



Municipality of **Bayham**

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January 29, 2009

Heather Adams
Administrator
Town of Aylmer
46 Talbot Street West
Aylmer, Ontario
N5H 1J7

Re: Town of Aylmer, Gas Franchise Hearing

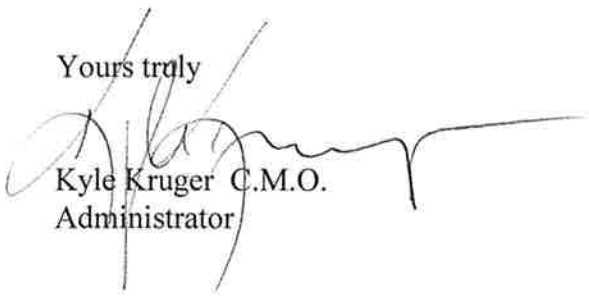
I am writing to confirm that the municipality of Bayham endorses the position being taken by the town of Aylmer in connection with the renewal of Aylmer's gas franchise agreement, and in particular, with respect to the following aspects of that position:

1. The agreement should have a term which expires in February 2014. By way of explanation, I can advise that the first of three current gas franchises agreement between Bayham and NRG expires in 2012, and the other follow in 2015 (three former municipalities now amalgamated). Bayham's intention is to request, at the appropriate time, that its first gas franchise agreement be extended to February 2014, and its remaining two be considered at the same time. This will permit Bayham, Aylmer and any of: Malahide, Central Elgin, Thames Centre and SouthWest Oxford, which may request the same opportunity, the ability to offer a combined, larger and more populous consumer base for the consideration of any potential supplier. A joint effort of this nature could achieve efficiencies and economies that would benefit the public interest.
2. There should be a requirement that the gas company immediately apply to the OEB for a comprehensive rate hearing, because it is the view of Bayham, that the rates charged to local consumers for gas company services are not competitive with the rates applicable in neighbouring municipalities, which are served by other franchisees.
3. There should be a requirement in the franchise agreement for Aylmer and, at the appropriate time, for other municipalities served by the gas company, that it will implement proposed amendments to the Gas Distribution Access Rule (EB-2008-0313) regarding customer service measures, whether or not the amendments become mandatory.
4. There should to be a requirement that the gas company adopt and adhere to a written and publicly available consumer security deposit policy which includes clear information about these circumstances in which a security deposit is required, how the amount of the deposit is calculated, the circumstances in which the deposit will be returned to the customer, that all deposits will be returned by cheque unless otherwise requested in writing by the customer, and that a maximum dollar value for any security deposit be calculated using the proposed population in the OEB proposed amendments to the GDAR.

5. There should be a requirement that the gas company keep all monies from consumer security deposits in a trust fund and not use such monies as working capital.
6. The gas company should be required to make its annual audited financial statements available to the public every year during the term of the franchise agreement.
7. The gas company should be required to immediately give notice to each municipality within the service area, of any proceeding before the OEB that the gas company becomes party to.
8. There should be a requirement that by no later in December 15 of each year, the gas company provide to the municipality a detailed and up-to-date map of system assets, including the estimated age of those assets and any improvements or additions made during the current year.

Bayham is concerned that in the absence of these requirements consumers in the energy service area will be exposed to the possibility of service disruptions, rate hikes and infrastructure deficiencies. Should anything further be required, please do not hesitate to contact me.

Yours truly



Kyle Kruger C.M.O.
Administrator