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Eureka County - NV
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Book- 580 Page- 0089



APN# N/A

Recording Requested by:

Name: EUREKA COUNTY

Address: _____

City/State/Zip EUREKA, NV

2015-2040 Franchise Agreement Between Southwest Gas Corporation and
the County of Eureka

(Title of Document)

**This page added to provide additional information required by NRS 111.312
Sections 1-2.**

(Additional recording fee applies)

This cover page must be typed or printed.

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

Section 1 - Grant of Franchise

The County of Eureka, 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

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 facilities in the Public Rights-of-Way and public utility easements. Grantee's Gas System Facilities are defined as critical infrastructure by the Federal Government and as such, 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. Reasonable use of Grantee's records submitted to the County may be internally used by County for permitting and design of County owned facilities.

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, 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 as required by County development standards in effect at that time. Grantee shall be responsible for the costs of any such restoration or repair. 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.

Section 5 - Franchise Fee

5.1 In lieu of any license, 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 Eureka 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 once during any 12-month period.

5.3 On or before the Effective Date, County shall provide Grantee with any and all information necessary to identify each customer's address within the County Boundary affected by the Franchise fee as required by NRS 354.59885(3).

Section 6 - Reserved

Section 7 - Relocation of Facilities

7.1 The County reserves its right to use the Public Rights-of-Way and County property, including the surface areas, for governmental function projects funded with County funds. When the County requests Grantee to relocate Grantee's Gas System Facilities for a governmental

function project funded with County funds, the Grantee shall move its property that is in direct, physical conflict with such governmental function project and located in the Public Rights-of-Way, or on other County property, at Grantee's own cost, to such location as the County and Grantee agree.

7.2 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.

7.3 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.

7.4 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 negligence, default or misconduct of Grantee in the construction, operation, or maintenance of Grantee's Gas System Facilities hereunder; provided that such claims, expenses and/or losses are not the result of any willful 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.

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.

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 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.

The undersigned, Board of County Commissioners, Eureka County, Nevada, pass and adopt this Franchise Agreement this 19 day of JUNE, 2015.

EUREKA COUNTY

SOUTHWEST GAS CORPORATION
A California Corporation

By: [Signature]
J.J. Goicoechea
Chairman, Board of County Commissioners
Dated: 6-19-15

By: [Signature]
Bradford T. Harris
VP Northern Nevada Division
Dated: June 25, 2015

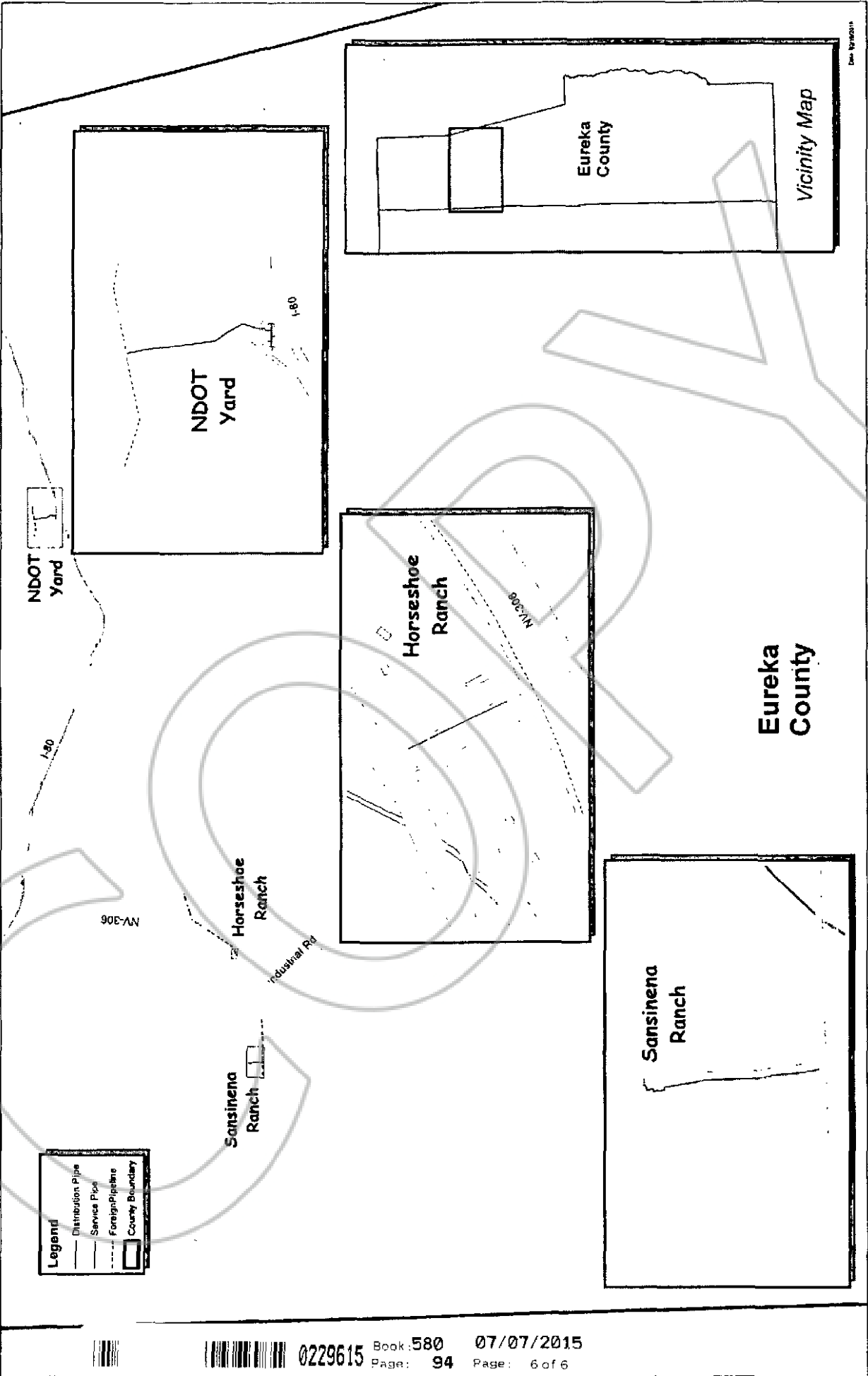
ATTEST:

[Signature] COMMISSIONER CLERK
Name, Title

APPROVED AS TO FORM:

[Signature] EUREKA COUNTY DISTRICT ATTORNEY
Name, Title





NDOT
Yard

NDOT
Yard

I-80

I-40

NV-306

Horseshoe
Ranch

Industrial Rd

Sansinena
Ranch

Horseshoe
Ranch

NV-306

Eureka
County

Sansinena
Ranch

Eureka
County

Vicinity Map

Legend

- Distribution Pipe
- Service Pipe
- Foreign Pipeline
- County Boundary



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