

### Exhibit 3: Operating Revenue

1. This Exhibit provides evidence to support the customer counts, throughput volumes, and operating revenues for EPCOR. The values detailed in this Exhibit are those used by EPCOR during the CIP process to establish its \$75.583M revenue requirement. These forecasts are presented over the 10-year rate stability period with cumulative values in order to confirm alignment with the commitments resulting from the CIP process.
2. As an expansion project, there is no historical information available for comparison purposes, further, with an established 10-year revenue requirement and no existing revenue, EPCOR has provided information for the entire 10-year rate stability period, rather than for a bridge year or test year.
3. This Exhibit also details adjustments to EPCOR's distribution revenue requirement as contemplated during the CIP process
4. Based on the parameters and assumptions determined as part of the CIP process, EPCOR committed to three key metrics for rate making purposes that were considered by the Board in its determination of EPCOR as the successful proponent. These include:
  - i. Cumulative revenue requirement per unit of volume ("rate per m<sup>3</sup>");
  - ii. Customer years; and
  - iii. Cumulative volume.
5. Table 3-1 reproduces the values for the three key metrics EPCOR has committed to as well as the cumulative 10-year revenue requirement.

**Table 3-1: Key Metrics and Revenue Requirement**

		Col. 1
	Metric	Unit
Row 1	<b>Cumulative 10-Year Revenue Requirement per Unit of Volume</b>	\$0.2209/m <sup>3</sup>
Row 2	<b>Customer Years</b>	42,569 Customer Years
Row 3	<b>Cumulative 10-Year Throughput Volume</b>	342,186,741m <sup>3</sup>
Row 4	<b>Cumulative 10-Year Revenue Requirement</b>	\$75,583,261

6. During the CIP process rate design was not addressed, rather, the proponents agreed to forecast



volumes and customer attachments by mass market segment. In Exhibit 8 of this Application, EPCOR is proposing a rate design with four rate classes. For ease of reference, Table 3-2 reconciles the proposed rate classes with the market segments used in the CIP process. For customer connections and throughput volumes, EPCOR has provided values determined during the CIP process and mapped those values into each rate class. The annual and 10-year totals of customer connections and throughput volumes are as included in EPCOR's CIP; the presentation has been modified to align with the proposed rate classes.

**Table 3-2: Rate Class Customers**

Rate Class	CIP Category
<b>Rate 1 - General Firm Service</b>	Residential, Small Commercial, Small Agricultural
<b>Rate 6 - Large Volume General Firm Service</b>	Medium Commercial, Large Commercial, Large Agricultural
<b>Rate 11 - Large Volume Seasonal Service</b>	Seasonal Agricultural
<b>Rate 16 - Contracted Firm Service</b>	Industrial



### 3.1 Customer Forecasts

1. In accordance with Procedural Order No. 8, customer attachment risk will be borne by the successful proponent during the 10-year rate stability period and was deemed a competitive metric<sup>1</sup>:

*"Both proponents agreed that the number of attachments should be competitive, and based on the levels of risk and marketing activities that each proponent would be willing to take on. The OEB accepts this aspect of the CIP agreement and finds that the number of customer attachments will be competitive. The OEB expects proponents to include details on their forecast attachments as part of the proposals. The successful proponent will be held to its forecast for rate-making purposes." [Emphasis added].*

2. The customer count by market segment EPCOR used to support its revenue requirement is reproduced in Exhibit 3 Tab 1 Schedule 2. The mapping of the customer count by market segment to rate class maintains the annual customer attachment forecast total over the 10-year rate stability period, and customer years metric values as committed to during the CIP process.
3. During the CIP process, EPCOR's forecast of residential customer capture rates was supported by a residential telephone survey conducted in July 2017 by Innovative Research<sup>2</sup>

*"...this survey concluded that 58% of these residents "Definitely Would Convert" or "Would Likely Convert". Accordingly, EPCOR plans to implement a comprehensive marketing program to help customers assess the benefits of converting to natural gas and through these efforts, expects to realize an overall 10-year residential conversion rate of 60%. This 60% target has therefore been applied as the overall 10-year capture rate for residential customers under the EPCOR plan."*

4. In addition, in the summer of 2014 the Municipality of Arran-Elderslie, the Municipality of Kincardine, and the Township of Huron-Kinloss (the "Southern Bruce Municipalities") retained Innovative Research to assess the feasibility of having the areas served by natural gas. The results

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<sup>1</sup> EB-2016-0137/0138/0139, Ontario Energy Board Decision on Preliminary Issues and Procedural Order No. 8, Agreed upon Parameters (PO8), dated August 22, 2017, page 5 of 14

<sup>2</sup> EB-2016-0137/0138/0139, EPCOR CIP Submission, Tab 5, dated October 16, 2017, page 18 of 41



of this survey supported EPCOR's commercial customer attachment rates.<sup>3</sup>

*"That survey of commercial customers concluded that 65% of this commercial customer sector would definitely or likely convert to natural gas if it were available."*

5. Supported by its analysis, including these two surveys, EPCOR determined that 4,818 residential customers and 447 commercial customers will connect over the 10-year rate stability period.
6. During the CIP process EPCOR consulted with large agricultural, seasonal and contract customers to determine their willingness to connect to the natural gas system as well as their price sensitivity. Supported by this consultative approach, EPCOR individually determined the customer attachments it was willing to commit to for those market segments.
7. EPCOR remains committed to the customer counts as provided during the CIP process and reaffirms it will bear the risk associated with achieving these connections during the 10-year rate stability period.

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<sup>3</sup> EB-2016-0137/0138/0139, EPCOR CIP Submission, Tab 5, page 19 of 41, dated October 16, 2017.



### 3.2 Throughput Volumes

1. In accordance with Procedural Order No. 8, EPCOR and Union Gas Limited (“Union”) worked together to develop average annual customer consumption by market segment. These values were then used by each proponent in developing their throughput volumes during the CIP process.<sup>4</sup>

*“The OEB [...] finds that using common consumption levels for each mass market segment, except for large commercial or industrial customers, is appropriate. The proponents agreed to work together to develop these values. These values should be included in proponents’ proposals.”*

2. Throughput for mass market customers was agreed to between EPCOR and Union and was generally based on Union’s Normalized Annual Consumption as well as the party’s experience with smaller commercial customers. Throughput for industrial and larger commercial customers was determined after consultation with those customers. Values for EPCOR’s customer attachment rates is supported by two customer surveys and consultation with potential customers. On October 2, 2017, EPCOR and Union filed a document with the OEB that included the details of agreed to annual average consumption parameters.<sup>5</sup> Those values are as follows:

**Table 3-3: Customer Consumption Common Parameter**

Segment/Sub-Segment		Average Annual Consumption (m <sup>3</sup> /year)
Residential	Pre-existing homes	2,149
	Future Construction	2,066
Commercial	Small (0-15,000[*] m <sup>3</sup> /year)	4,693
	Medium (15,001-50,000 m <sup>3</sup> /year)	26,933
	Large (>50,000 m <sup>3</sup> /year)	75,685
Agricultural	Cash Crop Farm (excl. large grain dryers)	4,720
	Other Agri-Business	4,720
[*Note: Original letter incorrectly stated 1,500 m <sup>3</sup> /year, for purposes of this Application this value has been adjusted to the intended value of 15,000m <sup>3</sup> /year.]		

<sup>4</sup> PO8, page 5 of 14.

<sup>5</sup> EB-2016-0137/0138/0139, Union and EPCOR Correspondence, dated October 2, 2017.



*“... Industrial, large grain dryer, and poultry or other similar large farm consumption values will vary for each proponent, and their volumes in the year of connection will be based on expected connection timing for those customers.”*

3. Using the values and approach as established during the CIP process, EPCOR’s cumulative 10-year throughput volume is 342,186,741m<sup>3</sup>. EPCOR’s throughput volume as provided during the CIP process is reproduced in Exhibit 3 Tab 1 Schedule 2.
4. EPCOR’s throughput volumes by rate class are presented in Exhibit 3 Tab 1 Schedule 2. The mapping of forecast volume by market segment to rate class maintains the annual, and cumulative throughput volumes over the 10-year rate stability period as presented during the CIP process.
5. The Gas Supply Plan in Exhibit 4 Tab 3 Schedule 1 details the weather normalization methodology used to forecast monthly gas and supply requirements.
6. EPCOR is not proposing to incorporate a demand side management program (“DSM”) for the utility during the 10-year period covered by this Application. As many of the customers that will be converting to natural gas from other energy sources will be acquiring new, efficient, appliances it is not clear that a rate payer supported DSM program would result in an appreciable increase in efficiency.
7. EPCOR remains committed to the throughput volumes it submitted during the CIP process and reaffirms it will bear the market attachment and volume risk over the 10-year rate stability period.



