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OSLER

Toronto

June 12, 2017

Montréal

Patrick G. Welsh
Direct Dial: 416.862.5951
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Our Matter Number: 1144688

Calgary

Sent By Electronic Mail, Regular Mail and RESS Electronic Filing

Ottawa

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
27-2300 Yonge Street
Toronto, ON M4P 1E4

Vancouver

New York

Dear Ms. Walli:

EB-2017-____ - Franchise Renewal Application - Natural Resource Gas Limited and the County of Oxford

Please find enclosed an Application by Natural Resource Gas Limited (“**NRG**”) for an Order of the Ontario Energy Board with respect to a proposed Franchise Agreement between NRG and the County of Oxford.

Should you have any questions or require any additional information, please do not hesitate to contact me.

Yours very truly,



Patrick G. Welsh
PW:fdr

Enclosures (13)

c: Richard King, *Osler*
Laurie O’Meara, *NRG*
Brian Lippold, *NRG*
Brenda Tabor, *County of Oxford*

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Municipal Franchises Act*, R.S.O. 1990, c. M.55, as amended (the “Act”);

AND IN THE MATTER OF an Application by Natural Resource Gas Limited for an Order under section 9(3) of the Act approving the terms and conditions upon which, and the period for which, the County of Oxford is to grant to Natural Resource Gas Limited the right to construct and operate works for the distribution, transmission and storage of natural gas and the right to extend and add to the works in the County of Oxford;

AND IN THE MATTER OF an Application by Natural Resource Gas Limited for an Order under section 9(4) of the Act directing and declaring that the assent of the municipal electors of the County of Oxford to the by-law is not necessary.

**APPLICATION OF
NATURAL RESOURCE GAS LIMITED**

June 12, 2017

OSLER, HOSKIN & HARCOURT LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Patrick G. Welsh
Tel: 416.862.5951
Fax: 416.862.6666
pwelsh@osler.com

Counsel for Natural Resource Gas Limited

Background

1. Natural Resource Gas Limited (“**NRG**”) is an Ontario corporation and carries on the business of, among other things, owning and operating natural gas distribution facilities in the County of Oxford (“**Oxford**”).
2. Oxford is a municipal corporation incorporated under the laws of Ontario. A map showing the location of Oxford is attached as Schedule “**A**”. All of NRG’s customers in Oxford are located within lower-tier municipalities with valid franchise agreements. NRG’s natural gas distribution facilities exclusively within Oxford’s jurisdiction relate to three county roads (specifically, Culloden Line, Prouse Road and Brownsville Road), as shown in a diagram attached as Schedule “**B**”.
3. NRG and Oxford had an existing franchise agreement dated June 14, 1989, which granted NRG the right to construct and operate works for the distribution of gas within Oxford’s boundaries and to supply gas to Oxford’s residents, a copy of which is attached as Schedule “**C**” (the “**Existing Franchise Agreement**”). The Existing Franchise Agreement was approved by By-Law No. 2931-89 dated June 14, 1989, a copy of which is attached as Schedule “**D**”. The Existing Franchise Agreement expired on June 14, 2009.
4. NRG has a Certificate of Public Convenience and Necessity from the Ontario Energy Board (the “**Board**”) granting it the right to construct works to supply gas and to supply gas in Oxford (E.B.C. 111 and 119, issued May 5, 1982, attached as Schedule “**E**”).

Procedural History

5. On September 25, 1998, NRG wrote to Oxford regarding the need for a franchise agreement with Oxford. NRG noted that it had been “attempting to finalize a Franchise Agreement with your County for some time.” On December 3, 1998, Oxford replied to NRG, requesting a change to the then-proposed franchise agreement. On April 9, 1999, NRG wrote back to Oxford, advising of its preference not to amend the proposed franchise agreement’s wording and expressing skepticism of the Board’s willingness to approve of such an amendment, but noting that NRG was willing to entertain the amendment in order to “move the process forward.” Despite this concession, NRG has no records of any further response from Oxford. A copy of the September 25, December 3, and April 9 letters are attached as Schedule “F”.

6. Starting in early 2012, NRG began the process of renewing its franchise agreements with upper and lower tier municipalities within its distribution areas.¹ To date, NRG has renewed all franchise agreements other than with Oxford.

7. On September 24, 2015, NRG’s legal counsel wrote to Oxford explaining that the Existing Franchise Agreement needed to be renewed and providing Oxford with more information about the franchise renewal process. A copy of this letter is attached as Schedule “G”. Also included with this letter was a copy of a proposed franchise agreement (the “**Proposed Franchise**

¹ See **EB-2012-0072** [Town of Aylmer]; **EB-2012-0447** [Municipality of Bayham]; **EB-2012-0446/EB-2014-0186** [Municipality of Central Elgin]; **EB-2015-0205** [Township of Malahide]; **EB-2012-0475** [Township of South-West Oxford]; **EB-2012-0444/EB-2014-0153** [Municipality of Thames Centre]; **EB-2012-0445/EB-2014-0188** [City of London]; **EB-2012-0476/EB-2014-0207** [County of Norfolk]; **EB-2015-0307** [Elgin County]; and **EB-2016-0145** [Middlesex County]).

Agreement") based on the Board's 2000 Model Franchise Agreement (the "**MFA**"). NRG also provided a copy of the MFA to Oxford with the September 24 letter.

8. Between October and November 2015, Counsel for NRG engaged in discussions with Oxford, but the parties were unable to reach an agreement regarding the terms of the Proposed Franchise Agreement.

9. Starting in March 2016, Mr. Brian Lippold, NRG's General Manager, raised the issue of renewing the Existing Franchise Agreement with Oxford directly with members of Oxford Council through a series of informal discussions throughout 2016. In early December 2016, Mr. Lippold met with the Warden of Oxford County, David Mayberry, to discuss the franchise renewal with Oxford and was contacted shortly thereafter by Oxford's Chief Administrative Officer (CAO). A copy of the correspondence between Oxford's CAO and Brian Lippold is attached as Schedule "**H**".

10. In the email sent by Oxford's CAO dated December 12, 2016, Oxford requested certain amendments to the Proposed Franchise Agreement. On March 20, 2017, Brian Lippold responded to Oxford's CAO, addressing each request made by Oxford's CAO. Following this exchange, NRG and Oxford engaged in without-prejudice discussions regarding the terms of the Proposed Franchise Agreement.

11. At Oxford's request, NRG agreed to remove a reference to the *Drainage Act* in the Proposed Franchise Agreement and provided Oxford with a revised Proposed Franchise Agreement (the "**Revised Franchise Agreement**"). A copy of the Revised Franchise Agreement

is attached as Schedule “T”. A “redline” showing the changes between the Proposed Franchise Agreement and the Revised Franchise Agreement is attached as Schedule “J”.

Renewal Information

12. On May 24, 2017, Oxford County Council passed Resolution No. 14 (the “**Resolution**”):
- (a) approving Oxford By-Law No. 5935-2017 (the “**Draft By-Law**”);
 - (b) approving the form of the Revised Franchise Agreement ;
 - (c) authorizing submission of the Draft By-Law and the Revised Franchise Agreement for approval by the Board;
 - (d) requesting that the Board make an Order declaring assent of the municipal electors to the Draft By-Law and Revised Franchise Agreement not necessary and;
 - (e) Authorizing the Chief Administrative Officer and Director of Public Works to execute the Revised Franchise Agreement.
13. A copy of the Resolution is attached as Schedule “K” and a copy of the Draft By-Law is attached as Schedule “L”.

Address and Contact Information

14. The address and contact information of Oxford is:

County of Oxford
21 Reeve Street, P.O. Box 1614
Woodstock, ON N4S 7Y3
Attention: Brenda J. Tabor, Clerk
btabor@oxfordcounty.ca
Tel: (519) 539-9800 x3915

15. The contact information for NRG is:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place, Suite 6300
Toronto, ON M5X 1B8
Attention: Patrick Welsh
pwelsh@osler.com
Tel: 416-862-5951
Fax: 416-862-6666

Relief Requested

16. NRG now applies to the Board for:

- (a) An Order under section 9(3) of the Act approving the terms and conditions, and the period for which, Oxford is, by by-law, to grant NRG the right to construct and operate works for the distribution, transmission and storage of natural gas and the right to extend and add to the works; and,
- (b) An Order pursuant to section 9(4) of the Act directing and declaring that the assent of the municipal electors of Oxford is not necessary for the Draft By-Law under the circumstances.

17. It is NRG's preference that this proceeding take place by way of a written hearing.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

June 12, 2017

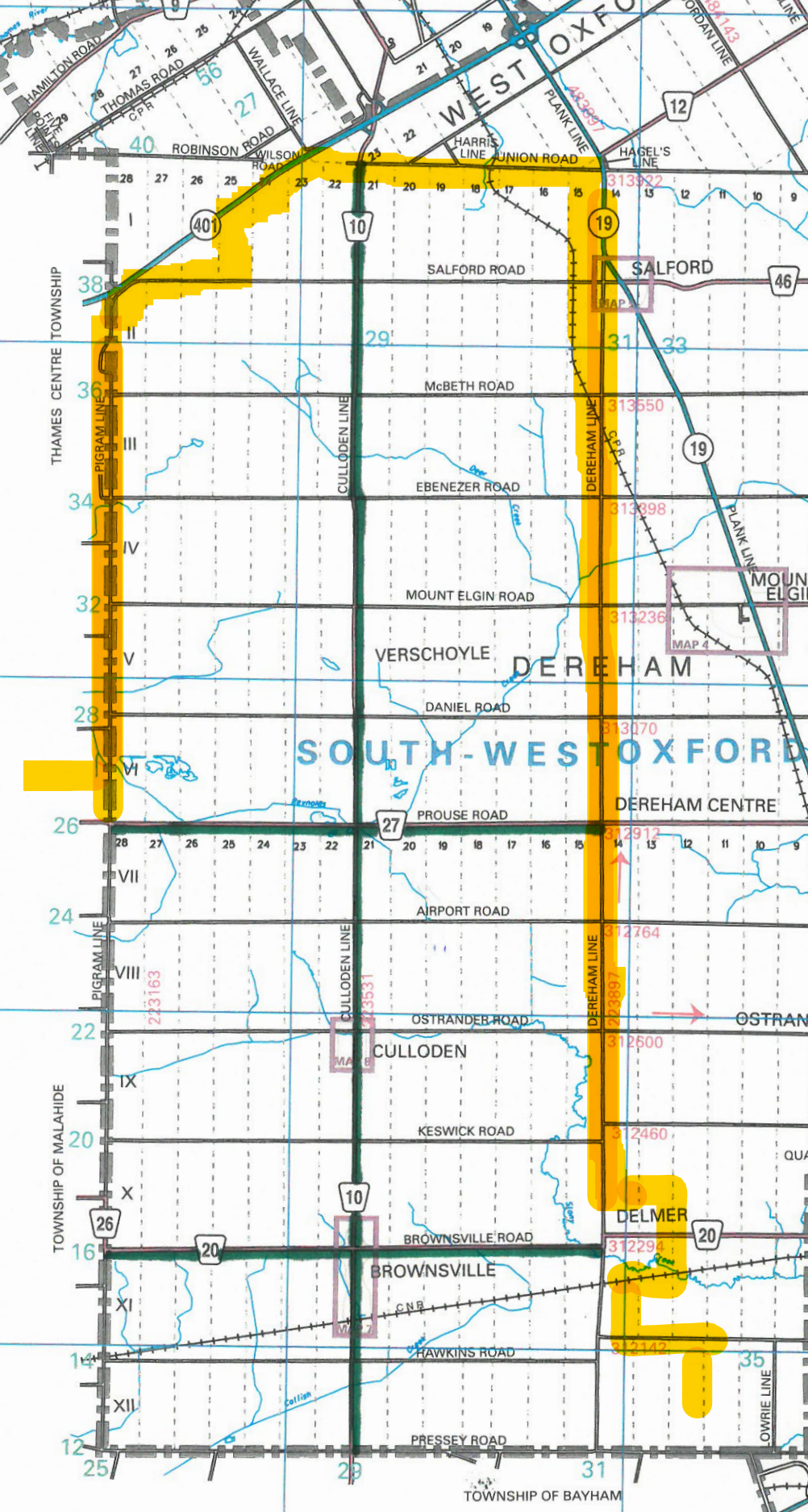


Patrick G. Welsh
Osler, Hoskin & Harcourt LLP
Counsel for NRG

Schedule A



Schedule B



Schedule C

THIS AGREEMENT made this 14th day of June, 1989

B E T W E E N :

THE MUNICIPAL CORPORATION OF THE COUNTY OF OXFORD
hereinafter called the "County"

-and-

NATURAL RESOURCE GAS LIMITED
hereinafter called the "Gas Company"

WHEREAS by By-law No.2931-89 of the Council of the County, the Warden and the Clerk have been authorized and directed to execute this Agreement on behalf of the County;

THEREFORE the County and the Gas Company agree as follows:

I DEFINITIONS

1. In this Agreement:

- (a) "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline.
- (b) "gas system" means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the supply, transmission and distribution of gas.
- (c) "highway" means the entire right-of-way of all public highways, including bridges and structures, which are now, or at any time during the term of this agreement, under the jurisdiction of the County;
- (d) "Engineer" means Director of Engineering for the County.

II RIGHTS GRANTED

1. To Use County Highways

The consent of the County is hereby granted to the Gas Company to enter upon all highways under the jurisdiction of the County, and to lay, construct, maintain, replace, remove, operate and repair a system for the supply, distribution and transmission of gas.

2. Duration of Agreement and Renewal Procedures

The rights hereby given and granted shall be for a term of twenty years from the date of final passing of the by-law.

At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue.

Nothing herein stated shall preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the Municipal Franchises Act.

III CONDITIONS:

1. Approval of Construction

No construction of or any extension or change to the gas system in the highway shall be carried out until the Gas Company has submitted and received the Engineer's approval of a plan detailing the location of the works within the highway. The timing, terms and conditions relating to the installation of such works shall be to the Engineer's satisfaction. The Engineer may require sections of the gas system to be laid at a greater depth than required by CAN/CSA-Z184-M86 to facilitate other works.

If the Gas Company proposes to affix a part of the gas system to a bridge, viaduct or structure, the Engineer may require special conditions or a separate agreement.

The Gas Company may appeal to the Council of the County in the event they deem the Engineer's approval is being withheld unreasonably.

2. Conformity with Plans; As-Built Drawings

The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer to do so is received. After completion of the construction, the Gas Company shall file a plan detailing the actual location of the works, "as built", or certify that the works have been constructed in exact accordance with the approved plan.

3. Emergencies

In the event of an emergency involving the gas system, the Gas Company will proceed with the necessary repair work, and shall immediately notify the Engineer and/or the police department as to the location and nature of the emergency and the work being done.

4. Restoration

The Gas Company shall restore, to the satisfaction of the Engineer, all highways, municipal works or improvements which it may excavate or interfere with in the course of constructing, repairing or removing its gas system. If the Gas Company fails at any time to do any work required by this paragraph within a reasonable period of time, the County may do or cause such work to be done and the Gas Company shall, on demand, pay any reasonable account therefor as certified by the Engineer.

5. Indemnification

The Gas Company shall, at all times, indemnify and save the County harmless from and against all claims arising out of the Gas Company operating, constructing, and maintaining its gas system on County highways, except for such claims as may result from the negligence or wrongful act of the County, its servants, agents or employees.

6. Alternative Easement

In the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, the County agrees to give the Gas Company reasonable notice of such proposed sale or closing and to provide to the Gas Company, where feasible, such easements as may be required to preserve the affected part of the gas system in its then existing location. In the event that such easements cannot be provided, the County will share in the cost of relocating or altering the affected parts of the gas system, as provided in clause III, 7 of this Agreement.

7. Relocation

The Gas Company shall, upon notice to do so, remove and/or relocate, within a reasonable period of time, such part of the gas system as may be required to facilitate construction, reconstruction, repairs or improvements to the highway.

The entire cost of relocation of any part of the gas system located on a bridge or structure, shall be borne by the Gas Company.

The cost of relocation of other parts of the gas system, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation, shall be shared between the County and the Gas Company, based on the following costs:

- (a) wages and fringe benefits paid to Gas Company employees, up to and including field supervisors, for the hours worked on the project, plus
- (b) charges for all equipment used by the Gas Company on the project, plus
- (c) the amount paid by the Gas Company to contractors for work related to the project, plus
- (d) the cost to the Gas Company for materials used in connection with the project, plus
- (e) a surcharge of 22.5 percent for project engineering and administrative costs.

The entire cost of alteration or relocation of any part of the gas system that was constructed or installed prior to January 1, 1981, shall be borne by the Gas Company.

The County shall pay a percentage of the cost of alteration or relocation of parts of the gas system constructed or installed on or after January 1, 1981, as follows:

- a) for work carried out in 1989, the County shall pay 15%
- b) for work carried out in 1990, the County shall pay 20%
- c) for work carried out in 1991, the County shall pay 25%
- d) for work carried out in 1992, the County shall pay 30%
- e) for work carried out in 1993, and thereafter, the County shall pay 35%

IV PROCEDURAL AND OTHER MATTERS

1. Giving Notice

Notices may be given by prepaid registered post, to

Natural Resource Gas Limited,
P.O. Box 3117, Terminal "A",
London, Ontario
N6A 4J4

or to

The Clerk of the County of Oxford,
Post Office Box 397,
Woodstock, Ontario
N4S 7Y3.

2. Disposition of Gas System

The Gas Company shall, at its sole expense, remove any abandoned part of its gas system affixed to a bridge or structure.

Other abandoned parts of the gas system may be removed by the Gas Company at its expense, or may remain in place, subject to the County's right to subsequently destroy and remove any portion thereof as may be required to facilitate the County's or other utilities' work within the highway.

3. Assignment

The Gas Company shall notify the County, in writing, of its intention to sell, transfer or assign to another company, any of the rights provided under this Agreement.

4. Agreement Binding Parties


This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

IN WITNESS WHEREOF the parties have hereunto signed, sealed and executed these presents under the hands of their officers duly authorized in that behalf.

MUNICIPAL CORPORATION OF THE
COUNTY OF OXFORD


Ernie Hardeman,

Warden


J. Harold Walls,

Clerk

NATURAL RESOURCE GAS LIMITED

President

Schedule D

THE MUNICIPAL CORPORATION OF THE COUNTY OF OXFORD

BY-LAW NO. 2931-89

BEING a By-Law to authorize the execution of an Agreement, dated June 14, 1989, between The Corporation of the County of Oxford, and Natural Resource Gas Limited.

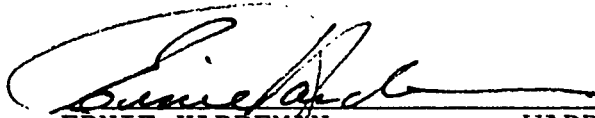
WHEREAS, the Public Works Committee of the County of Oxford in its Twelfth Report, dated June 14, 1989, recommended that an Agreement be executed by the Clerk and Warden.

NOW THEREFORE, the Municipal Council of The Corporation of the County of Oxford enacts as follows:

1. That the Warden and Clerk be authorized and they are hereby instructed to execute an Agreement, dated June 14, 1989, between The Corporation of the County of Oxford and Natural Resource Gas Limited.
2. A copy of said Agreement shall be attached to and form part of this By-law.

READ a first and second time this 14th day of June, 1989.

READ a third time and finally passed in Open Council this 14th day of June, 1989.


ERNIE HARDEMAN, WARDEN


J. HAROLD WALLS, CLERK

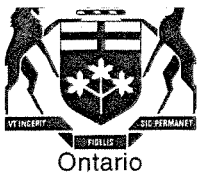
I hereby certify this to be a true copy of
County of Oxford By-Law No. 2931-89

06/19/89

Date


J. Harold Walls, County Clerk

Schedule E



IN THE MATTER OF the Municipal
Franchises Act, R.S.O. 1980, c. 309;

AND IN THE MATTER OF applications by
Natural Resources Gas Limited for
certificates of public convenience
and necessity to construct works to
supply and to supply gas in the
Townships of Southwest Oxford, North
Dorchester, South Dorchester,
Westminster, Norfolk and Bayham, the
Villages of Belmont, Port Burwell,
Springfield and Vienna and the Town
of Aylmer.

BEFORE:	R. H. Clendining)	
	Chairman and)	
	Presiding Member)	
)	
	H. R. Chatterson)	October 15, 1981
	Member)	
)	
	R. R. Perdue)	
	Member)	

CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY

UPON the applications of Natural Resource Gas
Limited ("NRG") for certificates of public convenience
and necessity to construct works to supply gas in the
municipalities referred to above;

AND UPON the applications having been heard in
Toronto on September 9, 1981, in the presence of counsel
for NRG, for Union Gas Limited and for the Board, no one
else appearing, and Reasons for Decision having been
delivered on October 15, 1981:

IT IS ORDERED THAT a certificate of public convenience and necessity be and the same is hereby granted to NRG to construct works to supply and to supply gas in:

1. the Village of Belmont
2. the Township of South Dorchester
3. the Village of Port Burwell
4. the Town of Aylmer
5. the Village of Springfield
6. the Village of Vienna
7. those areas of the Townships of Southwest Oxford, North Dorchester, Westminster, Norfolk and Bayham set out in Appendix "A" to this Order.

ISSUED at Toronto this 5th day of May, 1982.

