

Chapter 12A FRANCHISES

12A.01.00 DTE Energy

12A.01.01 Conditional Grant of Electric Franchise Rights.

The City of Sandusky grants permission to DTE Energy marketing (Grantee) subject to the terms and conditions set forth below, the right and authority to conduct an electric power business in the City. Grantee shall supply electric customers in the City with power delivered to the Detroit Edison transmission system at its various interconnection points by others supplying the Grantee with wholesale power. Detroit Edison shall deliver the Grantee's power to customers utilizing Detroit Edison's existing power lines and equipment which Detroit Edison shall be solely responsible for installing and maintaining. The terms and conditions of such electric power supply shall be set by contract between Grantee and its customers, subject to regulations by the Michigan Public Service Commission (MPSC).

12A.01.02 Term.

The term of this franchise shall be for thirty (30) years. (Until 2030)

12.01.03 Use of Public Ways

Grantee shall do no injury to the streets, highways or alleys nor shall it disturb any, trees or interfere with gas lines, telecommunication cables or sewer lines anywhere in the City. The Grantee may not use the public ways of the City to construct power lines or install and maintain any other electrical equipment and the Grantee shall not dig on the public way or in any way disturb or alter the public way, unless otherwise agreed through the right-of-way permit process. All local delivery of electric power to the Grantee's customers shall utilize existing Detroit Edison lines and equipment which shall be maintained by Detroit Edison.

12A.01.04 Insurance, Indemnity and Notice of claims.

12A.01.04A Insurance

- 1) Grantee shall obtain and maintain in full force and effect, in an amount not less than One Million Dollars (\$1,000,000.00), the following insurance covering all insurable risks associated with its exercise of the rights granted by this agreement:
 - a) Comprehensive General Liability, including Completed Operations Liability,
 - b) Independent Contractors Liability,
 - c) Contractual Liability coverage and
 - d) Coverage for property damage from perils of explosion, collapse, or damage to underground utilities, commonly know as XCU coverage,
- 2) The City shall be named as an additional insured in all applicable policies.

- 3) All insurance policies shall provide that they shall not be canceled or modified unless thirty (30) days prior written notice is given to the City.
- 4) Grantee shall provide the City with a certificate of insurance evidencing such coverage and maintain a current certificate on file with the City.
- 5) All insurance shall be issued by insurance carriers licensed to do business by the State of Michigan or by surplus line carriers on the Michigan Insurance Commission approved list of companies qualified to do business in Michigan.
- 6) All insurance and surplus line carriers shall be rated A+ or better by A.M. Best Company.

12A.01.04B Indemnification.

Grantee shall, to the fullest extent permitted by law, at its sole cost and expense, indemnify and hold harmless the City, and all subsidiary entities of the City and their respective officers, boards, commissions, employees and agents, attorneys and contractors from and against; any and all liability, obligations, damages, penalties, claims, liens, cost, charges, losses and expenses which may be imposed upon, incurred by or asserted against by reason of any act or omission by the Grantee, its personnel or agents in the conduct of its electric business in the City.

12A.01.04C Notice, Cooperation and Expenses

City shall give Grantee prompt notice of the making of any claim or the commencement of any action, suit or proceeding covered by the provisions of this Section. Nothing herein shall be deemed to prevent City from cooperating with the Grantee and participation in the defense of any litigation by the City's own Counsel.

12A.01.05 Franchise Not Exclusive.

The rights, powers and authority granted herein are not exclusive.

12A.01.06 Revocation.

The franchise granted and agreement is subject to revocation at the will of the City Council upon sixty (60) days written notice to the Grantee.

12A.01.07 Michigan Public Service Commission Jurisdiction

A) Jurisdiction

The Grantee shall remain subject to the rules and regulations applicable to electric supply as provided for by the Michigan Public Service Commission (MPSC).

B) Filing and record inspection

Grantee shall provide the City with copies of all documents which the Grantee sends to the MPSC and copies of all orders, decisions or correspondence Grantee receives from MPSC. The Grantee shall permit

the City to inspect and examine all records it is required to maintain or file under MPSC rules and regulations.

C) Grantee's Rates.

Grantee's rates will be determined by negotiated contracts between Grantee and Grantee's customers. Such contracts and rates will be filed with the Michigan Public Service Commission (MPSC) in accordance with Commission filing requirements.

12A.01.08 Sales and Assignment.

The franchise herein granted may not be sold, assigned, sublet or used by anyone other than the Grantee without the consent of the City acting by its City Council.

12A.01.09 Anti-Discrimination.

The Grantee shall not discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, or marital status except where based upon a bona fide occupational qualification. A breach of this covenant shall be regarded as material breach of this agreement.

12A.01.10 Handicap Discrimination.

The Grantee shall not discriminate against any employee or applicant for employment with respect to hire, tenure, conditions, or privileges of employment, or a matter directly or indirectly related to employment because of a handicap that is unrelated to the individual's ability to perform the duties of a particular job or position. A breach of this covenant shall be regarded as a material breach of this agreement.

12A.01.11 Effective Date

This franchise and agreement shall take effect upon the date after publication of the ordinance granting the franchise, however, it shall cease and have no effect after fifteen (15) days from its adoption, unless and until, within said period, Grantee files an acceptance in writing with the City Clerk.

12A.01.12 Consideration.

In consideration of the City granting this franchise and agreement, the Grantee agrees to reimburse the City for actual expenses incurred by its Counsel in reviewing this franchise and for costs of publication, not to exceed One Thousand Dollars (\$1,000.00) payable within thirty (30) days of receipt of this franchise.

12A.01.13 Compliance with City Charter, Ordinances and Regulations.

The Grantee agrees to comply with all provisions of the City Charter, ordinances and administrative regulations.

12A.01.14 Conflict of Interest.

It shall be the responsibility of DTE Energy Marketing to comply with the applicable provisions of the Fourth Class City Act and to notify the City immediately of any contemplated or known violations or exception.