

**EPCOR RESPONSES TO VECC INTERROGATORIES**

**EPCOR Natural Gas Limited Partnership**

**Application for 2020 to 2024 Rates**

**EB-2018-0336**



**2-VECC-1**

**Reference:** E2/T1/S1/ pg. 3

**Request:**

- (a) Please provide the actual Carryover Work (CWIP) at the end of 2018.

**Response:**

- (a) EPCOR Natural Gas LP's ("ENGLP") CWIP at the end of 2018 was \$525,652.



## 2-VECC-2

Reference: E2/T1/S1/

### Request:

- a) Please provide the Capital Additions by USoA for 2016 through 2019 (forecast) in the format of Table 2.2.2-3

### Response:

- (a) See Table 2-VECC-2-1 below:

**Table 2-VECC-2-1**  
**Capital Additions by USoA 2016-2019**  
 (\$ thousands)

Description	A USoA	B 2016	C Jan-Oct 31 2017	D Nov 1- Dec 31 2017	E 2018 Actuals	F 2019 Forecast	G 2020 Test
1 <b>Distribution Plant</b>							
2 Meters	478	123.0	81.4	14.6	368.9	255.0	388.0
3 Meters - IGPC	478				0.0	0.0	0.0
4 Regulators	474	69.5	7.0		98.8	411.0	73.0
5 Measuring and Regulating Equipment	477				0.0	40.0	75.0
6 Mains	475	2,048.7	726.4	9.1	607.1	1,435.0	574.0
7 Ethanol Pipeline - IGPC Project	475	-	29.4	26.1	794.6	823.8	0.0
8 Plastic Service Lines	473	84.7	117.6	46.1	214.7	151.0	172.0
9 <b>Subtotal</b>		<b>2,325.9</b>	<b>961.8</b>	<b>95.9</b>	<b>2,084.2</b>	<b>3,115.8</b>	<b>1,282.0</b>
10 <b>General Plant</b>							
11 Land	480				0.0	51.0	0.0
12 Building	482		12.3		0.0	31.0	31.0
13 Furniture and Fixtures	483	2.5	-		0.0	0.0	0.0
14 Computer Hardware	490	19.2	16.4	176.6	0.0	20.0	10.0
15 Computer Software	491	217.7	75.5	41.2	0.0	246.6	26.0
16 Machinery & Equipment	486	94.6	13.4	2.2	40.4	15.0	16.0
17 Communication Equipment	488	15.5	4.5	0.9	0.0	32.4	0.0
18 Automotive Equipment	484	86.7	0.4		107.0	108.0	47.0
19 Automotive Equipment - Heavy Equipment	485				0.0	0.0	0.0
20 <b>Subtotal</b>		<b>436.2</b>	<b>122.4</b>	<b>221.0</b>	<b>147.4</b>	<b>504.0</b>	<b>130.0</b>
21 <b>Intangible</b>							
22 Franchises	401	30.7	29.4	8.2	21.1	0.0	0.0
23 <b>Subtotal</b>		<b>30.7</b>	<b>29.4</b>	<b>8.2</b>	<b>21.1</b>	<b>0.0</b>	<b>0.0</b>
24 <b>Contributions</b>	499			(13.2)	(101.2)	(397.0)	(72.0)
25 <b>Grand Total</b>		<b>2,792.8</b>	<b>1,113.6</b>	<b>311.8</b>	<b>2,151.4</b>	<b>3,222.8</b>	<b>1,340.0</b>



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## 2-VECC-3

**Reference:** Exhibit 2/T2/S1/pgs. 12- E2/T3/S1/pg.23 & E4/T1/S1

**Request:**

- (a) Please provide the economic analysis which was undertaken to come to the conclusion that replacement of meters was more cost effective than refurbishment.
- (b) Why is it necessary to dispose of \$162,461 in meters. That is, why is ENGLP not migrating over time to the new meters as the existing stock of meters reaches the end of their service life?
- (c) Please explain how the proposal to dispose of these meters is congruent with the Meters Annual Program which states:

*This program accounts for the purchase and replacement of natural gas meters for new customer connections and the lifecycle replacement of meters on existing services. It also includes the refurbishment and reverification of existing meters to extend the useful service life, when economical. The estimated annual capital spend is estimated based on meter seal expiry dates and historic costs.*

- (d) What is the depreciation rate used by Enbridge (Union) for residential meters? Are the residential meters (AC-250) different from those utilized by Enbridge (Union)?
- (e) What is the population of AC-250 meters as a proportion of the residential-commercial meters currently in-service?

**Response:**

- (a) The costs associated with a sampling program that complies with current Measurement Canada requirements include: additional resources to carry out and administer the program and testing costs (including shipping) to have sampled meters tested at the



accredited facility (currently the only facility is located in Edmonton). Incurring the sampling costs does not guarantee that the meters will be recertified to allow for an extended life. Should the sample meters not pass, the entire lot of meters associated with the sample would need to be replaced or refurbished.

Based on ENGLP's experience, the costs to have a third party vendor refurbish the meter, as well as to have the refurbished meter certified, costs on average \$500 per meter. In comparison, the equipment cost of a new AC-250 meter is approximately \$300 including installation costs.

