachment B is the public notice prepared for this application from Southwest Gas Corporation.

The primary goals of the hearing are for the commission to hear objections, if any, to the granting of the franchise, and to determine if granting the franchise is in the best interests of the residents of the county. If granted, a franchise must fix the terms and prescribe the conditions pursuant to which the franchise is to be granted, the character or kinds of service to be rendered, the maximum rates to be charged for the service, and other matters properly connected therewith.

Currently Southwest Gas Corporation is operating within Washoe County under a 25 year franchise which expired. Due to timing required under NRS chapter 709, the current franchise if approved by the Board is to be effective retroactive to May 1, 2015 and through April 30, 2040.

Like its predecessor agreement, the new proposed agreement would also be effective for a period of 25 years. This is the maximum term allowed by statute (NRS 709.060). The actual length of the franchise is a matter within the discretion of the county commission.

FISCAL IMPACT

Per NRS 709.070, the cost of the publication for the public hearing, approximately \$480, is born by the applicant.

Per Section 5 of the Franchise Agreement, in lieu of any license fees, permit fees or other fees, the amount of the franchise fee paid by Grantee, shall be two percent of the gross revenue from the sale and/or delivery of gas by Grantee. Typically, the franchise fee is passed along to end users as an item in their bills. The proposed agreement sets the franchise fee amount at 2%. While Nevada law does not set the actual amount of the franchise fee, it does impose an overall limit, which is 5% of the gross revenue of the franchisee that is derived from operations within the jurisdiction of the franchise. NRS 354.59883(3)(b)(1). Besides the 5% limit, the amount of the franchise fee is within the discretion of the county commission.

In addition to the franchise fee, per NRS 709.110, every applicant for a franchise for any of the purposes mentioned in NRS 709.050 shall, within 10 days after such franchise is granted, file with the county recorder of such county an agreement properly executed by the grantee of such franchise, right or privilege to pay annually on the first Monday of July of each year to the county treasurer of the county wherein such franchise, right or privilege is to be exercised, for the benefit of the county school district fund, 2 percent of the net profits made by such grantee in the operation of any public utility for which such franchise is granted.

Note: the proposed franchise agreement contemplates satisfaction of this obligation by having the county deduct 2% of the net profits from the annual franchise fee and then passing that along to the school district fund. Accordingly, under the proposed franchise agreement, the difference each year between 2% of the gross revenue of franchise and 2% of the net profits of the franchisee would be kept by the county, presumably in its general fund.

RECOMMENDATION

It is recommended that the Commission hold a public hearing and take the following possible action:

- 1) Consider an application by Southwest Gas Corporation for a non-exclusive franchise agreement to provide natural and other gas service to portions of Washoe County, including any objections on the matter;
- 2) If determined to be in the best interests of the residents of Washoe County, approve a Franchise Agreement between Southwest Gas Corporation and the County of Washoe, retroactive to May 1, 2015, effective through April 30, 2040, fixing the terms and prescribing the conditions pursuant to which the franchise is to be granted, the character or kinds of service to be rendered, the maximum rates to be charged for the service, and such other matters as may be properly connected therewith;
- 3) If the Franchise Agreement is approved, adopt a Resolution Authorizing and Approving the Issuance of a Non-Exclusive Franchise to Southwest Gas Corporation to Supply Natural Gas to Portions of Washoe County, Nevada; and

- 4) If the Franchise Agreement is approved, approve an associated Agreement to Pay Annually to Washoe County 2% of the franchisee's Net Profits under the franchise for the Benefit of the County School District Fund of Washoe County, State of Nevada.

POSSIBLE MOTION

Should the Board agree with staff's recommendation and determine after the public hearing on the matter that it is in the best interests of the residents of Washoe County, a possible motion would be: "Move to:

- 1) Approve a Franchise Agreement between Southwest Gas Corporation and the County of Washoe, retroactive to May 1, 2015, effective through April 30, 2040, to provide natural and other gas to portions of Washoe County, according to the terms and the conditions specified as a result of the hearing, including the character or kinds of service to be rendered, the maximum rates to be charged for the service, and such other matters as may be properly connected therewith specified;
- 2) Adopt a Resolution Authorizing and Approving the Issuance of a Non-Exclusive Franchise to Southwest Gas Corporation to Supply Natural Gas to Portions of Washoe County, Nevada, pursuant to the Franchise Agreement; and
- 3) Approve an associated Agreement to Pay Annually to Washoe County 2% of the franchisee's Net Profits under the franchise for the Benefit of the County School District Fund of Washoe County, State of Nevada."

RECEIVED

APR 28 2015

OFFICE OF
C.S.D. ENGINEERING & CAPITAL PROJECTS



SOUTHWEST GAS CORPORATION

April 27, 2015

Washoe County
Attention: Dave Solaro
P.O. Box 11130
Reno, NV 89520

Re: Southwest Gas Corporation; Application for Renewal of Franchise

Dear Mr. Solaro:

Southwest Gas Corporation, a California corporation ("SWG"), is a public utility qualified to do business under the laws of the State of Nevada and qualified to transact business in Washoe County, Nevada (the "County"). SWG currently provides natural gas service in the County pursuant to the Franchise granted May 22, 1990 by the Washoe County Board of County Commissioners, which according to its terms expires on May 22, 2015.

In accordance with NRS 709.050 through 709.170, and to permit the uninterrupted service and distribution of natural gas in Washoe County, SWG respectfully requests the renewal of its franchise from the County to maintain, use, operate, install, construct, repair and replace its gas system of mains, pipelines and conduits, together with all appurtenances and facilities, within all present and future public rights-of-way of the County, including all streets, roads, highways, bridges, public utility easements and public places in the County. SWG requests that the franchise be granted for a term of twenty-five (25) years commencing on or before May 22, 2015.

Enclosed for your reference is a plat generally depicting the present locations of SWG's facilities within the County public rights-of-way (subject to change as long as within County public rights-of-way). Also enclosed for your consideration is a proposed Franchise Agreement between the County and SWG. We respectfully request that this application be set for hearing at the Board's next regular meeting or as soon as possible thereafter.

If you have any questions, or need any additional information, please do not hesitate to contact me at (775) 887-2855.

Sincerely,

Davis Flaten

cc: Carla Kolebuck
Russ Siegman
Greg Davis

400 Eagle Station Lane / Carson City, Nevada 89701-8401
P.O. Box 1190 / Carson City, Nevada 89702-1190 / (775) 882-2126

www.swgas.com

6,777-8600-6020

Attachment B

NOTICE OF FILING

NOTICE IS HEREBY GIVEN that the Board of County Commissioners of Washoe County, Nevada, will hold a public hearing at the County Commission Chambers, Washoe County Administration Complex, 1001 East Ninth Street, Building A, in Reno, Washoe County, Nevada on Tuesday, July 14, 2015, for the purpose of consideration of an application filed by South West Gas Corporation for Franchise Agreement with Washoe County.

Southwest Gas Corporation has filed an application with the Board of County Commissioners of Washoe County, Nevada for a franchise permitting the said applicant to construct, install, operate and maintain pipes and appurtenances for the purpose of conveying and distributing natural gas, and all necessary or proper appliances used in connection therewith, or appurtenant thereto, on or over the streets, alleys, avenues and other public places, and along the public roads and highways (except state highways and except within the present confines of any incorporated city or town) within the boundaries of Washoe County, Nevada, excluding therefrom all areas of any incorporated city, as more fully set forth in the application of Southwest Gas Corporation on file in the Washoe County Clerk's office.