### 3.3 Operating Revenues

1. EPCOR's forecasted revenue requirement is presented in two categories:
2. Distribution Revenue: These revenues are related to the delivery of natural gas within EPCOR's system, downstream of the Dornoch Meter and Regulator Station. The revenues proposed in this category are determined by the costs included in the CIP process and align with EPCOR's proposed cumulative revenue requirement.
3. Non-Distribution Revenue:
  - i. Upstream and Gas Supply Revenue: These revenues are related to activities at and upstream of the Dornoch Meter and Regulator Station. These include recovery for contributions in aid of construction incurred related to Union's Owen Sound Transmission Reinforcement and the Dornoch Meter and Regulator Station, recovery for costs related to transportation as contracted through Union's proposed M17<sup>6</sup> service, recovery of costs related to the market-based storage services EPCOR must secure, costs related to managing daily nominations, and the cost of gas supply. The costs and revenues associated with Upstream and Gas Supply Revenue were excluded from the CIP process.<sup>7</sup>
  - ii. Other Revenue: These revenues are associated with Services and Miscellaneous charges proposed in EPCOR's Conditions of Service. These revenues and costs were not addressed within EPCOR's CIP as it is EPCOR's understanding that the Board's approach is to recover the costs associated with providing these services on a standalone cost recovery basis.
4. A summary of EPCOR's forecasted cumulative revenues over the 10-year period is provided in Table 3-4 below. The total Distribution Revenue has been adjusted from EPCOR's \$75.583M revenue requirement to \$58.141M as detailed in Table 3-5 later in this Exhibit. Annual forecasts over the 10-year period that sum to the total committed to in the CIP process have been provided

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<sup>6</sup> EB-2018-0244 Rate M17 Firm Transportation Service

<sup>7</sup> EB-2016-0137 / 0138 / 0139 Decision and Order, April 12, 2018, page 9 addresses upstream reinforcement costs and gas commodity costs. Of note it that Union's proposed M17 tariff will impose additional requirements on EPCOR that were not approved by the OEB during the CIP process. The costs of these new requirements have been added to EPCOR's revenue requirement.



in Exhibit 3 Tab 1 Schedule 2, with detailed adjustment calculations in Exhibit 3 Tab 1 Schedule 3.

**Table 3-4: 10-Year Cumulative Forecasted Revenues**

**(Thousands of Dollars)**

Col. 1

	Description	Cumulative
Row 1	Distribution Revenue	58,141
Row 2	Non-distribution Revenue	27,215
Row 3	<b>Sum</b>	<b>85,356</b>



### 3.4 Distribution Revenue

1. The cumulative (Distribution) revenue requirement was used to calculate one of the three key metrics that EPCOR has committed to, the cumulative revenue requirement per unit of throughput volume ("rate per m<sup>3</sup>"). As detailed below, certain adjustments are required to the revenue requirement resulting from exclusions in the CIP process.<sup>8</sup>
2. The following evidence is provided in order to confirm the adjustments in cumulative (Distribution) revenue requirement EPCOR is eligible to recover over the 10-year rate stability period.

#### Grants, Contributions and Aids to Construction

3. As directed by the Board in Procedural Order No. 8, EPCOR's cumulative revenue requirement excluded any grants, contributions from municipalities related to property tax holidays, and any aids to construction. The impact of these exclusions is detailed in Exhibit 3 Tab 1 Schedule 3.
4. EPCOR was awarded up to \$22M for development of the Southern Bruce natural gas distribution system through the Ontario Ministry of Infrastructure Natural Gas Grant Program ("NGGP"). Additional details on this external funding are provided in Exhibit 1. Any external funding is considered a contributed asset reducing EPCOR's capital contribution and rate base. EPCOR requires external funding to make the project economically feasible as it enables a rate structure that provides savings attractive enough to support customer conversions.
5. EPCOR has calculated the impact of external funding to be a reduction to the cumulative revenue requirement of \$15.305 over the 10-year rate stability period. This calculation was undertaken using cost of service principles, determining the reduction in interest during construction, depreciation expense, and return on rate base associated with the reduced capital expenditure funded by EPCOR. The return on rate base was calculated based on the Cost of Capital Parameter Update values in effect at the time of submitting the CIP proposal in October 2017<sup>9</sup>. Exhibit 3 Tab 1 Schedule 3 provides a detailed breakdown on the cumulative revenue requirement adjustments

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<sup>8</sup> Ibid, page 3 of 14.

<sup>9</sup> Cost of Capital Parameter Updates for 2017 Cost of Service and Custom Incentive Rate-setting Applications, dated October 27, 2016



related to expected external funding.

6. EPCOR has commitments related to property tax holidays. The Southern Bruce Municipalities have approved providing a financial contribution equal to the value of municipal property tax that would be recovered on the natural gas infrastructure during the 10-year rate stability period. Exhibit 3 Tab 2 Schedule 2 includes copies of the bylaws passed by the Southern Bruce Municipalities authorising the tax holidays. EPCOR has estimated the value of this contribution to equal \$2.208M over the 10-year rate stability period. Exhibit 3 Tab 1 Schedule 3 provides a detailed breakdown on the cumulative revenue requirement adjustments related to municipal property taxes.

#### Cap and Trade Costs

7. In accordance with Procedural Order No. 8, no costs associated with Cap and Trade Activities were included during the CIP process. Due to the termination of the Cap and Trade program, these costs and their impact on revenue requirement have not been included. In the event that Cap and Trade, a carbon tax or an alternative carbon abatement program is implemented, EPCOR will seek recovery of costs associated with those activities.

#### DSM and LEAP Funding

8. EPCOR did not include DSM or LEAP funding in its revenue requirement during the CIP process. In accordance with Procedural Order No. 8, costs related to DSM programs were to be excluded. LEAP funding was not considered during the CIP process. Detailed in Exhibit 4, EPCOR is proposing not to implement a DSM program, and is proposing to implement a LEAP program valued at the greater of \$2,000 or 0.12% of revenue requirement. EPCOR has calculated the impact of LEAP funding to be an increase to the cumulative revenue requirement of \$0.071M over the 10-year rate stability period as presented in Exhibit 3 Tab 3 Schedule 3.

#### Summary of Adjustments

9. EPCOR is proposing the revenue requirement for Distribution Revenues recovered over the 10-year period be adjusted downwards from \$75.583M to \$58,141M as illustrated in Table 3-5. This reduction would reduce EPCOR's rate per m<sup>3</sup> recovery from \$0.2209/m<sup>3</sup> to \$0.1699/m<sup>3</sup>.



Table 3-5: Distribution Revenue Requirement Adjustment

Col. 1			
	Description	Calculation	Cumulative
Row 1	CIP Revenue Requirement		75,583
Row 2			
Row 3	Adjustments		
Row 4	Less: External Funding		-15,305
Row 5	Less: Municipal Tax Holidays		-2,208
Row 6	Add: LEAP Funding		71
Row 7	Adjusted Distribution Revenue Requirement	SUM(Row1:Row6)	58,141
Row 8			
Row 9	Cumulative Volume (m3)		342,186,741
Row 10			
Row 11	CIP Revenue per m3 (\$ / m3)	Row 1 / Row 9	0.2209
Row 12	Adjusted Revenue per m3 (\$ / m3)	Row 7 / Row 9	0.1699



### 3.5 Upstream and Gas Supply Revenues

1. Upstream and Gas Supply Revenues are generated in order to recover costs related to securing upstream transportation capacity, transportation services, storage services, load balancing services, as well as gas supply services. Exhibit 8 details the impact of these costs on EPCOR's proposed tariff. The following provides additional detail as to these activities.