ONTARIO ENERGY BOARD



Imelda Walker
Assistant Board Secretary

Imelda Walker
Imelda Walker
Assistant Board Secretary

TOWNSHIP OF WESTMINSTER

ALL AND SINGULAR those certain parcels or tracts of
land and premises situate, lying and being in the
Township of Westminster, in the Country of
Middlesex, and being composed of the following:

1. The whole of Lots 3, 4, 5 and 6 in Concession 8.
2. The whole of Lots 1, 2, 3, 4, 5 and 6, in
Concession 7.
3. The whole of Lots 1, 2 and 3 in each of
Concessions 3, 4, 5 and 6.
4. The south halves of Lots 4, 5 and 6, in
Concession 6.
5. Those parts of Lots 1, 2, 3 and 4 in Concession 2
lying south of Highway 401.
6. That part of the east half of Lot 5 in
Concession 2 lying south of Highway 401.
7. Those customers on the west side of Highway 74 to a
depth of 200 feet from the said Highway, from the
dividing line between the north and south halves of
Lot 1 in Concession 1 to Highway 401 lying in Lot 1
in Concession 2.

8. The north half of Lot 1 in Concession 1.
9. The whole of Lot 1 in the Broken Front Concession.

TOWNSHIP OF NORTH DORCHESTER

ALL AND SINGULAR those certain parcels or tracts of land and premises situate, lying and being in the Township of North Dorchester, in the County of Middlesex, and being composed of the following:

1. The whole of Lot 24 in Concession A.
2. The north half of Lot 24, in Concession B.
3. Those customers along the east side of Highway 74 to a depth of 200 feet from the said Highway, from the dividing line between the north and south halves of Lot 24, in Concession B to Highway 401 lying in Lot 24, in Concession 1.
4. Those parts of Lots 21, 22, 23 and 24, in Concession 1 lying south of Highway 401.
5. The whole of Lots 21, 22, 23 and 24 in each of Concessions 2, 3, 4, 5 and 6.
6. The west half of the southerly quarter of Lot 20 in Concession 5.
7. The whole of Lot 20, in Concession 6, save and except the northeasterly quarter thereof.

8. The south halves of Lots 11, 12, 13, 14, 15, 16, 17, 18 and 19, in Concession 6.
9. The whole of Lots 6, 7, 8, 9 and 10 in each of Concessions 2, 3, 4, 5 and 6.
10. Those parts of Lots 6, 7, 8, 9 and 10 in Concession 1 lying South of Highway 401.
11. The south halves of Lots B, 1, 2, 3, 4 and 5, in Concession 6.
12. The whole of Lot A in each of Concessions 2, 3, 4, 5 and 6.
13. That part of Lot A, in Concession 1 lying south of Highway 401.

TOWNSHIP OF SOUTHWEST OXFORD

ALL AND SINGULAR those certain parcels or tracts of land and premises situate, lying and being in the Township of Southwest Oxford in the County of Oxford, formerly in the Township of Dereham in the County of Oxford, and being composed of the following:

1. The whole of Lots 15 to 23, both inclusive, in Concession 1.
2. The whole of Lot 24, in Concession 1, save and except that part of the said Lot lying north of Highway 401.

3. The whole of Lots 15 to 28, both inclusive, in each of Concessions 2 to 12, both inclusive.
4. The southerly quarter of Lot 14, in Concession 10.
5. The southerly quarter of Lot 14, in Concession 11.

TOWNSHIP OF BAYHAM

ALL AND SINGULAR that certain parcel or tract of land and premises situate, lying and being in the Township of Bayham, in the County of Elgin, and being composed of the whole of the said Township of Bayham, saving and excepting therefrom the following:

1. The whole of Lots 15, 16, 17, 18, 19, 20 and 21, in Concession 11.
2. The whole of Lots 20, 21, 22, 23, 24 and 25, in Concession 10.
3. The whole of Lots 20, 21, 22, 23, 24, 25, 26, 27 and 28, in Concession 9.
4. The southerly 200 feet of Lots 17, 18 and 19, in Concession 9.
5. The northerly 200 feet of Lots 17, 18 and 19 in Concession 8.
6. The north half of Lot 20, in Concession 8.

7. Those parts of Lots 21, 22, 23 and 24, in Concession 8 lying north of the road which runs in a generally easterly and westerly direction through such Lots and commonly known as Ridge Road. However, the property of Mr. John Siemens Jr., R.R.1, Eden, Ontario (part of Lot 23, Concession 8) is to continue to be served by Natural Resource Gas Limited.
8. The whole of Lots 26, 27 and 28, in Concession 8.

TOWNSHIP OF NORFOLK

ALL AND SINGULAR those certain parcels or tracts of land and premises situate, lying and being in the Township of Norfolk, in the Regional Municipality of Haldimand-Norfolk (formerly in the Township of Houghton, in the County of Norfolk) and being composed of all of the lands and premises situate, lying and being in the lands formerly known as the Township of Houghton, save and except the following:

1. The whole of Gore Lot A.
2. The north half of Gore Lot B.

(FORMERLY MIDDLETON)

ALL AND SINGULAR those certain parcels or tracts of land and premises situate, lying and being in the Township of

Norfolk, in the Regional Municipality of Haldimand-Norfolk, formerly in the Township of Middleton, in the County of Norfolk, and being composed of the following:

1. The south quarters of Lots 1 and 2, in Concession 1, North of Talbot Road.
2. The whole of Lots 1 and 2, in each of Concessions 1 and 2, South of Talbot Road.

(FORMERLY NORTH WALSHINGHAM)

ALL AND SINGULAR those certain parcels of tracts of land and premises situate, lying and being in Township of Norfolk, in the Regional Municipality of Haldimand-Norfolk, formerly in the Township of North Walsingham in the County of Norfolk, and being composed of the following:

1. The whole of Lot 1 in each of Concessions 11, 12, 13 and 14.
2. The whole of Lot 1 in Concession 10, save and except all of the southerly 200 feet of the said Lot except the westerly 200 feet of the said southerly 200 feet.
3. The whole of Lot 1 in Concession 9, save and except all of the northerly 200 feet of the said lot except the westerly 200 feet of the said northerly 200 feet.

4. The whole of Lots 1 in each of Concessions 7 and 8.
5. The south halves of each of Lots 2, 3, 4 and 5 in Concession 7.

(FORMERLY SOUTH WALSINGHAM)

ALL AND SINGULAR those certain parcels or tracts of land and premises situate, lying and being in the Township of Norfolk, in the Regional Municipality of Haldimand-Norfolk, formerly in the Township of South Walsingham, in the County of Norfolk, and being composed of the following:

1. The whole of Lots 1, 2, 3, 4 and 5, in each of Concessions 1, 2, 3, 4, 5 and 6.
2. The whole of Lots 1, 2, 3, 4 and 5, in each of Ranges A and B.
3. The whole of Marsh Lots 1, 2, 3, 4 and 5.
4. The whole of Gore Lot E, in Concession 3.
5. The whole of Gore Lot D in Concession 2.
6. The whole of Gore Lot C in Concession 1.
7. The whole of Gore Lot B, in Range A.
8. The whole of Gore Lot A, in Range B.
9. The whole of Marsh Lot in front of Gore Lot A, Range B.

Schedule F



Natural Resource Gas Limited

September 25, 1998

Mr. Ken Whiteford
CAO/Clerk
County of Oxford
P.O. Box 397 Court House
Woodstock ON
N4S 7Y3

Dear Mr. Whiteford:

Re: Franchise Agreement

As you may be aware, Natural Resource Gas Limited ("NRG") has been attempting to finalize a Franchise Agreement with your County for some time. We have taken the liberty of once again providing you with a copy of a Franchise Agreement in the form of the Model Agreement as was negotiated by the Municipal Franchise Committee and was included in the Ontario Energy Board Report E.B.O. 125 issued in December 1987.

In accordance with the Ontario Energy Board Act and the Municipal Franchises Act, NRG is required to seek the Board's approval for Franchise Agreements. The usual process is to request the Municipality give the first reading to a By-law adopting the Agreement. NRG then makes application to the Ontario Energy Board for approval. Once approved by the Board, NRG returns to the Municipality and requests second and third reading of the By-law and execution of the Agreement.

The Ontario Energy Board requires that Franchise Agreements be in the form of the Model Agreement. In the event that any of the clauses deviate from those of the Model, the parties are required to provide evidence to the Board indicating the reasons for the changes. Agreements not in the format of the Model Agreement are not usually approved.

Franchise Agreements with Counties and other upper tier municipalities are essentially operating agreements for work along road allowances. The right to supply, or Certificate of Public Convenience and Necessity as it is officially known, is granted by the Board with the lower tier franchise approvals. In this case, NRG was granted the Certificate for its service area in Oxford when the



..2

Franchise Agreement for the Township of South-West Oxford was approved several years ago.

We would be pleased to meet with you or your council at your convenience to discuss this matter. Please feel free to call me at 519-773-5321.

Yours very truly,
NATURAL RESOURCE GAS LIMITED


for: William K. Blake
President and General Manager

encl.

cc. Mr. Roy Brankley, County of Oxford
Mr. Paul Pudge, Ontario Energy Board
Mr. Peter Budd, Bennett Jones Verchere



The Corporation of the

COUNTY OF OXFORD

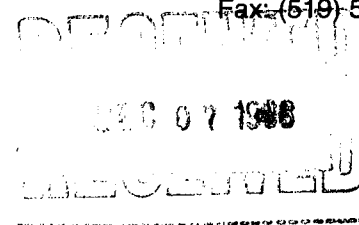
DEPARTMENT OF PUBLIC WORKS

P.O. Box 397, Court House, Woodstock, Ontario N4S 7Y3

Bus: (519) 539-9800

Fax: (519) 537-3024

December 3, 1998



Natural Resource Gas Limited
101 Spruce Street
P.O. Box 307
Aylmer, Ontario
N5H 2S1

Attention: Mr. Bill Blake

Dear Sir:

Re: NRG Franchise Agreement

With reference to the Franchise Agreement the following changes will have to be made:

Page 5 - 7. Pipeline Relocation

the last part of the last sentence in paragraph 3 to read:

The total relocation costs shall be borne by Natural Resource Gas Limited, with no financial contribution by the County of Oxford.

If you have any questions or comments, please do not hesitate to contact me.

Yours truly,

for *T. Decoo*

Tony Decoo, C.E.T.
Construction Manager

give the Gas Company reasonable notice of such proposed sale or closing and to provide, if it is feasible, the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation will share, as provided in clause III,7 of this Agreement, in the cost of relocating or altering the gas system to facilitate continuity of gas service.

7. Pipeline Relocation

If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.

Where any part of the gas system relocated in accordance with this section is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate, at its sole expense, such part of the gas system.

Where any part of the gas system relocated in accordance with this section is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:

- (a) the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
- (b) the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
- (c) the amount paid by the Gas Company to contractors for work related to the project,
- (d) the cost to the Gas Company for materials used in connection with the project, and
- (e) a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (a), (b), (c) and (d) above.

The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company.



Natural Resource Gas Limited

April 9, 1999

Mr. Ken Whiteford
CAO/Clerk
County of Oxford
P.O. Box 397 Court House
Woodstock ON N4S 7Y3

Dear Mr. Whiteford:


Re: Franchise Agreement

We have now incorporated the wording provided by Mr. Decoo in his letter of December 3, 1998 into the Model Franchise Agreement. A copy of Mr. Decoo's letter is attached. Although we would prefer the original wording and feel it is unlikely the Ontario Energy Board will approve the revision, we feel we must move the process forward in the interest of the needs of current and future customers within NRG's service area in the County.

Enclosed herewith is a draft Resolution, By-law and Agreement. The typical process is for the Council of your municipality to pass the Resolution and return it to NRG. We will then make application to the Ontario Energy Board for approval pursuant to the Municipal Franchises Act and request an Order indicating the assent of the municipal electors is not necessary.

We would be pleased to meet with you and/or your council at your convenience should you require any further information. Feel free to call me at 519-773-5321 extension 205.

Yours truly,
Natural Resource Gas Limited


William Blake
President and General Manager
encl.

cc. Mr. T. Decoo, County of Oxford
Mr. Paul Pudge, Ontario Energy Board
Mr. Peter Budd, Power Budd

F:\SHARE\BILL\OEB\Franchise\Oxford\kw1990409agreement.doc

FRANCHISE AGREEMENT

THIS AGREEMENT made this day of , 19 ,

BETWEEN:

THE MUNICIPAL CORPORATION OF THE COUNTY OF OXFORD

hereinafter called the "Corporation"

- and -

NATURAL RESOURCE GAS LIMITED

hereinafter called the "Gas Company"

WHEREAS the Gas Company desires to distribute and sell gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the Warden and the Clerk have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

I. DEFINITIONS

1. In this Agreement:

- (a) "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;
- (b) "gas system" means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the supply, transmission and distribution of gas in or through the Municipality;

- (c) "highway" means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- (d) "Municipality" means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- (e) "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation.

II. RIGHTS GRANTED

1. To provide gas service.

The consent of the Corporation is hereby given and granted to the Gas Company to supply gas to the Corporation and to the inhabitants of those local or lower tier municipalities within the Municipality from which the Gas Company has a valid franchise agreement for that purpose.

2. To use road allowances.

The consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the supply, distribution and transmission of gas in and through the Municipality.

3. Duration of Agreement and Renewal Procedures.

The rights hereby given and granted shall be for a term of twenty (20) * years from the date of final passing of the By-law.

- * Footnote: The rights given and granted for a first agreement shall be for a term of 20 years. The rights given and granted for any subsequent agreement shall be for a term of not more than 15 years, unless both parties agree to extend the term to a term of 20 years maximum.

At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. Nothing herein stated shall preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to Section 10 of the **Municipal Franchises Act**.

III CONDITIONS

1. Approval of Construction

Before beginning construction of or any extension or change to the gas system (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific location, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy. Geodetic information will not be required except in complex urban intersections in order to facilitate known projects, being projects which are reasonably anticipated by the Engineer/Road Superintendent. The Engineer/Road Superintendent may require sections of the gas system to be laid at a greater depth than required by CSA Z662-96 to facilitate known projects. The location of the work as shown on the said plan must be approved by the Engineer/Road Superintendent before the commencement of the work and the timing, terms and conditions relating to the installation of such works shall be to his satisfaction.

Notwithstanding the provisions of the above noted paragraph, in the event it is proposed to affix a part of the gas system to a bridge, viaduct or structure, the Engineer/Road Superintendent may, if the Engineer/Road Superintendent approves of such location, require special conditions or a separate agreement.

No excavation, opening or work which shall disturb or interfere with the surface of the travelled portion of any highway shall be made or done unless a permit therefor has first been obtained from the Engineer/Road Superintendent and all works shall be done to his satisfaction.

The Engineer/Road Superintendent's approval, where required throughout this section, shall not be withheld unreasonably.

2. As Built Drawings

The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received. After completion of the construction, where plans were initially filed, an "as built" plan of equal quality to the pre-construction plan or certification that the pre-construction plan is "as built" will be filed with the Engineer/Road Superintendent.

3. Emergencies

In the event of an emergency involving the gas system, the Gas Company will proceed with the work and in any instance where prior approval of the Engineer/Road Superintendent is normally required, shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force having jurisdiction.

4. Restoration

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay any reasonable account therefor as certified by the Engineer/Road Superintendent.

5. Indemnification

The Gas Company shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

6. Alternative Easement

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and to provide, if it is feasible, the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation will share, as provided in clause III,7 of this Agreement, in the cost of relocating or altering the gas system to facilitate continuity of gas service.

7. Pipeline Relocation

If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.

Where any part of the gas system relocated in accordance with this section is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate, at its sole expense, such part of the gas system.

Where any part of the gas system relocated in accordance with this section is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:

- (a) the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
- (b) the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
- (c) the amount paid by the Gas Company to contractors for work related to the project,

- (d) the cost to the Gas Company for materials used in connection with the project, and
- (e) a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (a), (b), (c) and (d) above.

The total relocation costs shall be borne by Natural Resource Gas Limited, with no financial contribution by the County of Oxford.

8. Notice to Drainage Superintendent

In a case where the gas system may affect a municipal drain, the Gas Company shall file with the Drainage Superintendent, for purposes of the Drainage Act, or other person responsible for the drain, a copy of the plan required to be filed with the Engineer/Road Superintendent.

IV. PROCEDURAL AND OTHER MATTERS

1. Municipal By-laws of General Application

This Agreement and the respective rights and obligations hereunto of the parties hereto are hereby declared to be subject to the provisions of all regulating statutes and all municipal by-laws of general application and to all orders and regulations made thereunder from time to time remaining in effect save and except by-laws which impose permit fees and by-laws which have the effect of amending this Agreement.

2. Giving Notice

Notices may be given by delivery or by mail, and if mailed, by prepaid registered post, to the Gas Company at its head office or to the Clerk of the Corporation at its municipal offices, as the case may be.

3. Disposition of Gas System

During the term of this Agreement, if the Gas Company abandons a part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove that part of its gas system affixed to the bridge, viaduct or structure.

If at any time the Gas Company abandons any other part of its gas system, it shall deactivate that part of its gas system in the Municipality. Thereafter, the Gas Company shall have the right, but nothing herein contained shall require it, to remove its gas system. If the Gas Company fails to remove its gas system and the Corporation requires the removal of all or any of the gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the deactivated gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby.

4. Agreement Binding Parties

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

IN WITNESS WHEREOF the parties hereto have duly executed these presents with effect from the date first above written.

**THE MUNICIPAL CORPORATION OF
THE COUNTY OF OXFORD**

Mark Harrison, Warden

Ken Whiteford, CAO/Clerk

NATURAL RESOURCE GAS LIMITED

William K. Blake, President

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THE MUNICIPALITY OF THE CORPORATION OF THE COUNTY OF OXFORD

RESOLUTION

RESOLVED THAT:

1. This Council approves the form of draft by-law and franchise agreement attached hereto and authorizes the submission thereof to the Ontario Energy Board for approval pursuant to the provisions of Section 9 of The Municipal Franchises Act.
2. This Council requests that the Ontario Energy Board make an Order declaring and directing that the assent of the municipal electors to the attached draft by-law and franchise agreement pertaining to the Municipality of the Corporation of the County of Oxford is not necessary pursuant to the provisions of Section 9(4) of the Municipal Franchise Act.

I HEREBY CERTIFY the foregoing to be a true copy of a Resolution passed by the Council of the Corporation of the County of Oxford on the day of , 1999.

Mark Harrison, Warden

Ken Whiteford, CAO/Clerk

THE MUNICIPAL CORPORATION OF THE COUNTY OF OXFORD

BY-LAW NUMBER

BEING A BY-LAW TO AUTHORIZE A FRANCHISE AGREEMENT
BETWEEN THE MUNICIPAL CORPORATION OF THE COUNTY OF OXFORD
AND
NATURAL RESOURCE GAS LIMITED

WHEREAS the Council of The Municipal Corporation of the County of Oxford deems it expedient to enter into the attached franchise agreement (the "franchise agreement") with Natural Resource Gas Limited;

AND WHEREAS the Ontario Energy Board by its Order issued pursuant to The Municipal Franchises Act on the day of, 19 .. has approved the terms and conditions upon which and the period for which the franchise provided in the franchise agreement is proposed to be granted, and has declared and directed that the assent of the municipal electors in respect of this By-Law is not necessary:

NOW THEREFORE The Municipal Council of the Corporation of the County of Oxford enacts as follows:

1. **THAT** the franchise agreement between The Municipal Corporation of the County of Oxford and Natural Resource Gas Limited, attached hereto and forming part of this By-law, is hereby authorized and the franchise provided for therein is hereby granted.
2. **THAT** the Warden and Clerk be and they are hereby authorized and instructed on behalf of The Municipal Corporation of the County of Oxford to enter into and execute under its corporate seal and deliver the franchise agreement, which is hereby incorporated into and forming part of this By-law.
3. **THAT** this By-law shall come into force and take effect as of the final passing thereof.

Read a first time this day of , 199

Read a second time this day of , 199

Read a third time and finally passed this day of , 199 .

THE MUNICIPAL CORPORATION OF
THE COUNTY OF OXFORD

Mark Harrison, Warden

Ken Whiteford, CAO/Clerk

Schedule G

Toronto

Montréal

Calgary

Ottawa

Vancouver

New York

September 24, 2015

Patrick G. Welsh
Direct Dial: 416.862.5951
PWelsh@osler.com
Our Matter Number: 1144688

By Courier and Electronic Mail

Brenda J. Tabor, Clerk
County of Oxford
21 Reeve Street, P.O. Box 1614
Woodstock, ON N4S 7Y3
btabor@oxfordcounty.ca

Dear Ms. Tabor:

Renewal of Franchise Agreement between Natural Resource Gas Limited ("NRG") and the County of Oxford ("Oxford")

We are regulatory counsel to NRG and are assisting NRG with its renewal of a franchise agreement to distribute, store and transmit natural gas in Oxford.

By way of background, provincial legislation requires there to be a “franchise agreement” between a municipal or county corporation and the gas company serving that municipality or county. NRG and Oxford last entered into a franchise agreement effective June 14, 1989. This franchise agreement expired on June 14, 2009 and needs to be renewed. NRG will apply to the Ontario Energy Board (the “**Board**”) for a temporary extension of the franchise agreement while it makes arrangements with Oxford for the agreement’s renewal.

The Board, which regulates the transmission and distribution of natural gas in Ontario, has issued a “Model Franchise Agreement” in order to standardize the terms and the duration of gas franchise agreements between municipalities or counties and the gas companies. NRG has recently renewed franchise agreements with the municipalities of Aylmer, Bayham, Central Elgin, South-West Oxford, Thames Centre, London and Norfolk County using the Model Franchise Agreement, and NRG proposes that the same be used for a renewed franchise agreement between Oxford and NRG. The Board has advised that its preference is not to depart from the terms contained in the Model Franchise Agreement.

The actual process of renewing a franchise agreement is governed by the *Municipal Franchises Act*. Once NRG and Oxford agree to renew the franchise agreement under the terms of the Model Franchise Agreement, County Council must prepare a **draft by-law** (1) authorizing and approving the franchise agreement; (2) authorizing the necessary officers of the County Corporation (e.g., the County Warden and Chief Administrative Officer) to enter into and execute the franchise agreement; and (3) if applicable, repealing

the old by-law relating to former franchise agreement. Additionally, County Council must issue a **Resolution** (1) approving the form of a draft by-law and franchise agreement (attached to the draft by-law) and authorizing its submission for approval by the Board; and (2) requesting that the Board make an Order declaring and directing that the assent of the municipal electors to the draft by-law is not necessary.