- (b) As described in Section 2.2.4, of paragraph 36 of Exhibit 2, Tab 1, Schedule 1:

“To implement the change in depreciation rate for AC-250 meters, commencing January 1, 2020 meters in service will be depreciated over their remaining useful life, or a period of ten years minus the number of years in service at December 31, 2019. Any meters that have been in service for ten or more years will be disposed of, generating a forecasted loss on disposal of \$162,461.20, equal to the remaining net book value of these meters in 2020.”

The loss on disposal relates to meters included in the rate base which are at or beyond the ten year useful life and where replacement is required.

- (c) All meters being disposed of would be at the end of their useful life. As discussed in ENGLP's response to (a) above, the refurbishment and reverification of the meters is not economic for ENGLP. The Meters Annual Program states that refurbishment and reverification to extend the useful service life of meters would be done only when economical.
- (d) Based on publicly available data, the depreciation rate for residential meters used by Enbridge (Union Gas), as applied for in EB-2011-0210, was 3.82%. Per information



filed by Enbridge Gas Distribution Inc. in EB-2012-0459, the existing rate at the time of application (2013) and the proposed rate was 9.22%<sup>1</sup>.

Although, ENGLP cannot confirm the composition of Enbridge (Union Gas) residential meters, ENGLP can confirm that AC-250 sized meters are a commonly used residential meter and that Enbridge would likely use the AC-250 meters for residential customers.

- (e) ENGLP currently has approximately 9,400 meters total in-service and approximately 8,300 of these are AC-250 meters.

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<sup>1</sup> EB-2012-0459 Application and Evidence filed June 28, 2013, Exhibit D2, Tab 1, Schedule 2 p. 1.



**2-VECC-4**

**Reference:**                    **Exhibit 2/T1/S1/Table 2.4.1-1**

**Request:**

- (a)     Is Table 2.4.1-1 meant to show thousands of dollars ('000')?
- (b)     Were any amounts capitalized under the former NRG ownership?
- (c)     Did NRG apply any burden rates?

**Response:**

- (a)     Yes, Table 2.4.1-1 is meant to show thousands of dollars.
- (b)     Given the historical financial records, ENGLP is not able to confirm if any amounts were capitalized under the former NRG ownership.
- (c)     Given the historical financial records, ENGLP is not able to confirm if the burden rates were applied.



## 2-VECC-5

**Reference:** Exhibit 2/T1/S1 & T3/S1/pg.11

### Request:

- (a) Please update Tables 2.5.3-1; 2.5.3-2; 2.5-1; 2.2.2-2 and 2.2.2-3 for 2018 actual amounts.
- (b) Please update Table 3.1-1 to include both 2017 and 2018 actuals.

### Response:

- (a) Tables 2.5.3-1; 2.5.3-2; 2.5-1; 2.2.2-2 and 2.2.2-3 below, have been updated with 2018 Actual amounts.

**Table 2-VECC-5-1**  
**(Table 2.5.3-1 – Updated)**  
**Forecast Capital Expenditures by Category**  
**(\$)**

Category	A 2018 A	B 2019 Bridge	C 2020 Test	D 2021 F	E 2022 F	F 2023 F	G 2024 F
1 System Access	1,259,387	1,281,100	516,160	509,523	520,390	529,559	540,933
2 System Renewal	330,972	424,750	430,440	440,209	449,307	457,835	467,194
3 System Service	493,822	1,510,995	269,000	186,500	190,300	194,300	198,300
4 General Plant	168,461	403,000	130,000	319,000	76,000	78,000	79,000
5 Total	2,252,642	3,619,845	1,345,600	1,455,232	1,235,997	1,259,695	1,285,426
6 Variance (\$)		1,367,203	-2,274,245	109,632	-219,235	23,698	25,732
7 Variance (%)		60.69%	-62.83%	8.15%	-15.07%	1.92%	2.04%



**Table 2-VECC-5-2**  
**(Table 2.5.3-2 – Updated)**  
**Forecast Capital Expenditures by Expenditure Category**  
**(\$)**