Any and all interested parties are hereby notified that on the 14th day of July 2015, a public hearing will be conducted in the Commissioner's Chambers, first floor, Washoe County Administrative Building, A, located at 1001 East Ninth Street, Reno, Washoe County, Nevada commencing at 10:00 A.M. to hear any objections any person may have to the granting of said franchise, right or privilege. Objectors are notified that their objections must be filed in writing with the County Clerk prior to said date, or objectors may appear at the meeting and present their objections at the meeting at that time.

DATED: June 10, 2015

NANCY PARENT, Washoe County Clerk and
Clerk of the Board of County Commissioners

Legal Desk
Reno Gazette-Journal

Please publish Notice of Public Hearing in the Reno Gazette-Journal FOUR TIMES, once on Friday, June 12th, once on Friday, June 19th, once on June 26th, and once on July 3rd, 2015 and furnish proof of publication to the:

County Clerk's Office
Post Office Box 11130,
Reno, NV 89520-1130.

Attachment C

WASHOE COUNTY

NON-EXCLUSIVE FRANCHISE

THIS NON-EXCLUSIVE FRANCHISE, granted this 22nd day of May, 1990 by the Board of County Commissioners, Washoe County, State of Nevada, to Southwest Gas Corporation, a California corporation.

WITNESSETH:

WHEREAS, Southwest Gas Corporation, a California corporation on the 2nd day of February, 1990, filed with the Board of County Commissioners of Washoe County, Nevada a written application for a non-exclusive franchise for the term of twenty-five (25) years, for the purpose of installing, maintaining, and using pipes and appurtenances that are in Washoe County, Nevada hereinafter described for conveying and distributing natural gas to the public for any and all lawful purposes; and

WHEREAS, upon filing of said petition, the Board of County Commissioners of Washoe County, Nevada did order that public notice of the intention of said Board to make such grant be given by publishing a notice in the Reno Gazette Journal, a newspaper of general circulation, published in Washoe County, Nevada setting the time and place for the consideration of granting said Franchise and posted in three (3) public places nearest where the application will take effect.

WHEREAS, said application coming on regularly for hearing the 27th day of March, 1990 and it appeared by the Affidavit of an employee of said newspaper that due and legal notice of said time and place set for the consideration of such action had been published for at least once a week for four (4)

roads, ways and places as the same now or may hereafter exist within the county, including state highways now or hereafter established within the County to whatever extent, if any, Washoe County, Nevada may have jurisdiction to authorize the use of same for the purpose herein specified, but excluding all public highways, streets, roads, ways and places within the confines of any presently incorporated municipality;

(e) The phrase "pipes and appurtenances" shall mean pipes, pipelines, mains, services, traps, vents, vaults manholes, meters, gauges, regulators, valves, conduits, appliances, attachments, appurtenances, and without limitation to the foregoing, any other property located or to be located in, upon, along, across, under, or over the public roads within Washoe County, Nevada and used or useful in conveying and/or distributing natural gas;

(f) The phrase "installing, maintaining, and using" shall mean to lay, construct, erect, install, operate, maintain, use, repair, or replace.

SECTION 2: A non-exclusive Franchise for installing, maintaining, and using pipes and appurtenances in so many and in such parts of the public roads and other public places of the County as the Grantee may from time to time elect to use for the purpose of conveying and distributing natural gas to the public for any and all purposes, is hereby granted by the County to the Grantee, for a term of twenty-five (25) years, in the portion of Washoe County described in Exhibit "A", attached hereto, showing the natural gas service area and amendments thereto approved by the Public Service Commission of Nevada.

SECTION 3: The term of the Franchise shall commence with the effective date hereof and continue and remain in full force and effect for a term not to exceed twenty-five (25) years or until such time as: 1) the Grantee shall surrender or abandon same; or 2) the Franchise shall be forfeited for non-compliance by the possessor thereof with its terms or with such reasonable restrictions, limitations and regulations as the Board of County Commissioners may from time to time impose; or 3) or the State of Nevada, the County or other public corporation, duly authorized, purchases by voluntary agreement or condemns and takes under the power of eminent domain in accordance with then-existing law all property actually used and useful in the existence of said franchise situate within the unincorporated area of the County; or 4) until the Grantee shall permit its corporate existence to expire without renewal, whichever of the foregoing shall first occur. In the event the Franchise Agreement is forfeited by Grantee, a new franchise agreement may be negotiated. Grantor retains the right to negotiate with any third party for purposes of granting a non-exclusive Franchise.

SECTION 4: All pipes and appurtenances and other buried facilities which shall be laid and used under and pursuant to the provisions of this Franchise in the exercise hereof shall be installed, constructed and maintained in a good and workman-like manner and shall be maintained in compliance with all valid laws, regulations and ordinances from time to time in force, and upon such terms as may be provided by the Board of County

Commissioners, which are not inconsistent with or more restrictive than laws, ordinances or regulations of the State of Nevada. Unless rocky soil conditions otherwise prevent, all installations of new pipe and replacement pipe of existing pipe shall be in accordance with Department of Transportation regulations now in effect or hereinafter implemented. Prior to the construction, extension, relocations, or any other laying or using of pipes and appurtenances pursuant to this Franchise, Grantee shall apply to the Washoe County Engineer for a permit. The Washoe County Engineer may, in the granting of such permits, place conditions thereon as he may deem reasonably necessary to prevent undue interference with public access and to ensure replacement of public roads in good condition. The Washoe County Engineer may not unreasonably withhold or delay the granting of such permits. When it reasonably appears Grantee is unwilling or unable to perform the conditions contained in a permit, the Washoe County Engineer may require Grantee to enter into an undertaking with a Surety duly authorized to do business in the County of Washoe, State of Nevada to ensure faithful performance of the conditions contained in such permit.

Grantee hereby holds Grantor harmless for any damage caused to any third person as a result of the negligent installation, operation or maintenance of Grantee's pipes and appurtenances placed below the surface of any public road or roadway shoulder.

SECTION 5: Grantee shall promptly (but in no case later than thirty (30) days) after installing, maintaining and using

said pipes and appurtenances, or any part thereof, at its own cost and expense, replace said public roads, or so much thereof as may have been damaged thereto, in as good order and condition as that in which they were before being disturbed or excavated for the purpose of installing, maintaining and using said pipes and appurtenances or any part thereof.

SECTION 6: Grantee shall have the right of installing, maintaining and using any or all of such pipes and appurtenances from time to time as may be necessary and proper.

SECTION 7: Grantee shall relocate, after obtaining a permit, as hereinabove set forth in Section 4 of this Franchise, without expense to Washoe County, Nevada, any pipes and appurtenances thereto installed and then maintained or used under this Franchise if and when made necessary by any lawful change of grade, alignment, or width of any public road then existing by the County, including the construction of any subway or viaduct; provided, however, that this provision shall remain in effect only so long as such public road, subway, or viaduct shall remain under the jurisdiction of Washoe County, Nevada as a public road. Except in the case of a municipal corporation organized subsequent to the effective date hereof out of territory then being served by Grantee, this provision shall cease to be applicable to any public road if and when the County shall cease to have jurisdiction over and shall cease to be obligated to maintain such public road, and nothing contained in this section shall be construed as constituting a contractual obligation of the Grantee running to the authority assuming jurisdiction over or the obligation to

maintain such public roads. This Section shall not be construed to prohibit or restrict payment by the State of Nevada to Grantee for relocation of Grantee's facilities pursuant to state law.

