

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

OSLER

Toronto

October 18, 2018

Patrick Welsh
Direct Dial: 416.862.5951
pwelsh@osler.com

Montréal

Sent By Electronic Mail, Courier and RESS Electronic Filing

Calgary

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

Ottawa

Vancouver

New York

Dear Ms. Walli:

EB-2017-0232: Application for municipal franchise agreement with the County of Oxford

Re: Written Submissions of EPCOR

Further to Procedural Order No. 3 dated October 4, 2018, please find the enclosed the written submissions of EPCOR Natural Gas Limited Partnership (EPCOR) in connection with the above matter.

Please do not hesitate to contact me if you have any questions.

Yours very truly,



Patrick G. Welsh

PW:vs

c (email only): Patrick McMahon, *Union Gas Limited*
Azalyn Manzano, *Ontario Energy Board*
Brian Lippold, *EPCOR Natural Gas Limited Partnership*
Britt Tan, *EPCOR*
Richard King, *Osler, Hoskin & Harcourt LLP*

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by EPCOR Natural Gas Limited Partnership for an Order under section 10(2) of the Act renewing the terms and conditions upon which, and the period for which Oxford County is to grant to Natural Resource Gas Limited the right to construct and operate works for the distribution, transmission and storage of natural gas and the right to extend and add to the works in Oxford County;

AND IN THE MATTER OF an Application by EPCOR Natural Gas Limited Partnership for an Order under section 10(5) of the Act renewing the term of the right in such a manner that is deemed to be a valid by-law of Oxford County assented to by the municipal electors;

AND IN THE MATTER OF an Motion by Union Gas Limited for an Order under section 8 of the *Ontario Energy Board Rules of Practice and Procedure*.

**WRITTEN SUBMISSIONS OF
EPCOR NATURAL GAS LIMITED PARTNERSHIP**

October 18, 2018

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

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

Counsel for EPCOR Natural Gas Limited
Partnership

Background

1. On May 25, 2018, Union Gas Limited (“**Union**”) filed a notice of motion requesting a direction from the Ontario Energy Board (the “**OEB**”) requiring EPCOR Natural Gas Limited Partnership (“**EPCOR**”) to (1) provide a customer density map showing the location of EPCOR’s customers and facilities within the Township of South-West Oxford; and (2) providing an explanation of the harm to either the County of Oxford (“**Oxford**”) or EPCOR’s customers of leaving the clause related to the *Drainage Act* within the proposed franchise agreement between EPCOR and Oxford (the “**Proposed Franchise Agreement**”).
2. On May 30, 2018, the OEB issued Procedural Order No. 2, which provided an opportunity for EPCOR and OEB Staff to file submissions with the OEB relating to Union’s motion. EPCOR and OEB Staff filed submissions on June 15, 2018, and Union filed reply submissions on June 22, 2018.
3. On October 4, 2018, the OEB issued Procedural Order No. 3 and directed EPCOR to (1) provide information that accurately delineates its service boundaries, as well as the general location and density of the customers it serves, in the County of Oxford and (2) provide a response to Union’s interrogatory 2(d). Additionally, the OEB asked EPCOR to (3) provide an explanation as to why it is problematic to leave the *Drainage Act* clause in the Proposed Franchise Agreement and (4) provide an explanation as to how EPCOR has and will fulfill the intent of the *Drainage Act* clause in situations where EPCOR has a franchise agreement with an upper-tier municipality that has assigned its responsibility for drainage to the lower-tier municipality.

Discussion

Boundary Map

4. Please find attached as Schedule “A” a map displaying EPCOR’s service boundaries in Oxford County, which also contains the general location and density of the customers it serves in Oxford County.

Response to Union IR 2(d)

5. In Union’s Interrogatories dated May 3, 2018, Union posed the following question at 2(d):

Please explain the harm to either the County of Oxford or EPCOR’s customers of leaving the clause related to the *Drainage Act* within the franchise agreement.