Category	A 2018 Actual	B 2019 Bridge	C 2020 Test	D 2021 F	E 2022 F	F 2023 F	G 2024 F
1 <b>System Access</b>							
2 Mains - Metallic (Distribution Plant)	567,000	703,000	0	0	0	0	0
3 Mains - Plastic (Distribution Plant)	331,000	369,000	284,000	291,000	297,000	303,000	309,000
4 Meters	134,000	51,000	52,000	53,000	54,000	55,000	56,000
5 Regulators	13,000	8,000	8,000	8,000	8,000	9,000	9,000
6 Services - Plastic	215,000	151,000	172,000	157,000	161,000	163,000	167,000
7 <b>Sub-Total</b>	<b>1,259,000</b>	<b>1,281,000</b>	<b>516,000</b>	<b>510,000</b>	<b>520,000</b>	<b>530,000</b>	<b>541,000</b>
8 <b>System Renewal</b>							
9 Meters	235,000	204,000	208,000	212,000	217,000	221,000	226,000
10 Mains - Plastic (Distribution Plant)	10,000	149,000	149,000	153,000	156,000	159,000	162,000
11 Measuring and Regulating Equipment	0	40,000	41,000	42,000	42,000	43,000	44,000
12 Regulators	86,000	32,000	33,000	33,000	34,000	35,000	35,000
13 <b>Sub-Total</b>	<b>331,000</b>	<b>425,000</b>	<b>430,000</b>	<b>440,000</b>	<b>449,000</b>	<b>458,000</b>	<b>467,000</b>
14 <b>System Service</b>							
15 Mains - Metallic (Distribution Plant)	227,000	121,000	0	0	0	0	0
16 Mains - Plastic (Distribution Plant)	266,000	918,000	141,000	145,000	147,000	150,000	153,000
17 Computer Equipment	0	10,000	128,000	42,000	43,000	44,000	45,000
18 Software –Acquired	0	40,000	0	0	0	0	0
19 Measuring and Regulating Equipment	0	371,000	0	0	0	0	0
20 Land	0	51,000	0	0	0	0	0
21 <b>Sub-Total</b>	<b>494,000</b>	<b>1,511,000</b>	<b>269,000</b>	<b>187,000</b>	<b>190,000</b>	<b>194,000</b>	<b>198,000</b>
22 <b>General Plant</b>							
23 Structures & Improvements - General Plant	0	31,000	31,000	0	0	0	0
24 Computer Equipment	0	10,000	10,000	11,000	11,000	11,000	11,000
25 Tools and Work Equipment	40,000	15,000	16,000	69,000	16,000	17,000	17,000
26 Software - Acquired	0	207,000	26,000	106,000	0	0	0
27 Franchises	21,000	0	0	0	0	0	0
28 Communication Equipment	0	32,000	0	0	0	0	0
29 Vehicles - Transportation Equipment	107,000	108,000	47,000	133,000	49,000	50,000	51,000
30 <b>Sub-Total</b>	<b>168,000</b>	<b>403,000</b>	<b>130,000</b>	<b>319,000</b>	<b>76,000</b>	<b>78,000</b>	<b>79,000</b>
31 <b>Total</b>	<b>2,253,000</b>	<b>3,620,000</b>	<b>1,346,000</b>	<b>1,455,000</b>	<b>1,236,000</b>	<b>1,260,000</b>	<b>1,285,000</b>



**Table 2-VECC-5-3**  
**(Table 2.5-1 – Updated)**  
**2013-2024 Capital Expenditures**  
**(\$ thousands)**

	A	B	C	D	E	F	G	H	I	J	K	L	M
	2013 A	2014 A	2015 A	2016 A	2017 A	2017 Stub	2018 A	2019 B	2020 T	2021 F	2022 F	2023 F	2024 F
1 Net Capital Additions	1,133.8	942.7	794.1	2,792.8	1,113.6	311.8	2,151.4	3,222.8	1,273.6	1,390.2	1,169.9	1,191.6	1,216.3
2 Contributions	0.0	0.0	0.0	0.0	0.0	13.2	101.2	397.0	72.0	65.0	66.0	68.0	69.0
3 Total Expenditure	1,133.8	942.7	794.1	2,792.8	1,113.6	325.1	2,252.6	3,619.8	1,345.6	1,455.2	1,235.9	1,259.6	1,285.3

**Table 2-VECC-5-4**  
**(Table 2.2.2-2 – Updated)**  
**2020 Capital Additions Net of Contribution by Asset Group**  
**(\$)**

Asset Group	A 2018 A
1 Land	0.0
2 Structures & Improvements - General Plant	0.0
3 Furnishing / Office Equipment	0.0
4 Computer Equipment	0.0
5 Software - Acquired	0.0
6 Tools and Work Equipment	40.4
7 Communications Equipment - Hardware	0.0
8 Vehicles - Transportation Equipment (ENGLP)	107.0
9 Vehicle - Heavy Work Equipment	0.0
10 Meters - Residential	143.6
11 Meters - Commercial	225.3
12 Meter - IGPC New	0.0
13 Regulators - New	0.0
14 Measuring and Regulating Equipment	98.8
15 Mains - Plastic (Distribution Plant)	553.2
16 Mains - Metallic (Distribution Plant)	0.0
17 Mains - Metallic (IGPC)	794.6
18 Services - Plastic	167.4
19 Franchises & Consents - Legacy	0.0
20 Franchises & Consents	21.1
21 Vehicles - Legacy New	0.0
22 Regulators - IGPC Station New	0.0
23 Total	2,151.4