Upon receipt of a draft by-law and Resolution from Oxford, NRG will prepare an application to submit to the Board. Following Board approval, County Council can proceed to pass the draft by-law and execute the franchise agreement with NRG.

Please note that while franchise agreements are normally entered into voluntarily by a gas utility and a county, it is open to a gas company to refer the agreement to the Board for approval where, for whatever reason, a franchise agreement cannot be concluded between a gas company and a county. This authority is granted to the Board under the *Municipal Franchises Act*.

As mentioned above, we have recently concluded franchise agreement renewals with a number of municipalities, and in our experience, following the process outlined above will result in a smooth renewal process before the Board and will minimize the administrative burden on both Oxford and NRG. We understand that because gas franchise agreements such as these are renewed every 20 to 30 years, there is seldom any institutional knowledge regarding this process.

NRG would like to submit an application, containing the Resolution and draft by-law provided by Oxford, to the Board as soon as possible and no later than **November 15, 2015**.

For your reference, I have enclosed the following documents with this letter:

- draft franchise agreement between NRG and Oxford
- historic franchise agreement between NRG and Oxford and historic by-law approving same
- Ontario Energy Board Gas Franchise Handbook
- Ontario Energy Board Model Franchise Agreement
- Examples of gas franchise renewal applications before the Board:
 - NRG franchise renewal with Bayham

- Union Gas Limited franchise renewal with the Municipality of Morris-Turnberry
- Enbridge Gas Distribution Inc franchise renewal with the Village of Casselman

I would be pleased to discuss this matter further with you by telephone or e-mail.

Yours very truly,



Patrick G. Welsh
Associate

PW:ls

Enclosures (8)
c (e-mail only, w/o enclosures):

Brian Lippold, *Natural Resource Gas Limited*
Laurie O'Meara, *Natural Resource Gas Limited*
Richard King, *Osler, Hoskin & Harcourt LLP*

INDEX

1. Draft franchise agreement between NRG and Oxford
2. Historic documents:
 - (a) Historic franchise agreement between NRG and Oxford
 - (b) Historic by-law approving same
3. Ontario Energy Board Gas Franchise Handbook
4. Ontario Energy Board Model Franchise Agreement
5. Examples of gas franchise renewal applications before the Board:
 - (a) NRG franchise renewal with Bayham
 - (b) Union Gas Limited franchise renewal with the Municipality of Morris-Turnberry
 - (c) Enbridge Gas Distribution Inc franchise renewal with the Village of Casselman

FRANCHISE AGREEMENT

THIS AGREEMENT effective this ____ day of _____, 20__.

BETWEEN:

CORPORATION OF THE COUNTY OF OXFORD
hereinafter called the “**Corporation**”

- and -

NATURAL RESOURCE GAS LIMITED
hereinafter called the “**Gas Company**”

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the “By-law”), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

ARTICLE 1 – DEFINITIONS

1.1 In this Agreement:

- (a) “**decommissioned**” and “**decommissions**” when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term ‘abandoned’ pipeline for the purposes of the *Assessment Act*;
- (b) “**Engineer/Road Superintendent**” means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
- (c) “**gas**” means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;

- (d) “**gas system**” means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;
- (e) “**highway**” means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- (f) “**Model Franchise Agreement**” means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the *Municipal Franchises Act*. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- (g) “**Municipality**” means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- (h) “**Plan**” means the plan described in Paragraph 3.1 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- (i) whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

ARTICLE 2 - RIGHTS GRANTED

2.1 To provide gas service:

The consent of the Corporation is hereby given and granted to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality.

2.2 To Use Highways.

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

2.3 Duration of Agreement and Renewal Procedures.

- (a) The rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law provided that, if during the 20-year term this Agreement, the Model Franchise Agreement is changed, then on the 7th

anniversary and on the 14th anniversary of the date of the passing of the By-law, this Agreement shall be deemed to be amended to incorporate any changes in the Model Franchise Agreement in effect on such anniversary dates. Such deemed amendments shall not apply to alter the 20-year term.

- (b) At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the *Municipal Franchises Act*.

ARTICLE 3 – CONDITIONS

3.1 Approval of Construction

- (a) The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefor has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
- (b) Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
- (c) The Plan filed by the Gas Company shall include geodetic information for a particular location:
 - (i) where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - (ii) when requested, where the Corporation has geodetic information for its own services and all others at the same location.
- (d) The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
- (e) Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed

by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.

- (f) In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.
- (g) Where the gas system may affect a municipal drain, the Gas Company shall also file a copy of the Plan with the Corporation's Drainage Superintendent for purposes of the *Drainage Act*, or such other person designated by the Corporation as responsible for the drain.
- (h) The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- (i) The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- (j) The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

3.2 As Built Drawings.

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

3.3 Emergencies

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior approval of the Engineer/Road Superintendent is normally required for the work, the Gas Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

3.4 Restoration

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

3.5 Indemnification

The Gas Company shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

3.6 Insurance

- (a) The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 3.5. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.
- (b) The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.
- (c) Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

3.7 Alternative Easement

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if is feasible, to provide the Gas

Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 3.8 of this Agreement.

3.8 Pipeline Relocation

- (a) If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- (b) Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- (c) Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - (i) the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
 - (ii) the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
 - (iii) the amount paid by the Gas Company to contractors for work related to the project,
 - (iv) the cost to the Gas Company for materials used in connection with the project, and
 - (v) a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.
- (d) The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened

road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

ARTICLE 4 – PROCEDURAL AND OTHER MATTERS

4.1 Municipal By-laws of General Application

The Agreement is subject to the provisions of all regulating statutes and all municipal bylaws of general application, except by-laws which have the effect of amending this Agreement.

4.2 Giving Notice

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

4.3 Disposition of Gas System

- (a) If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- (b) If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 3.1 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas Company may elect to relocate the decommissioned gas system and in that event Paragraph 3.8 applies to the cost of relocation.

4.4 Use of Decommissioned Gas System

- (a) The Gas Company shall provide promptly to the Corporation, to the extent such information is known:

- (i) the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and
 - (ii) the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- (b) The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - (i) the third party has entered into a municipal access agreement with the Corporation; and
 - (ii) the Gas Company does not charge a fee for the third party's right of access to the highways.
- (c) Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

4.5 Franchise Handbook

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

4.6 Agreement Binding Parties

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

**THE CORPORATION OF THE COUNTY
OF OXFORD**

By: _____

By: _____

**NATURAL RESOURCE GAS
LIMITED**

By: _____

THIS AGREEMENT made this 14th day of June, 1989

B E T W E E N :

THE MUNICIPAL CORPORATION OF THE COUNTY OF OXFORD
hereinafter called the "County"

-and-

NATURAL RESOURCE GAS LIMITED
hereinafter called the "Gas Company"

WHEREAS by By-law No.2931-89 of the Council of the County, the Warden and the Clerk have been authorized and directed to execute this Agreement on behalf of the County;

THEREFORE the County and the Gas Company agree as follows:

I DEFINITIONS

1. In this Agreement:

- (a) "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline.
- (b) "gas system" means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the supply, transmission and distribution of gas.
- (c) "highway" means the entire right-of-way of all public highways, including bridges and structures, which are now, or at any time during the term of this agreement, under the jurisdiction of the County;
- (d) "Engineer" means Director of Engineering for the County.

II RIGHTS GRANTED

1. To Use County Highways

The consent of the County is hereby granted to the Gas Company to enter upon all highways under the jurisdiction of the County, and to lay, construct, maintain, replace, remove, operate and repair a system for the supply, distribution and transmission of gas.

2. Duration of Agreement and Renewal Procedures

The rights hereby given and granted shall be for a term of twenty years from the date of final passing of the by-law.

At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue.

Nothing herein stated shall preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the Municipal Franchises Act.

III CONDITIONS:

1. Approval of Construction

No construction of or any extension or change to the gas system in the highway shall be carried out until the Gas Company has submitted and received the Engineer's approval of a plan detailing the location of the works within the highway. The timing, terms and conditions relating to the installation of such works shall be to the Engineer's satisfaction. The Engineer may require sections of the gas system to be laid at a greater depth than required by CAN/CSA-Z184-M86 to facilitate other works.

If the Gas Company proposes to affix a part of the gas system to a bridge, viaduct or structure, the Engineer may require special conditions or a separate agreement.

The Gas Company may appeal to the Council of the County in the event they deem the Engineer's approval is being withheld unreasonably.

2. Conformity with Plans; As-Built Drawings

The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer to do so is received. After completion of the construction, the Gas Company shall file a plan detailing the actual location of the works, "as built", or certify that the works have been constructed in exact accordance with the approved plan.

3. Emergencies

In the event of an emergency involving the gas system, the Gas Company will proceed with the necessary repair work, and shall immediately notify the Engineer and/or the police department as to the location and nature of the emergency and the work being done.

4. Restoration

The Gas Company shall restore, to the satisfaction of the Engineer, all highways, municipal works or improvements which it may excavate or interfere with in the course of constructing, repairing or removing its gas system. If the Gas Company fails at any time to do any work required by this paragraph within a reasonable period of time, the County may do or cause such work to be done and the Gas Company shall, on demand, pay any reasonable account therefor as certified by the Engineer.

5. Indemnification

The Gas Company shall, at all times, indemnify and save the County harmless from and against all claims arising out of the Gas Company operating, constructing, and maintaining its gas system on County highways, except for such claims as may result from the negligence or wrongful act of the County, its servants, agents or employees.

6. Alternative Easement

In the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, the County agrees to give the Gas Company reasonable notice of such proposed sale or closing and to provide to the Gas Company, where feasible, such easements as may be required to preserve the affected part of the gas system in its then existing location. In the event that such easements cannot be provided, the County will share in the cost of relocating or altering the affected parts of the gas system, as provided in clause III, 7 of this Agreement.

7. Relocation

The Gas Company shall, upon notice to do so, remove and/or relocate, within a reasonable period of time, such part of the gas system as may be required to facilitate construction, reconstruction, repairs or improvements to the highway.

The entire cost of relocation of any part of the gas system located on a bridge or structure, shall be borne by the Gas Company.

The cost of relocation of other parts of the gas system, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation, shall be shared between the County and the Gas Company, based on the following costs:

- (a) wages and fringe benefits paid to Gas Company employees, up to and including field supervisors, for the hours worked on the project, plus
- (b) charges for all equipment used by the Gas Company on the project, plus
- (c) the amount paid by the Gas Company to contractors for work related to the project, plus
- (d) the cost to the Gas Company for materials used in connection with the project, plus
- (e) a surcharge of 22.5 percent for project engineering and administrative costs.

The entire cost of alteration or relocation of any part of the gas system that was constructed or installed prior to January 1, 1981, shall be borne by the Gas Company.

The County shall pay a percentage of the cost of alteration or relocation of parts of the gas system constructed or installed on or after January 1, 1981, as follows:

- a) for work carried out in 1989, the County shall pay 15%
- b) for work carried out in 1990, the County shall pay 20%
- c) for work carried out in 1991, the County shall pay 25%
- d) for work carried out in 1992, the County shall pay 30%
- e) for work carried out in 1993, and thereafter, the County shall pay 35%

IV PROCEDURAL AND OTHER MATTERS

1. Giving Notice

Notices may be given by prepaid registered post, to

Natural Resource Gas Limited,
P.O. Box 3117, Terminal "A",
London, Ontario
N6A 4J4

or to

The Clerk of the County of Oxford,
Post Office Box 397,
Woodstock, Ontario
N4S 7Y3.

2. Disposition of Gas System

The Gas Company shall, at its sole expense, remove any abandoned part of its gas system affixed to a bridge or structure.

Other abandoned parts of the gas system may be removed by the Gas Company at its expense, or may remain in place, subject to the County's right to subsequently destroy and remove any portion thereof as may be required to facilitate the County's or other utilities' work within the highway.

3. Assignment

The Gas Company shall notify the County, in writing, of its intention to sell, transfer or assign to another company, any of the rights provided under this Agreement.

4. Agreement Binding Parties


This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

IN WITNESS WHEREOF the parties have hereunto signed, sealed and executed these presents under the hands of their officers duly authorized in that behalf.

MUNICIPAL CORPORATION OF THE
COUNTY OF OXFORD


Ernie Hardeman,

Warden


J. Harold Walls,

Clerk

NATURAL RESOURCE GAS LIMITED

President

THE MUNICIPAL CORPORATION OF THE COUNTY OF OXFORD

BY-LAW NO. 2931-89

BEING a By-Law to authorize the execution of an Agreement, dated June 14, 1989, between The Corporation of the County of Oxford, and Natural Resource Gas Limited.

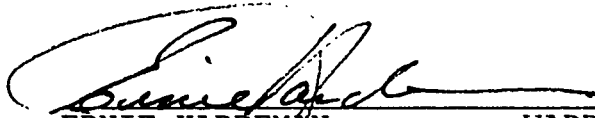
WHEREAS, the Public Works Committee of the County of Oxford in its Twelfth Report, dated June 14, 1989, recommended that an Agreement be executed by the Clerk and Warden.

NOW THEREFORE, the Municipal Council of The Corporation of the County of Oxford enacts as follows:

1. That the Warden and Clerk be authorized and they are hereby instructed to execute an Agreement, dated June 14, 1989, between The Corporation of the County of Oxford and Natural Resource Gas Limited.
2. A copy of said Agreement shall be attached to and form part of this By-law.

READ a first and second time this 14th day of June, 1989.

READ a third time and finally passed in Open Council this 14th day of June, 1989.


ERNIE HARDEMAN, WARDEN


J. HAROLD WALLS, CLERK

I hereby certify this to be a true copy of
County of Oxford By-Law No. 2931-89

06/19/89

Date


J. Harold Walls, County Clerk

GAS FRANCHISE HANDBOOK

developed by

**A JOINT COMMITTEE
OF GAS COMPANY**

and

**MUNICIPAL SECTOR
REPRESENTATIVES**



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The following are subjects which are more complex and not easily summarized in a Handbook. Reference should be made to Sections 11, 13 and 16 of the 2000 Model Franchise Agreement.

- *Alternative Easements*
- *Municipal By-laws of General Application*
- *Use of Decommissioned Gas System*

Full copies of the 2000 Model Agreement may be obtained at www.oeb.gov.on.ca or contact your local Gas Company.

FOREWORD

NATURAL GAS FRANCHISE HANDBOOK

Provincial legislation requires that there be a Franchise Agreement between the Municipal Corporation and the Gas Company serving that Municipality. In April 2001, the Ontario Energy Board issued the revised 2000 Model Franchise Agreement to serve as a model for such agreement.

A joint committee comprised of Gas Company and Municipal Sector Representatives has developed this revised Franchise Handbook as a supplement to the 2000 Model Franchise Agreement. This Franchise Handbook is meant to serve as a consolidated guide to deal with operating issues that sometimes require a greater level of detail than appears in the Franchise Agreement itself.

Although your current Franchise Agreement may not be the 2000 Model Franchise Agreement, the contents of this Franchise Handbook describe how the Gas Company intends to carry out its activities within the Municipality and is intended to represent good operating practice. Where there is any conflict between your Franchise Agreement and this Handbook, it is the Franchise Agreement that takes precedence. The Gas Company has staff available to expand on the matters covered in this Franchise Handbook and answer any questions that might arise.

The Board acknowledges the efforts of the participants in producing the revised Franchise Handbook.



Floyd Laughren
Chair – Ontario Energy Board
May 2002

THE FRANCHISE HANDBOOK WORK TEAM



Wilfred Teper (left)
*Ontario Energy
Board*

Bob Foulds (right)
*Municipal Sector
Representative*



David Shantz
*Municipal Sector
Representative*



David Sword (left)
Union Gas Representative

Nick Thalassinos (right)
*Enbridge Consumers Gas
Representative*

Pat Vanini
(no photo available)
*Municipal Sector
Representative*

Neil McKay (left)
Ontario Energy Board

Hugh Thomas (right)
Union Gas Representative



DEFINITION OF HIGHWAY

For purposes of the Franchise Agreement 'highway' means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance.

RIGHT TO USE HIGHWAYS

Subject to the terms and conditions of the Franchise Agreement the consent of the Municipality is granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Municipal Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

The Gas Company attempts to minimize inconvenience and disruption caused by pipeline construction and maintenance activities through pre-construction planning, on the job supervision, discussions with municipal representatives and/or property owners or occupants, and timely restoration of property.

COMPENSATION FOR DAMAGES

The Gas Company will be responsible for, and will repair promptly or pay compensation for, any damage it causes during surveying or construction or that may result from inspection, maintenance work or emergency repairs.

This includes damage to crops, fences, tile drains, culverts, trees and access routes. Well qualified, independent appraisers and consultants are often used to assess fair compensation for damages. Any crop loss or damage will be measured, appraised and compensated for as soon as possible after cleanup has been satisfactorily completed.

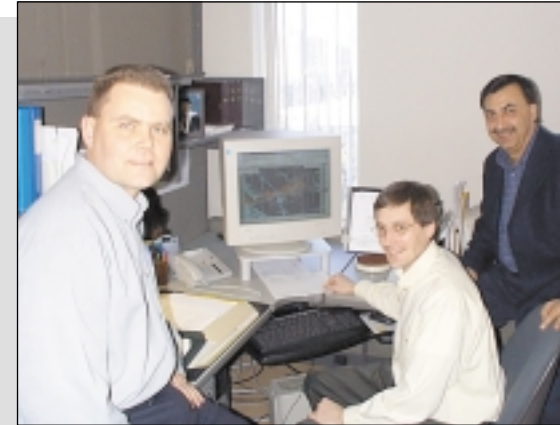
PLANNING FOR CONSTRUCTION

To facilitate proper system expansion and maintenance, the Gas Company will actively participate in each Municipality's Public Utilities Coordinating Committee (PUCC). One of the mandates of the PUCC will be to develop an approved highway cross-section that outlines a standard pipeline location within the highway for each utility's plant.

The Gas Company will adhere to the standard line location wherever feasible, and will acquire approval from the Engineer/Road Superintendent prior to deviating from the standard location. In addition the PUCC will act as a forum to minimize construction conflicts between the road authority and various utilities including cable companies and municipal water and sewer works.



Engineers check plans to minimize construction conflicts.



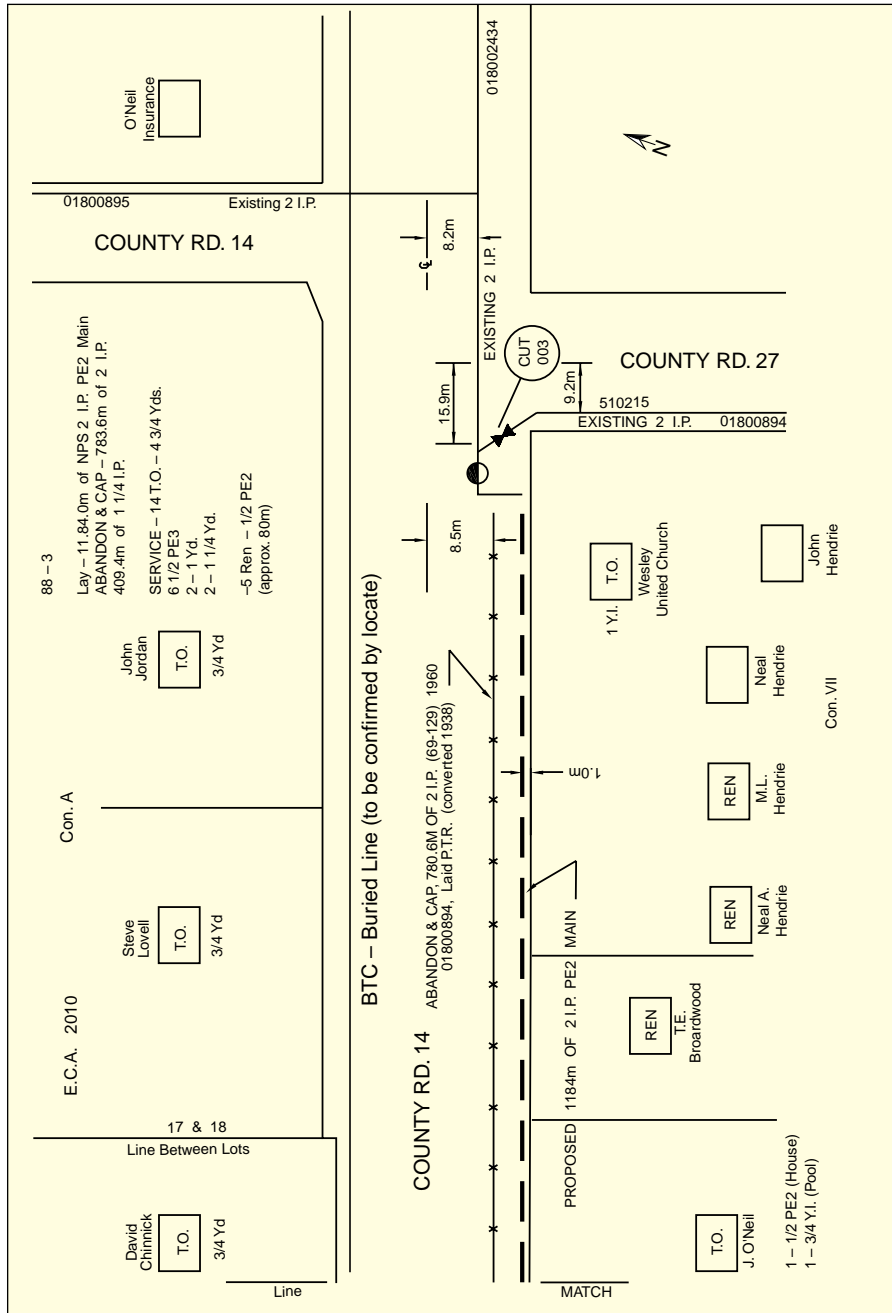
Working on the proposed projects plans to be submitted to the Engineers or Road Superintendent of the Municipality.