#### Upstream Transportation Capacity

2. EPCOR intends to enter into a contract with Union for upstream transportation capacity sufficient to address its expected needs at year 10 and beyond. The contract is expected to include two commitments, one for 15 years that matches the expected duration of EPCOR's contracts with industrial (Rate 16) customers and one for 30 years for the remainder of the capacity. The total contracted daily capacity during the period of this application is expected to be 8,863GJ. The upstream revenue requirement included in this Application is based on charges as detailed in Union's proposed M17 Service for upstream transportation capacity and the projected cost for market based storage.
3. Union has indicated it requires a CIAC to support the reinforcement (the Owen Sound Transmission Reinforcement) necessary to supply the capacity EPCOR intends to contract for. Union requires an additional CIAC to support construction of the Dornoch Meter and Regulator Station. These capital costs have been included in EPCOR's rate base (Exhibit 2 provides additional details). In alignment with the Board's Southern Bruce Expansion Decision that the parties would use Union's depreciation rates, the CIACs will be amortized on a straight line basis that matches the expected life of the asset being funded. (i.e. 55 years for metallic transmission mains and 40 years for measuring and regulating equipment). If this cost were to be recovered in rates based on the annual amortization and total customer capacity used in a year, the charges in the initial years would be very high and the unit charge would decline over time. This approach to recovering the CIAC would not treat ratepayers equitably over time and would serve as a disincentive for early customer conversion. EPCOR is proposing to establish a stable recovery rate per customer that would treat customers equitably regardless of when they attached to the system. This stable rate is determined using the expected asset life and the cost to be recovered by rate class that would allow for complete recovery of the CIAC over its life. Application of this



rate will facilitate the matching of upstream capacity used by individual customers with the cost of that upstream capacity and provide rate stability. A consequence of this approach is that It also results in an under recovery of CIAC costs during the initial years of operation. EPCOR is therefore proposing to establish a regulatory asset deferral account that would capture the proportion of the CIAC amortization that corresponds to the excess capacity.

4. Similar treatment is proposed for the portion of upstream transportation charges that represent capacity acquired under any long term transportation contract such as M17 and certain storage costs that are in excess of that required during the initial period where the number of customers connected start at zero and grow rapidly. The difference between these expenses collected through customer charges would be recorded in the proposed regulatory asset deferral account.
5. EPCOR proposes to begin collecting the balance in the proposed regulatory asset deferral account starting in 2024 which is the year that total amortization and transportation costs paid by EPCOR equal revenue generated i.e. the balance of the deferral account is no longer increasing. Establishment of this deferral account would allow EPCOR to ensure rate equity among customers that connect to the system early versus those that connect later.
6. EPCOR notes that in order to ensure that it retains the risk of customer conversions as established in the Board's Southern Bruce Expansion Decision, the calculations used to determine the values that are recorded in the regulatory asset deferral account will be based on the customer count as committed in its CIP rather than actual customer count. Exhibit 9 includes additional details regarding this proposed deferral account.

#### Storage and Transportation Revenue

7. Under Union's proposed M17 service, EPCOR would be deemed an 'ex-franchise' customer and not eligible for the currently approved services for 'in-franchise' distribution companies such as M9. The M17 rate is an unbundled transportation service and excludes seasonal storage or gas supply options. Union has included a Daily and Cumulative Load Balancing provisions within the service.
8. Revenues necessary to recover upstream transportation costs are generated based on the rates EPCOR has proposed in Exhibit 8, forecasted revenues by rate class for these activities are



provided in Exhibit 3 Tab 1 Schedule 4. The level of transportation services forecasted over the rate stability period are a function of the throughput volumes detailed in this exhibit and the assumption that all gas supply is transported from Dawn.

9. Due to the unbundled nature of Union's proposed M17 service, EPCOR is required to purchase storage at market-based prices. Revenues necessary to recover the cost of storage are forecast based on the rates EPCOR has proposed in Exhibit 8. As part of its Gas Supply Plan EPCOR has forecast the level of storage required and the estimated costs associated with this service.
10. EPCOR provides gas supply services to certain rate classes. Revenues related to recovery of gas supply costs are forecast based on those proposed for its rate classes in Exhibit 8 supported by the findings of its Gas Supply plan provided in Exhibit 4. The level of gas supply forecasted over the 10-year rate stability period are a function of the throughput volumes detailed in this Exhibit for the rate classes that are provided this service.
11. EPCOR is proposing the establishment of a Storage and Transportation Deferral Account that would track and distribute any variances between forecast and actual values of these charges.
12. If the rates included in any Board approved M17 service are different from those included in Union's application, or if EPCOR is able to access an alternative service, such as M9, that would include storage, EPCOR will update the relevant elements of this Application



### 3.6 Other Revenues

1. As part of the Conditions of Service proposed in Exhibit 8, EPCOR has included Service Charges and Miscellaneous Charges that form Other Revenues. These items are detailed in Schedule 2 of the Conditions of Service and include service work performed by EPCOR, returned cheques/payments, account information requests, bill reprints, and others. In determining the charges to include for performing these services EPCOR generally relied on the charges incorporated in ENGLP Aylmer's existing Conditions of Service as these systems are of similar size and will be using the same systems in certain cases e.g. using the same billing system. This is further detailed in Exhibit 8.
2. These activities are by their nature generally not reoccurring, and are often one-time events. With no historical information available and the use of forecasts based on experiences of other utilities versus a new utility may not be directly relevant, revenues related to these activities are difficult to forecast and were not included in EPCOR's forecasted Operating Revenues. Further, these revenues were not addressed during the CIP process. For the purposes of this Application, EPCOR has provided an estimate of Other Revenues from one activity, Connection Charges. EPCOR has used the proposed connection charge along with the forecasted customer attachments to estimate these revenues to be \$0.158M over the 10-year period. Annual values are presented in Exhibit 3 Tab 1 Schedule 3.
3. EPCOR is not expecting to generate any revenue as the result of supplying services to affiliates as EPCOR will be taking advantage of the economies associated with sharing services provided by certain affiliates.



### **3.7 Summary of Revenues**

1. Forecasts for revenues during the 10-year rate stability period have been included in Exhibit 3 Tab 1 Schedule 4. The following information is provided:
  - i. EPCOR Southern Bruce System Forecasted Cumulative 10-Year Revenues
  - ii. Rate 1 Forecasted Cumulative 10-Year Revenues and Volumes
  - iii. Rate 6 Forecasted Cumulative 10-Year Revenues and Volumes
  - iv. Rate 11 Forecasted Cumulative 10-Year Revenues and Volumes
  - v. Rate 16 Forecasted Cumulative 10-Year Revenues and Volumes



## Customer and Volume Forecasts

Table 3-6 - CIP Customer Forecast

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Customer Type	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Cumulative
Existing Residential	861	2,297	3,237	3,742	4,176	4,349	4,349	4,349	4,349	4,349	36,058
New Residential	46	103	159	215	271	328	384	424	462	469	2,861
<i>Sub Total</i>	<b>907</b>	<b>2,400</b>	<b>3,396</b>	<b>3,957</b>	<b>4,447</b>	<b>4,677</b>	<b>4,733</b>	<b>4,773</b>	<b>4,811</b>	<b>4,818</b>	<b>38,919</b>
Small Commercial	55	144	215	288	343	359	359	359	359	359	2,840
Medium Commercial	10	27	43	59	67	69	69	69	69	69	551
Large Commercial	3	7	13	16	17	19	19	19	19	19	151
<i>Sub Total</i>	<b>68</b>	<b>178</b>	<b>271</b>	<b>363</b>	<b>427</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>447</b>	<b>3,542</b>
Small Agricultural	0	0	0	1	2	2	2	2	2	2	13
Industrial and Large Agricultural	4	5	9	11	11	11	11	11	11	11	95
<i>Sub Total</i>	<b>4</b>	<b>5</b>	<b>9</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>108</b>
<b>Grand Total</b>	<b>979</b>	<b>2,583</b>	<b>3,676</b>	<b>4,332</b>	<b>4,887</b>	<b>5,137</b>	<b>5,193</b>	<b>5,233</b>	<b>5,271</b>	<b>5,278</b>	<b>42,569</b>

Table 3-7 - Customer Forecast by Rate Class

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Rate Class	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Cumulative
Rate 1 - General Firm Service	962	2,544	3,611	4,246	4,792	5,038	5,094	5,134	5,172	5,179	41,772
Rate 6 - Large Volume General Firm Service	14	36	59	79	88	92	92	92	92	92	736
Rate 11 - Large Volume Seasonal Service	1	1	4	5	5	5	5	5	5	5	41
Rate 16 - Contracted Firm Service	2	2	2	2	2	2	2	2	2	2	20
<b>Total</b>	<b>979</b>	<b>2,583</b>	<b>3,676</b>	<b>4,332</b>	<b>4,887</b>	<b>5,137</b>	<b>5,193</b>	<b>5,233</b>	<b>5,271</b>	<b>5,278</b>	<b>42,569</b>