**Table 2-VECC-5-5**  
**(Table 2.2.2-3 – Updated)**  
**Capital Additions by USoA**  
**(\$)**

Description	A USoA	B 2018 A
<b>1 Distribution Plant</b>		
2 Meters	478	368,947
3 Meters - IGPC	478	0
4 Regulators	474	98,781
5 Measuring and Regulating Equipment	477	0
6 Mains	475	607,128
7 Ethanol Pipeline - IGPC Project	475	794,599
8 Plastic Service Lines	473	214,726
<b>9 Subtotal</b>		<b>2,084,181</b>
<b>10 General Plant</b>		
11 Land	480	0
12 Building	482	0
13 Furniture and Fixtures	483	0
14 Computer Hardware	490	0
15 Computer Software	491	0
16 Machinery & Equipment	486	40,365
17 Communication Equipment	488	0
18 Automotive Equipment	484	107,041
19 Automotive Equipment - Heavy Equipment	485	0
<b>20 Subtotal</b>		<b>147,406</b>
<b>21 Intangible</b>		
22 Franchises	401	21,055
<b>23 Subtotal</b>		<b>21,055</b>
<b>24 Contributions</b>	499	<b>(101,244)</b>
<b>25 Grand Total</b>		<b>2,151,398</b>

- (b) Table 2-VECC-5-6 (Table 3.1-1 Updated) below has been updated to include both 2017 and 2018 Actual amounts. For 2017 Actual amounts, ENGLP is only able to provide the Net Capital Additions (row 26) as the information provided to ENGLP by NRG was limited.



**Table 2-VECC-5-6**  
**(Table 3.1-1 – Updated)**  
**Summary of Capital Budget**  
**(\$)**

	A	B	C	D	E	F	G	H	I
Project or Program	2017 Actual	2017 Stub	2018 Actual	2019 Bridge Year	2020 Test Year	2021 F	2022 F	2023 F	2024 F
1 IGPC Piggings		227,000	110,000	11,000					
2 IGPC Pipeline		26,000							
3 IGPC Station Upgrade			567,000	8,000					
4 Franchise Renewal		8,000	21,000						
5 System Integrity Study			115,000						
6 Belmont Reinforcement				439,000					
7 Lakeview Reinforcement				357,000					
8 IGPC Pipeline Realignment at Highway 401 Interchange				451,000					
9 SCADA Upgrade				283,000	128,000	42,000	43,000	44,000	45,000
10 Aylmer Office 2 <sup>nd</sup> Floor Development				31,000	31,000				
11 UMS and Workforce Management Software				110,000	26,000				
12 Telephone System Replacement				129,000					
13 ARC GIS Mapping						106,000			
14 CNG Vehicle Fueling Station Recertification						53,000			
15 Main Additions		56,000	506,000	555,000	564,000	578,000	589,000	601,000	613,000
16 Service Additions		33,000	221,000	89,000	100,000	92,000	95,000	95,000	98,000
17 Meters		15,000	369,000	255,000	260,000	265,000	271,000	276,000	282,000
18 Regulating Stations				40,000	41,000	42,000	42,000	43,000	44,000
19 Regulators		70,000	28,000	40,000	41,000	42,000	42,000	43,000	44,000
20 Pipeline Markers				10,000	10,000	11,000	11,000	11,000	11,000
21 Fleet			107,000	108,000	47,000	133,000	49,000	50,000	51,000
22 Small Tools and Equipment		2,000	40,000	15,000	16,000	16,000	16,000	17,000	17,000
23 Computers and Office Equipment		219,000		10,000	10,000	11,000	11,000	11,000	11,000
24 <b>Total</b>		<b>656,000</b>	<b>2,085,000</b>	<b>2,941,000</b>	<b>1,274,000</b>	<b>1,390,000</b>	<b>1,170,000</b>	<b>1,192,000</b>	<b>1,216,000</b>
25 Net Additions from CWIP going into service		-345,000	67,000	282,000					
26 <b>Net Capital Additions<sup>1</sup></b>	<b>1,113,000</b>	<b>312,000</b>	<b>2,151,000</b>	<b>3,223,000</b>	<b>1,274,000</b>	<b>1,390,000</b>	<b>1,170,000</b>	<b>1,192,000</b>	<b>1,216,000</b>

<sup>1</sup> Note the total line (line 21) of Table 3.1-1 in Exhibit 2, Tab 3, Schedule 1 was inadvertently labeled as “Additions to Gross Plant” however the table reflects Net Capital Additions.



**2-VECC-6**

**Reference:**           **Exhibit 2/T3/S1**

**Request:**

- (a) Did Cornerstone Energy Services provide any report other than the System Integrity Study? If so please provide these reports.

**Response:**

- (a) No other reports were provided to ENGLP. An affiliate of ENGLP retained Cornerstone Energy Services on other matters not relevant to this rate application.



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**2-VECC-7**

**Reference:** Exhibit 2/T3/S1/pg.6

**Request:**

- (a) ENGLP notes throughout its evidence that it is beginning to understand the assets it purchased and that it will begin implementing a more formalized asset management framework in the future. It further states that: “[A] *complete and accurate asset registry, or inventory, is key to the process*”

Please provide detail as to the expected nature of this framework, the steps needed to attain a full understanding of asset condition and the timeline by when this exercise will be completed.

- (b) Please confirm (or correct) that ENGLP has not yet completed any asset condition assessment of existing plant and that it currently relies solely on asset age to determine asset health.

**Response:**

- (a) See ENGLP’s response to 2-STAFF-18.
- (b) Confirmed. ENGLP has not yet completed an asset condition assessment of existing distribution assets and is relying solely on asset age as an indication of asset health.



