

SEMCO ENERGY, INC.

TRANSPORTATION SERVICE AGREEMENT

This Agreement is made as of MONTH 1, YEAR, between SEMCO ENERGY GAS COMPANY, a division of SEMCO Energy, Inc., a Michigan corporation, with its principal place of business at 1411 Third Street, Suite A, Port Huron, Michigan 48060 ("SEMCO GAS"), and Customer, with an office at Street, City, MI Zip ("Shipper").

WITNESSETH

Whereas, Shipper has arranged or, from time to time, will arrange for the delivery of natural gas to SEMCO GAS' Point(s) of Receipt;

Whereas, Shipper desires SEMCO GAS to transport gas delivered by Shipper to the facility where such gas will be consumed; and

Whereas, SEMCO GAS, for compensation and subject to the terms and conditions of its filed Transportation Service tariff and this Agreement, is willing to transport and deliver gas to Shipper on the terms and conditions set forth herein.

Now, therefore, in consideration of the covenants and agreements included herein, Shipper and SEMCO GAS agree as follows:

ARTICLE I

Definitions

All terminology used in this Agreement, is defined in SEMCO GAS' filed Transportation Service tariff sheets, attached hereto as Attachment B, which may be amended from time to time by order of the Michigan Public Service Commission (hereinafter referred to as "MPSC").

ARTICLE II

Nature and Terms and Conditions of Service

The nature and terms of service provided to Shipper under this Agreement, including the obligations of both SEMCO GAS and Shipper with regard to nominations, balancing, charges and billing shall be controlled by SEMCO GAS' filed tariff sheets including Transportation Service tariff sheets, which may be modified from time to time by order of the MPSC.

ARTICLE III

Curtailments of Service

The gas redelivered hereunder shall be prioritized for purposes of curtailment or interruption in accordance with SEMCO GAS' filed tariff provisions under Rule B4, Curtailment of Gas Service as shown in Attachment B, which may be modified from time to time by the MPSC.

ARTICLE IV

Service Category

The Service Category selected by Shipper is stated on Attachment A.

ARTICLE V

Maximum Daily Quantity (MDQ)

A Maximum Daily Quantity (MDQ) shall mean the maximum quantity of gas SEMCO GAS is obligated to deliver to Shipper on any given day. Shipper's MDQ under this Agreement is set forth on Attachment A.

ARTICLE VI

Measurement

The meters installed by SEMCO GAS and measurement practices shall be in accordance with Rule B1; Technical Standards of Gas Service, contained in SEMCO GAS' filed tariff, which may be modified from time to time by order of the MPSC.

ARTICLE VII

Contractual Relationship

SEMCO GAS shall, in performing its obligations under this Agreement, use its own means, methods, instrumentalities and employees without control or direction on the part of Shipper.

ARTICLE VIII

Obligations and Risk of Loss

1. As between the parties hereto, SEMCO GAS shall have no obligations or liabilities whatsoever with respect to natural gas delivered by or on behalf of the Shipper until such natural gas is received at the Point(s) of Receipt, and such obligations shall terminate when such gas is delivered at the Point(s) of Delivery. Further, it is recognized that this Agreement is not for the benefit of and shall not confer any rights upon any third party or other shippers, suppliers or transporters.
2. Each party shall be responsible for its own property, plant and equipment and each agrees to indemnify and save harmless the other party from any and all actions, suits, claims and proceedings, liability, loss, cost, damage or expenses (including reasonable attorneys' fees, costs and expenses) resulting from the use or condition of its own property, plant and equipment and from liability to third parties for injuries or damage arising out of or attributable to the use or condition of its own property, plant or equipment, except to the extent due to the other party's negligence or intentional misconduct.
3. Each party shall be solely responsible for its actions and those of its employees and designated agents and shall indemnify, save harmless and exonerate the other party from any and all actions, suits, claims, liability, loss, cost, damage or expense (including reasonable attorneys' fees, costs and expenses), howsoever arising, for bodily injury to or death of its own employees, or designated agents arising out of the course of their employment, except only to the extent where such injury or death shall be caused by the negligence or from willful misconduct of the other party's employees or designated agents hereto; and each of the parties shall assume full responsibility for the proper conduct of its designated agents and employees while in, on or about the plant or plants or premises of the other party and agree to hold harmless and indemnify the other party against any and all liability, loss, cost, damage or expense (including reasonable attorneys' fees, costs and expenses) caused by the negligence or intentional misconduct of its designated agents or employees while in, on or about the plant or plants or premises of the other party.

4. Except for the payment of amounts required by this Agreement, neither party shall be liable to the other party for any failure to perform an obligation to the extent precluded by Force majeure.
5. This Agreement is not for the benefit of, and shall not confer any rights upon, any third party.