6. Although EPCOR cannot specifically speak on behalf of Oxford, it is EPCOR’s understanding that Oxford is concerned that any reference to the *Drainage Act* in the Proposed Franchise Agreement may inadvertently expose Oxford to liability with respect to drainage issues, which have been delegated to the Township of South-West Oxford (“**South-West Oxford**”). EPCOR understands that there may have been issues in the past

regarding responsibility for drainage issues, such that there is a perceived harm by Oxford regarding this *Drainage Act* provision.¹

7. With respect to the potential harm to EPCOR's customers, EPCOR submits that the absence of an up-to-date franchise agreement with Oxford created the prospect of greater harm to EPCOR's customers than the deletion of the *Drainage Act* provision in the Proposed Franchise Agreement. Because Oxford was unwilling to enter into the Proposed Franchise Agreement with the *Drainage Act* provision included, NRG (EPCOR's predecessor) agreed to remove the impugned provision (which is discussed further below).

Why is it problematic to leave the Drainage Act provision in the Proposed Franchise Agreement?

8. First, EPCOR is in full agreement with the OEB that the *Drainage Act* clause allows Oxford to assign responsibility for drainage to South-West Oxford. It has always been, and continues to be, EPCOR's position that it is not necessary to remove this provision from the Proposed Franchise Agreement.

9. For common reference, the impugned provision is as follows:

(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.

10. EPCOR notes that the above provision creates an obligation on the utility solely for the benefit of the municipal Corporation. It was NRG's view that, if the sole beneficiary of the clause was adamant that such a clause be removed, and that removal of the clause was the sole obstacle to an agreement with Oxford, then it was reasonable to remove that clause.
11. As discussed further below, the removal of the clause has not and would not change EPCOR's practice. Because there would be no practical difference whether or not the above clause was in or out of the Proposed Franchise Agreement, and because of the strong insistence by Oxford, the sole beneficiary of the clause, for the clause's removal, EPCOR submits that it may be problematic to leave the *Drainage Act* provision in the Proposed Franchise Agreement because Oxford may continue to be unwilling to enter into the Proposed Franchise Agreement if the provision remains.

How does/would EPCOR fulfill the intent of the provision where responsibility has been delegated?

12. First, all of EPCOR's other franchise agreements contain the *Drainage Act* provision. Consequently, EPCOR would fulfill the obligation contained in those franchise agreements, namely, it would (and will) file a copy of a plan with the applicable

¹ See EPCOR's Motion Reply Submissions (June 15, 2018) at paragraph 13.

corporation's Drainage Superintendent or such other person designated by the corporation as responsible for the drain.

13. With respect to Oxford County, whether or not the OEB approves of the deletion of the *Drainage Act* provision, EPCOR would (and will) submit a copy of a plan to the applicable person responsible for drainage if there was a risk that the gas system may affect a municipal drain.
14. Practically speaking, the municipal engineer responsible for drainage tends to be the same person responsible for other aspects that would be impacted by changes to the gas works, such that the *Drainage Act* obligation would largely be redundant, and in any event, EPCOR would (and will) circulate the plans and necessary documentation widely and as directed by the municipality to ensure that everyone who "needs to know" knows. EPCOR is committed to the safety and integrity of its gas system and to safety of the public at large, and in no way did it or would it intend to "[abdicate] the distributor's responsibility to provide this information to the proper authorities."

Path Forward

15. As EPCOR has stated on numerous occasions, the *Drainage Act* provision was removed at Oxford's strict insistence and as a condition to passing the requisite by-laws and entering into the Proposed Franchise Agreement. EPCOR agrees that, on its face, the *Drainage Act* provision allows Oxford to delegate responsibility for drainage to South-West Oxford, such that EPCOR would be required to provide a copy of the plan to "such other person designated by the Corporation as responsible for the drain" (i.e., to the applicable person at South-West Oxford).
16. EPCOR also acknowledges OEB Staff's comments regarding formatting changes to the Model Franchise Agreement and Union's earlier comments regarding the appropriateness of using the alternative wording contained in section 2 of the Model Franchise Agreement for upper-tier municipalities. Consequently, EPCOR has attached a revised form of the Proposed Franchise Agreement at Schedule "B" for the OEB's consideration.
17. This revised form contains changes to sections 2 and 5(g) of the Proposed Franchise Agreement, all of which are in response to comments from Union and OEB Staff (the "**Updated Franchise Agreement**"). EPCOR has also attached, at Schedule "C", a comparison document showing the differences between the Updated Franchise Agreement and the Model Franchise Agreement
18. If the OEB is inclined to approve the Proposed Franchise Agreement, EPCOR suggests that the form of the Updated Franchise Agreement be used with section 5(g) struck out. In the alternative, EPCOR suggests that the OEB issue an order approving the Updated Franchise Agreement and giving EPCOR 60 days from the date of the order to obtain Oxford's consent and approval, failing which the OEB would issue an order pursuant to section 10 of the *Municipal Franchises Act* renewing the Updated Franchise Agreement between Oxford and EPCOR.