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**2-VECC-8**

**Reference:**                **Exhibit 2/T3/S1/pg.15**

**Request:**

- (a)     Should ENGLP fail to reach an agreement with the third-party that own the natural gas well would the Lakeview Reinforcement project still be implemented?
- (b)     Please provide an update on the status of the gas supply agreement referred to in the evidence. Please also explain how the gas supply pricing arrangement reflects (or will reflect) ENGLP's requirement to connect the wells. Specifically what transportation fee and administrative charge would apply to these contracts?

**Response:**

- (a)     Should ENGLP fail to reach an agreement with the third-party that owns the natural gas wells and compressor station, the Lakeview Reinforcement Project as described would not be implemented and an alternate solution would be required.
- (b)     See ENGLP's response to 2-Staff-21.



**2-VECC-9**

**Reference:**                **Exhibit 2/T3/S1**

**Request:**

- (a)     Please provide the financial/economic analysis/study which demonstrates that continuing CNG vehicle fueling program is more cost efficient than migrating over time to petrol or electric vehicles.

**Response:**

- (a)     Employing electric vehicles is not currently an option as ENGLP's fleet is comprised of industrial vehicles such as large pick-up trucks and service vans (see ENGLP's response to 2-VECC-13 for an inventory of ENGLP's current vehicle fleet). ENGLP has not undertaken a study to compare costs of continuing the CNG vehicle program with migrating to petrol vehicles.



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**2-VECC-10**

**Reference:**                **Exhibit 2/T3/S1/pg.21-**

**Request:**

- (a) Please provide the Main Additions (Table 3.4.10-1) and the Service Additions (Table 3.4.11-1) for 2015 through 2018. Please explain how the 2019 through 2024 forecast for these expenditures were forecast.

**Response:**

- (a) See ENGLP's response to 2-STAFF-26 for actual capital additions for Main Additions and Service Additions for 2015 through 2018.

Note that the majority of forecasted expenditures under the two programs is non-discretionary spending driven by new customer connections (i.e., system access).

Average annual spending for Main Additions for 2015 through 2018 was impacted by larger, more costly system reinforcement projects completed by NRG in 2016 and 2017. In forecasting the annual spend for 2019 through 2024, the annual amount was adjusted down from the average as the two larger reinforcement projects, the Belmont Reinforcement Project and Lakeview Reinforcement Project, have been accounted for separately.

ENGLP considers that the actual spending for Service Additions for 2015 through 2018, provides a reasonable estimate for forecasting the 2019 through 2024 period (i.e., the number of new customers to be connected and the average cost and recovery per connection). ENGLP notes that the annual investment proposed by ENGLP for 2019 through 2024 period for Service Additions (Table 3.4.11-1) is in line with the average annual spending for 2015 through 2018.



**2-VECC-11**

**Reference:**                **Exhibit 2/T3/S1/pg.21-**

**Request:**

- (a)     Please provide the Main Additions (Table 3.4.10-1) and the Service Additions (Table 3.4.11-1) for 2015 through 2018. Please explain how the 2019 through 2024 forecast for these expenditures was forecast.

**Response:**

- (a)     See ENGLP's response to 2-VECC-10.



**2-VECC-12**

**Reference:** Exhibit 2/T3/S1/pg.24

**Request:**

- (a) ENGLP states that the forecast spending for regulating stations and regulators was “*estimated based on management judgement and average historical spending.*” Please provide the actual capital expenditures for these two categories for the years 2016 through 2018 and any other information that was used to inform management’s judgement.

**Response:**

- (a) See response to 2-Staff-26 for actual capital expenditures for regulating stations and regulators for 2015 through 2018. See ENGLP’s response to 2-STAFF-27(a) for additional information on the types of information ENGLP relies on when determining the annual spend for each program.

Note that for the historic period 2015 through 2018, costs for both regulating stations and regulators were tracked and managed under the same annual capital program. ENGLP included Regulating Stations and Regulators as separate recurring annual programs in the USP and inadvertently duplicated some costs in doing so. Table 2-VECC-12-1 below shows the updated planned capital expenditures.

**Table 2-VECC-12-1**  
**Regulating Stations and Regulators Annual Programs 2019-2024**  
(**\$**)

<b>Program</b>		<b>A 2019</b>	<b>B 2020</b>	<b>C 2021</b>	<b>D 2022</b>	<b>E 2023</b>	<b>F 2024</b>
1	Regulating Stations	40,000	41,000	42,000	42,000	43,000	44,000
2	Regulators	40,000	41,000	42,000	42,000	43,000	44,000

ENGLP proposes to update the capital expenditures for Regulating Stations and Regulators in the Application to reflect the revised amounts provided in the Table above. See response to 9-STAFF-78 for the updated revenue requirement, bill impacts and rates reflecting the revised capital.



## 2-VECC-13

**Reference:** Exhibit 2/T3/S1/pg.21-

**Request:**

- (a) Please update Table 3.4.16-1 to show 2016 through 2018 actual spending.
- (b) Please provide the inventory of current vehicles
- (c) Please provide the vehicle replacement policy of ENGLP.

**Response:**

- (a) See Table 2-VECC-13-1 below.