PLANS AND DRAWINGS

Before installing any gas main on a highway, the Gas Company will submit a plan/drawing of the proposed work (similar to the Sample Plan, Figure 1 on page 6) to the Engineer/Road Superintendent for approval. Such approval will not be unreasonably withheld from the Gas Company. This drawing will show the proposed location and alignment of the works to be installed. Route selection involves judgement as well as technical expertise. The Gas Company is very willing to meet with the Engineer/Road Superintendent to arrive at a line location that is acceptable to both parties.

Where circumstances are complex, and in order to facilitate known or reasonably anticipated projects, or when requested because the Municipality has geodetic information for its own services and all others at the same location, the plan filed by the Gas Company shall include geodetic information.

Sample Plan
Figure 1

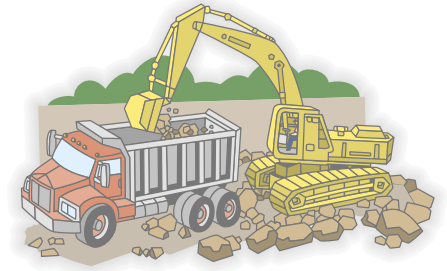


WORK ON THE HIGHWAY

The Gas Company shall not undertake any work that will disturb or interfere with the surface of the travelled portion of the highway unless a permit has been first obtained from the Engineer/Road Superintendent and all work done shall be to his/her satisfaction.

In all other circumstances, except Emergency Situations referred to on page 13, the Gas Company, before entering on any highway within the Municipality shall adhere to the requirements of the Municipality in terms of:

- (1) 'giving notice',
- (2) providing an explanation satisfactory to the Engineer/Road Superintendent, and
- (3) where required, obtaining the appropriate approval(s).



Pavement Cuts

All crossings of the travelled portion of the road will be constructed by boring, jacking or similar methods. In circumstances where these methods are not feasible, approval to open cut will be requested from the Engineer/Road Superintendent prior to construction. Such approval will not be withheld unreasonably. All pavement cuts will be repaired at the expense of the Gas Company.

The Municipality may specify a reasonable degree of compaction and the types of backfill necessary to properly restore the excavation and sub-base of the road. Also, the Engineer/Road Superintendent may specify the type, thickness and method of pavement cut restoration, both temporary and permanent. The Gas Company shall make good any settling or subsidence thereafter caused by such excavation. Where there is an agreement to do so, the Municipality may carry out the repairs and invoice the Gas Company.

WORK ON THE HIGHWAY (continued)

Driveways & Sidewalks

Every effort will be made to bore under paved driveways and sidewalks in an attempt to minimize any inconvenience to the local residents. Any damage that occurs as a result of installation of the gas system will be promptly repaired by the Gas Company to a condition as good or better than it was prior to the construction work and the responsibility for such repairs will be borne by the Gas Company.

Minimizing Inconvenience

The Gas Company will make every effort to minimize any inconvenience during construction. Residents of the local area will be notified prior to construction, and driveways will be obstructed as little as possible. The Municipality may provide guidance and procedures with regard to temporary traffic lane closing, barricading of excavations, detours and partial road closures. Every construction crew is staffed with people who are capable of answering inquiries brought forward by local residents.



*Workers
move quickly
to minimize
any
inconvenience
during
construction.*

LOCATION AND DEPTH OF PLANT

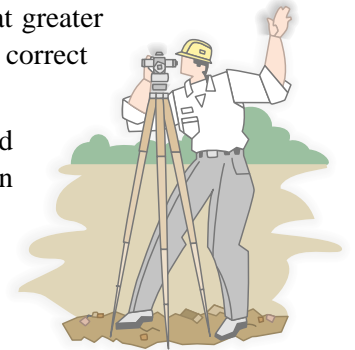
The location of the gas system must be approved by the Engineer/Road Superintendent and his approval shall not be unreasonably withheld. The Gas Company has standard locations for gas lines in specific types of rural or urban environments.

While the locations of utilities will vary in certain municipalities, the diagrams, (Figure 2 on page 10 and Figure 3 on page 11) are typical cross sections for utility locations in a 26-metre road allowance.

The depth of plant must be in accordance with the latest CSA standard and applicable Ontario Regulations at the time of construction. Depth as defined in the latest CSA standards and applicable Ontario Regulations should not be solely relied upon to locate the gas system as the depth of cover may have changed since installation. (see Figure 2, page 10 and Figure 3, page 11).

The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth to facilitate known projects or to correct known highway deficiencies.

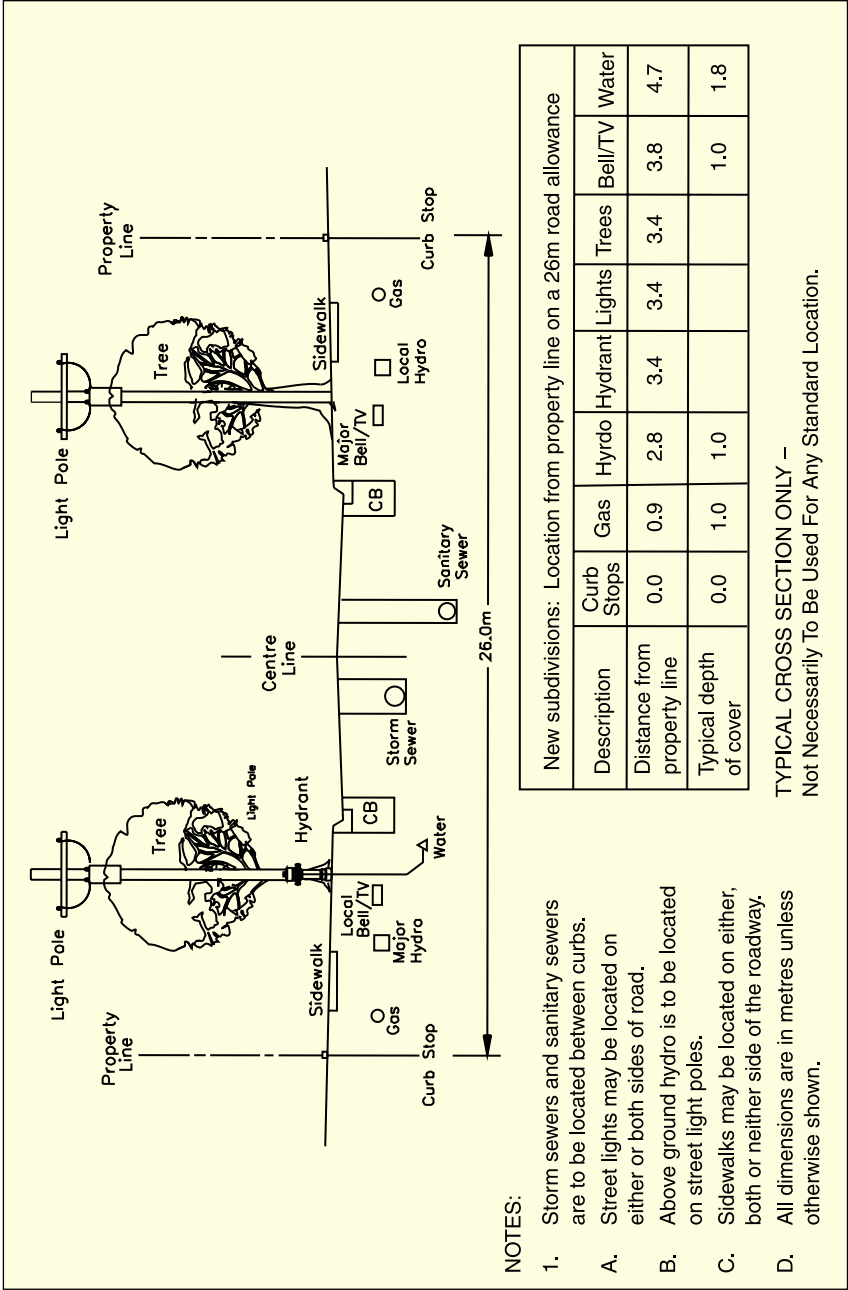
The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.



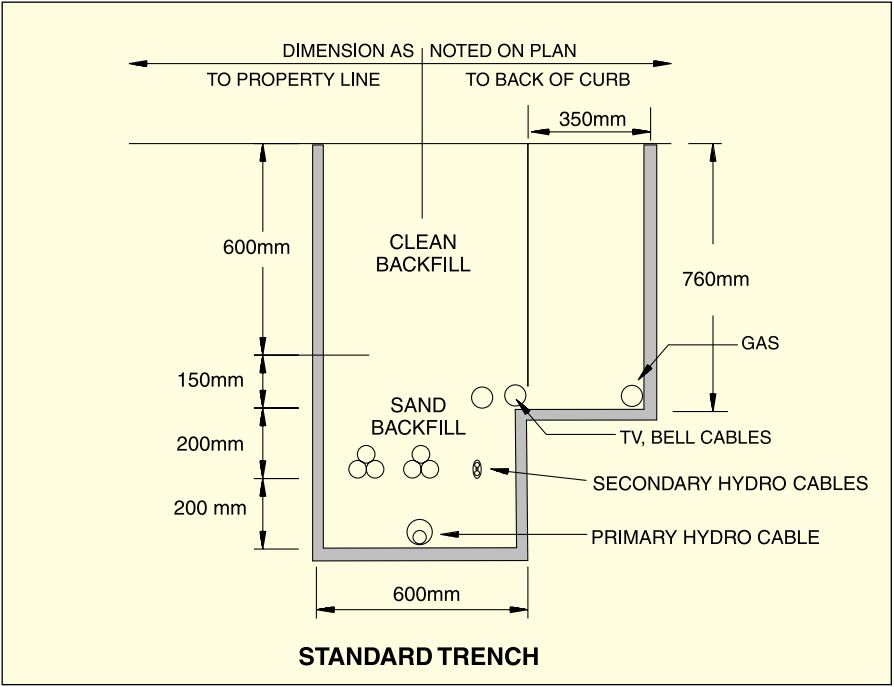
EASEMENTS

Occasionally the Gas Company will install pipelines that need to cross private property. In these cases, easements will be obtained from the landowner prior to construction.

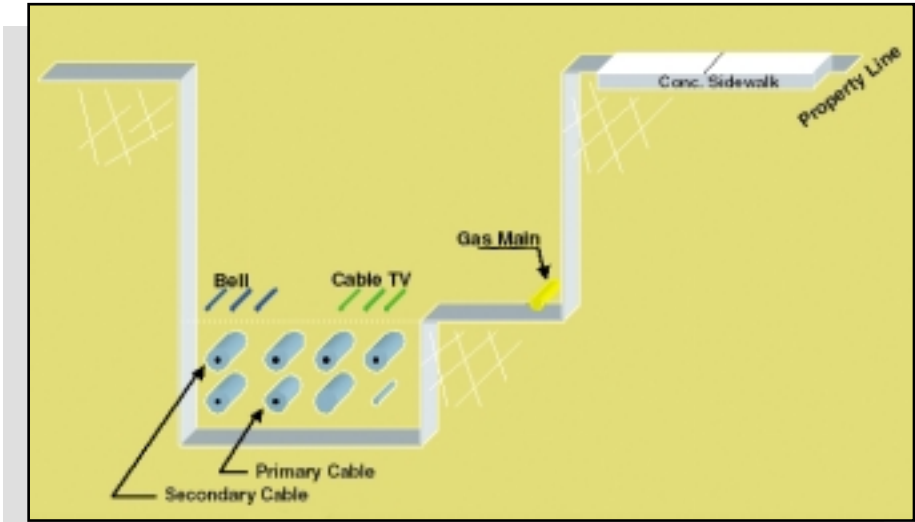
Typical Road Cross Section
Figure 2



Typical Joint Trench Profile
Figure 3



Standard Joint Trench Sketch



DITCHES AND DRAINS

Before installing any plant in the area of a drain or ditch, a copy of the plan for the installation as filed with the Engineer/Road Superintendent will be filed with the Drainage Superintendent. Wherever possible, gas lines will be installed completely under or completely over the ditch so as to not interfere with the carrying capacity of the ditch. Subsurface drains and surface drains will be restored to their original condition after construction. Ditch banks and stream banks will be restored to promote quick vegetation and minimize the possibility of erosion.



*Attaching
gas line on
a bridge.*

BRIDGES, VIADUCTS OR OTHER STRUCTURES

If the Engineer/Road Superintendent approves of a proposal (he/she may disapprove) to affix any part of the gas system to a bridge, viaduct or other structure, he/she may require special conditions or a separate agreement as a condition of approval.

EMERGENCY SITUATIONS

In the event of an emergency involving the gas system, the Gas Company will notify the local authorities, as deemed appropriate, (e.g. Engineer/Road Superintendent, police, fire, ambulance or emergency measures organizations having jurisdiction) immediately upon becoming aware of the severity of the situation. The Gas Company will make every reasonable effort to control the situation as quickly as possible and will consider claims for extraordinary expenses incurred by the Municipality during the emergency. The Gas Company will provide the Engineer/Road Superintendent with at least one 24-hour emergency contact for the Gas Company and shall ensure the contacts are current.

POST-CONSTRUCTION CLEANUP

The cleanup and restoration operations will be performed under the supervision of the Gas Company staff. These staff will be available to discuss with local residents and Municipal representatives any problem that may arise during construction. Gas Company staff have full authority to require that the construction crews and/or all the contractors carry out their work in accordance with the agreements reached with each landowner and in accordance with all relative directives and guidelines of the Ontario Energy Board or the Engineer/Road Superintendent.

PLANTS, TREES, VEGETATION, GRASS OR SOD

Damage caused by the Gas Company to plants, trees, vegetation, grass or sod will be minimized during the construction period with the Gas Company bearing full responsibility for any damages. The Gas Company will not cut, trim or interfere with any trees on the road allowance without the approval of the Engineer/Road Superintendent. Restoration will be completed as promptly as possible, allowing for supply and weather constraints.

PIPELINE RELOCATION

The location of the gas system may conflict with the Municipality's plans to reconstruct or alter roads or Municipal utilities. In these instances, the Gas Company will work with the Municipality to relocate its gas system, with the cost of the relocation to be shared as outlined in the Franchise Agreement. In most circumstances the cost of relocating the gas system will be shared 65% Gas Company and 35% Municipality. In the event your Municipality has a pre-1987 agreement or special legislation, the cost sharing may vary. The Engineer/Road Superintendent must approve the proposed new location of the gas system. The Gas Company will then relocate its gas system within a reasonable period of time.

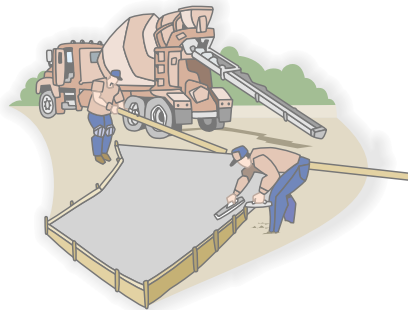
If any part of the gas system is located on a bridge, viaduct or other structure, the Gas Company will alter or relocate that part of the gas system at its sole expense.

In the event the gas system is located in an unassumed road or in an unopened road allowance and the Municipality has not approved its location, the Gas Company will pay 100% of the relocation costs.

ENCASEMENT OF THE GAS SYSTEM

The Municipality will not knowingly build or permit anyone to build without the Gas Company's permission any structure over or encasing any part of the gas system within the highway. Structures would include, but not be limited to, buildings, culverts, vaults, catch basins, utility poles and anchors, and retaining walls.

The construction of roadways, sidewalks and driveways over the gas system would not constitute encasement.

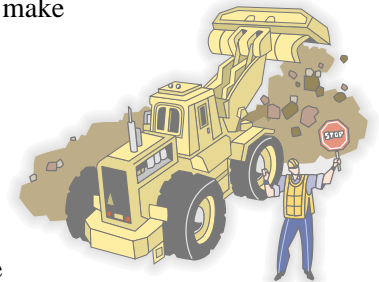


MAINTENANCE OF THE GAS SYSTEM

The Gas Company accepts full responsibility for the construction and installation, maintenance and repair of the gas system. All work done on the gas system must meet all requirements as described by the appropriate government codes. The Ontario Energy Board, the TSSA and the Canadian Standards Association require that all standards and regulations relating to both the protection of the environment and public safety are carried out. If requested, Gas Company representatives will provide copies of the relevant codes/documents. The system is maintained by trained personnel who are available at all times to keep the gas system in good operating condition.

WORK IN THE VICINITY OF THE GAS SYSTEM

Prior to working in the vicinity of gas systems, Municipalities and their agents should make themselves familiar with any required procedures and restrictions. This is necessary to ensure the safety of the general public, the safety of workers carrying out excavation, prevention of damage to gas lines and property, and to ensure the work activities take place in a compatible fashion.



Areas to become familiar with include, but are not limited to:

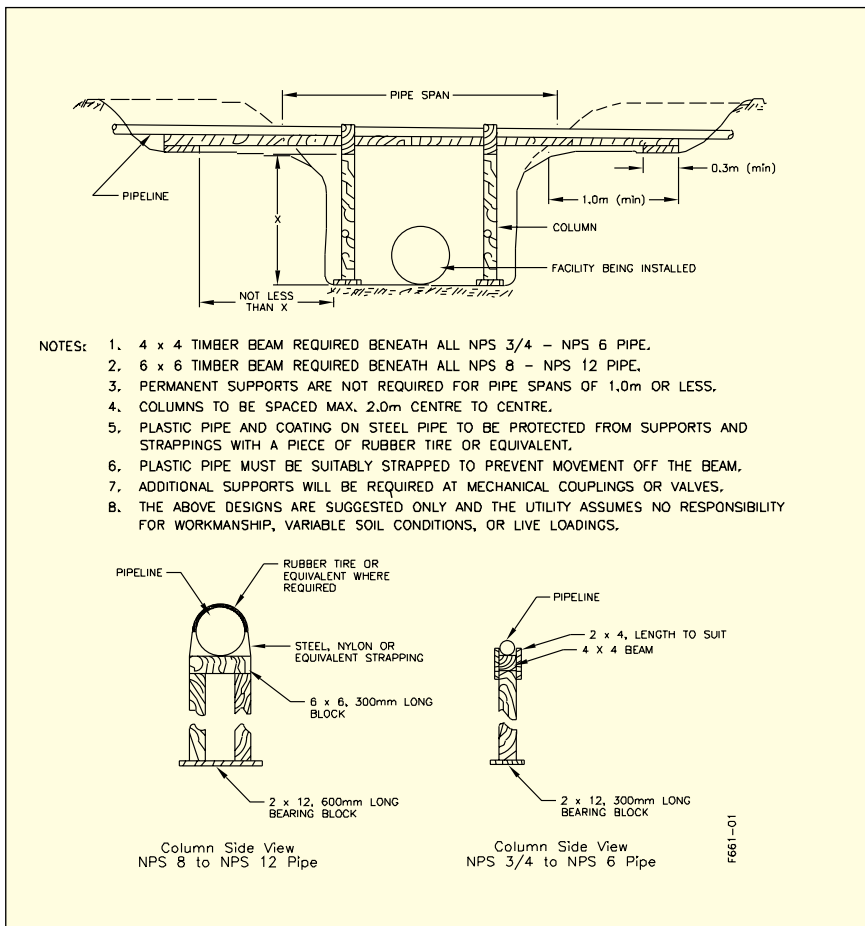
- *Guidelines for excavations in the vicinity of gas systems*
- *Requirements when blasting in the vicinity of gas systems*
- *Requirements when pile driving in the vicinity of gas systems*
- *Requirements when exposing gas systems*

For more information on these areas, please contact your local Gas Company.

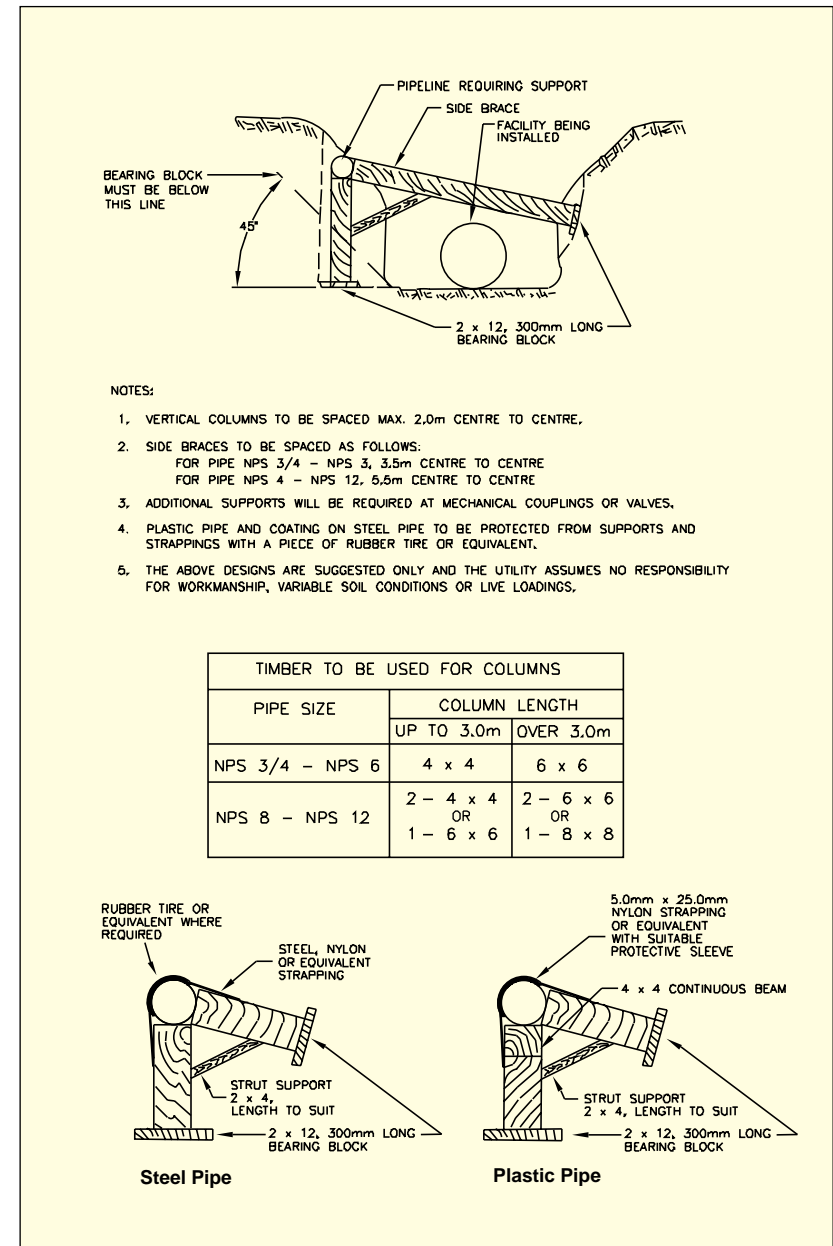
PIPELINE SUPPORTS

Prior to excavating below gas pipelines, a suitable support must be installed to prevent the pipeline from deflecting. Figures 4 and 5 (shown on pages 16 and 17) show a variety of support designs. These designs are suggestions only as conditions vary at each job site. In the event Municipal work involves support of the gas system, the proposed work shall be reviewed and approved by the Gas Company and approval will not be unreasonably withheld.