SECTION 8: The Board of County Commissioners of Washoe County, Nevada may, at any time hereafter, impose pursuant to law such restrictions and limitations in addition to those incorporated herein as to the use by Grantee of the public roads as said Board deems to be reasonably necessary for the public safety and welfare. When there exists a specific, objectively identifiable safety need, the Board of County Commissioners may adopt restrictions and/or limitations more restrictive than those imposed by State or Federal law governing Grantee's operations as a distributor and wholesaler of natural gas when such safety needs cannot be otherwise met.

SECTION 9: In the event that any of the area or areas covered by this Franchise shall become incorporated cities or towns under the provisions of Nevada law, then this Franchise shall expire as to any such area or areas not later than one (1) year after the effective date of the incorporation thereof.

SECTION 10: Grantee, by its acceptance of this Franchise and as a condition thereof agrees for itself, its successors and assigns that throughout the entire term of this Franchise that it, its successors and assigns shall and do indemnify and hold harmless and defend the Board of County Commissioners of Washoe County, Nevada, and employees thereof from any and all suits, claims, damages and judgments ensuing from injury or death to persons and property including property of

Southwest Gas Corporation due to the placing, location and maintenance of said natural gas pipelines, mains, conduits and other property or appurtenances or any other acts performed by Grantee pursuant to this franchise within the area of "Washoe County".

SECTION 11: Grantee shall pay to the Treasurer of Washoe County, Nevada annually on the first Monday of July of each year, two percent (2%) of the net profit, if any, made by Grantee in its operation of natural gas pipes and appurtenances within Washoe County, Nevada, and execute and deliver to the county Recorder within ten (10) days after the granting of the franchise hereunder an agreement in writing agreeing to the provisions of Section 11 herein. For so long as the Grantee shall pay franchise fees in accordance with this Franchise, the payment of such franchise fees shall preclude the county from requiring the Grantee to obtain a business license for the sale of natural gas within the boundaries of Washoe County, Nevada, and to pay any business license fee, levy, or tax for the sale of natural gas within the County.

SECTION 12: Grantee shall file annually, on or before the first Monday in March of each year, with the Assessor of Washoe County, Nevada, an affidavit made by its president and secretary setting forth the gross receipts and expenses and the net proceeds, if any, derived from the operation of the company business as a public utility in Washoe County, Nevada, for the preceeding calendar year.

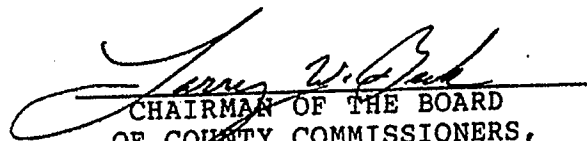
SECTION 13: Grantee has received a Certificate of

Public Convenience and Necessity from the Public Service Commission of Nevada. Grantee shall comply with all the rates, rules, tariffs and regulations prescribed by the Public Service Commission of Nevada with regard to the Certificate of Grantee with the Public Service Commission of Nevada.

Section 14: This franchise is granted under and pursuant to the provisions of the laws of the State of Nevada pertaining to the granting of franchises; i.e., NRS 709.050 through NRS 709.170.

Section 15: Grantee agrees to utilize best efforts to provide information regarding the existence and location of all underground pipes and appurtenances owned by Grantee in existence below or near any public road, drainage ditch or drainage culvert, owned by Grantor, in accordance with the Nevada Revised Statutes. In the event Grantor needs such information on an emergency or priority basis, Grantee shall use best efforts to physically locate lines or to provide verbal line locations from Grantee's records within such time periods as Grantor may request.

DATED this 22nd day of May, 1990, which shall be the effective date hereof.


CHAIRMAN OF THE BOARD
OF COUNTY COMMISSIONERS,
WASHOE COUNTY, NEVADA

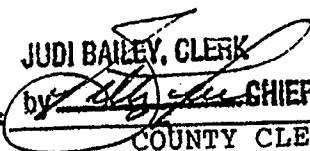
JUDI BAILEY, CLERK
ATTEST:  CHIEF DEPUTY
COUNTY CLERK

EXHIBIT "A" FOR WASHOE COUNTY

Beginning at a point in the County of Washoe, State of Nevada, said point being the intersection of the California-Nevada state line with the South line of T18N;

Thence, Northerly 24 miles more or less along the state line to the North of T21N;

Thence, Easterly 11 miles more or less along the North line of T21N to the Northeast corner of T21N, R19E;

Thence, Southerly 6 miles more or less along the East line of T21N, R19E to the Southeast corner thereof;

Thence, Easterly 2 miles more or less along the North line of T20N to the Northeast corner of Section 5, T20N, R20E;

Thence, Southerly 4 miles more or less along the East line of Sections 5, 8, 17 and 20, T20N, R20E, to the Southeast corner of said Section 20;

Thence, Easterly 2 miles more or less along the North line of Sections 28 and 27, T20N, R20E, to the Northeast corner of said Section 27;

Thence, Northerly 1 mile more or less along the West line of Section 23, T20N, R20E, to the Northwest corner of said Section 23;

Thence, Easterly 2 miles more or less along the North line of Sections 23 and 24, T20N, R20E, to the Northeast corner of said Section 24;

Thence, Northerly 3 miles more or less along the West line of Sections 18, 7 and 6, T20N, R21E, to the Northwest corner of said Section 6;

Thence, Easterly 10 miles more or less along the North line of T20N to the Northeast corner of Section 3, T20N, R22E;

Thence, Southerly along the East line of Sections 3, 10, 15, 22 and 27 of T20N, R22E, to the Washoe-Storey County line;

Thence, continuing Southerly along the East line of Sections 27 and 34, T20N, R22E, to the Southeast corner of said Section 34;

Thence, Easterly 2 miles more or less along the South line of Sections 35 and 36, T20N, R22E, to the Southeast corner of said Section 36, said corner also being the Northeast corner of T19N, R22E;

Thence, Southerly 12 miles more or less along the East line of R22E to the Southeast corner of T18N, R22E;

Thence, Westerly 12 miles more or less along the South line of T18N to the Washoe-Storey County line;

Thence, continuing Westerly along the South line of T18N 17 1/2 miles more or less to the point of beginning.

File

NOTICE OF FILING APPLICATION

SOUTHWEST GAS CORPORATION has filed an application with the Board of County Commissioners of Washoe County, Nevada for a franchise permitting the said applicant to construct, install, operate and maintain pipes and appurtenances for the purpose of conveying and distributing natural gas, and all necessary or proper appliances used in connection therewith, or appurtenant thereto, on or over the streets, alleys, avenues and other public places, and along the public roads and highways (except state highways and except within the present confines of any incorporated City or town) within the boundaries of Washoe County, Nevada, excluding therefrom all areas of any incorporated city, as more fully set forth in the application of SOUTHWEST GAS CORPORATION on file in the Washoe County Clerk's office.

Any and all interested parties are hereby notified that on the 27th day of March, 1990 a public hearing will be conducted in the Commissioner's Chambers, First Floor, Washoe County Administrative Building, located at 1001 East Ninth Street, Reno, Washoe County, Nevada, commencing at 9:30 A.M. to hear any objections any person may have to the granting of said franchise, right or privilege. Objectors are notified that their objections must be filed

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[Handwritten signature]

in writing with the County Clerk prior to said date, or objectors may appear at the meeting and present their objections at the meeting at that time.