Table 3-8 - CIP Throughput Volumes

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Customer Type	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Cumulative
Existing Residential	925,145	3,393,271	5,946,283	7,498,936	8,507,891	9,160,113	9,346,001	9,346,001	9,346,001	9,346,001	72,815,642
New Residential	47,518	153,917	270,646	386,342	502,038	618,767	735,496	834,664	915,238	961,723	5,426,349
<i>Sub Total</i>	<b>972,663</b>	<b>3,547,188</b>	<b>6,216,929</b>	<b>7,885,278</b>	<b>9,009,929</b>	<b>9,778,880</b>	<b>10,081,497</b>	<b>10,180,665</b>	<b>10,261,239</b>	<b>10,307,724</b>	<b>78,241,991</b>
Small Commercial	129,058	466,954	842,394	1,180,290	1,480,642	1,647,243	1,684,787	1,684,787	1,684,787	1,684,787	12,485,727
Medium Commercial	134,665	498,261	942,655	1,373,583	1,696,779	1,831,444	1,858,377	1,858,377	1,858,377	1,858,377	13,910,895
Large Commercial	113,528	378,425	756,850	1,097,433	1,248,803	1,362,330	1,438,015	1,438,015	1,438,015	1,438,015	10,709,428
<i>Sub Total</i>	<b>377,250</b>	<b>1,343,639</b>	<b>2,541,899</b>	<b>3,651,305</b>	<b>4,426,223</b>	<b>4,841,017</b>	<b>4,981,179</b>	<b>4,981,179</b>	<b>4,981,179</b>	<b>4,981,179</b>	<b>37,106,049</b>
Small Agricultural	0	0	0	2,360	7,080	9,440	9,440	9,440	9,440	9,440	56,640
Industrial and Large Agricultural	4,063,779	23,760,251	24,187,482	24,798,991	24,985,073	24,985,073	25,028,741	25,002,523	24,985,073	24,985,073	226,782,062
<i>Sub Total</i>	<b>4,063,779</b>	<b>23,760,251</b>	<b>24,187,482</b>	<b>24,801,351</b>	<b>24,992,153</b>	<b>24,994,513</b>	<b>25,038,181</b>	<b>25,011,963</b>	<b>24,994,513</b>	<b>24,994,513</b>	<b>226,838,702</b>
<b>Grand Total</b>	<b>5,413,691</b>	<b>28,651,078</b>	<b>32,946,310</b>	<b>36,337,933</b>	<b>38,428,305</b>	<b>39,614,410</b>	<b>40,100,857</b>	<b>40,173,807</b>	<b>40,236,931</b>	<b>40,283,416</b>	<b>342,186,741</b>

Table 3-9 - Throughput Volumes by Rate Class

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Rate Class	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Cumulative
Rate 1 - General Firm Service	1,101,720	4,014,142	7,059,323	9,067,927	10,497,651	11,435,563	11,775,724	11,874,892	11,955,466	12,001,951	90,784,357
Rate 6 - Large Volume General Firm Service	248,193	887,258	1,757,529	2,650,500	3,209,649	3,457,842	3,560,460	3,560,460	3,560,460	3,560,460	26,452,811
Rate 11 - Large Volume Seasonal Service	169,166	338,332	744,330	1,251,827	1,353,326	1,353,326	1,353,326	1,353,326	1,353,326	1,353,326	10,623,613
Rate 16 - Contracted Firm Service	3,894,613	23,411,347	23,385,129	23,367,679	23,367,679	23,367,679	23,411,347	23,385,129	23,367,679	23,367,679	214,325,960
<b>Total</b>	<b>5,413,691</b>	<b>28,651,078</b>	<b>32,946,310</b>	<b>36,337,933</b>	<b>38,428,305</b>	<b>39,614,410</b>	<b>40,100,857</b>	<b>40,173,807</b>	<b>40,236,931</b>	<b>40,283,416</b>	<b>342,186,741</b>



**Table 3-10 - 10-Year Operating Revenues**

**(Thousands of Dollars)**

EPCOR Southern Bruce System		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
	Description	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Cumulative
Row 1	Distribution Revenues	585	3,033	4,591	5,780	6,601	7,140	7,403	7,541	7,673	7,792	58,141
Row 2	Non-distribution Revenues	348	1,321	2,079	2,697	3,110	3,398	3,499	3,545	3,589	3,628	27,215
Row 3	Total Revenues	933	4,355	6,671	8,478	9,711	10,539	10,902	11,086	11,262	11,419	85,356



## Revenue Requirement Adjustments

Table 3-11 - Deemed Rate of Return

Description	Col. 1 Weight	Col. 2 Deemed Return
Equity	36.00%	8.78%
Long-Term Debt	60.00%	3.72%
Short-Term Debt	4.00%	1.76%
<b>Deemed Rate of Return</b>		<b>5.46%</b>

Table 3-12 - Revenue Requirement Impact of Grant Funding

(Thousands of Dollars)											
	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Description	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Cumulative
Row 1 Balance Brought Forward	0	15,658	21,598	21,008	20,417	19,827	19,237	18,647	18,057	17,467	N/A
Row 2 Additions (Including IDC)	15,876	6,453	0	0	0	0	0	0	0	0	22,329
Row 3 Depreciation	-218	-513	-590	-590	-590	-590	-590	-590	-590	-590	-5,452
Row 4 Closing Balance	15,658	21,598	21,008	20,417	19,827	19,237	18,647	18,057	17,467	16,877	N/A
Row 5											
Row 6 Mid-Year Grant Funded Asset	7,829	18,628	21,303	20,713	20,122	19,532	18,942	18,352	17,762	17,172	N/A
Row 7											
Row 8 Return on Grant Funded Asset	428	1,018	1,164	1,132	1,099	1,067	1,035	1,003	970	938	9,853
Row 9 Depreciation Recovery	218	513	590	590	590	590	590	590	590	590	5,452
Row 10											
Row 11 <b>Total Revenue Requirement Impact</b>	<b>646</b>	<b>1,531</b>	<b>1,754</b>	<b>1,722</b>	<b>1,689</b>	<b>1,657</b>	<b>1,625</b>	<b>1,593</b>	<b>1,560</b>	<b>1,528</b>	<b>15,305</b>



**Table 3-13 - Mill Rate of Property Tax Holidays**

		Col. 1	Col. 2	Col. 3
		Kincardine	Arran-Elderslie	Huron-Kinloss
	Description			
Row 1	Municipal Rate - Pipelines	0.66%	0.75%	0.61%

**Table 3-14 - Revenue Requirement Impact Municipal Tax Holidays**

(Thousands of Dollars)

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
	Description	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Cumulative
Row 1	Assessment Base	22,011	34,036	38,181	39,539	40,724	41,342	43,711	43,896	44,455	44,547	N/A
Row 2												
Row 3	<b>Value of Tax Holidays</b>	<b>114</b>	<b>189</b>	<b>214</b>	<b>223</b>	<b>231</b>	<b>235</b>	<b>249</b>	<b>250</b>	<b>251</b>	<b>252</b>	<b>2,208</b>

**Table 3-15 – Revenue Requirement Impact of LEAP Funding**

(Thousands of Dollars)

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
	Description	Total	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Row 1	LEAP Funding Cost	71.07	2.00	3.64	5.51	6.94	7.92	8.57	8.88	9.05	9.21	9.35



Table 3-16 – Forecasted Other Revenue

(Thousands of Dollars)

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Description		Total	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Row 1	Other Revenue	158	29	48	33	20	17	8	2	1	1	0



# Rate Schedules

**Cumulative 10-Year**  
**Rate 1 - General Firm Service**  
(Thousands of Dollars unless Otherwise Specified)

	Col. 1	Col. 2	Col. 3	Col. 4
Description				
Row 1				
Row 2				
Row 3		<u>Effective Cx (Cx)</u>	<u>Charge (\$/Cx/month)</u>	<u>Revenue</u>
Row 4	Monthly Fixed Charge	39,183	N/A	12,489
Row 5				
Row 6		<u>Rate Block (m3)</u>	<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 7	Delivery Charge	First 100 m3	39,738,666	N/A
Row 8		Next 400 m3	48,320,000	N/A
Row 9		Over 500 m3	2,725,691	N/A
Row 10	<b>Total Distribution Charge</b>		<b>90,784,357</b>	<b>37,879</b>
Row 11	Fixed Charge Ratio of Distribution Charges			32.97%
Row 12				
Row 13	Upstream Charges	Upstream Recovery Charge	90,784,357	N/A
Row 14	Gas Supply Charge	Transportation and Storage Charge	90,784,357	N/A
Row 15	<b>Total Upstream and Gas Supply Charges</b>			<b>12,159</b>
Row 16				<b>16,200</b>
Row 17	<b>Total Revenue</b>			<b>54,079</b>

