

Exhibit A**FRANCHISE AGREEMENT BETWEEN SOUTHWEST GAS CORPORATION
AND
THE CITY OF CHANDLER, ARIZONA**

City Clerk Document No. _____
City Council Meeting Date: _____

SECTION 1. GRANT OF FRANCHISE

The City of Chandler, Arizona, an Arizona municipal corporation ("City") hereby grants to Southwest Gas Corporation, a California corporation ("Grantee"), its successors and permitted assigns, the right and privilege to construct, maintain and operate its gas system and gas system facilities, as defined herein, 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 public roads, public streets, alleys, ways, bridges, and highways of the City (collectively "Public Rights-of-Way"). The City may allow Grantee use of other City-owned property outside of the Public Rights-of-Way with prior written approval from the City Manager or City Manager's designee. 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 City, 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 gas 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 will 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.

SECTION 2. TERM

The Effective Date of this Franchise is January 1, 2021. This Franchise will continue and remain in full force and effect for a period of 25 years from the Effective Date. Unless terminated earlier by written agreement of the parties, this Franchise will expire on December 31, 2045.

SECTION 3. CONSTRUCTION

3.1 Grantee will perform all construction under this Franchise in accordance with established industry standards, permit requirements, and City ordinances including, but not limited to the Chandler City Code, as amended. Without limitation, Grantee will

comply with City ordinances regarding street cuts. This construction must be completed within a reasonable time. Before Grantee makes any installations in the Public Rights-of-Way, Grantee must apply for and obtain from City such permit or permits as are required by City to be issued for other similar construction or work in the Public Rights-of-Way. Grantee must also submit to the City Manager's designee for the City's approval a map that shows the location of the proposed installations.

3.2 Unless necessitated by emergency or exigent circumstances beyond Grantee's control, should Grantee commence work without obtaining applicable permits, Grantee must pay to City a stipulated amount equal to 150% of the applicable permit fees.

3.3 Grantee may undertake without delay such emergency activities necessary to provide for and maintain the reliability and safety of its Gas System Facilities. If such emergency activities are required, Grantee may perform the work under a blanket emergency permit and notify the City's Utility Inspections section within 24 hours of such work.

3.4 To help plan capital improvement and maintenance projects, Grantee will annually provide City with Grantee's known proposed capital plan and reasonably foreseeable future corridor plans for all improvements in the City's planning area. City and Grantee will meet on a regular basis as agreed by the parties, but no less than annually, to coordinate activities and projects authorized under this Franchise.

3.5 If City undertakes, either directly or through a contractor, a construction project adjacent to Grantee's facilities operated pursuant to this Franchise, City, at City's discretion, may notify Grantee of such construction project. If notified, Grantee must take steps Grantee determines to be reasonably necessary to maintain the safety of Grantee's Gas System Facilities throughout the construction project.

3.6 All facilities installed or constructed under this Franchise must be located or relocated to minimize interference with traffic flow and other authorized uses over, under, or through the Public Rights-of-Way.

3.7 Grantee will coordinate the installation, construction, use, operation, and relocation of its Gas System facilities within City as appropriate to help the City plan, facilitate, and protect public safety and convenience.

3.8 Grantee must provide reasonable advance notice to City residents before Grantee undertakes activities near residents' property in compliance with the applicable Chandler City Code sections, regulations, and permit conditions for work in the Public Rights-of-Way.

3.9 Grantee will provide City with information for proposed installation and will consider City's input as may be provided, to the extent practicable.

3.10 City will give Grantee reasonable notice of City's proposed improvement of Public Right-of-Way that may affect Grantee's Gas System Facilities to help Grantee avoid subsequent pavement cuts in Public Rights-of-Way.

3.11 Grantee will not install, construct, maintain, or use its facilities in a manner that damages or interferes with any existing facilities of another utility located in the Public Rights-of-Way.

3.12 Those phases of construction of Grantee's Gas System Facilities that relate to traffic control, backfilling, compaction and paving, as well as the location or relocation of pipelines and related facilities are subject to regulation by City as provided in this Franchise.

3.13 Grantee must comply with A.R.S. § 40-360.30, as amended, (Arizona Blue Stake laws) for all Grantee's activities within the Public Rights-of-Way.

