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Municipality of Arran-Elderslie  
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October 13, 2017

Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

**Re: EPCOR's Common Infrastructure Plan (CIP)**  
**EB-2016-0137, EB-2016-0138, EB-2016-0139**

Dear Board Panel Members:

The Municipality of Arran-Elderslie, the Municipality of Kincardine, and the Township of Huron-Kinloss (collectively, "Southern Bruce") is pleased to submit this letter in support of EPCOR's Common Infrastructure Plan ("CIP") to serve our respective communities with natural gas services.

The three municipal governments that comprise the Southern Bruce group have devoted the past 6 years to achieve access to natural gas for our residents, businesses and farms. This time consuming and resource intensive initiative continues to be critically important to the future well-being and prosperity within our region. This collective work also represents a powerful example of how small municipalities can effectively and cooperatively work together to achieve creative solutions to benefit their communities through providing access to lower cost energy alternatives.

If Southern Bruce had not developed a comprehensive business case and thereafter pursued our international, competitive solicitation process to obtain proposals from potential Canadian and American natural gas providers, Ontario would not have the opportunity to now welcome EPCOR, a multi-billion dollar 100% municipally-owned Canadian company and new entrant, into Ontario's natural gas sector.

Southern Bruce's continued support for EPCOR and the CIP Application which EPCOR will file with the OEB on Monday October 16, 2017 is based on the following key factors and considerations:

1. Our municipalities, in particular Arran-Elderslie and Huron-Kinloss, have a significant proportion of rural and agricultural consumers. A critical distinguishing feature of EPCOR's proposal from the very beginning was the commitment to serve all Southern Bruce communities. As a collection of small rural communities, our residents, businesses and farmers desperately require access to lower cost energy alternatives. However, those of us who live in rural Ontario often find ourselves being "left behind" with respect to energy choices and alternatives that other parts of Ontario take for granted. EPCOR has been stalwart in its firm commitment to provide natural gas service to all of our communities. We believe the OEB should consider this important obligation in its evaluation of EPCOR's CIP.
2. Like most Ontario municipalities, Southern Bruce continues to face serious and acute challenges with respect to infrastructure renewal. Roads, bridges, hospitals, schools, water, waste water systems, telecommunications networks and community centres all need to be upgraded, expanded or replaced. In many cases infrastructure renewal has become the central challenge for Ontario's municipal sector and this essential work will continue for many decades to come. In working with EPCOR Southern Bruce hopes to transform this daunting challenge into an opportunity. Only EPCOR has come forward with the interest, experience, creativity and financial capacity to present an interesting and compelling vision to explore synergy savings in areas such as telecommunication network expansion and water/waste water renewal and expansion with a view to reducing costs as part of its construction of the new natural gas distribution system. Synergy savings may span a wide range of activities from service level agreements to potential co-construction projects. A more detailed description of these matters can be found in the Value Added section of EPCOR's CIP. Accordingly, we ask the Board to consider this larger opportunity which EPCOR represents to all of our communities.
3. The Southern Bruce municipal Councils have already all approved making a direct financial contribution towards the proposed natural gas access project in an amount equivalent to the municipal property tax that would be recovered on the new natural gas infrastructure for a minimum period of 10 years. We estimate that this municipal financial contribution has a net present value of between \$3M to \$5M which is a significant amount for small communities. Southern Bruce has also agreed to work with EPCOR in seeking tax exemptions from other levels of government such as neighbouring municipalities and at the county level.
4. The Board will also note that in its CIP EPCOR has agreed to provide the Southern Bruce municipalities with a royalty payment amounting to 1% of anticipated net revenues. We

estimate that the net present value of these payments to be approximately \$500,000 in total over 10 years. Southern Bruce is pleased to advise the Board that it will forgo collection of this royalty fee for the first 10 years to further assist the overall economics of the project.

In summary, Southern Bruce supports EPCOR as its preferred provider of natural gas services. We strongly encourage the OEB to make a speedy determination in this matter in order to conclude the regulatory process within a reasonable timeline so that construction and operation of the new natural gas services system and services can be provided to our citizens and communities as soon as possible.

If the Board has any questions for Southern Bruce or EPCOR we trust you will allow us the opportunity to provide you with any needed clarifications.

Yours very truly,



Mayor Anne Eadie  
Municipality of Kincardine



Mayor Mitch Twolan  
Township of Huron-Kinloss



Mayor Paul Eagleson  
Municipality of Arran-Elderslie

Copy: Stuart Lee, President & CEO  
EPCOR