**Cumulative 10-Year**  
**Rate 6 - Large Volume General Firm Service**  
(Thousands of Dollars unless Otherwise Specified)

	Col. 1	Col. 2	Col. 3	Col. 4
Description				
Row 1				
Row 2				
Row 3		<u>Effective Cx (Cx)</u>	<u>Charge (\$/Cx/month)</u>	<u>Revenue</u>
Row 4	Monthly Fixed Charge	681	N/A	888
Row 5				
Row 6		<u>Rate Block (m3)</u>	<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 7	Delivery Charge	First 1000 m3	6,979,951	N/A
Row 8		Next 6000 m3	15,366,260	N/A
Row 9		Over 7000 m3	4,106,599	N/A
Row 10	<b>Total Distribution Charge</b>		<b>26,452,811</b>	<b>7,346</b>
Row 11	Fixed Charge Ratio of Distribution Charge			12.09%
Row 12				
Row 13	Upstream Charges	Upstream Recovery Charge	26,452,811	N/A
Row 14	Gas Supply Charge	Transportation and Storage Charge	26,452,811	N/A
Row 15	<b>Total Upstream and Gas Supply Charges</b>			<b>5,973</b>
Row 16				<b>13,320</b>
Row 17	<b>Total Revenue</b>			<b>13,320</b>

**Cumulative 10-Year**  
**Rate 11 - Large Volume Seasonal Service**  
(Thousands of Dollars unless Otherwise Specified)

	Col. 1	Col. 2	Col. 3	Col. 4
Description				
Row 1				
Row 2				
Row 3		<u>Effective Cx (Cx)</u>	<u>Charge (\$/Cx/month)</u>	<u>Revenue</u>
Row 4	Monthly Fixed Charge	39	N/A	67
Row 5				
Row 6		<u>Rate Block (m3)</u>	<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 7	Delivery Charge	Over 0 m3	10,623,613	N/A
Row 8	<b>Total Distribution Charge</b>		<b>10,623,613</b>	<b>1,749</b>
Row 9	Fixed Charge Ratio of Distribution Charge			3.68%
Row 10				
Row 11	Upstream Charges	Upstream Recovery Charge	10,623,613	N/A
Row 12	Gas Supply Charge	Transportation and Storage Charge	10,623,613	N/A
Row 13	<b>Total Upstream and Gas Supply Charges</b>			<b>1,422</b>
Row 14				<b>1,634</b>
Row 15	<b>Total Revenue</b>			<b>3,450</b>

**Cumulative 10-Year**  
**Rate 16 - Contracted Firm Service**  
(Thousands of Dollars unless Otherwise Specified)

	Col. 1	Col. 2	Col. 3	Col. 4
Description				
Row 1				
Row 2				
Row 3		<u>Effective Cx (Cx)</u>	<u>Charge (\$/Cx/month)</u>	<u>Revenue</u>
Row 4	Monthly Fixed Charge	20	N/A	351
Row 5	Delivery Charge	based on contracted demand		10,748
Row 6	<b>Total Distribution Charge</b>			<b>11,100</b>
Row 7	Fixed Charge Ratio of Distribution Charge			3.16%
Row 8				
Row 9	Upstream Charges	Contracted Demand (m3/day)	<u>Charge (¢/m3/month)</u>	
Row 10		Upstream Recovery Charge	89,716	N/A
Row 11	Gas Supply Charge	Transportation and Storage Charge - Contracted Demand	89,716	N/A
Row 12	<b>Total Upstream and Gas Supply Charges</b>			<b>0</b>
Row 13				<b>3,250</b>
Row 14	<b>Total Revenue</b>			<b>14,349</b>





RESOLUTION NO. 13 - 278 - 2017

DATE: June 26<sup>th</sup>, 2017

AGENDA ITEM NO. 17

MOVED BY

SECONDED BY

*Whereas*, Corporation of the Municipality of Arran-Elderslie has very limited access to natural gas and increased access will provide more affordable and reliable energy to our community; and

*Whereas*, Corporation of the Municipality of Arran-Elderslie, over the past six (6) years, has incurred significant costs to undertake considerable work, including public consultation, to prepare a business case supporting access to natural gas, to enter into a competitive RFP process to canvas the marketplace for potential natural gas service providers, and to participate in the Ontario Energy Board's Generic Hearing process to further the objective of enabling our community to have access to natural gas; and

*Whereas*, expanding access to natural gas within Corporation of the Municipality of Arran-Elderslie is a key strategic priority supported by council; and

*Whereas*, Access to natural gas for residents, farms and businesses will eliminate a major economic disadvantage for both consumers and the region as a whole; and

*Whereas*, Natural gas access can provide residents on higher-emitting fuels with a lower carbon source that will help reduce greenhouse gas emissions; therefore

*Be It Resolved*, That the Council of Corporation of the Municipality of Arran-Elderslie formally supports an application submitted by a natural gas distributor, proponent or supplier to the Government of Ontario, for a grant from the provincial Natural Gas Grant Program, to expand the natural gas system to service Corporation of the Municipality of Arran-Elderslie ; and



That Council supports making an additional financial contribution towards the proposed natural gas access project in an amount equivalent to the municipal property tax that would be recovered on the new natural gas infrastructure for a minimum period of 10 years as per the natural gas grant program requirements; and

That a copy of this Council resolution be forwarded along with the application to Ontario's Natural Gas Grant Program.



CARRIED



DEFEATED



TABLED



MAYOR INITIAL



CLERK INITIAL





## The Corporation of the Township of Huron-Kinloss

P.O. Box 130  
21 Queen Street  
Ripley, Ontario  
N0G 2R0

Phone 519-395-3735  
Fax 519-395-4107  
Email [info@huronkinloss.com](mailto:info@huronkinloss.com)  
[www.huronkinloss.com](http://www.huronkinloss.com)

June 19<sup>th</sup>, 2017

### Re: Natural Gas Resolution

Please find below a certified copy of the resolution passed by the Township of Huron-Kinloss Council at the June 19<sup>th</sup>, 2017 Council session.

Motion No. 220

Moved by Sloetjes

Seconded by Elliott

WHEREAS the Township of Huron-Kinloss does not have access to natural gas and access will provide more affordable and reliable energy to our community;

AND WHEREAS the Township of Huron-Kinloss, over the past 6 years, has incurred significant costs to undertake considerable work, including public consultation, to prepare a business case supporting access to natural gas, to enter into a competitive RFP process to canvas the marketplace for potential natural gas service providers, and to participate in the Ontario Energy Board's Generic Hearing process to further the objective of enabling our community to have access to natural gas;

AND WHEREAS expanding access to natural gas within Township of Huron-Kinloss is a key strategic priority supported by council;

AND WHEREAS access to natural gas for residents, farms and businesses will eliminate a major economic disadvantage for both consumers and the region as a whole;

AND WHEREAS natural gas access can provide residents on higher-emitting fuels with a lower carbon source that will help reduce greenhouse gas emissions;

THEREBY BE IT RESOLVED that the Council of Township of Huron-Kinloss formally supports an application submitted by a natural gas distributor, proponent or supplier to the Government of Ontario, for a grant from the provincial Natural Gas Grant Program, to expand the natural gas system to service the Township of Huron-Kinloss; and

THAT Council supports making an additional financial contribution towards the proposed natural gas access project in an amount equivalent to the municipal property



tax that would be recovered on the new natural gas infrastructure for a minimum period of 10 years as per the natural gas grant program requirements; and

THAT a copy of this Council resolution be forwarded along with the application to Ontario's Natural Gas Grant Program.

Carried.