3.14 Grantee represents that Grantee's Gas System Facilities are defined as critical infrastructure under A.R.S. § 41-1803(G), as amended. Based on Grantee's representation, City agrees the City will not release critical infrastructure information as defined in A.R.S. § 41-1803(G), as amended, related to Grantee's Gas System Facilities without Grantee's written consent. If the City receives a request to disclose information related to Grantee's Gas System Facilities, the City agrees to provide Grantee written notice of the request. The City will not release this information for 30 calendar days from the notice date to permit Grantee at Grantee's cost to preserve information Grantee has determined to be confidential or proprietary. Otherwise, the City may release information related to this Franchise as required by law, court order, or that is published in the public domain.

SECTION 4. RESTORATION OF PUBLIC RIGHTS-OF-WAY

4.1 If Grantee damages or disturbs the surface or subsurface of any public road, adjoining public property, or the public improvement, Grantee must promptly, at its own expense, unless otherwise agreed to between City and Grantee or provided in this Franchise, restore the surface or subsurface of the public road, or public property, or repair, or replace the public improvement thereon, therein, or thereunder, as may be required by construction standards established by the City in effect at that time.

4.2 Should Grantee's restoration, repair, or replacement not be completed within a reasonable time or fails to meet City's construction standards established by the City, as may be amended from time to time, the City may, after prior notice and reasonable time for Grantee to cure, perform the necessary restoration, repair, or replacement either through City's own forces or through a City-hired contractor, and Grantee agrees to reimburse the City for the City's reasonable costs and expenses within 30 days after Grantee's receipt of the City's invoice. As used in this Section 4.2, "costs and expenses" includes, but is not limited to, identifiable administrative costs and employee wages and benefits costs incurred by the City to perform such restoration, repair, or replacement.

City may amend City's construction standards from time to time, but such amendments will not retroactively apply to Grantee's restoration, repair, replacement, or other construction activities previously approved by the City.

SECTION 5. FRANCHISE FEE

5.1 In consideration of the grant of this Franchise, Grantee must pay to City a sum equal to 2% of the gross revenues of Grantee from Grantee's sale or delivery of gas for all purposes to Grantee's customers within the corporate limits of City as shown by Grantee's most current billing records ("Gross Revenues"). Grantee's Gross Revenues are derived from Grantee's Commodity Charge and Basic Service Charge, as provided in the Grantee's Arizona Gas Tariff on file with the Arizona Corporation Commission, as may be amended from time to time. Grantee's payments are due and payable to the City 30 days after the end of the calendar quarter and deemed late if not payment is not received by the City within 30 days of the due date. For payments not made by the required time, Grantee must pay interest in the amount of 1.5% per month accrued and accruing on any unpaid amount due. The City may waive interest and penalties for reasonable cause or if casualty renders Grantee unable to compute or estimate the liability from business records.

5.2 Should the Grantee or the City determine that Grantee over collected or under collected the required amount of Franchise Fees from its customers, Grantee will immediately adjust its Franchise Fee collections to ensure that no more or no less is collected from its customers as is required to be remitted to the City.

5.3 Grantee will pay Franchise Fees pursuant to the terms of the former Franchise Agreement between Grantee and City through December 31, 2020. Beginning January 1, 2021 payment as described in the preceding paragraphs will be payable in quarterly amounts within 30 days after the end of each calendar quarter.

5.4 In addition to the foregoing Franchise Fees, Grantee must pay the charges, taxes, and fees as described in Section 6 of this Franchise.

SECTION 6. ADDITIONAL FEES AND TAXES

Notwithstanding any provision to the contrary and in addition to the payment provided in Section 5, Grantee agrees to pay the following charges, taxes, and fees as established in a code or ordinance properly adopted by the City: (a) general ad valorem property taxes; (b) transaction privilege and use tax authorized by City ordinance and billed by Grantee from users and consumers of gas within the corporate limits of the City, without reduction or offset; (c) other charges, taxes or fees levied upon businesses generally through the City provided said charge, tax or fee is a flat fee per year and that the annual amount of such fee does not exceed the amount of similar fees paid by any other business operated within City; and (d) construction inspection fees.