**Table 2-VECC-13-1**  
**Fleet Annual Program 2016-2024**  
(**\$**)

	A USoA Account	B 2016 A	C 2017 A	D 2018 A	E 2019 Bridge	F 2020 Test	G 2021 F	H 2022 F	I 2023 F	J 2024 F
1 Vehicles - Transportation Equipment	484	\$87,000	\$0	\$107,000	\$82,000	\$47,000	\$85,000	\$49,000	\$50,000	\$51,000
2 Vehicle - Heavy Work Equipment	485	\$0	\$0	\$0	\$26,000	\$0	\$48,000	\$0	\$0	\$0
3 Fleet		<b>\$87,000</b>	<b>\$0</b>	<b>\$107,000</b>	<b>\$108,000</b>	<b>\$47,000</b>	<b>\$133,000</b>	<b>\$49,000</b>	<b>\$50,000</b>	<b>\$51,000</b>

- (b) ENGLP Aylmer currently has 9 vehicles. See Table 2-VECC-13-2 below for additional details:



**Table 2-VECC-13-2**  
**Inventory of Vehicles**

Unit #		A Year	B Make	C Model	D Type
1	16	2007	Ford	F350	1 Ton Flatbed Truck
2	11	2009	Ford	E250	Service Van
3	13	2010	Ford	F150	¾ Ton Pick-Up Truck
4	5	2013	Chevrolet	Silverado	1 Ton Pick-Up Truck
5	7	2015	GMC	Savana 2500	Service Van
6	6	2016	GMC	Sierra 2500	¾ Ton Pick-Up Truck
7	8	2017	GMC	Savana 2500	Service Van
8	10	2017	Dodge	Ram 1500	½ Ton Pick-Up Truck
9	12	2017	GMC	Savana 2500	Service Van

- (c) ENGLP has adopted NRG's 2009 vehicle replacement policy. See 2-VECC-13 Attachment 1 for a copy of the policy.



Natural Resource Gas Limited

## **FLEET POLICY – MAINTENANCE AND REPLACEMENT POLICY**

### **1.0 PURPOSE:**

To ensure the fleet is maintained in accordance with regulatory and industry requirements. Aim is to deliver the highest lifecycle efficiency at the lowest possible costs in order to optimize vehicle assets.

### **2.0 RESPONSIBILITY:**

It is the responsibility of the General Manager to ensure this procedure is followed.

### **3.0 PROCEDURE/POLICY:**

#### **3.1 Fleet Types and Quantity**

3.1.1 The number of vehicles in the fleet are outlined in Schedule A. This number and type are considered optimal in order to service our customers. Due to a change in customer demand, the number may change. All changes are approved by the Board and General Manager. Schedule A will be updated for any permanent changes.

3.1.2 Fleet standards are developed through communication with staff and service quality indicators.

#### **3.2 Replacement (Replacement Cycle outlined in Schedule A)**

3.2.1 Vehicles are reviewed for replacement by the Board, General and Service Manager when:

- Reach a certain point of usage based on mileage;
- Reach a certain age, based on years in service; and
- Repair expense exceeds an acceptable level (any expense over \$2,500 is

scrutinized); expenses per vehicle are tracked.

Note: NRG will continue to use vehicles that exceed the years or km if it is economic to do so and if driver and/or public safety will not jeopardized.

3.2.2 Based on the assessment of mileage, service and repair costs, if it is determined that it is no longer economical to keep a vehicle in service the vehicle purchase will conform to the following:

- Highway Traffic Act
- Canadian Motor Vehicle Safety Standards (CMVSS)

In addition, we ensure it is fitted to utilize both petrol and natural gas. A minimum of 2 quotes will be obtained in order for the General Manager to review for approval of purchase.

## SCHEDULE A

### FLEET

Description	Quantity	Replacement Cycle	
		Years	KM
Flat Bed - 5 Ton	1	n/a	200,000
Flat Bed - 1 Ton	1	n/a	200,000
Pick Up - 1/2 Ton	2	5-7	150,000
Pick Up - 3/4 Ton	1	5-7	150,000
Van - Service	4	5	150,000
Van - Line Crew	1	5	150,000
Car	1	5	150,000



**2-VECC-14**

**Reference:**                    **Exhibit 2/T3/S2/System Integrity Study/pgs. 17-**

**Request:**

- (a)     For clarity - please identify which of the 7 projects identified in the Cornerstone Integrity Study is being implemented; when and at what estimated cost.
- (b)     With reference to the capital cost estimates for the seven options set out in Appendix E please show what modifications ENGLP is making to any of the projects selected for implementation. Specifically identify any incremental cost/savings are incorporated in the Utility System as compared to the Study's options.

**Response:**

- (a)     The Belmont Reinforcement Project and the Lakeview Reinforcement Project, identified in the Cornerstone report as Projects 3 and 6 respectively, are being implemented in 2019. The estimated capital costs for the Belmont Reinforcement Project is \$439,000 and the estimated capital costs for the Lakeview Reinforcement Project is \$357,000, as outlined in the Utility System Plan (Exhibit 2, Tab 3, Schedule 1).
- (b)     See ENGLP's response to 2-STAFF-21(f).