Typical Pipeline Support Crossing Trench
Figure 4



Typical Pipeline Support Parallel to Trench
Figure 5









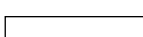

LOCATION OF THE GAS SYSTEM FOR OTHERS

In order to facilitate work to be undertaken by others, the Gas Company will identify, on the surface of the ground, the location of any of its gas system in a prompt and accurate manner. The cost of this locate service will be borne by the Gas Company. The Gas Company requires hand digging near its pipelines as specified on the locate form.

The chart below illustrates the standard colours that are used in Ontario to identify the various utilities.

Buried Public Utilities will be identified in the field by the following fluorescent colours.

Permanent line markers are installed along pipelines in rural areas.

	Ontario Hydro Local Hydro Traffic Systems
	Gas Lines, Oil Lines, Steam Lines
	Water Systems
	Telephone Lines, Telegraph Lines, Police and Fire Communications, Cable TV Lines
	Sanitary Sewers, Storm Sewers
	Temporary Survey
	Proposed Excavation
	Reclaimed Water, Irrigation & Slurry Lines

Cautionary Note:

Individuals are reminded that the location of the gas system is identified on the surface of the ground. If you are working above, below or in the vicinity of the gas system you are required to meet the requirements of the various Ontario regulations/guidelines that apply and these can be provided by the Gas Company.



Ontario Energy Board

Ontario

Model Franchise Agreement

THIS AGREEMENT effective this day of 20

BETWEEN:

hereinafter called the "Corporation"

- and -

hereinafter called the "Gas Company"

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

Part I - Definitions

1. In this Agreement:
 - a. "decommissioned" and "decommissions" when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term 'abandoned' pipeline for the purposes of the *Assessment Act*;
 - b. "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;

- c. "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;
- d. "gas system" means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;
- e. "highway" means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- f. "Model Franchise Agreement" means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the *Municipal Franchises Act*. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- g. "Municipality" means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- h. "Plan" means the plan described in Paragraph 5 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- i. whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

Part II - Rights Granted

2. To provide gas service:

The consent of the Corporation is hereby given and granted to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality.

or

The consent of the Corporation is hereby given and granted to the Gas Company to distribute, store and transmit gas in and through the Corporation and to the inhabitants of those local or lower tier municipalities within the Municipality from which the Gas Company has a valid franchise agreement for that purpose.

* Footnote: Choose one only.

3. To Use Highways.

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

4. Duration of Agreement and Renewal Procedures.

- a. If the Corporation has not previously received gas distribution services, the rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law.

or

- b. If the Corporation has previously received gas distribution services, the rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law provided that, if during the 20-year term this Agreement, the Model Franchise Agreement is changed, then on the 7th anniversary and on the 14th anniversary of the date of the passing of the By-law, this Agreement shall be deemed to be amended to incorporate any changes in the Model Franchise Agreement in effect on such anniversary dates. Such deemed amendments shall not apply to alter the 20-year term.
- c. At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the *Municipal Franchises Act*.

Part III - Conditions

5. Approval of Construction

- a. The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefor has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
- b. Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.

- c. The Plan filed by the Gas Company shall include geodetic information for a particular location:
 - i. where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - ii. when requested, where the Corporation has geodetic information for its own services and all others at the same location.
 - d. The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
 - e. Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.
 - f. In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.
 - g. Where the gas system may affect a municipal drain, the Gas Company shall also file a copy of the Plan with the Corporation's Drainage Superintendent for purposes of the *Drainage Act*, or such other person designated by the Corporation as responsible for the drain.
 - h. The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
 - i. The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
 - j. The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.
6. As Built Drawings.

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road

Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

7. Emergencies

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior approval of the Engineer/Road Superintendent is normally required for the work, the Gas Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

8. Restoration

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

9. Indemnification

The Gas Company shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

10. Insurance

- a. The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 9. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.

- b. The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.
- c. Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

11. Alternative Easement

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 12 of this Agreement.

12. Pipeline Relocation

- a. If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- b. Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- c. Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - i. the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
 - ii. the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
 - iii. the amount paid by the Gas Company to contractors for work related to the project,

- iv. the cost to the Gas Company for materials used in connection with the project, and
 - v. a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.
- d. The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

Part IV - Procedural And Other Matters

13. Municipal By-laws of General Application

The Agreement is subject to the provisions of all regulating statutes and all municipal by-laws of general application, except by-laws which have the effect of amending this Agreement.

14. Giving Notice

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

15. Disposition of Gas System

- a. If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- b. If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 5 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas Company may elect to relocate the decommissioned gas system and in that event

Paragraph 12 applies to the cost of relocation.

16. Use of Decommissioned Gas System

- a. The Gas Company shall provide promptly to the Corporation, to the extent such information is known:
 - i. the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and
 - ii. the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- b. The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - i. the third party has entered into a municipal access agreement with the Corporation; and
 - ii. the Gas Company does not charge a fee for the third party's right of access to the highways.
- c. Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

17. Franchise Handbook

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

18. Other Conditions

The following paragraph shall be inserted as a special condition in the old Union Gas franchise area, which is understood to be the franchise area of Union Gas in southwestern Ontario prior to its merger with Centra Gas.

Notwithstanding the cost sharing arrangements described in Paragraph 12, if any part of the gas system altered or relocated in accordance with Paragraph 12 was constructed or installed prior to January 1, 1981, the Gas Company shall alter or relocate, at its sole expense, such part of the gas system at the point specified, to a location satisfactory to the Engineer/Road Superintendent.

19. Agreement Binding Parties

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

THE CORPORATION OF _____

By: _____

Duly Authorized Officer

[Insert name of Gas Company]

By: _____

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8
416.362.2111 MAIN
416.862.6666 FACSIMILE

OSLER

Toronto

December 17, 2013

Montréal

Patrick G. Welsh
Direct Dial: 416.862.5951
pwelsh@osler.com
Our Matter Number: 1144688

Calgary

Sent By Electronic Mail, Regular Mail and RESS Electronic Filing

Ottawa

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
27-2300 Yonge Street
Toronto, ON M4P 1E4

New York

Dear Ms. Walli:

EB-2012-0447 - Franchise Renewal Application - Natural Resource Gas Limited and the Municipality of Bayham

Please find enclosed an Application by Natural Resource Gas Limited (NRG) for an Order of the Board with respect to a proposed Franchise Agreement between NRG and the Municipality of Bayham.

Should you have any questions or require any additional information, please do not hesitate to contact me.

Yours very truly,



Patrick G. Welsh
PW:fd

Enclosures (5)

c: Richard King, *Osler*
Laurie O'Meara, *NRG*
Brenda Gibbons, *Municipality of Bayham*

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Municipal Franchises Act*, R.S.O. 1990,
c. M.55, as amended;

AND IN THE MATTER OF an Application by Natural Resource Gas Limited for an Order approving the terms and conditions upon which, and the period for which, the Municipality of Bayham is, by by-law, to grant to Natural Resource Gas Limited the right to construct and operate works for the distribution, transmission and storage of natural gas and the right to extend and add to the works in the Municipality of Bayham;

AND IN THE MATTER OF an Application by Natural Resource Gas Limited for an Order directing and declaring that the assent of the municipal electors of the Municipality of Bayham to the by-law is not necessary.

**APPLICATION OF
NATURAL RESOURCE GAS LIMITED**

December 17, 2013

OSLER, HOSKIN & HARCOURT LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Richard King
Tel: 416.862.6626

Patrick G. Welsh
Tel: 416.862.5951
Fax: 416.862.6666

Counsel for Natural Resource Gas Limited

1. Natural Resource Gas Limited (“NRG”), is an Ontario corporation and carries on the business of, among other things, owning and operating natural gas distribution facilities in the Municipality of Bayham (the “Municipality”).
2. The Municipality is a municipal corporation incorporated under the laws of Ontario. A map showing the location of the Municipality is attached as Schedule “A”.
3. NRG and the former Township of Bayham had an existing franchise agreement dated November 22, 1982, which granted NRG the right to construct and operate works for the distribution of gas within the former Township of Bayham’s municipal boundaries and to supply gas to the former Township of Bayham’s residents (the “Existing Franchise Agreement”). NRG’s franchise rights were set to expire on November 22, 2012.
4. The former Township of Bayham no longer exists. In 1998, it was amalgamated with the Village of Port Burwell and the Village of Vienna to become the Municipality of Bayham. NRG has existing franchise agreements with the former Village of Port Burwell (expiring February 11, 2015) and the former Village of Vienna (expiring May 9, 2015).
5. NRG has a Certificate of Public Convenience and Necessity granting it the right to construct works to supply gas and to supply gas in the former Village of Port Burwell, the former Village of Vienna, and the former Township of Bayham (E.B.C. 111 and 119, issued May 5, 1982).
6. On November 16, 2012, counsel for NRG requested an interim extension of the Existing Franchise Agreement with the Municipality. On November 22, 2012, the Ontario

Energy Board (the “Board”) granted NRG an interim order continuing NRG’s right to operate in the Municipality of Bayham pursuant to section 10(4) of the *Municipal Franchises Act*, R.S.O. 1990, c. M.55 (the “Act”) until such time as the Board makes a final determination on NRG’s franchise renewal application regarding the Municipality.

7. NRG approached the Municipality to negotiate the renewal of the Existing Franchise Agreement using a 20-year franchise agreement based on the Board’s Model Franchise Agreement, a copy of which is attached as Schedule “B” (the “Proposed Franchise Agreement”).

8. On November 7, 2013, the Council of the Municipality passed a Resolution:

- (a) approving the form of a draft By-law 2013-091 authorizing, *inter alia*, the Mayor and the Clerk to enter into and execute the Proposed Franchise Agreement (the “Draft By-Law”);
- (b) authorizing submission of the Draft By-law for approval by the Board; and,
- (c) requesting that the Board declare and direct that the assent of municipal electors for the Draft By-law is not necessary.

9. A copy of the Resolution is attached as Schedule “C” and a copy of the Draft By-Law is attached as Schedule “D”.

10. The address of the Municipality is:

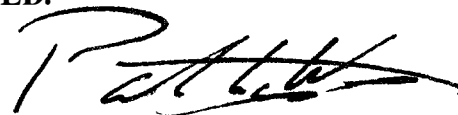
Municipality of Bayham
9344 Plank Road, Box 160
Straffordville, ON
N0J 1Y0
Attention: Kyle Kruger

11. NRG now applies to the Board for:

- (a) An Order under section 9(3) of the Act approving the terms and conditions, and the period for which, the Municipality is, by by-law, to grant NRG the right to construct and operate works for the distribution, transmission and storage of natural gas and the right to extend and add to the works; and,
- (b) An Order pursuant to section 9(4) directing and declaring that the assent of the municipal electors of the Municipality is not necessary for the Draft By-Law under the circumstances.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

December 17, 2013



Patrick G. Welsh

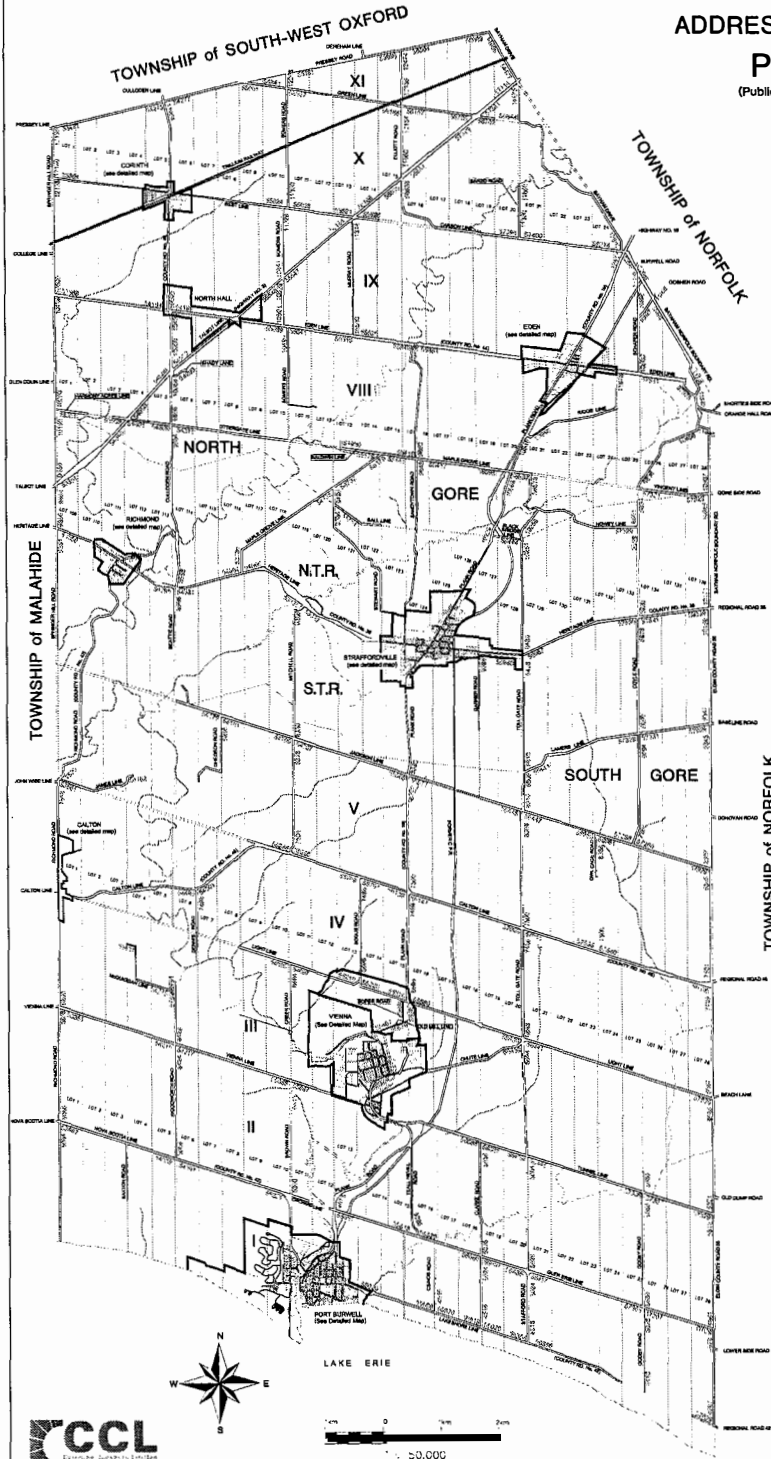
Schedule “A”

MUNICIPALITY OF BAYHAM

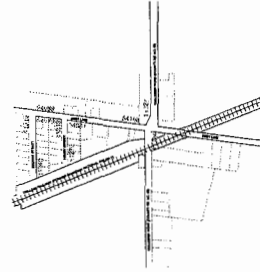
ADDRESS RANGE MAPPING

P.E.R.S.

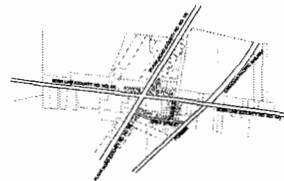
(Public Emergency Reporting Service)



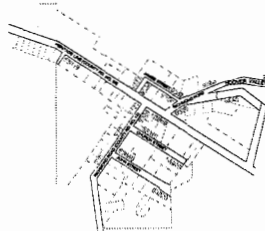
CORINTH



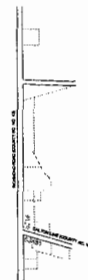
EDEN



RICHMOND



CALTON



Schedule “B”

FRANCHISE AGREEMENT

THIS AGREEMENT effective this _____ day of _____, 2013.

BETWEEN:

THE CORPORATION OF THE MUNICIPALITY OF BAYHAM
hereinafter called the "Corporation"

-and -

NATURAL RESOURCE GAS LIMITED
hereinafter called the "Gas Company"

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

ARTICLE 1 – DEFINITIONS

1.1.1 In this Agreement:

- (a) "decommissioned" and "decommissions" when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term 'abandoned' pipeline for the purposes of the *Assessment Act*;
- (b) "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
- (c) "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;

- (d) **“gas system”** means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;
- (e) **“highway”** means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- (f) **“Model Franchise Agreement”** means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the *Municipal Franchises Act*. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- (g) **“Municipality”** means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- (h) **“Plan”** means the plan described in Paragraph 3.1 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- (i) whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

ARTICLE 2 – RIGHTS GRANTED

2.1 To provide gas service:

The consent of the Corporation is hereby given and granted to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality.

2.2 To Use Highways.

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

2.3 Duration of Agreement and Renewal Procedures.

- (a) The rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law provided that, if during the 20-year term this Agreement, the Model Franchise Agreement is changed, then on the 7th anniversary and on the 14th anniversary of the date of the passing of the By-law, this Agreement shall be deemed to be amended to incorporate any changes in the Model Franchise Agreement in effect on such anniversary dates. Such deemed amendments shall not apply to alter the 20-year term.
- (b) At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the *Municipal Franchises Act*.

ARTICLE 3 – CONDITIONS

3.1 Approval of Construction

- (a) The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefor has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
- (b) Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
- (c) The Plan filed by the Gas Company shall include geodetic information for a particular location:
 - (i) where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - (ii) when requested, where the Corporation has geodetic information for its own services and all others at the same location.
- (d) The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.

- (e) Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.
- (f) In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.
- (g) Where the gas system may affect a municipal drain, the Gas Company shall also file a copy of the Plan with the Corporation's Drainage Superintendent for purposes of the *Drainage Act*, or such other person designated by the Corporation as responsible for the drain.
- (h) The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- (i) The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- (j) The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

3.2 As Built Drawings.

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

3.3 Emergencies

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior approval of the Engineer/Road Superintendent is normally required for the work, the Gas Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at

least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

3.4 Restoration

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

3.5 Indemnification

The Gas Company shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

3.6 Insurance

- (a) The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 3.5. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.
- (b) The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.
- (c) Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

3.7 Alternative Easement

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 3.8 of this Agreement.

3.8 Pipeline Relocation

- (a) If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- (b) Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- (c) Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - (i) the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
 - (ii) the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
 - (iii) the amount paid by the Gas Company to contractors for work related to the project,
 - (iv) the cost to the Gas Company for materials used in connection with the project, and
 - (v) a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.

- (d) The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

ARTICLE 4 – PROCEDURAL AND OTHER MATTERS

4.1 Municipal By-laws of General Application

The Agreement is subject to the provisions of all regulating statutes and all municipal bylaws of general application, except by-laws which have the effect of amending this Agreement.

4.2 Giving Notice

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

4.3 Disposition of Gas System

- (a) If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- (b) If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 3.1 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas Company may elect to relocate the decommissioned gas system and in that event Paragraph 3.8 applies to the cost of relocation.

4.4 Use of Decommissioned Gas System

- (a) The Gas Company shall provide promptly to the Corporation, to the extent such information is known:

- (i) the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and
 - (ii) the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- (b) The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - (i) the third party has entered into a municipal access agreement with the Corporation; and
 - (ii) the Gas Company does not charge a fee for the third party's right of access to the highways.
- (c) Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

4.5 Franchise Handbook

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

4.6 Agreement Binding Parties

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

**THE CORPORATION OF THE
MUNICIPALITY OF BAYHAM**

By: _____

By: Lynd_____

NATURAL RESOURCE GAS LIMITED

By: _____
J. Robert Cowan, Co-Chair

Schedule “C”

**MUNICIPALITY OF BAYHAM
RESOLUTION OF COUNCIL**

**MOVED BY: Councillor T. Southwick
SECONDED BY: Councillor W Casier**

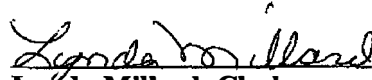
**07 Nov 2013
497**

"THAT Council approve the form of draft By-Law 2013-091 and franchise agreement with Natural Resource Gas Limited as attached to Staff Report L2013-01 and authorize submission to the Ontario Energy Board pursuant to the provisions of Section 9 of the Municipal Franchises Act;

THAT Council request that the Ontario Energy Board make an Order declaring and directing that the assent of the municipal electors to the draft By-Law and franchise agreement pertaining to the Corporation of the Municipality of Bayham is not necessary pursuant to the provisions of Section 9(4) of the Municipal Franchises Act;

AND THAT By-Law 2013-091, being a by-law to authorize a franchise agreement be presented to Council for first and second reading."