SECTION 7. RELOCATION OF FACILITIES

7.1 The City reserves its prior superior right to use the Public Rights-of-Way and City property, including the surface areas, for all City projects constituting a governmental function. Except as provided in Section 7.3, by the City's written request, Grantee must relocate at Grantee's sole cost any of Grantee's Gas System Facilities that directly and physically conflict with City facilities that will be installed as part of a City project constituting a governmental function. Grantee's Gas System Facilities will be considered to directly and physically conflict with City facilities to be installed as part of a City governmental function project if they are located within one (1) foot vertically or one (1) foot horizontally from the location of the City facilities to be installed as part of the City governmental project as identified in final approved design plans. A governmental function is defined as one that primarily benefits and promotes the public health, safety and welfare of the general public and is not proprietary in nature, and includes, but is not limited to, the following activities: (a) Any and all improvement to right-of-way, streets, alleys, roadways, avenues, or other public infrastructure, or any and all City-owned property; (b) Establish, install, operate, repair, or maintain City-owned storm drains, sewer lines, effluent lines, water wells, water or wastewater treatment facilities or any other related City-owned facilities or infrastructure; (c) Establish, install, operate, repair, or maintain City parks, parking, parkways, pedestrian malls, or grass, shrubs, trees, or other vegetation for the purpose of landscaping City-managed or City-owned property; (d) Police, fire protection, or other function related to public health, safety, and welfare; (e) public transportation; (f) City-provided water utility systems; and (g) the exercise of the City's police power for urban renewal. Grantee must relocate its Gas System Facilities to a new location agreeable to both parties.

7.2 If Grantee claims prior rights in a subject location, Grantee must submit information to the City's reasonable satisfaction to support Grantee's claim.

7.3 The City will bear the reasonable cost to relocate Grantee's Gas System Facilities when: (a) Grantee's Gas System Facilities do not directly and physically conflict with a City project constituting a governmental function; (b) the relocation of Grantee's Gas System Facilities is required by the City for a project or activity where the City exercises a proprietary function; or (c) Grantee's Gas System Facilities enjoy prior rights to the City's interests.

7.4 If City participates in the cost to relocate Grantee's Gas System facilities for any reason, the City's costs are limited to those reasonable costs incurred by Grantee in accordance with City ordinances and applicable industry standards. Costs to the City for relocation of Grantee's facilities must not include any upgrade, betterment, or improvement to Grantee's Gas System Facilities when compared to the condition of Grantee's Gas System Facilities that existed prior to relocation. Prior to payment by City, Grantee must provide City with an itemization of such costs and expenditures.

7.5 The City will pay for the costs to relocate Grantee's Gas System Facilities if Grantee is required to relocate any of its Gas System Facilities within one year from the date of the Certificate of Final Acceptance for a project or activity where Grantee previously paid for the relocation of its Gas System Facilities.

7.6 If the City requires Grantee to relocate Grantee's Gas System Facilities that are located in an existing private easement owned by Grantee, the City will pay the costs to purchase a new private easement with substantially similar interests and rights for the area where Grantee's Gas System Facilities will be relocated and the associated relocation costs. After Grantee's receipt from the City of a new private easement and relocation of Grantee's Gas System Facilities, Grantee must, to the extent permissible, transfer to the City Grantee's rights and interests in and to that portion of the existing private easement that encumbers the area in which Grantee's Gas System Facilities were previously located.

7.7 If the relocation of any of Grantee's Gas System Facilities is required or requested by or for the benefit of a party other than the City, the other party will be responsible for the reasonable costs to relocate Grantee's Gas System Facilities. Under these circumstances, Grantee is not required to begin relocation of its Facilities until the other party pays Grantee for the reasonable relocation costs in a form and manner acceptable to Grantee.

7.8 City will not exercise its rights to require Grantee's Gas System Facilities to be relocated in an unreasonable or arbitrary manner.

7.9 All underground abandoned lines will continue to remain Grantee's property unless Grantee otherwise agrees in writing and the abandoned lines are accepted by the City. At the City's request, Grantee must remove at Grantee's sole cost any abandoned lines when Grantee's Gas System Facilities directly and physically conflict with a City project or activity constituting a governmental function. Grantee must comply with Arizona Blue Staking laws and identify the location of any known abandoned lines.

