

A BILL FOR AN ORDINANCE AMENDING )  
ORDINANCE BILL NO. 1 FOR 2001, )  
ORDINANCE NO. 2274 CONCERNING )  
TERMS, CONDITIONS, AND COMPENSATION )  
FOR A NON-EXCLUSIVE GAS UTILITY )  
FRANCHISE TO NORTHWEST NATURAL GAS )  
COMPANY )

ORDINANCE BILL NO. 5,  
for 2003  
ORDINANCE NO. 2341.

THE CITY OF LEBANON ORDAINS AS FOLLOWS:

**Section 1.** Section 12, Compensation, Paragraph (1), of Ordinance Bill No. 1 for 2001, Ordinance No. 2274 is hereby amended to read as follows:

(1) Franchise Fees

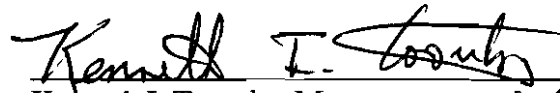
(A) As compensation for the privileges granted herein, Grantee, or any affiliate of Grantee, shall pay to the City an amount equal to five and 94/100 percent (5.94%) of gross revenue derived from all sources of operations of the system within the Franchise Area allowed by law to be included within the term of gross revenue less related net un-collectables as accounted for on a full accrual or cash accounting basis using Generally Accepted Accounting Principles. Gross revenues shall include revenues from the use, rental, or lease of the Grantee's operating facilities other than residential-type space and water heating equipment. Gross revenues shall not include proceeds from the sale of bonds, mortgage or other evidence of indebtedness, securities or stocks or sales at wholesale by one utility to another when the utility purchasing the service is not the ultimate customer. No expenses, encumbrances, or expenditures shall be deducted from the gross revenue in determining the total gross revenue. Accrual of such franchise fees shall commence as of the effective date of this Franchise. Compensation herein may be subject to annual renegotiations as or before the anniversary date of the term of the franchise granted, and provided the grantee to be notified, in writing, at least (60) days prior to the anniversary date.

(B) In the event Grantee enters into an agreement with a Person for the purpose of leasing or renting access to all or part of Grantee's operating facilities located within the Franchise Area, such Person, if franchised to operate within the City, may deduct the incurred lease or rental expense paid to Grantee prior to calculation of its gross revenues subject to franchise fees.

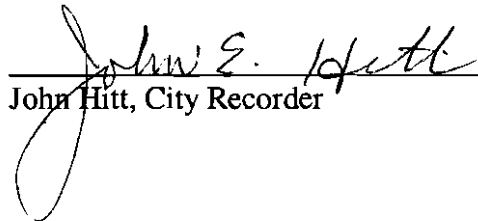
**Section 2.** In all other respects, except as amended in section 1 herein, Ordinance Bill No 1 for 2001, Ordinance No. 2274, shall remain in effect.

**Section 3.** Acceptance. The grantee shall, within thirty days from the date this ordinance takes effect, file with the city its written unconditional acceptance of this amendment, and if the grantee fails so to do, this ordinance shall be void.

Passed by the Council of the City of Lebanon by a vote of 6 for and 0 against,  
and approved by the Mayor this 26<sup>th</sup> day of February, 2003.

  
Kenneth I. Toombs, Mayor [X]  
Ron Miller, Jr., Council President [ ]

ATTEST:

  
John Hitt, City Recorder

**ACCEPTANCE OF ORDINANCE NO. 00-107**

**To the Honorable Mayor and City Council of the City of Lebanon, Oregon**

Northwest Natural Gas Company, a corporation, hereby unconditionally accepts the amendment to Ordinance No. 2274 of the City of Lebanon and all the terms, provisions, and conditions thereof.

Ordinance No. 2274 was duly passed and adopted by the Council and approved by the Mayor of said City of Lebanon on the 26<sup>th</sup> day of February 2003.

IN WITNESS WHEREOF said Northwest Natural Gas Company has caused the acceptance of said Ordinance to be signed by its SR. VICE-PRESIDENT & GENERAL COUNSEL, and its corporate seal to be affixed hereto and attested by its Secretary, this 14<sup>th</sup> day of March 2003.

ATTEST:

[Signature]

Secretary

NORTHWEST NATURAL GAS COMPANY

[Signature]

Beth A. Ugoretz  
SR. VICE-PRESIDENT & GEN. COUNSEL

STATE OF OREGON  
COUNTY OF MULTNOMAH

On this 14<sup>th</sup> day of March 2003 personally appeared BETH A. UGORETZ who being duly sworn, did say that she is the SR. VICE PRESIDENT & GENERAL COUNSEL of Northwest Natural Gas Company and that the seal affixed to the forgoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and she acknowledged said instrument to be its voluntary act and deed. Before me:

[Signature]

Notary Public for Oregon  
My Commission expires: 12/23/06