DATED: May 22, 1990.

BOARD OF COUNTY COMMISSIONERS,
WASHOE COUNTY, NEVADA

~~JUD BAILEY, CLERK~~

BY: ~~by [Signature]~~ CHIEF DEPUTY
COUNTY CLERK

Commissioners
BEFORE THE HONORABLE BOARD OF ~~SUPERVISORS~~
WASHOE COUNTY, STATE OF NEVADA

IN THE MATTER OF the Application)
of Southwest Gas Corporation)
for a Franchise to Supply Natural)
Gas to Washoe County, State of)
Nevada.)
_____)

APPLICATION FOR NON-EXCLUSIVE FRANCHISE

Southwest Gas Corporation (Southwest) a California corporation, respectfully represents to the Honorable Board of County Commissioners as follows:

I.

Southwest is a public utility qualified to do business in the State of Nevada, and is presently supplying natural gas service in two or more counties of the State of Nevada, to-wit: Washoe County, Clark, Churchill, Douglas, Elko, Eureka, Humboldt, Lander, Lyon, Mineral, Pershing, Storey, and Washoe.

II.

Southwest desires to obtain a franchise from the Honorable Board of County Commissioners, Washoe County, State of Nevada, permitting it to construct, install, operate, and maintain pipes and appurtenances for conveying and distributing natural gas in or over the streets, alleys, avenues, and other public places, and along the public roads and highways within the boundaries of Washoe County, more particularly described in Exhibit "A" attached hereto and incorporated herein by reference.

III.

That pursuant to NRS 709.060, Southwest respectfully requests that the term of the franchise be for twenty-five (25) years.

IV.

That so far as is known by Southwest, there are no unincorporated cities or towns being situate within the boundaries above described.

V.

That Southwest has obtained the necessary certificate of public convenience and necessity from the Public Service Commission of the State of Nevada to serve the area described above.

WHEREFORE, Southwest prays for an order of the Honorable Board of Supervisors of Washoe County, State of Nevada:

1. Setting the application for hearing at its next regular meeting.

2. Causing such notice to be given of the filing of this application and of the time set for the hearing as it may deem reasonable.

3. Granting the application and issuing a franchise to the Southwest for a term of twenty-five (25) years; and for such other and further relief as your Honorable Body deems just and proper under the circumstances.

This application is made pursuant to NRS 709.050 through 709.170, inclusive.

DATED: This 15th day of February, 1990.

SOUTHWEST GAS CORPORATION

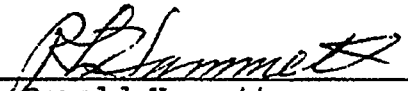
BY 
Ronald Hammett
Vice President/
Northern Nevada Division

EXHIBIT "A" FOR WASHOE COUNTY

Beginning at a point in the County of Washoe, State of Nevada, said point being the intersection of the California-Nevada state line with the South line of T18N;

Thence, Northerly 24 miles more or less along the state line to the North of T21N;

Thence, Easterly 11 miles more or less along the North line of T21N to the Northeast corner of T21N, R19E;

Thence, Southerly 6 miles more or less along the East line of T21N, R19E to the Southeast corner thereof;

Thence, Easterly 2 miles more or less along the North line of T20N to the Northeast corner of Section 5, T20N, R20E;

Thence, Southerly 4 miles more or less along the East line of Sections 5, 8, 17 and 20, T20N, R20E, to the Southeast corner of said Section 20;

Thence, Easterly 2 miles more or less along the North line of Sections 28 and 27, T20N, R20E, to the Northeast corner of said Section 27;

Thence, Northerly 1 mile more or less along the West line of Section 23, T20N, R20E, to the Northwest corner of said Section 23;

Thence, Easterly 2 miles more or less along the North line of Sections 23 and 24, T20N, R20E, to the Northeast corner of said Section 24;

Thence, Northerly 3 miles more or less along the West line of Sections 18, 7 and 6, T20N, R21E, to the Northwest corner of said Section 6;

Thence, Easterly 10 miles more or less along the North line of T20N to the Northeast corner of Section 3, T20N, R22E;

Thence, Southerly along the East line of Sections 3, 10, 15, 22 and 27 of T20N, R22E, to the Washoe-Storey County line;

Thence, continuing Southerly along the East line of Sections 27 and 34, T20N, R22E, to the Southeast corner of said Section 34;

Thence, Easterly 2 miles more or less along the South line of Sections 35 and 36, T20N, R22E, to the Southeast corner of said Section 36, said corner also being the Northeast corner of T19N, R22E;

Thence, Southerly 12 miles more or less along the East line of R22E to the Southeast corner of T18N, R22E;

Thence, Westerly 12 miles more or less along the South line of T18N to the Washoe-Storey County line;

Thence, continuing Westerly along the South line of T18N 17 1/2 miles more or less to the point of beginning.

RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS
WASHOE COUNTY, STATE OF NEVADA, AUTHORIZING
AND APPROVING THE ISSUANCE OF A NON-EXCLUSIVE
FRANCHISE TO SOUTHWEST GAS CORPORATION TO
SUPPLY NATURAL GAS TO PORTIONS OF
WASHOE COUNTY, NEVADA

BE IT RESOLVED that Southwest Gas Corporation, a California corporation, qualified to do business in the State of Nevada as a public utility, did on the 2nd day of February, 1990, file its application for a non-exclusive franchise to permit it to supply natural gas to a certain portion of Washoe County, Nevada more particularly described in Exhibit "A" attached hereto.

AND WHEREAS, upon receipt of said application the Board of County Commissioners of Washoe County, State of Nevada, caused a notice of said application and a notice of hearing upon said application to be published in the Reno Gazette Journal, a newspaper of general circulation in Washoe County, Nevada, setting said hearing upon said application on March 27, 1990, and at the same time ^{posted} in the following places located within Washoe County, Nevada; to-wit: Library, Clerk's Office - Courthouse, and Sparks Justice Court.

AND WHEREAS, on the 2nd day of May, 1990, the matter was heard by the Board of County Commissioners of Washoe County, Nevada, and at which time no protests were filed to the granting of said application.

AND WHEREAS, the Board of County Commissioners of Washoe County, Nevada, is satisfied that all of the legal requirements as required by the Nevada Revised Statutes have been complied with, that proper notice has been given upon said application, and that no protests were filed to the granting of said application.

AND WHEREAS, the granting of said application would be in the public interest.

NOW THEREFORE, the Board of County Commissioners of Washoe County, Nevada does hereby approve the granting of said application and does hereby authorize and direct the Clerk of Washoe County, Nevada, to issue a non-exclusive franchise upon the terms and conditions as contained in the Nevada Revised Statutes and as are more fully set forth in that certain Grant of Franchise attached hereto.

IT IS FURTHER ORDERED that the granting of said franchise shall be conditioned upon Southwest Gas Corporation executing and delivering to the County Recorder within ten (10) days after the date hereof, an agreement to pay annually, on the first Monday of July of each year, to the County Treasurer of Washoe County, Nevada, for the benefit of the County School District Fund, two percent (2%) of the net profits made by Southwest Gas Corporation in the operation of such natural gas lines within Washoe County, Nevada as described above, in lieu of all general business fees which would be imposed for Southwest Gas Corporation by the Board of County Commissioners of Washoe County, Nevada during the term of such franchise.