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**3-VECC-15**

**Reference:** 3/T1/S1

**Request:**

- (a) Please explain the basis (how) the customer connections for each class was forecast.

**Response:**

- (a) Customer connections are forecast based on the geometric mean of year-over-year customer count changes. The average customer growth rate in 2019 and 2020 is forecast to be same as the actual average growth rate from 2009 to 2018.

There are two exceptions in which a shorter time frame is used because customer count changes in the earlier years were volatile and not reflective of current trends:

- The Industrial R1 class growth rate is the average growth rate from 2014 to 2018. Customers in the Industrial R1 class grew from 30 to 63 from 2009 to 2014 and remained between 62 and 67 from 2014 to 2018. The 2014 to 2018 period is more reflective of current trends.
- The Industrial R4 class growth rate is the average growth rate from 2013 to 2018. Customers in the Industrial R4 class grew from 23 to 32 from 2009 to 2013 and grew at a slower rate, from 33 to 36 customers from 2013 and 2018. The 2013 to 2018 period is more reflective of current trends.



**3-VECC-16**

**Reference:**                **3/T1/S1**

**Request:**

- (a)     Please update the following tables for 2018 actual results:
  - (i)     3.1.1; 3.1-2 through 3.1-8;
  - (ii)    3.2-2; 3.2-3; 3.2-4 through 3.2-6
  - (iii)   3.2-8; 3.2-9

**Response:**

- (a)     See ENGLP's responses to 3-STAFF-34 and 3-STAFF-35.



### 3-VECC-17

Reference: 3/T1/S1

#### Request:

- (a) Please provide a table showing for 2011 through 2020 (forecast) showing the annual average consumption per customer per rate class (based on average year connections).
- (b) Please explain why for Rate 1 residential and commercial there is a declining Tier 2 consumption in 2019 and 2020 as compared to 2018.
- (c) Please provide a table showing the annual Tier 1 and Tier 2 volume consumption for Rate R1 residential and commercial.

#### Response:

- (a) The following table shows the annual average consumption per customer per rate class, based on average year connections.

**Table 3-VECC-17-1**  
**Annual Average Consumption per Customer Per Rate Class (m<sup>3</sup>)**  
**Based on Average Year Connections**

	Year	A	B Rate 1		C	D	E	F	G	H
		Residential	Commercial	Industrial	Rate 2	Rate 3	Rate 4	Rate 5	Rate 6	
1	2010	1,827	9,216	24,101	25,388	445,893	11,597	138,769	33,459,684	
2	2011	1,876	9,477	28,608	27,387	616,172	21,688	222,975	30,758,504	
3	2012	1,705	8,515	24,350	28,174	540,426	23,036	177,350	31,628,262	
4	2013	1,990	10,227	24,752	28,302	411,186	26,175	203,326	31,582,423	
5	2014	2,162	10,964	26,306	30,594	448,002	39,661	225,771	31,735,774	
6	2015	1,938	9,935	23,186	20,017	423,082	29,232	134,524	34,710,609	
7	2016	1,813	9,065	22,433	23,524	373,087	25,140	112,572	40,074,176	
8	2017	1,893	10,223	25,831	26,211	375,566	31,238	186,530	36,485,139	
9	2018	2,099	11,258	28,908	25,989	294,107	29,211	168,312	62,572,500	
10	2019	1,921	9,828	25,660	25,608	300,218	30,237	171,437	66,699,025	
11	2020	1,920	9,821	25,636	25,608	286,947	30,237	171,437	66,699,025	

- (b) The 2019 and 2020 forecast tier volumes are based on 2017 and 2018 tier splits. Tier 2 consumption in 2018 was higher than in 2017 for the R1 Residential class. This is likely due to higher overall consumption in 2018 caused by relatively cold weather (high HDD)



in 2018. A significant share of Tier 2 consumption in 2018 was in one of the coldest months in the study period, January 2018. Forecast Tier 2 volumes are lower because the impact of this outlier month is reduced with weather-normalized monthly consumption.

R1 Commercial Tier 2 volumes are similarly lower as a result of the weather normalization process. Atypically cold weather in 2018 increased Tier 2 volume and the weather normalization process adjusted the Tier 1 and Tier 2 consumption splits back to what is expected in a typical-weather year.

- (c) See ENGLP's response to 3-STAFF-34.



**4-VECC-18**

**Reference:** E4/T1/S1

**Request:**

- (a) Please amend Table 4.3.3.1-1 to show the total amount of compensation capitalized and expensed in each year.

**Response:**

- (a) Row 7 of Table 4.3.3.1-1 shows the compensation capitalized in each year. Row 8 of Table 4.3.3.1-1 shows the amount of compensation expensed in each year.



**4-VECC-19**

**Reference:** E4/T1/S1

**Request:**

- (a) Do any of ENGLP's employees belong to a union? If so please identify the bargaining agent and the number of employees covered by collective agreement(s).

**Response:**

- (a) ENGLP Aylmer employees do not belong to a union.