SECTION 8. INDEMNIFICATION; INSURANCE

8.1. Solely related to Claims (as defined) arising from Grantee's exercise of this Franchise, Grantee must indemnify, defend, save, and hold harmless the City, its officials, officers, agents, employees, contractors, and representatives (collectively "Indemnitee") from any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation, and litigation) (collectively "Claims") caused or alleged to be caused, in whole or in part, by the negligent, reckless, or willful acts, errors, or omissions of Grantee, or its officers, employees, agents or representatives, or any of its contractors while acting within the scope of their agency ("Grantee Parties"), or arising out of the failure by Grantee Parties to comply with any federal, state or local law, statute, ordinance, regulation or court decree, in connection with Grantee's exercise of this Franchise; except to the extent such Claim is the result of any negligent, reckless, or willful acts, errors, or omissions of any Indemnitee. Grantee shall receive from the City full, complete and prompt notice of any and all

Claims as indemnified hereunder. Grantee's obligations under this provision survive the termination or expiration of this Agreement with respect to any Claim accruing prior to such termination or expiration for a period not to exceed one (1) year.

8.2 The provisions of this section do not impose any liabilities on the City not imposed by other law, nor waive any immunity the City may have under federal or state law. Grantee may not settle any Claim subject to indemnification as identified above that contains an admission of liability or imposes a monetary obligation on the part of the City without the City's written consent, which will not be unreasonably withheld or delayed. Failure to inform the City of any such settlement constitutes a breach of this Franchise and the City may seek any redress available to it against Grantee whether set forth in this Franchise or under any other municipal, state, or federal law. The City's exercise of or failure to exercise all rights pursuant to any section of this Franchise does not affect in any way the right of the City to subsequently exercise any such rights or any other right of the City under this Franchise or any other rule, regulation, or law. Further, nothing in this Franchise may impede or otherwise limit a party's statutory rights under A.R.S. sec. 40-423 or A.R.S. secs. 12-820 et. seq.

8.3 All rights of the City, pursuant to indemnification or insurance as provided for by this Franchise, are in addition to all other rights the City may have under this Franchise or any other rule, regulation, or law.

8.4 Beginning upon the Effective Date and continuing throughout the term of this Franchise, Grantee must maintain insurance or self-insurance in the amounts and under the terms and conditions set forth in in this Section. Within 30 days of the Effective Date Grantee must file with the City and maintain on file throughout the term of this Franchise certificates of insurance or a letter evidencing self-insurance that demonstrates that Grantee complies with the requirements set forth in this section. Grantee must also provide the City certificates or self-insurance letter evidencing its compliance within ten business days from any subsequent written request from the City. The insurer must be authorized to transact business in the State of Arizona and possess a current A.M. Best, Inc. rating of A-VII, or better with policies and forms satisfactory to the City.

8.5 Grantee must procure and maintain as provided in subsection (f) below, insurance against claims for injury to persons or damage to property which may arise from or in connection with Grantee's obligations under this Franchise and Grantee's activities, including but not limited to the installation, construction, relocation, removal, repair, operation, and maintenance of the Gas System Facilities by Grantee, its agents, representatives, employees, or contractors. The insurance requirements herein are minimum requirements for this Franchise and in no way limit the indemnity covenants contained in this Franchise. The City in no way warrants that the minimum limits contained herein are sufficient to protect Grantee from liabilities that might arise out of this Franchise by Grantee, its agents, representatives, employees, or contractors, and Grantee is free to purchase such additional insurance as may be determined necessary.

(a) MINIMUM SCOPE AND LIMITS OF INSURANCE: Grantee must provide coverage in the form of insurance, self-insurance, or combination thereof, with limits of liability not less than those stated below. An excess liability or umbrella liability policy may be used to meet the

minimum liability requirements provided that such excess liability or umbrella liability policy provides coverage at least as broad as the primary policy.

1. Commercial General Liability – Claims Made Form
Policy must include bodily injury, property damage, and broad form contractual liability coverage. Policy must provide a retroactive date as of the date of this Franchise.

Products – Completed Operations Aggregate	\$10,000,000
Each Occurrence	\$5,000,000

The policy may not exclude the explosion/collapse/underground (“cu”) hazard.

2. Automobile Liability – Bodily Injury and Property Damage for any owned, hired, and non- owned vehicles operated by Grantee or its authorized agents and used in the performance of work under this Franchise.

Combined Single Limit (CSL)	\$2,000,000
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The policy must contain an “MCS-90” endorsement providing for clean-up of pollution conditions arising from transported product, if the work performed under the Franchise requires the transportation of any Hazardous Substances by motor vehicle.

3. Worker's Compensation and Employers' Liability

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	\$1,000,000
Disease – Each Employee	\$1,000,000
Disease – Policy Limit	\$1,000,000

4. Pollution Liability:

Per Occurrence	\$5,000,000
Annual Aggregate	\$10,000,000

(i) Coverage may be provided under Grantee’s Commercial General Liability or other policy.