The motion to adopt the above resolution was made by County Commissioner *Gene McDowell* and seconded by County Commissioner *Nianne L. Cornwall*, and the vote on said motion is as follows:

Those voting "aye": *Beck, Cornwall, Lillard, McDowell & Reid*

Those absent: *None*

DATED this 22nd day of Aug, 1990.

James W. Dub
CHAIRMAN

James L. Galland
COUNTY COMMISSIONER

Gene Reid
COUNTY COMMISSIONER

Howard S. Conwell
COUNTY COMMISSIONER

Howard S. Conwell
COUNTY COMMISSIONER

ATTEST:

JUDI BAILEY, CLERK
By [Signature] CHIEF DEPUTY
COUNTY CLERK

EXHIBIT "A" FOR WASHOE COUNTY

Beginning at a point in the County of Washoe, State of Nevada, said point being the intersection of the California-Nevada state line with the South line of T18N;

Thence, Northerly 24 miles more or less along the state line to the North of T21N;

Thence, Easterly 11 miles more or less along the North line of T21N to the Northeast corner of T21N, R19E;

Thence, Southerly 6 miles more or less along the East line of T21N, R19E to the Southeast corner thereof;

Thence, Easterly 2 miles more or less along the North line of T20N to the Northeast corner of Section 5, T20N, R20E;

Thence, Southerly 4 miles more or less along the East line of Sections 5, 8, 17 and 20, T20N, R20E, to the Southeast corner of said Section 20;

Thence, Easterly 2 miles more or less along the North line of Sections 28 and 27, T20N, R20E, to the Northeast corner of said Section 27;

Thence, Northerly 1 mile more or less along the West line of Section 23, T20N, R20E, to the Northwest corner of said Section 23;

Thence, Easterly 2 miles more or less along the North line of Sections 23 and 24, T20N, R20E, to the Northeast corner of said Section 24;

Thence, Northerly 3 miles more or less along the West line of Sections 18, 7 and 6, T20N, R21E, to the Northwest corner of said Section 6;

Thence, Easterly 10 miles more or less along the North line of T20N to the Northeast corner of Section 3, T20N, R22E;

Thence, Southerly along the East line of Sections 3, 10, 15, 22 and 27 of T20N, R22E, to the Washoe-Storey County line;

Thence, continuing Southerly along the East line of Sections 27 and 34, T20N, R22E, to the Southeast corner of said Section 34;

Thence, Easterly 2 miles more or less along the South line of Sections 35 and 36, T20N, R22E, to the Southeast corner of said Section 36, said corner also being the Northeast corner of T19N, R22E;

Thence, Southerly 12 miles more or less along the East line of R22E to the Southeast corner of T18N, R22E;

Thence, Westerly 12 miles more or less along the South line of T18N to the Washoe-Storey County line;

Thence, continuing Westerly along the South line of T18N 17 1/2 miles more or less to the point of beginning.

AGREEMENT TO PAY ANNUALLY 2% OF THE
NET PROFITS FOR THE BENEFIT OF THE
COUNTY SCHOOL DISTRICT FUND OF THE
WASHOE COUNTY, STATE OF NEVADA

THIS AGREEMENT entered into this 22nd day of May,
1990, by and between Southwest Gas Corporation, a California
corporation, hereinafter referred to as "Grantee", and THE BOARD
OF COUNTY COMMISSIONERS OF WASHOE COUNTY, NEVADA, hereinafter
referred to as "Grantor".

WITNESSETH:

That the Grantee has heretofore made application for a
franchise for the operation of natural gas mains within the ~~unincorporated~~
area of Washoe County more fully described in said petition filed with the County
Clerk of the County of Washoe, on the 2nd day
of February, 1990; and

WHEREAS the said Grantor on the 22nd day of May,
1990, and continuing thereafter for a period of twenty-five (25)
years; and

WHEREAS, as a condition to the effective grant of said
franchise, as required by Nevada Revised Statute 709.110, the
grantee does hereby agree to pay to the County of Washoe, State of
Nevada, for the benefit of the County School District Fund, two
percent (2%) of the net profits made by such grantee in its
operation of natural gas pipes within said County during the term
that the said franchise is in full force and effect.

The Grantee further agrees to pay said amounts on the first
Monday of July of each year during the existence of said franchise

and that it will accompany said payment with an affidavit setting forth in the amount of gross revenues obtained within said County, together with the proper allocated gross expenses within said County and determining therefrom the net proceeds upon which tax is applicable.

IN WITNESS WHEREOF of the grantee has caused this agreement to be duly executed by its officers thereunto duly authorized, and the corporation seal to be affixed, the day and year first written above.

SOUTHWEST GAS CORPORATION

By R. L. Hammett

Title: v. p.

STATE OF NEVADA)
 Carson City) SS.
COUNTY OF ~~WASHOE COUNTY~~)

On February 15, 1990, personally appeared before me, a notary public, R. L. Hammett, personally known (or proved) to me to be the person whose name is subscribed to the above instrument who acknowledged that he executed the instrument.



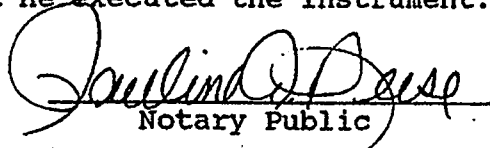
C. F. Jagoda
Notary Public

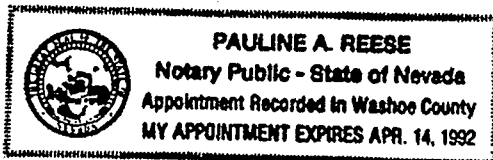
Approved by the Board of Commissioners of Washoe County this 22nd day of May, 1990.

By Larry W. Beck
Larry W. Beck, Chairman,
Board of County Commissioners

STATE OF NEVADA)
) SS.
COUNTY OF WASHOE COUNTY)

On May 22, 1990, personally appeared before me, Pauline Reese, a Notary Public in and for Washoe County, Larry W. Beck, Chairman of the Board of County Commissioners, personally known (or proved) to me to be the person whose name is subscribed to the above instrument who acknowledged that he executed the instrument.


Notary Public



**FRANCHISE AGREEMENT
BETWEEN
SOUTHWEST GAS CORPORATION
AND
THE COUNTY OF WASHOE**

Section 1 - Grant of Franchise

In accordance with and subject to all applicable provisions in NRS chapter 709, the County of Washoe, Nevada ("**County**") hereby grants to Southwest Gas Corporation, a corporation organized and existing under and by virtue of the laws of the State of California ("**Grantee**"), its successors and assigns, the right and privilege to construct, install, maintain, use, operate, repair and replace its gas system and gas system facilities, as defined below, upon, over, along, across and under the present and future public rights-of-way (the "**Franchise**"). These public rights-of-way include, but are not limited to, present and future roads, streets, avenues, alleys, ways, highways, bridges, public utility easements granted by the County and public places within the County; excluding, however, those areas that are within the boundaries of any presently incorporated municipality ("**Public Right(s)-of-Way**"). Grantee's gas system is for the purpose of supplying natural gas and/or artificial gas, including gas manufactured by any method whatsoever, and/or gas containing a mixture of natural gas and such artificial gas (herein all types of gas will be collectively referred to as "**gas**") to the County, its successors, the inhabitants thereof, and all individuals and entities either within or beyond the limits thereof, for all purposes. Grantee's gas system includes a transmission and distribution system of mains, pipelines and conduits, together with all necessary or desirable appurtenances including, but not limited to, pipes, laterals, service lines, pumps, manholes, meters, gauges, valves, traps, fences, vaults, regulators, regulator stations, appliances, attachments and related equipment, facilities, appurtenances and/or property for the purpose of supplying gas (individually, and collectively, "**Gas System Facilities**"). Grantee shall have the right to install, maintain, construct, operate, use, repair or replace any or all of its Gas System Facilities from time to time as may be necessary or proper.