I HEREBY CERTIFY the foregoing to be a true copy of a Resolution passed by the Council of the Municipality of Bayham on the 7th day of November, 2013.



Lynda Millard, Clerk

Schedule “D”

**THE CORPORATION OF THE
MUNICIPALITY OF BAYHAM**

BY-LAW NO. 2013-091

**A BY-LAW TO AUTHORIZE A FRANCHISE AGREEMENT
BETWEEN THE
THE CORPORATION OF THE MUNICIPALITY OF BAYHAM
AND
NATURAL RESOURCE GAS LIMITED**

WHEREAS the Council of the Corporation of the Municipality of Bayham deems it expedient to enter into the attached franchise agreement (the "Franchise Agreement") with Natural Resource Gas Limited;

AND WHEREAS the Ontario Energy Board by its Order issued pursuant to the Municipal Franchises Act on the day of , 20 has approved the terms and conditions upon which and the period for which the franchise provided in the Franchise Agreement is proposed to be granted, and has declared and directed that the assent of the municipal electors in respect of this By-law is not necessary:

**NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE
MUNICIPALITY OF BAYHAM ENACTS AS FOLLOWS:**

1. **THAT** the Franchise Agreement between the Corporation of the Municipality of Bayham and Natural Resource Gas Limited attached hereto and forming part of this By-law, is hereby authorized and the franchise provided for therein is hereby granted.
2. **THAT** the Mayor and Clerk be and they are hereby authorized and instructed on behalf of the Corporation of the Municipality of Bayham to enter into and execute under its corporate seal and deliver the Franchise Agreement, which is hereby incorporated into and forming part of this By-law.
3. **THAT** the following By-laws be and the same are hereby repealed:
 - i) By-law No. 2141 of the former Corporation of the Township of Bayham, passed by Council on the 18th day of November, 1982.
 - ii) By-law No. 85-5 of the former Corporation of the Village of Port Burwell, passed by Council on the 11th day of February, 1985.
 - iii) By-law No. 798 of the former Corporation of the Village of Vienna, passed by Council on the 9th day of May, 1985.
4. **THAT** this by-law shall come into full force and take effect upon final passing.

READ A FIRST AND SECOND TIME THIS 7TH DAY OF NOVEMBER, 2013.

MAYOR Paul Es

CLERK Linda Millard

READ A THIRD TIME AND FINALLY PASSED THIS DAY OF 20 .

MAYOR

CLERK

April 2, 2015

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: The Corporation of the Municipality of Morris-Turnberry
Franchise Agreement and Certificate of Public Convenience and Necessity**

Attached is an Application by Union Gas Limited for Orders of the Board with respect to a Franchise Agreement and Certificate of Public Convenience and Necessity with the Corporation of the Municipality of Morris-Turnberry. An agreement has been reached between Union and the Municipality of Morris-Turnberry with regards to the terms and conditions of the proposed Franchise Agreement.

Should you have any questions, please do not hesitate to contact me. I look forward to receipt of your instructions.

Yours truly,

[Original signed by]

Patrick McMahon
Manager, Regulatory Research and Records
pmcmahon@uniongas.com
(519) 436-5325

PM/la

Encl.

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Municipal Franchises Act*, R.S.O. 1990, c.M.55, as amended;

AND IN THE MATTER OF an Application by Union Gas Limited for an Order approving the terms and conditions upon which, and the period for which, the Corporation of the Municipality of Morris-Turnberry is, by by-law, to grant to Union Gas Limited the right to construct and operate works for the distribution, transmission and storage of natural gas and the right to extend and add to the works in the Municipality of Morris-Turnberry.

AND IN THE MATTER OF an Application by Union Gas Limited for an Order directing and declaring that the assent of the municipal electors of the Municipality of Morris-Turnberry to the by-law is not necessary;

AND IN THE MATTER OF an Application by Union Gas Limited for an Order cancelling the existing Certificates of Public Convenience and Necessity held by Union Gas Limited for the former municipalities within the Municipality of Morris-Turnberry and replacing them with a single Certificate of Public Convenience and Necessity for the amalgamated Corporation of the Municipality of Morris-Turnberry.

APPLICATION

1. Union Gas Limited ("Union"), a regulated public utility, is a corporation incorporated under the laws of the Province of Ontario, with its head office at the Municipality of Chatham-Kent, in the Province of Ontario.
2. The Corporation of the Municipality of Morris-Turnberry (the "Municipality") is a municipal corporation incorporated under the laws of the Province of Ontario. Attached hereto and marked as Schedule "A" is a map showing the location of the Municipality.
3. Union applied to the Council of the Municipality for a franchise permitting Union to construct and operate works for the distribution, transmission and storage of natural gas and the right to extend and add to the works in the Municipality of Morris-Turnberry.
4. On March 17, 2015, the Council of the Municipality gave approval to the form of a Franchise Agreement in favour of Union and authorized Union to apply to the Ontario Energy Board for approval of the terms and conditions upon which and the period for which the Franchise Agreement is proposed to be granted.

5. Attached hereto as Schedule "B" is a copy of the Resolution of the Council of the Municipality approving the form of the proposed Franchise Agreement and requesting the Ontario Energy Board to direct and declare that the assent of the municipal electors is not necessary.
6. Attached hereto as Schedule "C" is the form of By-law No. 21-2015 authorizing a Franchise Agreement between the Municipality and Union and a copy of the proposed Franchise Agreement.
7. On January 1, 2001, the former Township of Morris, and the former Township of Turnberry were amalgamated to form the Municipality of Morris-Turnberry by Minister's Order.
8. Union has a Franchise Agreement with the former Township of Morris (E.B.A.705, dated July 28, 1995, which expires on August 25, 2015) and with the former Township of Turnberry (E.B.A.707 dated July 28, 1995 which expires on August 6, 2016).
9. Union also has Certificates of Public Convenience and Necessity for the former Township of Morris (E.B.C. 230, dated July 28, 1995), and the former Township of Turnberry (E.B.C. 232 dated July 28, 1995), granting Union the right to construct works to supply natural gas within the said municipalities.
10. Union has Certificates and Franchise Agreements for the County of Huron, the Municipality of Huron East, the Municipality of South Bruce, the Township of Huron South, the Township of Howick and the Township of North Huron which are immediately adjacent to the Municipality. There is no other natural gas utility, other than Union Gas Limited, in this area.
11. The proposed Franchise Agreement covers the same territory as that covered by the existing Franchise Agreements.
12. The proposed Franchise Agreement is in the form of the 2000 Model Franchise Agreement with no amendments and is for a term of twenty (20) years.
13. The address of the Municipality is as follows:

Municipality of Morris-Turnberry
41342 Morris Road
P.O. Box 310
Brussels, ON. N0G 1H0
Attention: Nancy Michie, Administrator-Clerk Treasurer
Telephone: (519) 887-6137 Fax: (519) 877- 6424

The address for Union's district office is:

Union Gas Limited
603 Kumpf Drive
P.O. Box 340

Waterloo, ON N2J 4A4

Attention: Murray Costello, District Manager, Waterloo/Brantford

Telephone: (519) 885-7425

Fax: (519) 885-7575

14. Union now applies to the Ontario Energy Board for:
- (a) an Order under s.9(3) approving the terms and conditions upon which, and the period for which, the Municipality is, by by-law, to grant Union Gas the right to construct and operate works for the distribution, transmission and storage of natural gas and the right to extend and add to the works;
 - (b) an Order pursuant to s.9(4) directing and declaring that the assent of the municipal electors of the Municipality is not necessary for the proposed franchise by-law under the circumstances; and
 - (c) an Order pursuant to s.8 cancelling the existing Certificates of Public Convenience and Necessity held by Union Gas Limited for the former municipalities within the Municipality of Morris-Turnberry and replacing them with a single Certificate of Public Convenience and Necessity for the amalgamated Corporation of the Municipality of Morris-Turnberry.

DATED at the Municipality of Chatham-Kent, in the Province of Ontario this 2nd day of April 2015.

UNION GAS LIMITED

[Original signed by]

Patrick McMahon

Manager, Regulatory Research and Records

Comments respecting this Application should be directed to:

Mr. Patrick McMahon

Manager, Regulatory Research and Records

Union Gas Limited

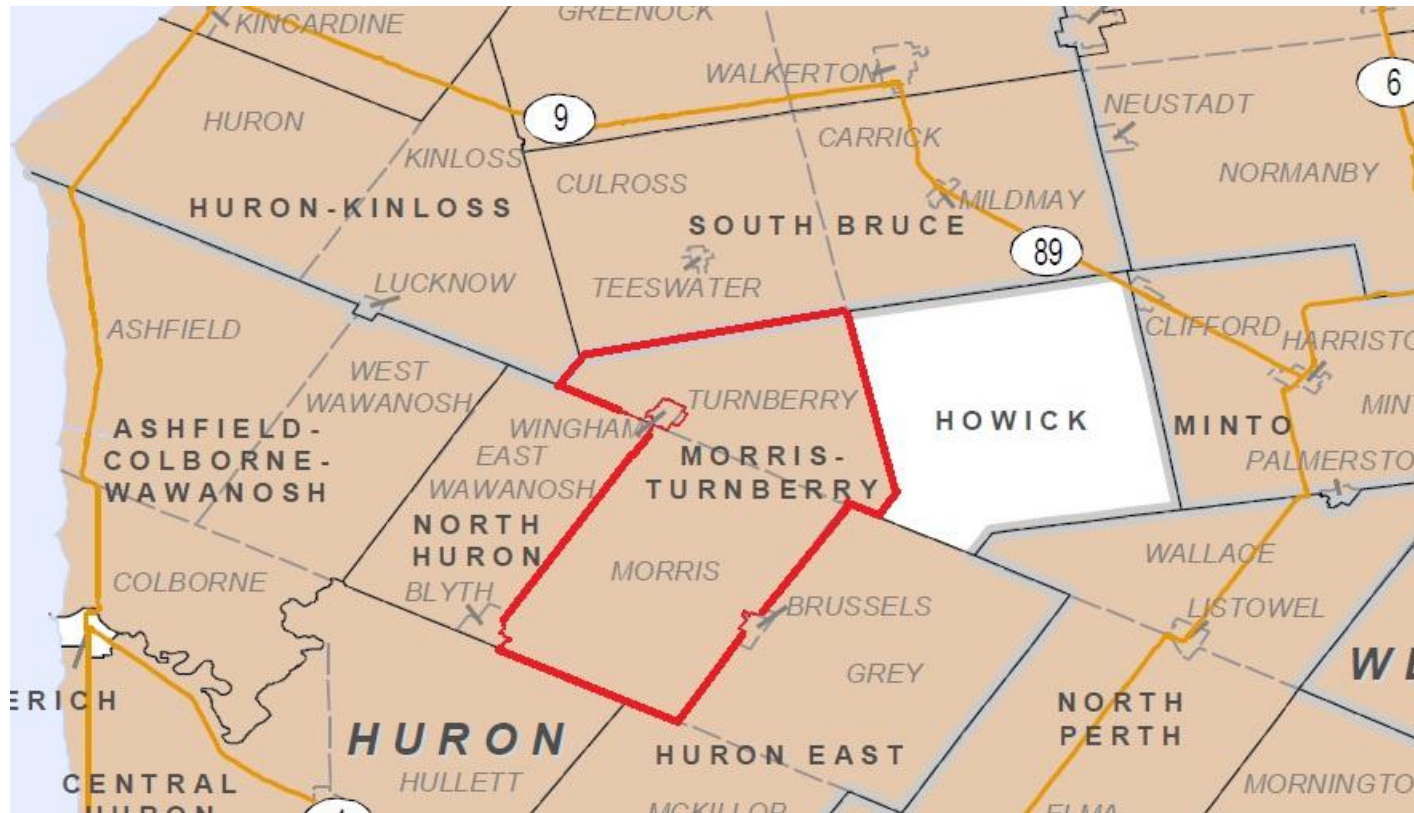
50 Keil Drive North

Chatham, ON N7M 5M1

pmcmahon@uniongas.com

Telephone: (519) 436-5325

Municipality of Morris-Turnberry





THE CORPORATION OF THE MUNICIPALITY OF MORRIS-TURNBERRY

RESOLUTION No. 111 -2015

RESOLVED THAT:

1. This Council approves the form of draft by-law and franchise agreement attached hereto and authorizes the submission thereof to the Ontario Energy Board for approval pursuant to the provisions of Section 9 of The Municipal Franchises Act.
2. This Council requests that the Ontario Energy Board make an Order declaring and directing that the assent of the municipal electors to the attached draft by-law and franchise agreement pertaining to the Corporation of the Municipality of Morris-Turnberry is not necessary pursuant to the provisions of Section 9(4) of the Municipal Franchises Act.

I HEREBY CERTIFY the foregoing to be a true copy of a Resolution passed by the Council of the Corporation of the Municipality of Morris-Turnberry on the 17th day of March , 2015 .



Nancy Michie, Administrator Clerk-Treasurer

2000 Model Franchise Agreement

THIS AGREEMENT effective this day of , 20

BETWEEN:

THE CORPORATION OF THE MUNICIPALITY OF MORRIS-TURNBERRY

hereinafter called the "Corporation"

- and -



uniongas

LIMITED

hereinafter called the "Gas Company"

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

Part I - Definitions

1. In this Agreement

- (a) "decommissioned" and "decommissions" when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term 'abandoned' pipeline for the purposes of the *Assessment Act*;

- (b) "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
- (c) "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;
- (d) "gas system" means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;
- (e) "highway" means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- (f) "Model Franchise Agreement" means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the *Municipal Franchises Act*. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- (g) "Municipality" means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- (h) "Plan" means the plan described in Paragraph 5 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- (i) whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

Part II - Rights Granted

2. To provide gas service

The consent of the Corporation is hereby given and granted to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality.

3. To Use Highways

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

4. Duration of Agreement and Renewal Procedures

- (a) If the Corporation has not previously received gas distribution services, the rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law.

or

- (b) If the Corporation has previously received gas distribution services, the rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law provided that, if during the 20 year term of this Agreement, the Model Franchise Agreement is changed, then on the 7th anniversary and on the 14th anniversary of the date of the passing of the By-law, this Agreement shall be deemed to be amended to incorporate any changes in the Model Franchise Agreement in effect on such anniversary dates. Such deemed amendments shall not apply to alter the 20 year term.
- (c) At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the *Municipal Franchises Act*.

Part III – Conditions

5. Approval of Construction

- (a) The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefore has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
- (b) Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
- (c) The Plan filed by the Gas Company shall include geodetic information for a particular location:
 - (i) where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - (ii) when requested, where the Corporation has geodetic information for its own services and all others at the same location.
- (d) The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
- (e) Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.
- (f) In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.

- (g) Where the gas system may affect a municipal drain, the Gas Company shall also file a copy of the Plan with the Corporation's Drainage Superintendent for purposes of the *Drainage Act*, or such other person designated by the Corporation as responsible for the drain.
- (h) The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- (i) The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- (j) The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

6. As Built Drawings

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

7. Emergencies

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior approval of the Engineer/Road Superintendent is normally required for the work, the Gas Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

8. Restoration

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

9. Indemnification

The Gas Company shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

10. Insurance

- (a) The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 9. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.
- (b) The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.
- (c) Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

11. **Alternative Easement**

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if it is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 12 of this Agreement.

12. **Pipeline Relocation**

- (a) If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- (b) Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- (c) Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - (i) the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
 - (ii) the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
 - (iii) the amount paid by the Gas Company to contractors for work related to the project,

- (iv) the cost to the Gas Company for materials used in connection with the project, and
 - (v) a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.
- (d) The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

Part IV - Procedural And Other Matters

13. Municipal By-laws of General Application

The Agreement is subject to the provisions of all regulating statutes and all municipal by-laws of general application, except by-laws which have the effect of amending this Agreement.

14. Giving Notice

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

15. Disposition of Gas System

- (a) If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- (b) If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 5 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any

loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas Company may elect to relocate the decommissioned gas system and in that event Paragraph 12 applies to the cost of relocation.

16. Use of Decommissioned Gas System

- (a) The Gas Company shall provide promptly to the Corporation, to the extent such information is known:
 - (i) the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and
 - (ii) the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- (b) The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - (i) the third party has entered into a municipal access agreement with the Corporation; and
 - (ii) the Gas Company does not charge a fee for the third party's right of access to the highways.
- (c) Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

17. Franchise Handbook

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

18. Other Conditions

Notwithstanding the cost sharing arrangements described in Paragraph 12, if any part of the gas system altered or relocated in accordance with Paragraph 12 was constructed or installed prior to January 1, 1981, the Gas Company shall alter or relocate, at its sole expense, such part of the gas system at the point specified, to a location satisfactory to the Engineer/Road Superintendent.

19. Agreement Binding Parties

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

**THE CORPORATION OF THE
MUNICIPALITY OF MORRIS-TURNBERRY**

Per:

Paul Gowing, Mayor

Per:

Nancy Michie, Administrator Clerk-Treasurer

UNION GAS LIMITED

Per:

Rick Birmingham, Vice President
Regulatory, Lands and Public Affairs

Per:

Paul Rietdyk, Vice President, Engineering,
Construction and Storage & Transmission
Operations



500 Consumers Road
North York, Ontario
M2J 1P8
PO Box 650
Scarborough ON M1K 5E3

Stephanie Allman
Regulatory Coordinator, Regulatory Affairs
Tel 416-495-5499
Fax 416-495-6072
Email: EGDRRegulatoryProceedings@enbridge.com

VIA COURIER AND RESS

April 8, 2015

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc. ("Enbridge")
Application for the Renewal of the Franchise Agreement
Village of Casselman**

As the Franchise Agreement between the Village of Casselman and Enbridge is set to expire on July 14, 2015, Enbridge wishes to apply to the Ontario Energy Board (the "Board") for an order granting approval of a new franchise agreement for the Village of Casselman.

Enclosed please find two paper copies of the following:

- The aforementioned application;
- Schedule A – A map showing the location of the Village of Casselman;
- Schedule B – The current By-Law 95-625 and Franchise Agreement dated July 14, 1995;
- Schedule C - The Certificate of Public Convenience and Necessity for the Village of Casselman dated May 5, 1995;
- Schedule D – The signed Resolution from the Village of Casselman;
- Schedule E – The Draft By-Law, and Model Franchise Agreement.

The application has been filed through the Board's Regulatory Electronic Submission System ("RESS"). The confirmation number has been included in the package.

April 8, 2015
Ms. Kirsten Walli
Page 2

Enbridge looks forward to receiving the direction from the Board in this matter.

The contact information for this matter follows below:

Village of Casselman
751 rue St-Jean St.
PO Box 710
Casselman, Ontario K0A 1M0
Tel: (613) 764-3139
Fax: (613) 764-5709
Attn: Marc Chenier
Town Clerk

Enbridge Gas Distribution Inc. (Head Office)
500 Consumers' Road
Toronto, Ontario M2J 1P8
Tel: (416) 495-5499 or 1-888-659-0685
Fax: (416) 495-6072
Email: EGDRegulatoryProceedings@Enbridge.com
Attn: Guri Pannu
Legal Counsel

Enbridge Gas Distribution Inc. (Regional
Office)
400 Coventry Road
Ottawa, Ontario K1K 2C7
Tel: 613-742-4529
Attn: David Marshall
Operations Manager, Central Region East

Sincerely,

(Original Signed)

Stephanie Allman
Regulatory Coordinator

Attachment

cc: Guri Pannu – Legal Counsel, EGD
David Marshall – Manager Operations, Central Region East, EGD

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Municipal Franchises Act*,
R.S.O. 1990, c. M.55; as amended;

AND IN THE MATTER OF an application by
Enbridge Gas Distribution Inc. for an order extending
the term of the right to construct or operate works for
the distribution of gas, and the right to extend or add
to the works, in the Village of Casselman.

A P P L I C A T I O N

1. Enbridge Gas Distribution Inc. (the "Applicant") is an Ontario corporation with its head office in the City of Toronto.
2. The Corporation of the Village of Casselman ("Corporation") is a municipal Ontario corporation with its head office at 751 rue St-Jean St., P.O. Box 710, Casselman, Ontario K0A 1M0. The Corporation's Clerk is Mr. Marc Chenier. Attached hereto and marked as Schedule "A" is a map showing the geographical location of the Village of Casselman ("Municipality").
3. The Applicant and the Corporation are party to a municipal gas franchise agreement. Attached hereto and marked as Schedule "B" is a copy of the franchise agreement and By-Law 95-625 enacted July 14, 1995 for the former Village of Casselman.
4. The Applicant possesses one Certificate of Public Convenience and Necessity ("Certificate") for the geographical area of the Village of Casselman. Attached hereto and marked as Schedule "C" is the Certificate of Public Convenience and Necessity for the former Village of Casselman (E.B.C. 125) dated May 5, 1995.

5. The Applicant wishes to renew its municipal gas franchise with the Corporation and to continue serving the Municipality in accordance with the Certificate. The Applicant respectfully submits that it is in the public interest to do so. Attached hereto and marked as Schedule “F” is the resolution. Finally, attached and hereto and marked as Schedule E is the draft of the Corporation’s by-law granting to the Applicant the franchise renewal, and a copy of the model franchise agreement between the Applicant and the Corporation (“the Agreement”).
6. The proposed municipal gas franchise agreement is in the form of the Ontario Energy Board (“Board”) approved 2000 Model Franchise Agreement, with no amendments and is for a term of twenty years.
7. The Applicant hereby applies to the Board, pursuant to Section 9 of the *Municipal Franchises Act*, R.S.O. c. M.55, for:
 - i) an Order renewing the Applicant’s right to distribute, store, and transmit gas in and through the Municipality for such period of time and upon the terms set out in the Agreement, or as may otherwise be prescribed by the Board; and
 - ii) an Order directing and declaring that the assent of the municipal electors to the terms and conditions of the franchise agreement is not necessary.
8. The persons affected by this application are the customers and other residents in the Municipality. Because of the number of such persons, it is impractical to set out their names and addresses herein.

