

AN ORDINANCE AMENDING THE EXISTING FRANCHISE AGREEMENT BY AND BETWEEN THE CITY OF LEXINGTON, NEBRASKA, AND K N ENERGY, INC., A KANSAS CORPORATION, ITS SUCCESSORS AND ASSIGNS AND PROVIDING FOR AN EFFECTIVE DATE.

**BE IT ORDAINED BY THE GOVERNING BODY
OF THE CITY OF LEXINGTON, NEBRASKA**

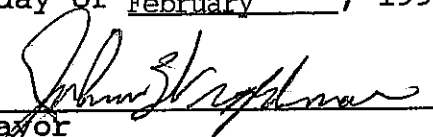
1. SECTION 10 of Ordinance No. 331 is hereby amended to read as follows:

SECTION 10. Effective on or after the date K N Energy, Inc. implements the unbundling of residential sales service and in consideration of the rights and privileges herein granted, the Grantee shall assess, effective the first billing cycle after this franchise becomes effective, to residential (commonly known as domestic) and commercial customers within the City of Lexington, Nebraska, a franchise tax or fee of \$0.0083 per therm for gas delivered to residential and commercial customers within the City on Grantee's distribution system. Grantee shall pay to the City Treasurer an annual payment for each year of the franchise's duration an amount equal to the franchise fee or tax funds collected by Grantee hereunder. Payment shall be made on or before March 1st of each year for the preceding year and each such payment shall be accompanied by a statement showing the amount of the distribution transportation supporting the payment.

Such payment shall be in lieu of any and all other fees, charges, licenses, taxes or assessments which the City may impose for the rights and privileges herein granted or for the privilege of doing business within the City and, in the event any such fee, charge, license, tax or assessment shall be imposed by the City, the payment to be made in accordance with the provisions of this section shall be refunded in an amount equal to the annual burden of such fee, charge, license, tax or assessment imposed upon the Grantee. Ad Valorem property taxes imposed generally upon all real and personal property within the City shall not be deemed to affect the obligation of the Grantee under this section.


2. This Ordinance shall be in full force and effect from and after its final passage and publication as required by law.

PASSED AND APPROVED this 24th day of February, 1998.

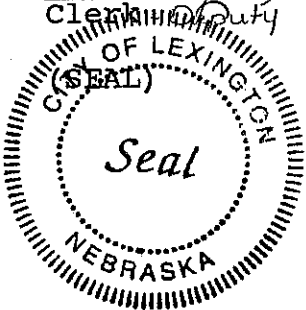


Mayor

Attest:

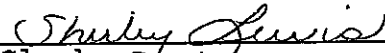


Clerk/Deputy



CERTIFICATION

I, Shirley Lewis, Deputy City Clerk of the City of Lexington, Nebraska, hereby certify that the foregoing is a true and complete copy of Ordinance No. 2096 of said City passed by the Mayor and the City Council of the City of Lexington, Nebraska, this 24th day of February, 1998.



Clerk - Deputy