Section 2 – Term (NRS 709.060)

The Effective Date of this Franchise shall be May 1, 2015 and shall continue and remain in full force and effect for a period of twenty-five (25) years from the Effective Date. Unless terminated earlier by written agreement of the parties, this Franchise will expire on April 30, 2040.

Section 3 – Manner of Installation, Construction and Maintenance

3.1 Grantee shall install, construct and maintain its Gas System Facilities in a good and workmanlike manner. Before Grantee makes any installations in the Public Rights-of-Way(s), Grantee shall apply for and obtain from County such permit or permits as are required by County to be issued for similar construction or work in the Public Rights-of-Way(s); provided, however, Grantee shall have the right to undertake without delay such emergency activities necessary to provide for and maintain the reliability and safety of its Gas System Facilities. If such action is required, Grantee shall advise County of the work performed to maintain its system and apply for a permit as soon as is practicable.

3.2 Grantee shall keep installation records of the location of all Gas System Facilities in the Public Rights-of-Way. Grantee shall comply with NRS 278.145 as applicable to Grantee's Gas System Facilities and the location thereof. Furthermore, upon County's prior written request,

Grantee shall provide to County for its internal use only the location of Grantee's Gas System Facilities within specified areas of the Public Rights of Way in either a non-editable electronic format (i.e., .pdf file) or a hardcopy/paper format for purposes of permitting and design of County-owned facilities and managing the Public Rights of Way. Grantee's Gas System Facilities are defined as critical infrastructure by the Federal Government (e.g., 42 USC §5195c; Homeland Security Act of 2002, P.L. 107-296 §§211-215). As such and except as otherwise required by law, County agrees that records of the location or design of natural gas facilities are proprietary to Grantee and County shall not release nor make available any records to any outside party without the express, written permission of Grantee.

Section 4 - Restoration of Public Rights-of-Way

If, in the construction, maintenance or operation of its gas system, Grantee damages or disturbs the surface or subsurface of any public road or other Public Right-of-Way or County property, then Grantee shall, within a reasonable time, but in no case later than ninety (90) days (weather permitting), restore the surface or subsurface of the public road or Public Right-of-Way or County property as required by County development standards in effect at that time. This includes all areas within the County Public Rights-Of-Way including but not limited to curb, gutter, shoulders, and drainage infrastructure. Grantee shall be responsible for the costs of any such restoration or repair. Except for Grantee's restoration obligations as provided herein, nothing in this Franchise Agreement shall be construed as constituting a contractual obligation on the part of Grantee that assumes jurisdiction over, or the obligation to maintain, such public road or County infrastructure. Nor shall anything in this Franchise Agreement be construed as imposing any duty on County or its employees, agents, or representatives to construct, operate, or maintain any of Grantee's Gas System Facilities.

Section 5 - Franchise Fee

5.1 In lieu of any license fees, permit fees or other fees or taxes (including but not limited to plan review, inspection and pavement cut surcharges, but excluding general ad valorem property taxes which must be paid by Grantee) being imposed on Grantee by County, Grantee shall pay to County a franchise fee ("Franchise Fee"). The amount of the Franchise Fee paid by Grantee shall be a sum equal to two percent (2%) of Grantee's gross revenue from the sale and/or delivery of gas by Grantee within the boundary of the County, but excluding any incorporated areas therein, as shown by Grantee's billing records ("County Boundary"). Payment shall be due in quarterly installments not later than thirty (30) days following the end of each calendar quarter, with each installment based on the gross revenue for the quarter ending thirty (30) days prior to such payment. Accompanying each quarterly payment, Grantee shall provide County with a statement of gross revenue from the sale and/or delivery of gas by Grantee to customers within the County Boundary for the applicable quarter. On or before July 1st of each year, the County will deduct from the Franchise Fee two percent (2%) of the net profits from Grantee's sale and/or delivery of gas within the County Boundary and forward that amount to the County Treasurer for the benefit of the Washoe County School District Fund. Grantee shall file with the County Treasurer annually on or before March 1st an affidavit of gross revenue, expenses and net profits, if any, for the preceding year.

5.2 The County may, at a reasonable time and at County's cost, examine Grantee's applicable books and records for purposes of verifying gross revenue during the term of this Franchise. The examination shall be conducted in such a way not to disrupt Grantee's business operations, and shall not be required more than twice during any 12-month period.

Section 6 - Reserved

Section 7 - Relocation of Facilities

7.1 Grantee shall, upon written request by County, relocate, without expense to the County, any of its Gas System Facilities located in the Public Rights-of-Way that are in direct, physical conflict with a County governmental function project which conflict cannot be avoided by the County with reasonable and diligent efforts, to such location as the County and Grantee agree. A "governmental function project" is defined as: (i) improvements to County streets, roads, alleys, or avenues; (ii) establishing and maintaining County-owned storm drains, water lines, sewer lines, effluent lines, water wells, wastewater treatment facilities, water treatment facilities and other facilities related thereto; (iii) maintaining existing County-owned electrical lines and facilities related thereto; (iv) establishing and maintaining County parks, parking, parkways and pedestrian malls; (v) providing fire protection and other public safety functions; (vi) collection and disposal of solid waste and recyclables; (vii) construction and maintenance of Public Rights-of-Way or other County-owned facilities; and (viii) providing public transportation. In the event the governmental function project is paid for totally or in part with non-County funds, then the Grantee's costs of moving its Gas System Facilities shall be borne by the source of the non-County funds in the same ratio as the non-County funds bear to the total project cost; provided that Grantee shall not be required to commence such work until such time that Grantee receives such amount from the source of non-County funds in cash or other manner reasonably acceptable to Grantee. County funds includes any funding actually received by County, including grant funds. In instances where Grantee is required to bear the cost of relocation as provided herein, nothing herein shall be construed to prohibit, restrict or in any way interfere with Grantee's right to seek payment of or reimbursement for those costs from any third party, including, without limitation, any regional, state or federal governmental entity.

7.2 In no event shall Grantee be responsible for the cost of relocating any Gas System Facilities necessitated by the construction of improvements by or on behalf of County in furtherance of a non-governmental or proprietary function.

7.3 If County requires Grantee to relocate any Gas System Facilities located in private easements, then the costs and expenditures associated with purchasing a new private easement of comparable value shall be borne by County. The location of the new easement shall be reasonably acceptable to Grantee.

7.4 Except where necessitated by reason of Grantee's own fault or by change of law not promulgated by County, if Grantee is required by County to relocate any Gas System Facilities within one year of construction or relocation of such facilities paid for by Grantee, the costs of relocation shall be borne by County.

7.5 If relocation of any Gas System Facilities is required or requested due to the actions or inactions of any party other than the County, the third party shall be responsible for the cost of such relocation. Grantee shall not be required to commence such work until such time that Grantee receives the relocation costs in cash or adequate assurances of compensation reasonably acceptable to Grantee.