Conclusion

19. EPCOR submits that it has responded to all of Union and OEB Staff's concerns regarding the Proposed Franchise Agreement with the Updated Franchise Agreement and with these submissions. EPCOR hopes that this matter, first commenced in June 2017, can be approved and resolved without further delay.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

October 18, 2018



Patrick G. Welsh
Osler, Hoskin & Harcourt LLP
Counsel for EPCOR Natural Gas Limited Partnership

SCHEDULE "A" – BOUNDARY MAP

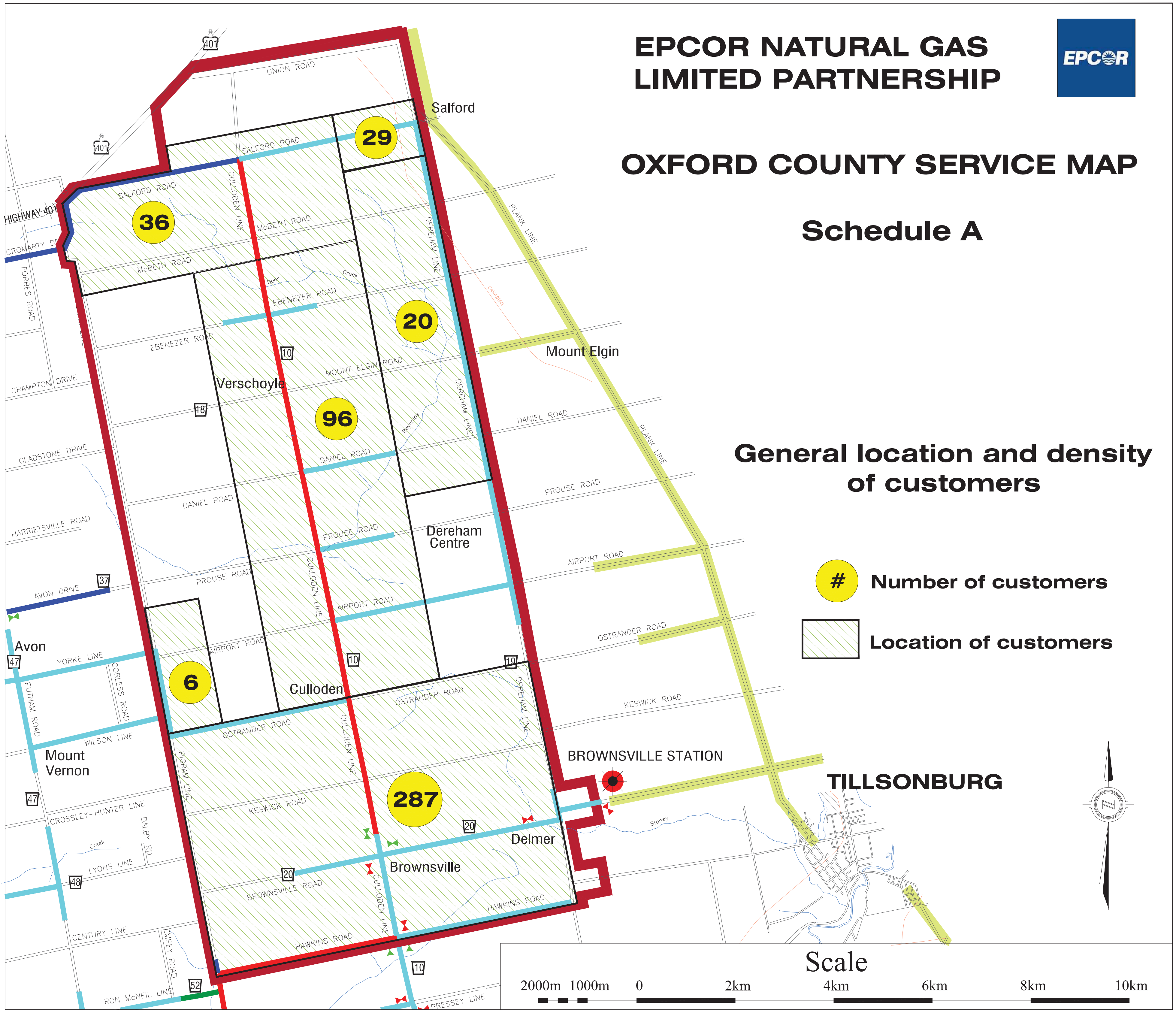


OXFORD COUNTY SERVICE MAP

Schedule A

General location and density of customers

- # Number of customers
- Location of customers



SCHEDULE "B" – UPDATED FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

THIS AGREEMENT effective this ____ day of _____, 2018.

BETWEEN:

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

- and -

EPCOR NATURAL GAS LIMITED PARTNERSHIP
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 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) The rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law provided that, if during the 20-year term this

Agreement, the Model Franchise Agreement is changed, then on the 7th anniversary and on the 14th anniversary of the date of the passing of the By-law, this Agreement shall be deemed to be amended to incorporate any changes in the Model Franchise Agreement in effect on such anniversary dates. Such deemed amendments shall not apply to alter the 20-year term.

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

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.

[Signature Page Below]

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

THE COUNTY OF OXFORD

By: _____

By: _____

**EPCOR Natural Gas Limited
Partnership by its general partner
EPCOR Ontario Utilities Inc.**

By: _____

**SCHEDULE "C" – COMPARISON: UPDATED FRANCHISE AGREEMENT TO
MODEL FRANCHISE AGREEMENT**

FRANCHISE AGREEMENT



Ontario Energy Board Ontario

Model Franchise Agreement

THIS AGREEMENT effective this _____ day of 20_____, 2018.

BETWEEN:

THE COUNTY OF OXFORD

hereinafter called the "Corporation"

- and -

EPCOR NATURAL GAS LIMITED PARTNERSHIP

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

PART I—DEFINITIONS

1. In this Agreement:

- (a) 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) ~~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) ~~e.~~ **"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) ~~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) ~~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) ~~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) ~~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) ~~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) ~~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~~ **Part II – Rights Granted** ~~RIGHTS GRANTED~~

2. To provide gas service:

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

or

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

~~* Footnote: Choose one only.~~

3. To Use Highways.

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

4. Duration of Agreement and Renewal Procedures.

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

~~or~~