ARTICLE IX

Successors and Assignees/Controlling Law

This Agreement is subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction and shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assignees; provided, however, that neither party shall assign this Agreement without the prior written consent of the other not reasonably withheld or delayed; provided that any party may, without such consent, assign this Agreement and its rights and obligations hereunder to any third party which shall acquire substantially all the assets of such party so assigning. The provisions of this ARTICLE shall not be construed to prohibit any party, without the consent of the other party, from mortgaging or pledging this Agreement or its rights hereunder to secure the payment of any bonds, or other indebtedness of such party. The interpretation and performance of this Agreement shall be in accordance with and controlled by the laws of the State of Michigan.

ARTICLE X

Term

The term of this Agreement is specified in Attachment A hereto.

ARTICLE XI

Notice

Any notice, to be made to SEMCO GAS shall be directed to its address as shown on Attachment A.

ARTICLE XII

Jurisdiction

This Agreement and the service offerings, conditions and pricing provisions contained herein and contained in Attachment A shall be subject to the jurisdiction of the Michigan Public Service Commission (MPSC). In the event that the MPSC shall issue one or more order(s) which govern, modify or amend the transportation services contemplated by this Agreement, the service offerings, conditions and pricing provisions stated in such Order(s) shall replace and supersede the service offering, conditions and pricing provisions contained herein effective with the date(s) stated in such Order(s).

ARTICLE XIII

Aggregation Option

Under the terms of the Transportation Service tariff, Shipper may elect to aggregate wholly owned facilities as subsidiary accounts under a master transportation account. The terms and conditions of such service are specified in the tariff. Such subsidiary accounts will be identified in Attachment C.

ARTICLE XIV

Point(s) of Receipt and Delivery

SEMCO GAS shall receive quantities of gas at the Point(s) of Receipt designated in Attachment A on behalf of Shipper and shall deliver quantities of gas to Shipper at the Point(s) of Delivery stated in Attachment A for the primary or master transportation account and on Attachment C for any subsidiary accounts elected under the aggregation option.

ARTICLE XV

Agreement in its Entirety

This Agreement and the references herein constitute the entire agreement of the parties for transportation service to facilities of Shipper at the Point(s) of Delivery. There are no oral or written understandings or agreements between SEMCO GAS and the Shipper not part of this Agreement, relating to the subject-matter of this Agreement other than those expressed herein.

Provisions of this Agreement may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

SEMCO ENERGY GAS COMPANY, a division of
SEMCO ENERGY, INC.

Witness:

(SEMCO GAS)

By _____

Timothy J. Lubbers

Title: Director of Marketing

Witness:

COMPANY NAME

By _____

CUSTOMER NAME

Title:

Attachment A

To The Transportation Service Agreement Between

SEMCO ENERGY GAS COMPANY, a division of SEMCO ENERGY, INC.

and

CUSTOMER NAME

Shipper's Point(s) of Delivery shall be the address of facilities of Shipper to be served hereunder:

STREET, CITY, MI ZIP

CIS Account Number:

Meter Number:

Tax ID Number:

SEMCO GAS's Point(s) of Receipt shall be: NAME GATE STATION or others as approved by SEMCO ENERGY

Shipper's Maximum Daily Quantity (MDQ) shall be: xxxx Dth per day

Does shipper elect to receive Firm Balancing from SEMCO GAS: (Yes or No)

Firm Balancing is provided for \$0.0344 per Dth on all volumes delivered.

Shipper's Firm Balancing Tolerance (FBT) level shall be: xx Dth

Service Category Designated By Shipper: TR-x

SEMCO ENERGY, INC.

1411 THIRD ST – SUITE A

PORT HURON, MICHIGAN 48060

Attention: Timothy J. Lubbers, Director of Marketing

Shipper: CUSTOMER NAME

STREET

CITY, STATE ZIP

Attention: CUSTOMER CONTACT, Title

The term of Attachment A shall commence on the 1st of MONTH, YEAR, and will continue for a one (1) year period. Attachment A terms shall continue thereafter until terminated by either party following thirty (30) days written notice to the other party. The one (1) year term will be waived if Customer has been on the above listed Service Category for at least one year.

CUSTOMER NAME

SEMCO ENERGY GAS COMPANY, a
division of SEMCO ENERGY, INC.

Signed _____ Date _____ Signed _____ Date _____

Attachment C

To The Transportation Agreement

Aggregation of Accounts Option

Between

SEMCO ENERGY GAS COMPANY, a division of SEMCO ENERGY, INC. (SEMCO GAS)

and

CUSTOMER

(Customer)

Master Account

Name

Address

Account

Subsidiary Accounts

		Account	Aggregation
<u>Name</u>	<u>Service Address Category</u>	<u>Number</u>	<u>Date</u>
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the Aggregation Date written above.

**SEMCO ENERGY GAS
COMPANY, a division of SEMCO
ENERGY, INC.**
(SEMCO Gas)

Witness:

By _____

Timothy J. Lubbers

Title Director of Marketing

Witness:

CUSTOMER

By _____

Title _____

The term of this Agreement shall commence on "Aggregation Date for each subsidiary Account" and will continue for a one (1) year period. This Agreement shall continue thereafter until terminated by either party following thirty (30) days written notice to the other party.