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November 15, 2018

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**Sent By Electronic Mail, Courier and RESS Electronic Filing**

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

Dear Ms. Walli:

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

**Re: Written Reply of EPCOR**

Further to Procedural Order No. 3 dated October 4, 2018, please find the enclosed the written reply 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 9(3) of the Act approving the terms and conditions upon which, and the period for which, the County of Oxford is to grant to EPCOR Natural Gas Limited Partnership the right to construct and operate works for the distribution, transmission and storage of natural gas and the right to extend and add to the works in the County of Oxford and section 9(4) of the Act directing and declaring that the assent of the municipal electors of the County of Oxford to the by-law is not necessary;

**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 EPCOR Natural 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 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;

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

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November 15, 2018

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Partnership

### **Background**

1. On June 12, 2017, EPCOR Natural Gas Limited Partnership's ("**EPCOR**") predecessor, Natural Resource Gas Limited ("**NRG**"), filed an application pursuant to section 9 of the *Municipal Franchises Act*, R.S.O. 1990, c. M.55 (the "**MFA**") seeking the approval of the Ontario Energy Board (the "**OEB**" or the "**Board**") to renew the franchise agreement between the County of Oxford ("**Oxford**") and NRG, which expired on June 14, 2009. EPCOR assumed carriage of this proceeding from NRG when it purchased NRG's natural gas distribution assets in November 2017.
2. On May 25, 2018, Union Gas Limited ("**Union**") filed a motion requesting further information from EPCOR, and on October 4, 2018, the Board, through Procedural Order No. 3, directed EPCOR to provide information that accurately delineated its service boundaries within Oxford and required EPCOR to provide further information about the terms of the franchise agreement proposed in NRG's application of June 2017 and approved by Oxford (the "**Proposed Franchise Agreement**"). The Board also provided Union and OEB Staff with an opportunity to file written submissions by November 1, 2018 and afforded EPCOR a reply by November 15, 2018.
3. On October 18, 2018, EPCOR filed its response to the Board's direction. On November 1, 2018, both OEB Staff and Union filed written submissions.

### **Reply of EPCOR**

4. In its submissions, OEB Staff concluded that EPCOR "appears to have provided the [customer boundary] information requested by the OEB" in its response of October 18. Staff commented that "EPCOR could have provided additional clarity regarding the boundary map by explaining the significance of the different coloured lines." Union submitted that it did not "feel" that EPCOR's map was adequate because it was not clear to Union where EPCOR's customers were located exactly and it was unclear to Union what the hash marks and other lines on the map represented. For clarification, the six boxes in the map, along with the six yellow circles in each box, represent the number of EPCOR customers in a postal code area. EPCOR will endeavor to provide further clarity in future maps submitted to the Board.
5. With respect to the franchise agreement between EPCOR and Oxford, OEB Staff also correctly noted that EPCOR, in its submissions of October 18, proposed two paths forward: the first was for the Board to approve an updated version of the Proposed Franchise Agreement (the "**Updated Franchise Agreement**") with the clause discussing the *Drainage Act* (i.e., section 5(g) of the Updated Franchise Agreement) struck out. The second option suggested was for the OEB to approve the Updated Franchise Agreement with all provisions intact and to provide EPCOR with 60 days to obtain Oxford's approval of the Updated Franchise Agreement, failing which EPCOR could seek an order pursuant to section 10 of the MFA renewing the Updated Franchise Agreement. Weighing the paths forward proposed by EPCOR, OEB Staff argued that the Board should approve the Updated Franchise Agreement "without any changes and without any further process"; in

other words, approve the Updated Franchise Agreement as a renewal pursuant to section 10 of the MFA. OEB Staff also correctly noted that Oxford received notice of this proceeding.

6. As EPCOR has stated throughout this application process, it is willing to defer to the Board's preference regarding the presence or absence of section 5(g) of the Updated Franchise Agreement (i.e., the *Drainage Act* clause). EPCOR agrees with OEB Staff that the Board has the ability pursuant to section 10 of the MFA to renew a franchise agreement that has expired between EPCOR and Oxford based on the terms of the Updated Franchise Agreement, and submits that this is the most expeditious and efficient means to conclude a franchise renewal process that was commenced 18 months ago.
7. Union objected to OEB approval of the Updated Franchise Agreement if it did not include section 5(g). Again, EPCOR has explained that section 5(g) was removed at Oxford's insistence, and EPCOR has consistently made it clear that it is willing to defer to the OEB's preference regarding both the content of the Updated Franchise Agreement and the process for its renewal. EPCOR's objective in this proceeding is to renew the franchise agreement between Oxford and EPCOR.

**Conclusion**

8. EPCOR looks forward to an expeditious resolution of this application, initially filed in June 2017. EPCOR agrees with OEB Staff that an order of the Board pursuant to section 10 of the MFA would be an appropriate means to conclude this application without further tying up the Board's time and resources with additional processes. EPCOR is also amenable to any of the options it suggested as a path forward in its submissions of October 18, 2018.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED.**

November 15, 2018



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