DATED at Toronto this day of April 2015.

ENBRIDGE GAS DISTRIBUTION INC.
500 Consumers Road
Toronto, ON M2J 1P8
by its Solicitor

(Original Signed)

Guri Pannu
Legal Counsel
Tel: (416) 495-5891
Fax: (416) 495-5994
E-mail: guri.pannu@enbridge.com

Mailing Address:
P.O. Box 650
Toronto ON M1K 5E3

THE CORPORATION OF THE VILLAGE OF CASSELMAN

BY-LAW NUMBER 95-625

**A BY-LAW TO AUTHORIZE A FRANCHISE AGREEMENT
BETWEEN THE CORPORATION AND
THE CONSUMERS' GAS COMPANY LTD.**

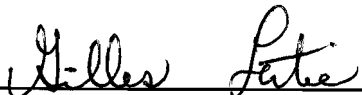
WHEREAS the Council of the Corporation deems it expedient to enter into the attached franchise agreement with The Consumers' Gas Company Ltd;

AND WHEREAS the Ontario Energy Board by its Order issued pursuant to The Municipal Franchises Act on the 10th day of May, 1995 has approved the terms and conditions upon which and the period for which the franchise provided for in the attached agreement is proposed to be granted, and has declared and directed that the assent of the municipal electors in respect of this By-law is not necessary;

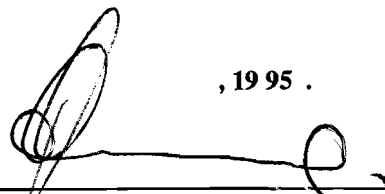
NOW THEREFORE BE IT ENACTED:

1. That the attached franchise agreement between the Corporation and The Consumers' Gas Company Ltd. is hereby authorized and the franchise provided for therein is hereby granted.
2. That the Reeve and the Clerk are hereby authorized and instructed on behalf of the Corporation to enter into and execute under its corporate seal and deliver the aforesaid agreement, which agreement is hereby incorporated into and shall form part of this By-law.

ENACTED AND PASSED this 14 day of July, 1995.



Clerk



Reeve

THE CONSUMERS' GAS COMPANY LTD.

FRANCHISE AGREEMENT

THIS AGREEMENT made this 14 day of July, 1995
BETWEEN:

**THE CORPORATION OF THE
VILLAGE OF CASSELMAN**

hereinafter called the "Corporation"

- and -

THE CONSUMERS' GAS COMPANY LTD.

hereinafter called the "Gas Company"

WHEREAS the Gas Company desires to distribute and sell gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the Reeve and the Clerk have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

I Definitions

1. In this Agreement:

- (a) "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;
- (b) "gas system" means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the supply, transmission and distribution of gas in or through the Municipality;
- (c) "highway" means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- (d) "Municipality" means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- (e) "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation.

II Rights Granted

1. To provide gas service.

The consent of the Corporation is hereby given and granted to the Gas Company to supply gas in the Municipality to the Corporation and to the inhabitants of the Municipality.

2. To use road allowances.

The consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the supply, distribution and transmission of gas in and through the Municipality.

3. Duration of Agreement and Renewal Procedures.

The rights hereby given and granted shall be for a term of twenty (20) years from the date of final passing of the By-law.

At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. Nothing herein stated shall preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the **Municipal Franchises Act**.

III Conditions

1. Approval of Construction.

Before beginning construction of or any extension or change to the gas system (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific location, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy. Geodetic information will not be required except in complex urban intersections in order to facilitate known projects, being projects which are reasonably anticipated by the Engineer/Road Superintendent. The Engineer/Road Superintendent may require sections of the gas system to be laid at a greater depth than required by CAN/CSA- Z184-M92 to facilitate known projects. The location of the work as shown on the said plan must be approved by the Engineer/Road Superintendent before the commencement of the work and the timing, terms and conditions relating to the installation of such works shall be to his satisfaction.

Notwithstanding the provisions of the above noted paragraph, in the event it is proposed to affix a part of the gas system to a bridge, viaduct or structure, the Engineer/Road Superintendent may, if the Engineer/Road Superintendent approves of such location, require special conditions or a separate agreement.

No excavation, opening or work which shall disturb or interfere with the surface of the travelled portion of any highway shall be made or done unless a permit therefor has first been obtained from the Engineer/Road Superintendent and all works shall be done to his satisfaction.

*The rights given and granted for a first agreement shall be for a term of 20 years. The rights given and granted for any subsequent agreement shall be for a term of not more than 15 years, unless both parties agree to extend the term to a term of 20 years maximum.

The Engineer/Road Superintendent's approval, where required throughout this section, shall not be withheld unreasonably.

2. As Built Drawings.

The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received. After completion of the construction, where plans were initially filed, an "as built" plan of equal quality to the pre-construction plan or certification that the pre-construction plan is "as built" will be filed with the Engineer/Road Superintendent.

3. Emergencies.

In the event of an emergency involving the gas system, the Gas Company will proceed with the work and in any instance where prior approval of the Engineer/Road Superintendent is normally required, shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force having jurisdiction.

4. Restoration.

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay any reasonable account therefor as certified by the Engineer/Road Superintendent.

5. Indemnification.

The Gas Company shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

6. Alternative Easement.

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and to provide, if it is feasible, the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation will share, as provided in clause III, 7 of this Agreement, in the cost of relocating or altering the gas system to facilitate continuity of gas service.

7. Pipeline Relocation.

If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.

Where any part of the gas system relocated in accordance with this section is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate, at its sole expense, such part of the gas system.

Where any part of the gas system relocated in accordance with this section is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:

- (a) the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
- (b) the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
- (c) the amount paid by the Gas Company to contractors for work related to the project,
- (d) the cost to the Gas Company for materials used in connection with the project, and
- (e) a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (a), (b), (c) and (d) above.

The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company.

8. Notice to Drainage Superintendent.

In a case where the gas system may affect a municipal drain, the Gas Company shall file with the Drainage Superintendent, for purposes of the **Drainage Act**, or other person responsible for the drain, a copy of the plan required to be filed with the Engineer/Road Superintendent.

IV Procedural And Other Matters

1. Municipal By-laws of General Application.

This Agreement and the respective rights and obligations hereunto of the parties hereto are hereby declared to be subject to the provisions of all regulating statutes and all municipal by-laws of general application and to all orders and regulations made thereunder from time to time remaining in effect save and except by-laws which impose permit fees and by-laws which have the effect of amending this Agreement.

2. Giving Notice.

Notices may be given by delivery or by mail, and if mailed, by prepaid registered post, to the Gas Company at its head office or to the Clerk of the Corporation at its municipal offices, as the case may be.

3. Disposition of Gas System.

During the term of this Agreement, if the Gas Company abandons a part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove that part of its gas system affixed to the bridge, viaduct or structure.

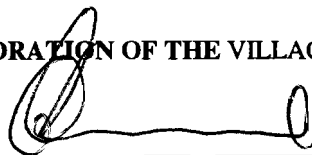
If at any time the Gas Company abandons any other part of its gas system, it shall deactivate that part of its gas system in the Municipality. Thereafter, the Gas Company shall have the right, but nothing herein contained shall require it, to remove its gas system. If the Gas Company fails to remove its gas system and the Corporation requires the removal of all or any of the gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the deactivated gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby.

4. Agreement Binding Parties.

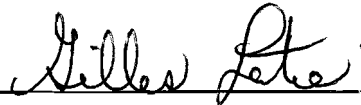
This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

IN WITNESS WHEREOF the parties hereto have duly executed these presents with effect from the date first above written.

THE CORPORATION OF THE VILLAGE OF CASSELMAN



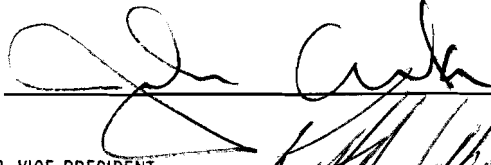
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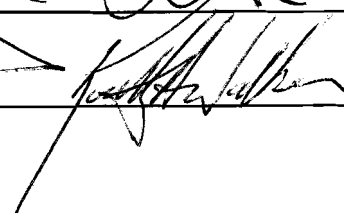
Clerk

THE CONSUMERS' GAS COMPANY LTD.

Senior Vice-President and
Chief Financial Officer



K.A. WALKER, VICE-PRESIDENT
AND CORPORATE SECRETARY



DATED

14th day of June,

1995

THE CORPORATION OF THE

VILLAGE OF CASSELMAN

- and -

THE CONSUMERS' GAS COMPANY LTD.

FRANCHISE AGREEMENT

THE CONSUMERS' GAS COMPANY LTD.

Atria III, Suite 1100

2225 Sheppard Avenue East

North York, Ontario

M2J 5C2

Attention: Legal Department



IN THE MATTER OF the Municipal Franchises Act, R.S.O.
1990, c. M.55,

AND IN THE MATTER OF an Application by The Consumers'
Gas Company Ltd. for a certificate of public convenience and
necessity to construct works to supply gas and to supply gas to the
inhabitants of the Corporation of the Village of Casselman, in the
United Counties of Prescott and Russell;

BEFORE: P.W. Hardie
Presiding Member

G.A. Dominy
Vice-Chair/Member

E.J. Robertson
Member

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

The Consumers' Gas Company Ltd. ("Consumers Gas") filed with the Ontario Energy Board ("the Board") an Application dated October 28, 1994 ("the Application") under section 8 of the Municipal Franchises Act, for a certificate of public convenience and necessity to construct works to supply gas and to supply gas in the Village of Casselman, in the United Counties of Prescott and Russell.

The Board's Notice of Application, dated November 10, 1994 was served upon the Clerk of the Village of Casselman. The Board issued a Notice of Hearing, dated March 31, 1995.

The Application was heard in Toronto on April 24, 25 and 27, 1995. The Board issued an oral decision on May 1, 1995, finding the application to be in the public interest.

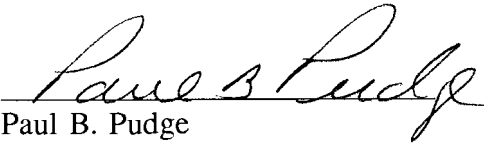
- 2 -

THEREFORE THE BOARD ORDERS THAT:

1. A Certificate of Public Convenience and Necessity ("the Certificate") is granted to Consumers Gas to construct works to supply gas and to supply gas in the Village of Casselman, in the United Counties of Prescott and Russell.
2. If Consumers Gas should fail to substantially complete construction of the gas mains proposed in the Application within twenty four months following the issuance of the Board's Certificate, the Certificate shall expire.
3. The Board's costs shall be paid by Consumers Gas forthwith upon the issuance of the Board's invoice.

ISSUED at Toronto, May 5, 1995

ONTARIO ENERGY BOARD

A handwritten signature in cursive script, reading "Paul B. Pudge", written over a horizontal line.

Paul B. Pudge
Board Secretary

CORPORATION OF THE VILLAGE OF CASSELMAN
CORPORATION DU VILLAGE DE CASSELMAN

Type: Ordinaire

Date: Le 23 mars 2015

Résolution no. 2015-109

Proposée par/Moved by: Anik Charron ☒ Marcel Cléroux ☐ Michel Desjardins ☐ Denis Renaud ☐Appuyée par/Seconded by: Anik Charron ☐ Marcel Cléroux ☐ Michel Desjardins ☒ Denis Renaud ☐**ENTENTE DE FRANCHISE AVEC ENBRIDGE
GAS**

Qu'il soit résolu que le Conseil approuve l'ébauche du règlement (y compris l'entente de franchise faisant partie intégrante) ci-jointe et autorise la remise de celle-ci à la Commission de l'Énergie de l'Ontario pour approbation conformément aux dispositions de l'article 9 de la Loi sur les concessions municipales;

Qu'il soit aussi résolu que le Conseil demande à la Commission de l'Énergie de l'Ontario de rendre une ordonnance de distribution avec l'assentiment des électeurs municipaux de l'ébauche du règlement ci-joint, (y compris l'accord de franchise faisant partie intégrante), conformément aux dispositions de l'article 9 (4) de la Loi sur les concessions municipales.

VOTE:

Pour / For

Contre / Against

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**FRANCHISE AGREEMENT WITH ENBRIDGE
GAS**

Be it resolved that Council approves the form of draft By-law (Including the franchise agreement forming part thereof) attached hereto and authorizes the submission thereof to the Ontario Energy Board for approval pursuant to the provisions of Section 9 the Municipal Franchises Act;

Be it further resolved that Council requests the Ontario Energy Board to make an order dispensing with the assent of the municipal electors of the attached draft By-law (Including the franchise agreement forming part thereof) pursuant to the provisions of Section 9(4) of the Municipal Franchises Act.

Cette résolution est:
This resolution is:

Adoptée / Carried: _____

Rejetée / Defeated: _____

Modifiée / Amended: _____

DÉCLARATION D'INTÉRÊT / DISCLOSURE OF INTEREST

Nom / Name: _____ a (ont) déclaré ses (leur) intérêts, ☐ laissé son (leur) siège(s) et ☐ quitté la salle du Conseil./Disclosed his (her, their) interest, ☐ vacated his (her, their) seat(s) and ☐ left Council chambers.

M. Desjardins
Greffier ou Greffière adjointe/
Clerk or Deputy-Clerk

CERTIFIÉ ÊTRE UNE COPIE CONFORME
CERTIFIED TO BE A TRUE COPY

Marcel Cléroux
GREFFIER / CLERK
GREFFIÈRE ADJOINTE / DEPUTY-CLERK

CORPORATION OF THE VILLAGE OF CASSELMAN
CORPORATION DU VILLAGE DE CASSELMAN

Type: Ordinaire

Date: Le 23 mars 2015


Résolution no. 2015-103

Proposée par/Moved by: Anik Charron ☐ Marcel Cléroux ☐ Michel Desjardins ☒ Denis Renaud ☐Appuyée par/Seconded by: Anik Charron ☐ Marcel Cléroux ☐ Michel Desjardins ☐ Denis Renaud ☒RAPPORT DU DIRECTEUR DES SERVICES
TECHNIQUES

Qu'il soit résolu que le Conseil accuse réception du rapport administratif TEC-007-2015 du Directeur des services techniques et approuve les recommandations concernant l'entente de franchise avec Enbridge Gas.

REPORT FROM THE DIRECTOR OF
TECHNICAL SERVICES

Be it resolved that Council acknowledges receipt of the administrative report TEC-007-2015 from the Director of Technical Services and approves the recommendations concerning Franchise Agreement with Enbridge Gas.

CERTIFIÉ ÊTRE UNE COPIE CONFORME
CERTIFIED TO BE A TRUE COPY
GREFFIER / CLERK
GREFFIÈRE ADJOINT / DEPUTY CLERKVOTE:

Pour / For

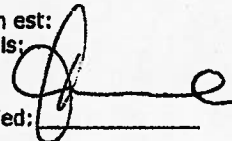
Contre / Against

Cette résolution est:
This resolution is:

Adoptée / Carried:

Rejetée / Defeated:

Modifiée / Amended:

DÉCLARATION D'INTÉRÊT / DISCLOSURE OF INTEREST

Nom / Name: _____ a (ont) déclaré ses (leur) intérêts, ☐ laissé son (leur) siège(s) et ☐ quitté la salle du Conseil./Disclosed his (her, their) interest, ☐ vacated his (her, their) seat(s) and ☐ left Council chambers.


Greffier ou Greffière adjointe/
Clerk or Deputy Clerk

THE CORPORATION OF THE VILLAGE OF CASSELMAN
("CORPORATION")

BY-LAW NUMBER _____

**A BY-LAW TO AUTHORIZE A FRANCHISE AGREEMENT
BETWEEN THE CORPORATION AND
ENBRIDGE GAS DISTRIBUTION INC.**

WHEREAS the Council of the Corporation deems it expedient to enter into the attached franchise agreement with Enbridge Gas Distribution Inc.;

AND WHEREAS the Ontario Energy Board by its Order issued pursuant to The Municipal Franchises Act on the _____ day of _____, 20____ has approved the terms and conditions upon which and the period for which the franchise provided for in the attached agreement is proposed to be granted, and has declared and directed that the assent of the municipal electors in respect of this By-law is not necessary;

NOW THEREFORE BE IT ENACTED:

1. That the attached franchise agreement between the Corporation and Enbridge Gas Distribution Inc. is hereby authorized and the franchise provided for therein is hereby granted.
2. That the Mayor and the Clerk are hereby authorized and instructed on behalf of the Corporation to enter into and execute under its corporate seal and deliver the aforesaid agreement, which agreement is hereby incorporated into and shall form part of this By-law.

Read the first and second time this _____ day of _____, 20____ .

Clerk

Reeve

Read the third time and ENACTED AND PASSED this _____ day of _____, 20____ .

Clerk

Reeve

Model Franchise Agreement

THIS AGREEMENT effective this day of , 20 .

BETWEEN: The Corporation of the Village of Casselman hereinafter called the
"Corporation"

- and -

Enbridge Gas Distribution Inc. hereinafter called the "Gas Company"

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

Part I - Definitions

1. In this Agreement:

- a. "decommissioned" and "decommissions" when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term 'abandoned' pipeline for the purposes of the Assessment Act;
- b. "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
- c. "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;
- d. "gas system" means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment

as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;

- e. "highway" means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- f. "Model Franchise Agreement" means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the Municipal Franchises Act. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- g. "Municipality" means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- h. "Plan" means the plan described in Paragraph 5 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- i. whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

Part II - Rights Granted

- 2. To provide gas service:

The consent of the Corporation is hereby given and granted to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality.

3. To Use Highways.

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

4. Duration of Agreement and Renewal Procedures.

- a. If the Corporation has not previously received gas distribution services, the rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law.

or

- b. If the Corporation has previously received gas distribution services, the rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law provided that, if during the 20-year term this Agreement, the Model Franchise Agreement is changed, then on the 7th anniversary and on the 14th anniversary of the date of the passing of the By-law, this Agreement shall be deemed to be amended to incorporate any changes in the Model Franchise Agreement in effect on such anniversary dates. Such deemed amendments shall not apply to alter the 20-year term.
- c. At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the Municipal Franchises Act.

Part III - Conditions

5. Approval of Construction

- a. The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefor has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
- b. Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
- c. The Plan filed by the Gas Company shall include geodetic information for a particular location:
 - i. where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - ii. when requested, where the Corporation has geodetic information for its own services and all others at the same location.
- d. The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
- e. Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.
- f. In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special

conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.

- g. Where the gas system may affect a municipal drain, the Gas Company shall also file a copy of the Plan with the Corporation's Drainage Superintendent for purposes of the Drainage Act, or such other person designated by the Corporation as responsible for the drain.
- h. The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- i. The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- j. The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

6. As Built Drawings

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

7. Emergencies

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior approval of the Engineer/Road Superintendent is normally required for the work, the Gas Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

8. Restoration

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

9. Indemnification

The Gas Company shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

10. Insurance

- a. The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 9. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.
- b. The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.

- c. Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

11. Alternative Easement

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if it is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 12 of this Agreement.

12. Pipeline Relocation

- a. If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- b. Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- c. Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - i. the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,

- ii. the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
 - iii. the amount paid by the Gas Company to contractors for work related to the project,
 - iv. the cost to the Gas Company for materials used in connection with the project, and
 - v. a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.
- d. The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

Part IV - Procedural And Other Matters

13. Municipal By-laws of General Application

The Agreement is subject to the provisions of all regulating statutes and all municipal by-laws of general application, except by-laws which have the effect of amending this Agreement.

14. Giving Notice

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

15. Disposition of Gas System

- a. If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- b. If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan

as required by Paragraph 5 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas Company may elect to relocate the decommissioned gas system and in that event Paragraph 12 applies to the cost of relocation.

16. Use of Decommissioned Gas System

- a. The Gas Company shall provide promptly to the Corporation, to the extent such information is known:
 - i. the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and
 - ii. the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- b. The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - i. the third party has entered into a municipal access agreement with the Corporation; and
 - ii. the Gas Company does not charge a fee for the third party's right of access to the highways.
- c. Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues

such as relocation costs will be governed by the relevant municipal access agreement.

17. Franchise Handbook

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

18. Agreement Binding Parties

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

THE CORPORATION OF THE VILLAGE OF CASSELMAN

By: _____

By: _____

Duly Authorized Officer

ENBRIDGE GAS DISTRIBUTION INC.

By: _____

By: _____

DATED this day of , 20 .

THE CORPORATION OF THE
VILLAGE OF CASSELMAN

- and -

ENBRIDGE GAS DISTRIBUTION INC.

FRANCHISE AGREEMENT

ENBRIDGE GAS DISTRIBUTION INC.
500 Consumers Road
North York, Ontario
M2J 1P8

Attention: Regulatory Affairs Department

Schedule H

From: Brian Lippold
Sent: Monday, March 20, 2017 4:05 PM
To: 'Peter Crockett' <pcrockett@oxfordcounty.ca>
Cc: 'David Mayberry' <mayor@swox.org>
Subject: NRG Ltd Franchise Agreement - Oxford County

Hi Peter,

I apologize for the time gap in responding. I was waiting for some Energy Board documents to provide to you, the Warden and Council.

For the sake of ease, I'd like to take the issues that you communicated and address them one-by-one in the order that you presented them below:

1. Name on Agreement: The official name of Oxford is not a problem. We can adjust as Union did in their renewal.
2. We also have no issue with providing proof of errors and omissions insurance. We have liability in excess of \$50,000,000. We can have our insurance provider send detail with regard to the specific errors and omissions coverage under our blanket;
3. The last of the issues put up a road block. Unfortunately, it is the one issue that we are powerless to move. If you refer to the attached documents, the Franchise Agreement that Oxford most recently signed with Union, was void of the alterations that your team has requested of NRG Ltd. As Osler had previously argued, the agreement is an OEB form document. They do not change and have not changed the standard Franchise Agreement.

