

AGREEMENT

THIS AGREEMENT is made and entered into as of the 1st day of April, 1987 by and between Northern Natural Gas Company, a Division of Enron Corp. ("Northern") and Peoples Natural Gas Company, Division of UtiliCorp United Inc. ("Peoples").

WITNESSETH:

WHEREAS, Northern is engaged in the transmission of natural gas in and through the states of Iowa, Minnesota, Nebraska, Kansas, South Dakota and Michigan, among others; and

WHEREAS, Peoples is primarily engaged in the business of furnishing natural gas service at retail to approximately 300,000 customers located in the states of Iowa, Minnesota, Nebraska, Kansas, Michigan, South Dakota and Colorado; and

WHEREAS, Peoples presently provides natural gas service to various right-of-way grantors and other end users along Northern's transmission and gathering lines; and

WHEREAS, the parties estimate there are approximately 7,500 small volume, residential, irrigation and crop dryer farm tap customers and right-of-way grantor customers presently served by Peoples, and

WHEREAS, Northern has requested Peoples to perform certain services for Northern in connection with the natural gas sales to said existing and future customers, and Peoples has agreed to provide the services on behalf of Northern.

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and agreements hereinafter contained, Northern and Peoples, subject to the terms and conditions hereinafter set forth, hereby agree as follows:

1. Performance of Services.

Peoples shall operate as a public utility and provide the services herein described and as are set forth on the attached Exhibit 1, to Peoples' existing small volume, residential, irrigation and crop dryer farm tap customers and to those new right-of-way grantor customers as may be designated by Northern, located within the below-described service territory.

2. Manner and Time of Performance.

Peoples shall perform the services specified in Exhibit 1 at the intervals set forth therein and with the degree of skill, care, and diligence with which Peoples has performed the same or similar services in the past. Changes in procedures shall be allowed to the extent necessary to comply with any existing, new or amended state or federal regulations.

3. Service Territory.

During the entire term of this Agreement, Peoples agrees to provide public utility service to those small volume, residential, irrigation and crop dryer farm tap customers and right-of-way grantor customers presently served by Peoples (subject to Peoples' deposit and payment requirements, other applicable state tariffs and regulations and any presently existing contracts), located within the counties as set forth on Exhibit 2, or any other counties presently served by Peoples.

Peoples further agrees to serve all Northern right-of-way grantors (including successors and assignees of such right-of-way grantors) designated by Northern who may hereafter request gas service and who are located within a county in which Peoples provides gas service at the time such initial request is made (said service to be provided subject to Peoples' deposit, payment requirements and line extension policy, other applicable state tariffs and any presently existing contracts). Peoples' obligation to provide public utility service for any such new right-of-way grantor customer shall continue during the entire term of this Agreement.

Peoples shall, with respect to said customers, act as a public utility under the laws of the state in which such customers are located.

4. Compensation.

In consideration of the performance by Peoples of the services set forth in Exhibit 1 and the obligation assumed by Peoples in paragraph 3 hereof, Northern agrees to pay Peoples the sum of \$150,000 per month for twelve (12) consecutive months, commencing with a payment on August 20, 1987 and ending with a payment on July 20, 1988.

5. Term.

This Agreement shall continue from its effective date first written above to and including May 31, 2017 and from month to month thereafter. Peoples may terminate this Agreement effective at any time after May 31, 2017 by providing six (6) months' prior written notice to Northern. Northern may

terminate this Agreement effective at any time after July 20, 1988 by providing six (6) months' prior written notice to Peoples.

6. Assignment.

This Agreement is not assignable by either party without the written consent of the other, which consent shall not be unreasonably withheld.

7. Indemnification.

Northern and Peoples each assume full responsibility and liability for the maintenance and operation of their respective properties and shall indemnify and save harmless the other party from all liability and expense on account of any and all damages, claims or actions, including injury to and death of persons, arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party, where such damage, injury or death is due to the negligence of the indemnifying party, and such negligence is the proximate cause of such damage, injury or death.

Northern shall not be liable to Peoples for its failure to deliver gas, and Peoples shall not be liable to Northern for its failure to receive gas, when such failure on the part of either shall be due to accident to or breakage of Northern's or Peoples' pipelines, machinery or equipment, caused by fires, floods, storms, weather conditions, strikes, riots, legal interferences, acts of God or public enemy, shutdowns for

necessary repairs and maintenance, or, without limitation by enumeration, any other cause beyond the reasonable control of the party failing to deliver or receive gas, as the case may be, provided such party shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to remove the cause of failure and resume the delivery or receipt of gas, as the case may be; provided, however, that neither Northern nor Peoples shall be relieved of liability to the other for any damages or expense caused or contributed to by its own negligence when such negligence on its part shall be the proximate cause of its failure to deliver or receive gas, as the case may be.

Northern shall not be liable for its failure to deliver gas when such failure shall be due to depletion of supply of gas at its source.

Peoples' obligations hereunder with respect to the affected customers shall be suspended during any period of time during which Northern claims force majeure under this paragraph 7.

8. Governing Law.

This Agreement shall be conducted in accordance with, and all disputes hereunder shall be governed by, the laws of the State of Nebraska.

9. Regulation

The respective rights and obligations of the parties hereto are subject to all valid legislation with respect to the subject matter hereof, to the approved present and future tariff

provisions of the parties hereto and to all valid present and future orders, rules and regulations of duly constituted authorities having jurisdiction.

10. Notices.

Any notices, requests, comments, demands or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered by registered or certified mail or telecopy with all postage or charges prepaid, to either party at the place designated below unless changed in writing:

- a) To Northern: Northern Natural Gas Company
2223 Dodge Street
Omaha, Nebraska 68102
Attention: Vice President, Marketing
Telecopy No.: 402-633-4279
- b) To Peoples: Peoples Natural Gas Company
1815 Capitol Avenue
Omaha, Nebraska 68102
Attention: Vice President, Operations
Telecopy No.: 402-221-2089

11. Waiver.

No waiver by either party of any term or breach of this Agreement shall be construed as a waiver of any other term or breach hereof or of the same or similar term or breach on any other occasion.

12. Amendment.

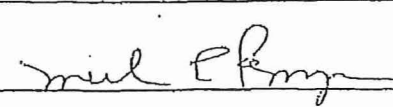
No modification or amendment of this Agreement shall be binding upon either party unless made in writing and signed by both parties.

Northern Natural Gas Company
Division of Enron Corp.

Peoples Natural Gas Company,
Division of UtiliCorp United
Inc.

By: 

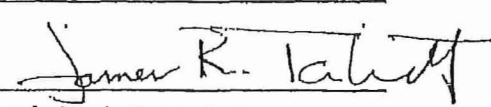
Title: Vice President

Attest: 

Title: Assistant Secretary

By: 

Title: Vice President

Attest: 

Title: Assistant Secretary

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