Certified to be a true and complete  
copy of resolution #220, passed by the  
Council of The Corporation of the  
Township of Huron-Kinloss on the 19th  
day of June, 2017

---

Sonya Watson  
Clerk





COUNCIL MEETING  
July 5, 2017

**8.2 Natural Gas Grant Program Community Expansion Application**

**Resolution #07/05/17-03**

Moved by: Gordon Campbell

Seconded by: Linda McKee

WHEREAS the Municipality of Kincardine does not have access to natural gas and access will provide more affordable and reliable energy to our community;

AND WHEREAS the Municipality of Kincardine, over the past 6 years, has incurred significant costs to undertake considerable work, including public consultation, to prepare a business case supporting access to natural gas, to enter into a competitive RFP process to canvas the marketplace for potential natural gas service providers, and to participate in the Ontario Energy Board's Generic Hearing process to further the objective of enabling our community to have access to natural gas;

AND WHEREAS expanding access to natural gas within the Municipality of Kincardine is a key strategic priority supported by Council;

AND WHEREAS access to natural gas for residents, farms and businesses will eliminate a major economic disadvantage for both consumers and the region as a whole;

AND WHEREAS natural gas access can provide residents on higher-emitting fuels with a lower carbon source that will help reduce greenhouse gas emissions;

NOW THEREFORE BE IT RESOLVED THAT the Council of Municipality of Kincardine formally supports an application submitted by a natural gas distributor, proponent or supplier to the Government of Ontario, for a grant from the provincial Natural Gas Grant Program, to expand the natural gas system to service the Municipality of Kincardine;



AND FURTHER THAT Council supports making an additional financial contribution towards the proposed natural gas access project in an amount equivalent to the municipal property tax that would be recovered on the new natural gas infrastructure for a minimum period of 10 years as per the natural gas grant program requirements;

AND FURTHER THAT a copy of this Council resolution be forwarded along with the application to Ontario's Natural Gas Grant Program.

Carried.



**THE CORPORATION OF THE  
MUNICIPALITY OF ARRAN-ELDERSLIE**

**BY-LAW NO. 49 - 2018**

BEING A BY-LAW TO AUTHORIZE A MUNICIPAL FRANCHISE AGREEMENT  
BETWEEN THE CORPORATION OF THE MUNICIPALITY OF ARRAN-ELDERSLIE  
AND EPCOR UTILITIES INC.

WHEREAS EPCOR Utilities Inc. ("EPCOR") intends to develop, own and operate a natural gas distribution utility within the Municipality as proposed in its June 25<sup>th</sup>, 2015 proposal to Council in response to the Request for Proposals initiated by the Municipality dated April 17<sup>th</sup>, 2015; and

WHEREAS the Municipality and EPCOR (the "Parties") agreed to negotiate and execute a Municipal Franchise Agreement (the "Franchise Agreement") in February 2016; and

WHEREAS the Corporation of the Municipality of Arran-Elderslie passed By-law No. 14-2006 to enter into a Franchise Agreement with EPCOR; and

WHEREAS the Council of The Corporation of the Municipality of Arran-Elderslie deems it expedient to repeal and replace the Franchise Agreement with EPCOR in substantially the form and consistent with the legal advice provided by Borden Ladner Gervais LLP at the *in camera* Council meeting held on July 23<sup>rd</sup>, 2018; and

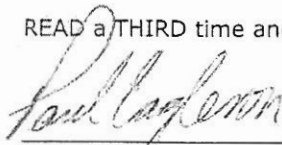
NOW THEREFORE COUNCIL OF THE CORPORATION OF THE MUNICIPALITY OF ARRAN-ELDERSLIE HEREBY ENACTS AS FOLLOWS:

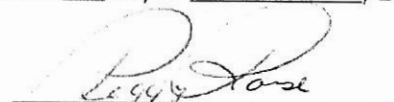
1. THAT the Franchise Agreement between The Corporation of The Municipality of Arran-Elderslie and EPCOR Utilities Inc. which was the subject of legal advice provided to Council by Borden Ladner Gervais LLP at the *in camera* Council meeting held on July 23<sup>rd</sup>, 2018 is hereby authorized and the franchise provided for therein is hereby granted conditional on EPCOR obtaining all required and necessary approvals from the Ontario Energy Board.
2. THAT the Mayor and the Clerk are hereby authorized and instructed on behalf of The Corporation of The Municipality of Arran-Elderslie to enter into and execute under its corporate seal and deliver the Franchise Agreement, substantially in the form and consistent with the legal advice provided to Council by Borden Ladner Gervais LLP at the *in camera* Council meeting held on July 23<sup>rd</sup>, 2018.
3. THAT By-law No. 14 - 2016 is hereby repealed.
4. THAT this by-law shall come into force and take effect as of the final passing thereof.

\*\*\*\*\*

READ a FIRST and SECOND time this 30<sup>th</sup> day of July, 2018.

READ a THIRD time and finally passed this 30<sup>th</sup> day of July, 2018.

  
Paul Eagleson, Mayor

  
Peggy Rouse, Clerk-Administrator



# Model Franchise Agreement

THIS AGREEMENT effective this \_\_\_\_\_ day of July, 2018.

BETWEEN:

THE CORPORATION OF THE MUNICIPALITY OF ARRAN-ELDERSLIE  
hereinafter called the "Corporation"

- and -

EPCOR NATURAL GAS LIMITED PARTNERSHIP,  
by its general partner EPCOR ONTARIO UTILITIES 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.
- 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*.

## **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.



- 3 -

- 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



- 7 -

- 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

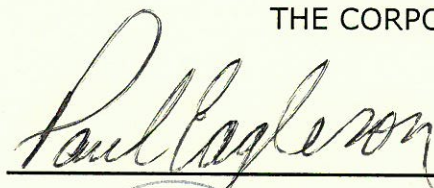
The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas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

18. Agreement Binding Parties

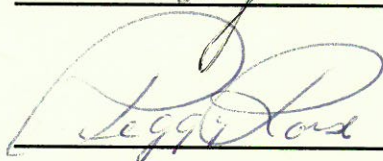
This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

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

THE CORPORATION OF THE MUNICIPALITY  
OF ARRAN-ELDERSLIE



Paul Eagleson, MAYOR



Peggy Rouse, CLERK

We have the authority to bind the corporation

EPCOR NATURAL GAS LIMITED PARTNERSHIP,  
by its general partner, EPCOR ONTARIO UTILITIES INC.

By: 

Duly Authorized Officer

S.K. Robinson



The Corporation of the Municipality of Brockton



By-Law 2018-074

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Being a By-Law to Authorize the Signing of an Agreement With EPCOR Ontario Utilities Inc. for the Purpose of Distributing, Storing, and Transmitting Gas Within the Corporation of the Municipality of Brockton.

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**Whereas** The Council for the Corporation of the Municipality of Brockton deems it expedient to enter into an agreement with EPCOR Ontario Utilities Inc. with respect to the distribution, storage, and transmission of gas within the boundaries of the Corporation of the Municipality of Brockton;

**And Whereas** in accordance with Subsection 9(1) of the Municipal Franchise Act no By-Law granting final approval for the right to construct or operate works for the distribution of gas shall be passed until the Ontario Energy Board has approved the proposed Franchise Agreement;

**And Whereas** upon receipt of final approval of the Franchise Agreement by the Ontario Energy Board Council will grant final approval to the By-Law hereto;

**Now Therefore** the Council of the Corporation of the Municipality of Brockton enacts as follows;

- 1.0 The Franchise Agreement, which is attached as "Schedule A", between the Corporation of the Municipality of Brockton and EPCOR Natural Gas Limited Partnership, by its general partner EPCOR Ontario Utilities Inc. (the "**Franchise Agreement**"), is hereby authorized and the franchise provided for therein is hereby granted;
- 2.0 The Franchise Agreement forms and becomes part of this By-Law;
- 3.0 The execution by the Mayor and Clerk of the Franchise Agreement is hereby authorized, ratified, and confirmed.
- 4.0 This By-Law shall come into full force and effect upon final passage.
- 5.0 This By-Law may be cited as the "EPCOR Natural Gas Franchise Agreement By-Law".

**Read a First and Second Time and Provisionally Adopted this 10th day of September, 2018.**

  
Deputy Mayor – Dan Gieruszak

  
Clerk – Fiona Hamilton

**Read a Third time and Finally Passed this \_\_\_\_ day of \_\_\_\_, 2018.**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Clerk – Fiona Hamilton



## **Schedule A to By-Law 2018-074**

### **Model Franchise Agreement**

THIS AGREEMENT effective this \_\_\_\_ day of \_\_\_\_\_, 2018.

BETWEEN:

THE CORPORATION OF THE MUNICIPALITY OF BROCKTON

hereinafter called the "Corporation"

- and -

EPCOR NATURAL GAS LIMITED PARTNERSHIP,  
by its general partner EPCOR ONTARIO UTILITIES 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.
- 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*.