7.6 County will not exercise its right to require any of Grantee's Gas System Facilities to be relocated in an unreasonable or arbitrary manner, or to avoid its obligations under this Franchise.

7.7 Whenever the County requests Grantee to relocate Grantee's Gas System Facilities, County and Grantee will cooperate on the planning for the relocation and selection of a new location for any affected Gas System Facilities to minimize the cost of such relocation and/or disruption of Grantee's gas system operations. Grantee shall complete such relocation within one hundred eighty (180) days (weather permitting) after (i) County has provided written notice to Grantee approving the proposed location and design, and (ii) all required permits for the relocation (including any amendments or modifications to permits) have been issued by permitting agencies.

7.8 Grantee's obligations under this Section 7 shall remain in effect only so long as the County retains jurisdiction over and the obligation to maintain such applicable Public Right-of-Way or County property.

Section 8 – Indemnification

County shall not be liable or responsible for any acts or damage that may occur in the construction, operation or maintenance by Grantee of its Gas System Facilities under this Franchise, and the acceptance of this Franchise shall be deemed an agreement on the part of Grantee, its successors and assigns, to indemnify County and hold it harmless against any and all liability, loss, cost, damage or expense which may accrue to County by reason of the construction, operation, or maintenance of Grantee's Gas System Facilities hereunder, including claims based on negligence, default or misconduct of Grantee; provided that such claims, expenses and/or losses are not the result of any willful misconduct or grossly negligent acts of County, and Grantee shall receive from County full, complete and prompt notice of any and all such claims or demands as are hereby indemnified. For purposes of this section, "gross negligence" means the absence of even slight diligence or the want of even scant care.

Section 9 - Consent to Assignment

The rights, privileges and Franchise hereby granted may be assigned by Grantee in whole or in part to any person certified by the Public Utilities Commission of Nevada to assume the duties and obligations of Grantee under this Franchise, provided Grantee gives County at least thirty (30) days advance notice of its intent to exercise the assignment rights under this Section.

Section 10 - Franchise; Non-Exclusive

This Franchise is not exclusive and nothing herein contained shall be construed to (i) prevent the County from granting similar rights or privileges to any other person, firm or corporation, or (ii) to deny or lessen the County's power and privileges granted by law.

Section 11 - Independent Provisions

If any section, paragraph, clause, phrase or provision of this Franchise Agreement other than Section 5 pertaining to the Franchise Fee shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this Franchise Agreement as a whole or any part of the provisions hereof other than the part so adjudged to be invalid or unconstitutional.

Section 12 – Immunities

County does not waive and hereby gives notice of its intent to assert any applicable immunities in any lawsuit, litigation, or other dispute arising out of this Franchise, including NRS chapter 41 immunities.

Section 13 – Maximum Rates

The maximum rates to be charged by Grantee for the service authorized pursuant to this Franchise Agreement shall be either those established pursuant to applicable tariffs as approved by the Public Utilities Commission of Nevada (“Commission”) or pursuant to any Commission-approved contract between Grantee and a customer of Grantee.

Section 14 – Applicable Law

Irrespective of choice of law principles, this Franchise Agreement shall be governed by and interpreted according to Nevada law, including substantive, procedural, and remedial provisions.

Section 15 – Venue

Venue for any dispute or litigation arising out of this Franchise Agreement shall be in state or federal court located in Washoe County, Nevada.

The undersigned, Board of County Commissioners, Washoe County, Nevada, pass and adopt this Franchise Agreement this ____ day of _____.

WASHOE COUNTY

SOUTHWEST GAS CORPORATION
A California Corporation

By: _____

By: _____

Commissioner, Board of County
Commissioners

Bradford T. Harris
VP Northern Nevada Division

Dated: _____

Dated: _____

ATTEST:

Name, Title

APPROVED AS TO FORM:

Name, Title

RESOLUTION

**A RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE OF A
NON-EXCLUSIVE FRANCHISE TO SOUTHWEST GAS CORPORATION TO
SUPPLY NATURAL AND OTHER GAS TO PORTIONS OF WASHOE
COUNTY, NEVADA**

BE IT RESOLVED that Southwest Gas Corporation, a California corporation, qualified to do business in the State of Nevada as a public utility, did on the 28th day of April, 2015, file its application for a non-exclusive franchise to permit it to supply natural and other gas to a certain portion of Washoe County, Nevada, more particularly described in Exhibit "A" attached hereto.

WHEREAS, upon receipt of said application, the Board of County Commissioners of Washoe County, State of Nevada, caused a notice of said application and a notice of hearing upon said application to be published in the Reno Gazette Journal, a newspaper of general circulation in Washoe County, Nevada, setting said hearing upon which said application on June 9, 2015, and at the same time caused a notice to be posted in the following places located within Washoe County, Nevada, to-wit: Washoe County Courthouse, 75 Court Street, Reno, Nevada; Washoe County Complex, 1001 East 9th Street, Reno, Nevada; City of Sparks, 431 E. Prater Way, Sparks, Nevada; and the Washoe County Main Library, 350 South Center Street, Reno, Nevada.

WHEREAS, on the _____ day of _____, 2015, the matter was heard by the Board of County Commissioners of Washoe County, Nevada.

WHEREAS, the Board of County Commissioners of Washoe County, Nevada, is satisfied that all of the legal requirements as required by the Nevada Revised Statutes have been complied with, that proper notice has been given upon said application, and that no were filed to the granting of said application and/or any objections were duly heard and taken into account.

WHEREAS, the granting of said application would be in the public interest and in the best interests of the residents of Washoe County.

NOW THEREFORE, the Board of County Commissioners of Washoe County, Nevada does hereby approve the granting of said application and does hereby authorize a non-exclusive franchise upon the terms and conditions as contained the in the Nevada Revised Statutes and as are more fully set forth in the that certain Non-Exclusive Franchise attached hereto.

IT IS FURTHER ORDERED, that the granting of said franchise shall be conditioned upon Southwest Gas Corporation executing and delivering to the County Recorder within ten (10) days after the date hereof, an agreement to pay annually, on the first Monday of July of each year, to the County Treasurer of Washoe County, Nevada, for the benefit of the County School District Fund, two percent (2%) of the net profits made by the Southwest Gas Corporation in the operation of its gas lines within Washoe County, Nevada as described above in lieu of all general business fees which would be imposed for Southwest Gas Corporation by the Board of County Commissioners of Washoe County, Nevada during the term of such franchise.