We have a recently renewed our agreements with Southwest Oxford, Aylmer/Malahide, Thames Centre, Middlesex, Bayham, Elgin, Central Elgin and Norfolk. In each case, the OEB put the order in place for renewal without adjustment to language. We understand your concerns. However, this is not a matter of NRG choosing to be uncooperative. It's a matter of the Governing Body's process and law; one that prevents us from making concessions on items pertaining to drainage.

We continue to reliably serve the residents of Oxford and Southwest Oxford. Last spring, Oxford approved the extension of our Culloden Main North to Salford Road. That investment was made so that we may better serve the communities in Southwest Oxford. In fact, expansion in S.W. Oxford begins this spring.

One of my most important responsibilities is to keep rates as low as deliverable. I very respectfully ask that you move this before Council in consideration of the rate payer. If we can renew this through normal channels, we can avoid a Board Hearing and the legal costs that accompany that process.

Please do not hesitate to call me if you have any questions and concerns.

Brian Lippold,

**General Manager,
NATURAL RESOURCE GAS LIMITED
PH: 519 773-5321 EXT 205
FAX: 519 773-5335
EMAIL: brian@nrgas.on.ca**

From: Peter Crockett [<mailto:pcrockett@oxfordcounty.ca>]
Sent: Monday, December 12, 2016 9:15 PM
To: Brian Lippold <brian@nrgas.on.ca>
Cc: David Mayberry <mayor@swox.org>; Chloe Senior <csenior@oxfordcounty.ca>
Subject: NRG Ltd Franchise Agreement - Oxford County

Brian

I understand you met with Warden Mayberry recently and raised the issue of the outstanding franchise agreement with Oxford County.

I have followed up with staff and understand that there has been no response to the issues raised by the County of Oxford in September 2015. We have internally addressed some of the issues raised, however there is a need for NRG Ltd. to address the following issues:

1. County of Oxford
 - We are legally known as the **County of Oxford** and cannot execute any agreement that identifies us as the **Corporation of the County of Oxford**
 - The document must reflect an agreement with the "County of Oxford" after which the reference throughout the document to the "Corporation" will suffice
2. Insurance
 - Comprehensive General Liability (CGL) - The agreement doesn't specify a limit and thus provides limited guarantee that we are appropriately indemnified by your CGL coverage, typically we require a minimum \$5 Million limit of liability for similar contracts
 - Aside from CGL, the County requires Environmental and Errors and Omissions coverages, typically not included within CGL coverage, again with specified coverage limits of similar value.
3. Drainage
 - Drainage is a lower tier responsibility within the context of two tier municipalities such as the County of Oxford. As such all municipal drain related issues must reference the need for necessary approvals from the appropriate lower tier municipal authority in Oxford County not the County of Oxford. For information, there are eight area municipalities within the County of Oxford, each with authorities and responsibilities under the Drainage Act.
 - Further, it must be acknowledged within the agreement that municipal drain related cost apportionment must follow that prescribed by the Drainage Act, as amended. This is a critical issue given current legal dispute with regard to a lower tier municipality and a gas utility within the Province of Ontario.

I understand the timing of the agreement is of concern, quite frankly however they need to be adequately addressed to move forward. I suspect all can be addressed within the context of the standard agreement, with slight and reasonable variations as necessary to address the above.

Please advise at your convenience as to how you propose to proceed.

Merry Christmas !
Peter

Peter M. Crockett, P.Eng.
Chief Administrative Officer

Oxford County | 21 Reeve St., PO Box 1614, Woodstock, ON, N4S 7Y3 | T 519-539-0015 /1-800-755-0394, Ext 3000
pcrockett@oxfordcounty.ca

Oxford County is committed to 100% Renewable Energy by 2050

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p Think about our environment. Print only if necessary.

Schedule I

FRANCHISE AGREEMENT

THIS AGREEMENT effective this ____ day of _____, 2017.

BETWEEN:

THE COUNTY OF OXFORD
hereinafter called the “**Corporation**”

- and -

NATURAL RESOURCE GAS LIMITED
hereinafter called the “**Gas Company**”

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the “By-law”), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

ARTICLE 1 – DEFINITIONS

1.1 In this Agreement:

- (a) “**decommissioned**” and “**decommissions**” when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term ‘abandoned’ pipeline for the purposes of the *Assessment Act*;
- (b) “**Engineer/Road Superintendent**” means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
- (c) “**gas**” means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;

- (d) “**gas system**” means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;
- (e) “**highway**” means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- (f) “**Model Franchise Agreement**” means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the *Municipal Franchises Act*. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- (g) “**Municipality**” means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- (h) “**Plan**” means the plan described in Paragraph 3.1 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- (i) whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

ARTICLE 2 - RIGHTS GRANTED

2.1 To provide gas service:

The consent of the Corporation is hereby given and granted to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality.

2.2 To Use Highways.

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

2.3 Duration of Agreement and Renewal Procedures.

- (a) The rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law provided that, if during the 20-year term this Agreement, the Model Franchise Agreement is changed, then on the 7th

anniversary and on the 14th anniversary of the date of the passing of the By-law, this Agreement shall be deemed to be amended to incorporate any changes in the Model Franchise Agreement in effect on such anniversary dates. Such deemed amendments shall not apply to alter the 20-year term.

- (b) At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the *Municipal Franchises Act*.

ARTICLE 3 – CONDITIONS

3.1 Approval of Construction

- (a) The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefor has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
- (b) Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
- (c) The Plan filed by the Gas Company shall include geodetic information for a particular location:
 - (i) where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - (ii) when requested, where the Corporation has geodetic information for its own services and all others at the same location.
- (d) The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
- (e) Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed

by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.

- (f) In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.
- (g) The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- (h) The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- (i) The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

3.2 As Built Drawings.

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

3.3 Emergencies

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior approval of the Engineer/Road Superintendent is normally required for the work, the Gas Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

3.4 Restoration

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or

removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

3.5 Indemnification

The Gas Company shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

3.6 Insurance

- (a) The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 3.5. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.
- (b) The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.
- (c) Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

3.7 Alternative Easement

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 3.8 of this Agreement.

3.8 Pipeline Relocation

- (a) If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- (b) Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- (c) Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - (i) the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
 - (ii) the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
 - (iii) the amount paid by the Gas Company to contractors for work related to the project,
 - (iv) the cost to the Gas Company for materials used in connection with the project, and
 - (v) a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.
- (d) The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

ARTICLE 4 – PROCEDURAL AND OTHER MATTERS

4.1 Municipal By-laws of General Application

The Agreement is subject to the provisions of all regulating statutes and all municipal bylaws of general application, except by-laws which have the effect of amending this Agreement.

4.2 Giving Notice

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

4.3 Disposition of Gas System

- (a) If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- (b) If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 3.1 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas Company may elect to relocate the decommissioned gas system and in that event Paragraph 3.8 applies to the cost of relocation.

4.4 Use of Decommissioned Gas System

- (a) The Gas Company shall provide promptly to the Corporation, to the extent such information is known:
 - (i) the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and

- (ii) the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- (b) The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - (i) the third party has entered into a municipal access agreement with the Corporation; and
 - (ii) the Gas Company does not charge a fee for the third party's right of access to the highways.
- (c) Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

4.5 Franchise Handbook

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

4.6 Agreement Binding Parties

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

[Signature Page Below]

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

THE COUNTY OF OXFORD

By: _____

By: _____

**NATURAL RESOURCE GAS
LIMITED**

By: _____

Schedule J

FRANCHISE AGREEMENT

THIS AGREEMENT effective this _____ day of _____, ~~20~~2017.

BETWEEN:

~~CORPORATION OF~~ THE COUNTY OF OXFORD
hereinafter called the "Corporation"

- and -

NATURAL RESOURCE GAS LIMITED
hereinafter called the "Gas Company"

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

ARTICLE 1 – DEFINITIONS

1.1 In this Agreement:

- (a) "decommissioned" and "decommissions" when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term 'abandoned' pipeline for the purposes of the *Assessment Act*;
- (b) "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
- (c) "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;

- (d) “**gas system**” means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;
- (e) “**highway**” means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- (f) “**Model Franchise Agreement**” means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the *Municipal Franchises Act*. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- (g) “**Municipality**” means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- (h) “**Plan**” means the plan described in Paragraph 3.1 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- (i) whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

ARTICLE 2 - RIGHTS GRANTED

2.1 To provide gas service:

The consent of the Corporation is hereby given and granted to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality.

2.2 To Use Highways.

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

2.3 Duration of Agreement and Renewal Procedures.

- (a) The rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law provided that, if during the 20-year term this Agreement, the Model Franchise Agreement is changed, then on the 7th

anniversary and on the 14th anniversary of the date of the passing of the By-law, this Agreement shall be deemed to be amended to incorporate any changes in the Model Franchise Agreement in effect on such anniversary dates. Such deemed amendments shall not apply to alter the 20-year term.

- (b) At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the *Municipal Franchises Act*.

ARTICLE 3 – CONDITIONS

3.1 Approval of Construction

- (a) The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefor has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
- (b) Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
- (c) The Plan filed by the Gas Company shall include geodetic information for a particular location:
 - (i) where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - (ii) when requested, where the Corporation has geodetic information for its own services and all others at the same location.
- (d) The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
- (e) Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed

by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.

- (f) In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.
- ~~(g) Where the gas system may affect a municipal drain, the Gas Company shall also file a copy of the Plan with the Corporation's Drainage Superintendent for purposes of the Drainage Act, or such other person designated by the Corporation as responsible for the drain.~~
- ~~(g)~~ (h) The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- ~~(h)~~ (i) The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- ~~(i)~~ (j) The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

3.2 As Built Drawings.

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

3.3 Emergencies

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior approval of the Engineer/Road Superintendent is normally required for the work, the Gas Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

3.4 Restoration

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

3.5 Indemnification

The Gas Company shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

3.6 Insurance

- (a) The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 3.5. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.
- (b) The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.
- (c) Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

3.7 Alternative Easement

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed

sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 3.8 of this Agreement.

3.8 Pipeline Relocation

- (a) If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- (b) Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- (c) Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - (i) the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
 - (ii) the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
 - (iii) the amount paid by the Gas Company to contractors for work related to the project,
 - (iv) the cost to the Gas Company for materials used in connection with the project, and
 - (v) a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.
- (d) The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

ARTICLE 4 – PROCEDURAL AND OTHER MATTERS

4.1 Municipal By-laws of General Application

The Agreement is subject to the provisions of all regulating statutes and all municipal bylaws of general application, except by-laws which have the effect of amending this Agreement.

4.2 Giving Notice

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

4.3 Disposition of Gas System

- (a) If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- (b) If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 3.1 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas Company may elect to relocate the decommissioned gas system and in that event Paragraph 3.8 applies to the cost of relocation.

4.4 Use of Decommissioned Gas System

- (a) The Gas Company shall provide promptly to the Corporation, to the extent such information is known:
 - (i) the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and

- (ii) the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- (b) The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - (i) the third party has entered into a municipal access agreement with the Corporation; and
 - (ii) the Gas Company does not charge a fee for the third party's right of access to the highways.
- (c) Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

4.5 Franchise Handbook

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

4.6 Agreement Binding Parties

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

[\[Signature Page Below\]](#)

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

~~THE CORPORATION OF~~ THE COUNTY
OF OXFORD

By:

By:

NATURAL RESOURCE GAS
LIMITED

By:

Schedule K



Office of the C.A.O./Clerk

P.O. Box 1614, 21 Reeve Street, Woodstock, Ontario N4S 7Y3

Phone: 519-539-9800 • Fax: 519-421-4713

Website: www.county.oxford.on.ca

June 1, 2017

Mr. Brian Lippold
General Manager
Natural Resource Gas Limited
39 Beech St. E.
Aylmer, Ontario
N5H 3J6

Dear Mr. Lippold:

Please be advised that Oxford County Council, at its meeting held on May 24, 2017, adopted the following resolution:

That the recommendations contained in Report No. PW 2017-33, titled "Franchise Agreement with Natural Resource Gas Limited", be adopted.

I am providing a certified copy of the above resolution and the recommendations contained in Report No. PW 2017-33, signed and sealed by the Clerk, an unsigned copy of By-law No. 5935-2017 which was given first and second reading on May 24th, and an unsigned copy of the Franchise Agreement in its redlined and final format.

The County will await further direction from your office following receipt of an Order from the Ontario Energy Board.

Yours very truly,

Peter M. Crockett, P.Eng.
Chief Administrative Officer

Copy - Melissa Abercrombie, Manager of Engineering Services
- Brenda Tabor, Clerk

**COUNTY OF OXFORD
REPORT NO. PW 2017-33
MAY 24, 2017**

Recommendations Contained in Report No. PW 2017-33:

1. That County Council approve the Draft By-law and Franchise Agreement attached to Report No. PW 2017-33 and authorizes the submission thereof to the Ontario Energy Board for approval pursuant to the provisions of Section 9 of the Municipal Franchises Act;
2. And further, that County Council requests that the Ontario Energy Board make an Order declaring and directing that the assent of the municipal electors to the attached Draft By-law and Franchise Agreement pertaining to the County of Oxford is not necessary pursuant to the provisions of Section 9(4) of the Municipal Franchises Act.
3. And further, that County Council authorizes the Chief Administrative Officer and Director of Public Works to execute the attached Franchise Agreement.

RESOLUTION NO. 14:

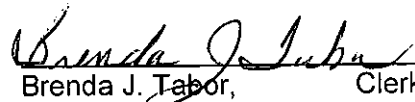
Moved by: Don McKay
Seconded by: Margaret Lupton

That the recommendations contained in Report No. PW 2017-33, titled "Franchise Agreement with Natural Resource Gas Limited", be adopted.

DISPOSITION: Motion Carried

The recommendations contained in Report No. PW 2017-33, dated May 24, 2017, were adopted by Oxford County Council Resolution No. 14, dated May 24, 2017.

I, Brenda J. Tabor, Clerk of the County of Oxford, do hereby certify that the foregoing is a true copy of Resolution No. 14, dated May 24, 2017, passed by Oxford County Council on May 24, 2017.


Brenda J. Tabor, Clerk

FRANCHISE AGREEMENT

THIS AGREEMENT effective this _____ day of _____, ~~20~~2017.

BETWEEN:

~~CORPORATION OF~~ THE COUNTY OF OXFORD
hereinafter called the "Corporation"

- and -

NATURAL RESOURCE GAS LIMITED
hereinafter called the "Gas Company"

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

ARTICLE 1 – DEFINITIONS

1.1 In this Agreement:

- (a) "decommissioned" and "decommissions" when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term 'abandoned' pipeline for the purposes of the *Assessment Act*;
- (b) "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
- (c) "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;

- (d) “**gas system**” means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;
- (e) “**highway**” means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- (f) “**Model Franchise Agreement**” means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the *Municipal Franchises Act*. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- (g) “**Municipality**” means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- (h) “**Plan**” means the plan described in Paragraph 3.1 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- (i) whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

ARTICLE 2 - RIGHTS GRANTED

2.1 To provide gas service:

The consent of the Corporation is hereby given and granted to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality.

2.2 To Use Highways.

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

2.3 Duration of Agreement and Renewal Procedures.

- (a) The rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law provided that, if during the 20-year term this Agreement, the Model Franchise Agreement is changed, then on the 7th

anniversary and on the 14th anniversary of the date of the passing of the By-law, this Agreement shall be deemed to be amended to incorporate any changes in the Model Franchise Agreement in effect on such anniversary dates. Such deemed amendments shall not apply to alter the 20-year term.

- (b) At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the *Municipal Franchises Act*.

ARTICLE 3 – CONDITIONS

3.1 Approval of Construction

- (a) The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefor has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
- (b) Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
- (c) The Plan filed by the Gas Company shall include geodetic information for a particular location:
 - (i) where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - (ii) when requested, where the Corporation has geodetic information for its own services and all others at the same location.
- (d) The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
- (e) Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed

by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.

- (f) In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.
- ~~(g) Where the gas system may affect a municipal drain, the Gas Company shall also file a copy of the Plan with the Corporation's Drainage Superintendent for purposes of the Drainage Act, or such other person designated by the Corporation as responsible for the drain.~~
- ~~(g)~~ (h) The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- ~~(h)~~ (i) The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- ~~(i)~~ (j) The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

3.2 As Built Drawings.

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

3.3 Emergencies

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior approval of the Engineer/Road Superintendent is normally required for the work, the Gas Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

3.4 Restoration

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

3.5 Indemnification

The Gas Company shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

3.6 Insurance

- (a) The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 3.5. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.
- (b) The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.
- (c) Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

3.7 Alternative Easement

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed

sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 3.8 of this Agreement.

3.8 Pipeline Relocation

- (a) If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- (b) Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- (c) Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - (i) the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
 - (ii) the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
 - (iii) the amount paid by the Gas Company to contractors for work related to the project,
 - (iv) the cost to the Gas Company for materials used in connection with the project, and
 - (v) a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.
- (d) The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

ARTICLE 4 – PROCEDURAL AND OTHER MATTERS

4.1 Municipal By-laws of General Application

The Agreement is subject to the provisions of all regulating statutes and all municipal bylaws of general application, except by-laws which have the effect of amending this Agreement.

4.2 Giving Notice

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

4.3 Disposition of Gas System

- (a) If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- (b) If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 3.1 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas Company may elect to relocate the decommissioned gas system and in that event Paragraph 3.8 applies to the cost of relocation.

4.4 Use of Decommissioned Gas System

- (a) The Gas Company shall provide promptly to the Corporation, to the extent such information is known:
 - (i) the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and

- (ii) the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- (b) The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - (i) the third party has entered into a municipal access agreement with the Corporation; and
 - (ii) the Gas Company does not charge a fee for the third party's right of access to the highways.
- (c) Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

4.5 Franchise Handbook

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

4.6 Agreement Binding Parties

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

[\[Signature Page Below\]](#)

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

~~THE CORPORATION OF~~ THE COUNTY
OF OXFORD

By:

By:

NATURAL RESOURCE GAS
LIMITED

By:

FRANCHISE AGREEMENT

THIS AGREEMENT effective this ____ day of _____, 2017.

BETWEEN:

THE COUNTY OF OXFORD
hereinafter called the “**Corporation**”

- and -

NATURAL RESOURCE GAS LIMITED
hereinafter called the “**Gas Company**”

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the “By-law”), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

ARTICLE 1 – DEFINITIONS

1.1 In this Agreement:

- (a) “**decommissioned**” and “**decommissions**” when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term ‘abandoned’ pipeline for the purposes of the *Assessment Act*;
- (b) “**Engineer/Road Superintendent**” means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
- (c) “**gas**” means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;

- (d) “**gas system**” means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;
- (e) “**highway**” means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- (f) “**Model Franchise Agreement**” means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the *Municipal Franchises Act*. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- (g) “**Municipality**” means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- (h) “**Plan**” means the plan described in Paragraph 3.1 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- (i) whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

ARTICLE 2 - RIGHTS GRANTED

2.1 To provide gas service:

The consent of the Corporation is hereby given and granted to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality.

2.2 To Use Highways.

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

2.3 Duration of Agreement and Renewal Procedures.

- (a) The rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law provided that, if during the 20-year term this Agreement, the Model Franchise Agreement is changed, then on the 7th

anniversary and on the 14th anniversary of the date of the passing of the By-law, this Agreement shall be deemed to be amended to incorporate any changes in the Model Franchise Agreement in effect on such anniversary dates. Such deemed amendments shall not apply to alter the 20-year term.

- (b) At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the *Municipal Franchises Act*.

ARTICLE 3 – CONDITIONS

3.1 Approval of Construction

- (a) The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefor has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
- (b) Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
- (c) The Plan filed by the Gas Company shall include geodetic information for a particular location:
 - (i) where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - (ii) when requested, where the Corporation has geodetic information for its own services and all others at the same location.
- (d) The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
- (e) Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed

by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.

- (f) In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.
- (g) The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- (h) The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- (i) The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

3.2 As Built Drawings.

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

3.3 Emergencies

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior approval of the Engineer/Road Superintendent is normally required for the work, the Gas Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

3.4 Restoration

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or

removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

3.5 Indemnification

The Gas Company shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

3.6 Insurance

- (a) The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 3.5. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.
- (b) The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.
- (c) Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

3.7 Alternative Easement

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 3.8 of this Agreement.

3.8 Pipeline Relocation

- (a) If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- (b) Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- (c) Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
 - (i) the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
 - (ii) the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
 - (iii) the amount paid by the Gas Company to contractors for work related to the project,
 - (iv) the cost to the Gas Company for materials used in connection with the project, and
 - (v) a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.
- (d) The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

ARTICLE 4 – PROCEDURAL AND OTHER MATTERS

4.1 Municipal By-laws of General Application

The Agreement is subject to the provisions of all regulating statutes and all municipal bylaws of general application, except by-laws which have the effect of amending this Agreement.

4.2 Giving Notice

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

4.3 Disposition of Gas System

- (a) If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- (b) If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 3.1 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas Company may elect to relocate the decommissioned gas system and in that event Paragraph 3.8 applies to the cost of relocation.

4.4 Use of Decommissioned Gas System

- (a) The Gas Company shall provide promptly to the Corporation, to the extent such information is known:
 - (i) the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and

- (ii) the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- (b) The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
 - (i) the third party has entered into a municipal access agreement with the Corporation; and
 - (ii) the Gas Company does not charge a fee for the third party's right of access to the highways.
- (c) Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

4.5 Franchise Handbook

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

4.6 Agreement Binding Parties

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

[Signature Page Below]

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

THE COUNTY OF OXFORD

By: _____

By: _____

**NATURAL RESOURCE GAS
LIMITED**

By: _____

Schedule L

BY-LAW NO. 5935-2017

BRENDA J. TABOR, CLERK