### **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. 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 BROCKTON

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Clerk – Fiona Hamilton

EPCOR NATURAL GAS LIMITED PARTNERSHIP,  
by its general partner, EPCOR ONTARIO UTILITIES INC.

By: \_\_\_\_\_  
Duly Authorized Officer





**By-law Number 2018-062**

**A by-law to authorize the execution of an agreement between the Corporation of the County of Bruce and Epcor Natural Gas Limited Partnership, by its general partner Epcor Ontario Utilities Inc. for a 20-year Franchise Agreement**

The County of Bruce has deemed it expedient to enter into a 20-year Franchise Agreement with Epcor Natural Gas Limited Partnership, by its general partner Epcor Ontario Utilities Inc.

**The Council for the Corporation of the County of Bruce enacts By-law 2018-062 as follows:**

1. That the Warden and Clerk be authorized to execute the 20-year Franchise Agreement with Epcor Natural Gas Limited Partnership, by its general partner Epcor Ontario Utilities Inc.
2. This By-law shall come into force and take effect on the date it is passed.

Passed this 6th day of September, 2018.

A handwritten signature in dark ink, appearing to read 'Paul Eagleson', is written over a horizontal line.

**Paul Eagleson**  
Warden

A handwritten signature in dark ink, appearing to read 'Donna Van Wyck', is written over a horizontal line.

**Donna Van Wyck**  
Clerk



## 20- Year Franchise Agreement

THIS AGREEMENT effective this 6 day of September, 2018.

BETWEEN:

THE CORPORATION OF THE COUNTY OF BRUCE  
hereinafter called the "Corporation"

- and -

EPCOR NATURAL GAS LIMITED PARTNERSHIP,  
by its general partner EPCOR ONTARIO UTILITIES 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;



- 2 -

- 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 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.

### **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.
- 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*.

### **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



- 4 -

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.



- 6 -

- 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.



- 7 -

- 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 COUNTY OF BRUCE

By: Paul Eagleson

Warden, Paul Eagleson

By: Donna Van Wyck

Clerk, Donna Van Wyck

We have the authority to bind the Corporation

EPCOR NATURAL GAS LIMITED PARTNERSHIP,  
by its general partner, EPCOR ONTARIO UTILITIES INC.

By: [Signature]

Duly Authorized Officer

S. K. Robinson

VP, Ontario Region



## THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

### BY-LAW NUMBER 2018-56

**BEING** a By-law to a authorize the Mayor and Clerk to execute a franchise agreement between The Corporation of the Township of Chatsworth and Epcor Natural Gas Limited Partnership by its general partner EPCOR ONTARIO UTILITIES INC.

**WHEREAS** the Council of the Corporation of the Township of Chatsworth deems it in the public interest to enter into a utility franchise agreement with Epcor Natural Gas Limited Partnership by its general partner EPCOR ONTARIO UTILITIES INC.

**AND WHEREAS** pursuant to the provisions of Sections 34 of the Planning Act, R.S.O. 1990, as amended, By-laws may be amended by Councils of Municipalities;


**NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH ENACTS AS FOLLOWS:**

1. That a franchise agreement between the Township of Chatsworth and Epcor Natural Gas Limited Partnership by its general partner EPCOR ONTARIO UTILITIES INC. being attached hereto as Schedule "A" and forming part of this By-law is hereby authorized and the Mayor and Clerk are authorized to execute the agreement on behalf of the Township of Chatsworth.
2. That this By-law shall come into full force and effect upon its final passing.

Read a first and second time this 1<sup>st</sup> day of August, 2018

Read a third time and finally passed this 1<sup>st</sup> day of August, 2018

  
\_\_\_\_\_  
Mayor Bob Pringle

  
\_\_\_\_\_  
CAO Clerk Patty Sinnamon



## Model Franchise Agreement

THIS AGREEMENT effective this 1<sup>st</sup> day of August, 2018.

BETWEEN:

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH  
hereinafter called the "Corporation"

- and -

EPCOR NATURAL GAS LIMITED PARTNERSHIP,  
by its general partner EPCOR ONTARIO UTILITIES 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;



- 2 -

- 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.**



- 3 -

- 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.
- 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*.

### **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



- 4 -

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.



- 5 -

#### 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.



- 6 -

- 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.



- 7 -

- 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



- 8 -


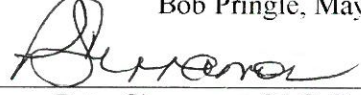
such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

18. Agreement Binding Parties

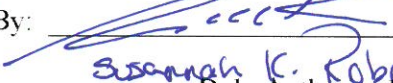
This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

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

THE CORPORATION OF THE TOWNSHIP OF CHATSWORTH

By:   
Bob Pringle, Mayor  
  
Patty Sinnamon, CAO Clerk

EPCOR NATURAL GAS LIMITED PARTNERSHIP,  
by its general partner, EPCOR ONTARIO UTILITIES INC.

By:   
Suzanne K. Robinson  
Duly Authorized Officer





## Clerk's Department

595 9<sup>th</sup> Avenue East, Owen Sound ON N4K 3E3  
(519) 372-0219 x 1294 / 1-800-567-GREY / Fax (519) 376-8998

July 26, 2018

Epcor Ontario Utilities Inc.  
c/o Thomas Stachowski  
735 Queen Street  
Kincardine, ON  
N2Z 1Z9

Dear Thomas:

**Re: Franchise Agreement**

We are pleased to enclose a franchise agreement in duplicate between the Corporation of the County of Grey and Epcor Natural Gas Limited Partnership by its general partner, Epcor Ontario Utilities Inc.

Please insert the names and titles for the authorized signatories for Epcor Ontario Utilities Inc. on page 6 as it is signing on behalf of Epcor Natural Gas Limited Partnership as the general partner. Please then have the authorized signatories sign both copies of the agreement and return the original documents to me for finalizing.

Please also forward a Certificate of Insurance with all of the requirements listed in Clause 10.

Grey County Council will need to authorize entering into this franchise agreement by by-law.

Yours truly,

A handwritten signature in black ink, appearing to read "Kathie Nunno".

Kathie Nunno  
Administrative Assistant  
[kathie.nunno@grey.ca](mailto:kathie.nunno@grey.ca)

Enclosure

cc M. Marck



# Corporation of the County of Grey

## By-Law 50XX-18

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A By-law to Authorize the Warden and Clerk to Execute a Franchise Agreement Between the Corporation of the County of Grey and EPCOR Natural Gas Limited Partnership, by its general partner EPCOR Ontario Utilities Inc.

WHEREAS the Council of the County of Grey adopted the recommendations of the Committee of the Whole minutes dated August 9, 2018 approving the entering into a franchise agreement (the "Franchise Agreement") with EPCOR Natural Gas Limited Partnership, by its general partner EPCOR Ontario Utilities Inc. to distribute, store, and transmit gas;

AND WHEREAS approval by the Ontario Energy Board for the Franchise Agreement was received ;

AND WHEREAS Section 8 of the *Municipal Act* 2001, as amended provides that a municipality has the authority to govern its affairs as it considers appropriate and enables the municipality to respond to municipal issues;

NOW THEREFORE BE IT RESOLVED THAT THE COUNCIL OF THE CORPORATION OF THE COUNTY OF GREY HEREBY ENACTS AS FOLLOWS:

1. The Franchise Agreement between the Corporation of the County of Grey and EPCOR Natural Gas Limited Partnership, by its general partner EPCOR Ontario Utilities Inc. is hereby authorized and the franchise provided for therein is hereby granted;
2. The Warden and Clerk are hereby authorized and directed to execute, and the Clerk to affix the Corporate seal thereto, the Franchise Agreement with EPCOR Natural Gas Limited Partnership, by its general partner EPCOR Ontario Utilities Inc. to distribute, store, and transmit gas;
3. The Franchise Agreement referred to in Clause 1 forms and becomes part of this By-law;
4. This By-law shall come into force and effect upon the final passing thereof.

ENACTED AND PASSED this      day of      , 2018.

---

WARDEN: Stewart Halliday

---

CLERK: Heather Morrison



The Corporation of the Township of Huron-Kinloss



**BY-LAW**

**2018-96**

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Being a by-law to authorize a Municipal Franchise Agreement between the Corporation of the Township of Huron-Kinloss and EPCOR Utilities Inc.