(a) ~~b. If the Corporation has previously received gas distribution services, the~~ The rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law provided that, if during the 20-year term this Agreement, the Model Franchise Agreement is changed, then on the 7th anniversary and on the 14th anniversary of the date of the passing of the By-law, this Agreement shall be deemed to be amended to incorporate any changes in the Model Franchise Agreement in effect on such anniversary dates. Such deemed amendments shall not apply to alter the 20-year term.

(b) ~~e.~~ 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

PART III – CONDITIONS

5. Approval of Construction

- (a) ~~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) ~~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) ~~c.~~ The Plan filed by the Gas Company shall include geodetic information for a particular location:

 - (i) ~~i.~~ where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
 - (ii) ~~ii.~~ when requested, where the Corporation has geodetic information for its own services and all others at the same location.
- (d) ~~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) ~~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) ~~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) ~~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) ~~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) ~~i~~The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- (j) ~~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) ~~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' ~~2~~ prior written notice to the Corporation by the Gas Company.

(b) ~~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) ~~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) ~~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) ~~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) ~~e.~~ 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) ~~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) ~~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) ~~iii.~~ the amount paid by the Gas Company to contractors for work related to the project,
 - (iv) ~~iv.~~ the cost to the Gas Company for materials used in connection with the project, and
 - (v) ~~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) ~~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~~
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) ~~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) ~~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) ~~a.~~ The Gas Company shall provide promptly to the Corporation, to the extent such information is known:

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

17. Franchise Handbook

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

~~18. Other Conditions~~

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

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

18. ~~19.~~ Agreement Binding Parties

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

[Signature Page Below]

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

THE CORPORATION OF _____

By: _____

Duly Authorized Officer

~~[Insert name of Gas Company]~~

By: _____

THE COUNTY OF OXFORD

By: _____

By: _____

EPCOR Natural Gas Limited
Partnership by its general partner
EPCOR Ontario Utilities Inc.

By: _____