(ii) The policy must include coverage for: Cleanup of sudden or accidental pollution conditions arising from the Gas System Facilities, as defined in the Franchise; cleanup of new conditions arising from Grantee’s operations and use of the right of way under this Franchise; and third-party claims for on and off-site bodily injury and property damage.

(iii) Grantee represents and agrees that any retroactive date under the policy must precede the effective date of this Franchise; and that either continuous coverage will be maintained, or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Franchise is completed.

(b) **ADDITIONAL INSURANCE REQUIREMENTS:** The policies are to contain, or be endorsed to contain, the following provisions:

Grantee's insurance coverage must be primary insurance and non-contributory with respect to the obligations that Grantee has undertaken under this Franchise. Grantee's commercial general liability policy must contain a standard severability of interests clause, and Grantee's workers compensation policy must contain a waiver of subrogation against the City, its officials, officers, agents, and employees. The City, including its officials, officers, agents, representatives, and employees, must be included as an additional insured under Grantee's commercial general liability, automobile liability, and pollution liability policy(ies) with right to coverage limited to and not to exceed the extent of Grantee's indemnification obligations set forth in Section 8.1 of this Franchise and further subject to the terms, conditions, and limits of such policies.

(c) **NOTICE OF CANCELLATION:** Each insurance policy required by the insurance provisions of this Franchise must provide the required coverage and must not be canceled or materially changed except with prior written notice to the City. Such notice must be sent directly to the addresses listed below and must be sent by certified mail, return receipt requested:

City of Chandler
Attention: Development Services Department
P.O. Box 4008, Mail Stop 405
Chandler, Arizona 85244-4008
Phone: (480) 782-3000
Email: tuf@chandleraz.gov

With a copy to: Office of the City Attorney
Attention: Risk Management
P.O. Box 4008, Mail Stop 602
Chandler, Arizona 85244-4008
Phone: (480) 782-4640 Fax: (480) 782-4652
Email: legal.notices@chandleraz.gov

(d) **ACCEPTABILITY OF INSURERS:** Insurance is to be placed with insurers duly licensed or approved unlicensed companies in the State of Arizona and with an "A.M. Best" rating of not less than A- VII. The City in no way warrants that the above-required minimum insurer rating is sufficient to protect Grantee from potential insurer insolvency.

(e) **VERIFICATION OF COVERAGE:** Grantee must furnish the City with certificates of insurance (ACORD form or equivalent approved by the City) as required by this Franchise. The certificates for each insurance policy are to be signed by a person authorized by that insurer to

bind coverage on its behalf. All certificates and endorsements are to be received and approved by the City on or before the effective date of this Franchise. Each insurance policy or self-insurance coverage required by this Franchise must be in effect at or prior to commencement of work under this Franchise and remain in effect for the duration of the Franchise. Failure to maintain the insurance policies or self-insurance as required by this Franchise or to provide evidence of renewal is a material breach of this Franchise. All certificates required by this Franchise must be sent directly to the City of Chandler Development Services Department with a copy to Risk Management as the addresses listed in Section C. The Franchise number and description are to be noted on the certificate of insurance. At the City's request, Grantee must make certified copies of all insurance policies required by this Franchise available for the City's review through a representative and at a time and location within Maricopa County, Arizona designated by Grantee upon the City's execution of a commercially reasonable non-disclosure and confidentiality agreement.

(f) **CONTRACTORS:** Grantee must require all contractors to maintain separate insurance as determined by Grantee, however, contractor's limits of liability must not be less than \$1,000,000 per occurrence, \$2,000,000 aggregate.

(g) **APPROVAL:** Any material modification or variation from the insurance requirements in this Franchise must have prior approval from the Office of the City Attorney, whose decision will be final. Such action will not require a formal contract amendment, but may be made by administrative action.

SECTION 9. NO TRANSFER WITHOUT CONSENT OF CITY

The right, privilege and franchise hereby granted may not be transferred in whole or in part by the Grantee, its successors and assigns, without the prior written consent of the City and the Arizona Corporation Commission, which shall not be unreasonably withheld. No consent will be required in connection with an assignment made as security pursuant to a mortgage or deed of trust or in connection with subsequent transfer made pursuant to any such instrument. Notwithstanding the prior sentence, Grantee must provide notice to City when any such security instrument involving the transfer of this Franchise is executed.