---

**WHEREAS** EPCOR Utilities Inc. ("EPCOR") intends to develop, own and operate a natural gas distribution utility within the Township of Huron-Kinloss.

**AND WHEREAS** the Corporation of the Township of Huron-Kinloss passed By-Law No. 2016-20 to enter into a Franchise Agreement with EPCOR.

**AND WHEREAS** the Council of The Corporation of the Township of Huron-Kinloss deems it expedient to repeal and replace the Franchise Agreement consistent with the legal advice provided by Borden Ladner Gervais LLP at the Closed Council Meeting held on July 16th, 2018;

**NOW THEREFORE** the Council of The Corporation of the Township of Huron-Kinloss enacts as follows:

- 1.0 That the Franchise Agreement between The Corporation of the Township of Huron-Kinloss and EPCOR Utilities Inc., which was the subject of legal advice provided to Council by Borden Ladner Gervais LLP at the Closed Council Meeting held on July 16<sup>th</sup>, 2018 is hereby authorized and the franchise provided is hereby granted conditional on EPCOR obtaining all required and necessary approvals from the Ontario Energy Board.
- 2.0 That the Mayor and Clerk are hereby authorized and instructed on behalf of The Corporation of the Township of Huron-Kinloss to enter into and execute under its corporate seal.
- 3.0 That By-Law No. 2016-20 is hereby repealed.
- 4.0 This by-law shall come into full force and effect upon final passage.
- 5.0 This by-law may be cited as the "EPCOR Utilities Inc. Natural Gas Franchise Agreement, 2018 By-Law".

**READ a FIRST and SECOND TIME** this 16th day of July, 2018.

**READ a THIRD TIME and FINALLY PASSED** this 16th day of July, 2018.



Mitch Twolan, Mayor



Emily Dance, Clerk



## Model Franchise Agreement

THIS AGREEMENT effective this 16<sup>th</sup> day of July, 2018.

BETWEEN:

THE CORPORATION OF THE TOWNSHIP OF HURON-KINLOSS  
hereinafter called the "Corporation"

- and -

EPCOR NATURAL GAS LIMITED PARTNERSHIP,  
by its general partner EPCOR ONTARIO UTILITIES 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;



- 2 -

- 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.**



- 3 -

- 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.
- 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*.

### **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



- 4 -

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.



- 5 -

## 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.



- 6 -

- 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.



- 7 -

- 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



- 8 -


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 TOWNSHIP OF HURON-KINLOSS

By:   
\_\_\_\_\_  
Mitch Twolan, Mayor

By:   
\_\_\_\_\_  
Emily Dance, Clerk

EPCOR NATURAL GAS LIMITED PARTNERSHIP,  
by its general partner, EPCOR ONTARIO UTILITIES INC.

By:   
\_\_\_\_\_  
S.K. Robinson  
Duly Authorized Officer



THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE



# BY-LAW

NO. 2018 - 098

Certified to be a true and complete copy of By-Law No. 2018-098 passed by the Council of The Corporation of the Municipality of Kincardine on the 23 day of July, 2018.

Jennifer Lawrie  
Jennifer Lawrie, Deputy Clerk  
Municipality of Kincardine  
Date August 31/18

---

**BEING A BY-LAW TO AUTHORIZE A MUNICIPAL FRANCHISE AGREEMENT  
BETWEEN THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE  
AND EPCOR UTILITIES INC.**

---

**WHEREAS** EPCOR Utilities Inc. ("EPCOR") intends to develop, own and operate a natural gas distribution utility within the Municipality of Kincardine;

**AND WHEREAS** The Corporation of the Municipality of Kincardine passed By-law No. 2016 - 027 to enter into a Franchise Agreement with EPCOR which was repealed by By-law No. 2018 - 097;

**AND WHEREAS** the Council of The Corporation of Municipality of Kincardine deems it expedient to enter into a Franchise Agreement with EPCOR in substantially the form and consistent with the legal advice provided by Borden Ladner Gervais LLP at the Closed Council meeting held on July 23<sup>rd</sup>, 2018;

**NOW THEREFORE** the Council of The Corporation of the Municipality of Kincardine **ENACTS** as follows:

1. THAT the Franchise Agreement between The Corporation of The Municipality of Kincardine and EPCOR Utilities Inc. which was the subject of legal advice provided to Council by Borden Ladner Gervais LLP at the Closed Council meeting held on July 23<sup>rd</sup>, 2018 is hereby authorized and the franchise provided for therein granted conditional on EPCOR obtaining all required and necessary approvals from the Ontario Energy Board.
2. That the Mayor and Chief Administrative Officer be authorized and directed to sign and execute, on behalf of the Council of The Corporation of the Municipality of Kincardine the Franchise Agreement, substantially in the form and consistent with the legal advice provided to Council by Borden Ladner Gervais LLP at the Closed Council meeting held on July 23<sup>rd</sup>, 2018.
3. This by-law shall come into full force and effect upon its final passage.
4. This By-law may be cited as the "The EPCOR Utilities Inc. Natural Gas Franchise Agreement (2018) By-Law".

**READ a FIRST and SECOND TIME** this 23<sup>rd</sup> day of July, 2018.

**READ a THIRD TIME and FINALLY PASSED** this 23<sup>rd</sup> day of July, 2018.

Anne Zadic  
Mayor

Donna MacDougall  
Clerk



## Model Franchise Agreement

THIS AGREEMENT effective this \_\_\_\_ day of July, 2018.

BETWEEN:

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

- and -

EPCOR NATURAL GAS LIMITED PARTNERSHIP,  
by its general partner EPCOR ONTARIO UTILITIES 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;



- 2 -

- 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.
- 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*.

### **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



- 4 -

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.

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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.



- 6 -

- 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.



- 7 -

- 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



- 8 -

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.

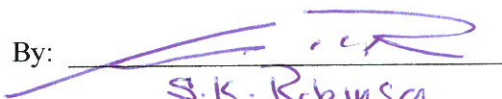
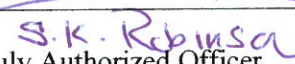
IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

By:  x. 

Duly Authorized Officer

EPCOR NATURAL GAS LIMITED PARTNERSHIP,  
by its general partner, EPCOR ONTARIO UTILITIES INC.

By:   
  
Duly Authorized Officer



**THE CORPORATION OF THE MUNICIPALITY WEST GREY**

**BY - LAW NUMBER 90 - 2018**

**BEING**, A by-law to enter into a Model Franchise Agreement between the Municipality of West Grey and EPCOR Natural Gas Limited Partnership, by its general partner EPCOR Ontario Utilities Inc.;

**WHEREAS**, the Council of the Municipality of West Grey deems it expedient and in the public interest to enter into the aforementioned Agreement;

**NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE MUNICIPALITY OF WEST GREY ENACTS AS FOLLOW:**

1. That the Model Franchise Agreement between the Municipality of West Grey and EPCOR Natural Gas Limited Partnership, by its general partner EPCOR Ontario Utilities Inc., attached hereto as Schedule "A", and forming part of this bylaw, is hereby approved.
2. That the Mayor and CAO/Deputy Clerk are hereby authorized to sign and seal the said Agreement.
3. That this by-law shall come into full force and effect on the date of passing.

**READ** a first and second time this 8<sup>th</sup> day of August, 2018.

**READ** a third time and finally passed this 8<sup>th</sup> day of August, 2018.

  
Kevin Eccles, Mayor

  
Mark Turner, Clerk





## **Model Franchise Agreement**

THIS AGREEMENT effective this 8<sup>th</sup> day of August, 2018.

BETWEEN:

THE CORPORATION OF THE MUNICIPALITY OF WEST GREY  
hereinafter called the "Corporation"

- and -

EPCOR NATURAL GAS LIMITED PARTNERSHIP,  
by its general partner EPCOR ONTARIO UTILITIES 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;



- 2 -

- 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.**



- 3 -

- 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.
- 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*.

### **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



- 4 -

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.

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- 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.
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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.



- 6 -

- 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,
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  - 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.

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  - 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
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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.

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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 WEST GREY

By: Kevin Eccles  
Kevin Eccles, Mayor

By: Laura Johnston  
Laura Johnston, CAO/Deputy Clerk

EPCOR NATURAL GAS LIMITED PARTNERSHIP,  
by its general partner, EPCOR ONTARIO UTILITIES INC.

By: Susannah K. Robinson  
Duly Authorized Officer