The motion to adopt the above resolution was made by County Commissioner _____ and seconded by County Commissioner _____ and the vote of said motion is as follows:

AYES: _____

NAYS: _____

ABSENT: _____

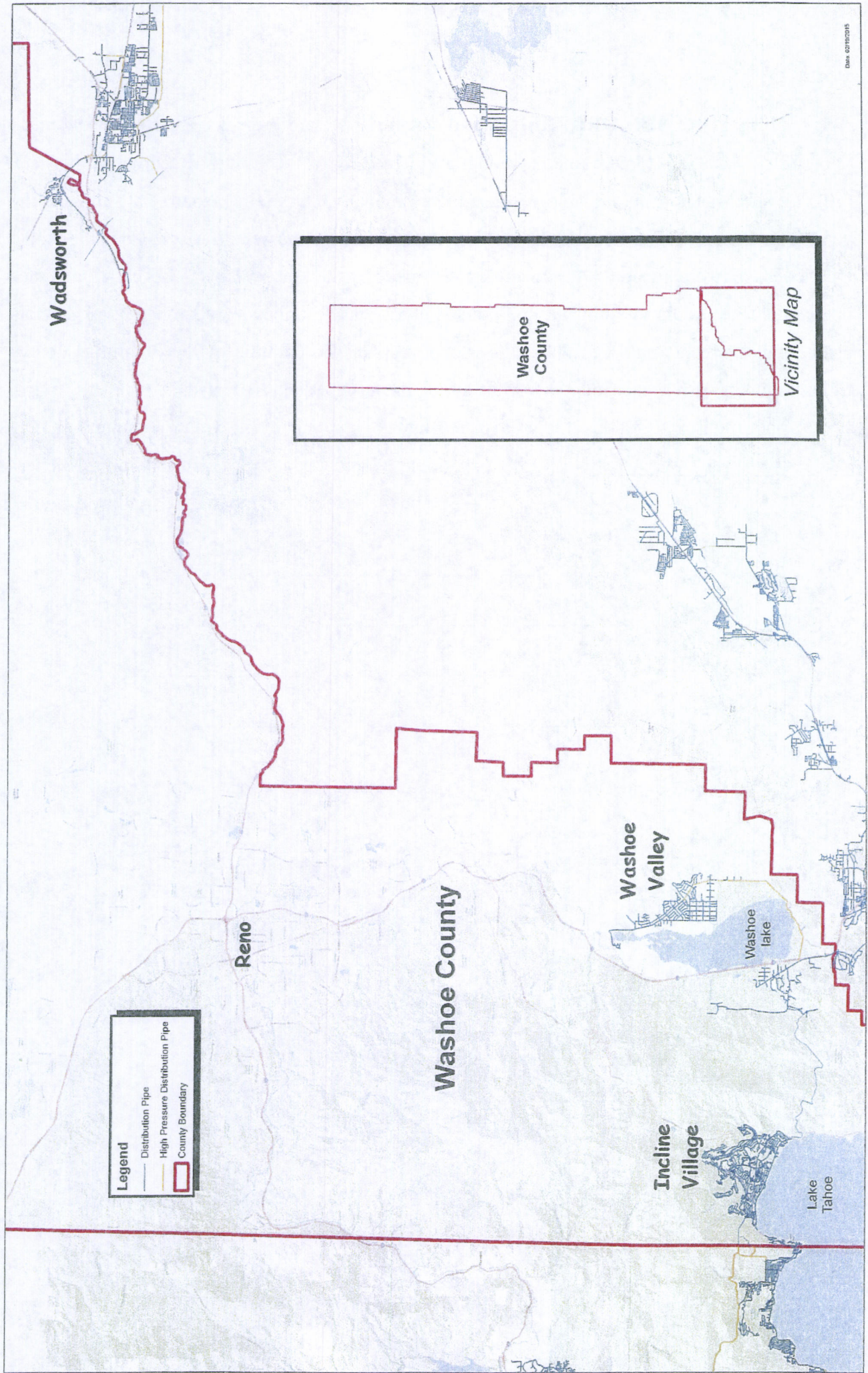
ABSTAIN: _____

DATED this _____ day of _____, 2015.

Marsha Berkbigler, Chair
Washoe County Commission

ATTEST:

Washoe County Clerk



Legend

- Distribution Pipe
- High Pressure Distribution Pipe
- County Boundary

Washoe County

Vicinity Map

**NON-EXCLUSIVE FRANCHISE FOR THE DELIVERY GAS TO PORTIONS OF
WASHOE COUNTY**

THIS NON-EXCLUSIVE FRANCHISE is granted this _____ of _____, 2015, by the Board of County Commissioners, Washoe County, State of Nevada, effective until the _____ day of _____, to Southwest Gas Corporation, a California corporation, as provided herein.

WITNESSETH:

1. Southwest Gas Corporation filed an application pursuant to NRS 709.060 for a 25-year non-exclusive franchise to deliver gas to certain portions of Washoe County in accordance with NRS chapter 709 on April 28, 2015;
2. The Board of County Commissioners of Washoe County thereupon set a hearing date on the application of July 14, 2015, and continued to August 25, 2015, and caused notice of the application and hearing date and place to be given in accordance with NRS 709.070, including publication in the Reno Gazette-Journal, a newspaper of general circulation in Washoe County, at least once each week for 4 consecutive weeks prior to the hearing;
3. The hearing on the application was held in the county commission chambers in Washoe County on July 14, 2015, and continued to August 25, 2015, and any objections to the proposed franchise were given due consideration;
4. Based on the hearing, the Board of County Commissioners of Washoe County, Nevada, determined that granting the franchise is in the best interests of the residents of Washoe County, Nevada and therefore approved a Non-Exclusive Franchise Agreement;

ACCORDINGLY, Washoe County does hereby grant a non-exclusive franchise, subject to all applicable laws and the terms of the Non-Exclusive Franchise Agreement approved by the Board of Commissioners of Washoe County, to Southwest Gas Corporation to construct, install, operate, and maintain gas mains and all necessary or proper appliances used in connection therewith or appurtenant thereto in the portions of Washoe County identified in the Non-Exclusive Franchise Agreement with Washoe County.

DATED this 25th day of August , 2015.

Marsha Berkgigler, Chair
Washoe County Commission

ATTEST:

Washoe County Clerk

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Southwest Gas Corporation
P.O. Box 98510-0002
Las Vegas, Nevada 89193-8510
Attention: Legal Department

AGREEMENT TO PAY ANNUALLY 2% OF NET PROFITS
FOR BENEFIT OF COUNTY SCHOOL DISTRICT FUND OF
WASHOE COUNTY, STATE OF NEVADA

In accordance with the terms of the Franchise granted by the Board of County Commissioners of Washoe County, Nevada (the "County") in favor of Southwest Gas Corporation ("Southwest Gas") as of May 1, 2015, and pursuant to Nevada Revised Statutes Section 709.110, Southwest Gas agrees that during the term of the Franchise two percent (2%) of the net profits derived by Southwest Gas from its operations in the unincorporated Washoe County shall be paid to the County for the benefit of the Washoe County School District ("School District Fee") as follows:

Pursuant to the Franchise, the Franchise Fee payable by Southwest Gas to the County is inclusive of the School District Fee, such that payment of the Franchise Fee by Southwest Gas to the County shall be deemed to satisfy its obligation for payment of the School District Fee. On or before July 1st of each year of the Franchise, the County shall deduct the School District Fee from the Franchise Fee paid by Southwest Gas, and forward such School District Fee to the County Treasurer for the benefit of the Washoe County School District.

Effective as of May 1, 2015.

SOUTHWEST GAS CORPORATION,
a California corporation

By: _____
Bradford T. Harris,
Vice President, Northern Nevada
Division

Approved and Agreed:
WASHOE COUNTY

By: _____
Name, Title: _____

STATE OF NEVADA)
)
COUNTY OF _____)

On _____, 2015, personally appeared before me, a notary public, _____, personally known (or proved) to me to be the person whose name is subscribed to the above instrument who acknowledged that he/she executed the instrument in his/her authorized capacity.

Notary Public

STATE OF NEVADA)
)
COUNTY OF _____)

On _____, 2015, personally appeared before me, a notary public, _____, personally known (or proved) to me to be the person whose name is subscribed to the above instrument who acknowledged that he/she executed the instrument in his/her authorized capacity.

Notary Public