SECTION 10. FRANCHISE NON-EXCLUSIVE

This Franchise is non-exclusive, and nothing contained herein will be construed to prevent City from granting similar rights or privileges to any other person, firm, or business organization.

SECTION 11. NOTICES

Any notice required or permitted to be given hereunder must be in writing, unless otherwise expressly permitted or required, and will be deemed effective either (i) upon hand delivery to the person then holding the office shown on the attention line of the address below, or if such office is vacant or no longer exists, to a person holding a

comparable office, or (ii) on the third business day following its deposit with the United States Postal Service, first class and certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

To the City: Chandler City Manager's Office
175 S. Arizona Avenue Mail Stop 605
P.O. Box 4008
Chandler, Arizona 85244-4008

With a copy to: Chandler City Attorney's Office
175 S. Arizona Avenue Mail Stop 602
P.O. Box 4008
Chandler, Arizona 85244-4008

To Grantee: Public Affairs Department
Southwest Gas Corporation
1600 E. Northern Avenue
Phoenix, Arizona 85257

With a copy to: Legal Affairs Department
Southwest Gas Corporation
5241 Spring Mountain Road
Las Vegas, Nevada 89193-8510

SECTION 12. VOTER APPROVAL

This Franchise is subject to the approval of the qualified electors of the City. If Grantee's franchise is the sole item on City's ballot for the election, Grantee must pay all of the election costs. If Grantee's franchise is not the sole item on City's ballot for the election, Grantee must pay half of the election costs. Grantee must pay all of any publication costs.

SECTION 13. INDEPENDENT PROVISIONS

If any section, paragraph, clause, phrase, or provision of this Franchise is determined to be invalid or unconstitutional, the subject section, paragraph, clause, phrase, or provision will not affect the validity of this Franchise as a whole or any part of this Franchise other than the part of the Franchise that is adjudged invalid or unconstitutional.

SECTION 14. DEFAULT; DISPUTE RESOLUTION

14.1 Failure or unreasonable delay by either party to perform any term or provision of this Franchise for a period of 10 days after written notice from the other party will constitute a default under this Franchise. If the default is not capable of cure within 10 days, the party must begin the cure within 10 days and diligently pursue the cure until

completed. The notice of default must specify the nature of the alleged default and how the default may be satisfactorily cured. In the event of a default by any party, the non-defaulting party is entitled to all remedies at both law and in equity, including, without limitation, specific performance.

14.2 To promote the parties' cooperation and to help implement this Franchise, the parties will each designate and appoint a representative to serve as liaison between the City and Grantee. The City Manager's designee will serve as the City's initial representative and Grantee's Project Manager will serve as Grantee's initial representative. The parties' representatives will be available at all reasonable times to discuss and review the parties' performance under this Franchise.

SECTION 15. AUDIT RIGHTS

15.1 City has the authority, at City's expense, to conduct an audit of the Grantee at any time during the duration of this Franchise. The City's audit will be conducted in a way minimize any disruption to Grantee's business operations and will be performed in accordance with generally acceptable auditing standards. All pertinent books and records relating to this Franchise are subject to an audit conducted by the City or its representatives. The City may determine the scope of each audit conducted; however, the period that may be audited will not exceed 36 months prior to the date the notice is received by the Grantee. An audit will not be required more than once in a single 12-month period.

15.2 Grantee must pay to the City within 45 days written notice any amounts that are due to the City as determined by any audit. Reimbursement for underpayment as a result of audit findings will be identified as late payments and are subject to late payment interest of 1.5% per month. If Grantee has underpaid the City by 5% or more of amounts due (excluding penalties and interest), Grantee must reimburse the City for reasonable and full costs of the audit.

SECTION 16. NO WAIVER OR LIMITATION OF POWERS OF EMINENT DOMAIN/RIGHT TO PURCHASE

City reserves the right and power to condemn and purchase Grantee's plant and distribution facilities that are located within the City's corporate limits, or any additions, as provided by law during the term of the Franchise or upon its expiration.

PASSED AND ADOPTED by the Council of the City of Chandler, Arizona, this ____ day of _____, 20__.

CITY OF CHANDLER, ARIZONA,
an Arizona municipal corporation

SOUTHWEST GAS CORPORATION,
a California corporation

By: _____

By:

Its: _____

Its:

APPROVED AS TO FORM:

By: _____
City Attorney

ATTEST:

By: _____
City Clerk