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**4-VECC-20**

**Reference:** E4/T1/S1

**Request:**

- (a) Please provide the annual total compensation percentage increase for all employees who have been employed with NRG/ENGLP January 1, 2016 and continue to be employed as of January 1, 2019.

**Response:**

- (a) For 2016 and 2017 when NRG was the owner, ENGLP's understanding is that the annual total compensation percentage increase for all employees was approximately 2%. For 2018, the average employee increase was 7.6%, which included promotions for two employees resulting from a retirement. One promotion to fill the retirement and one promotion to fill the vacancy from the employee being promoted to fill the retirement. When the impact of promotions were factored out, the average annual percentage increase in wages was approximately 4.2% due to preliminary data in early 2018 that demonstrated that the ENGLP group of employees were lagging behind local market rates and to assist in aligning compensation internally.



**4-VECC-21**

**Reference:** E4/T1/S1

**Request:**

- (a) Please explain the large increase in benefits beginning in 2018. What firm provided benefits to NRG employees and who now is the provider of benefits to ENGLP's employees?

**Response:**

- (a) See EGNLP's response to 4-STAFF-48(a). NRG's employee benefit provider was RWAM Insurance Administrators Inc. ENGLP's employee benefit provider is Sun Life Financial.



#### 4-VECC-22

**Reference:** E4/T1/S1/pg.23

**Request:**

- (a) Please provide the analysis which shows that employees of ENGLP were compensated 19.9% below local market rates.

**Response:**

- (a) See Table 4-VECC-22-1 below.

**Table 4-VECC-22-1**  
**Comparison of Market Compensation to ENGLP Aylmer Compensation**

Employee Group		A Number of Employees With a Benchmark Match	B 2018 Average Rate/Salary	C 2018 Market Average Rate/Salary	D Variance
1	Management	2	\$73,700	\$80,100	(7.9)%
2	Field	7	\$27.00	\$31.46	(14.6)%
3	Office	6	\$21.15	\$30.13	(30.0)%
4	<b>Total</b>	<b>15</b>			<b>(19.9)%</b>

ENGLP Aylmer notes the following from the Table above:

- The (19.9)% variance is a weighted average (row 4, column D)
- Three management positions (row 1) were not included in the market comparison due to the following:
  - Administrative & Field Supervisor - this position did not have a market match. However, ENGLP Aylmer considers that this position would be similar to these two Management positions: Utility Services Manager and Coordinator Sales & Emergency Field Supervisor.



- General Manager and Senior Advisor – the market analysis for these positions did not indicate that market adjustments were required so these positions were excluded from the calculations and detailed analysis.
- Additional information for the seven Field (row 2) and six Office (row 3) positions was provided in the Willis Towers Watson report “Compensation Review for Aylmer Ontario Business Unit” (Exhibit 4, Tab 4, Schedule 2) under the following categories as reflected in the Table below.

**Table 4-VECC-22-2**  
**Compensation Comparison by Position**

Position	A # of Positions	B Willis Towers Watson Report Position Naming Convention	C Difference versus Market Top Step
1 <b>Field</b>			
2 Utility Service Technician	1	Senior Field Tech with GPI	(5.1)%
3 Field Construction Technician	1	Field Tech Support/Helper	(34.7)%
4 Field Technician	3	Field Tech	(13.7)%
5 Field Technician	1	Field Tech with GPI	(0.9)%
6 Construction Lead	1	Construction Lead	(20.1)%
7 <b>Office</b>			
8 Billing Clerk	1	Admin 3	(14.7)%
9 Collections Clerk	1	Admin 2	(31.1)%
10 Administrative Clerk & Sales Support	1	Admin 2	(31.1)%
11 Dispatch	1	Admin 1	(34.4)%
12 Billing & Dispatch Clerk	1	Admin 1	(34.4)%
13 Admin Clerk	1	Admin 1	(34.4)%



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**4-VECC-23**

**Reference:** E4/T1/S1

**Request:**

- (a) What is the regulatory basis for seeking recovery of regulatory cost incurred in a past proceeding? Why should these costs not be considered “out of period” costs?
- (b) Please explain what “Development of Standard Operating Procedures” relates to, when those costs were incurred, and why they are properly recovered from ratepayers.

**Response:**

- (a) See ENGLP’s response to 4-STAFF-57.
- (b) As described on page 55 of Exhibit 4, Tab 1, Schedule 1 of the Application, the explanation on what “Development of Standard Operating Procedures” and timing of these costs is as follows:

Costs related to the development of standard operating procedures – ENGLP has identified the need to improve the documentation currently in place in relation to health, safety and environment related procedures and system integrity management. In a number of cases the current documentation is out of date or does not meet industry standard. Accordingly, ENGLP proposes to undertake to improve this documentation in 2020 and estimates the cost of this work to be \$100,000.

The utility will incur one-time costs associated with developing or updating these procedures which are directly related to the provision of service to ENGLP’s customers. The ratepayers will benefit from the development of this documentation as it contributes to the reliable and safe delivery of gas.



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**4-VECC-24**

**Reference:** E4/S1/pg.37

**Request:**

- (a) Please explain why ENGLP pays costs for finance and HR services to two different affiliates (ECSI and EOUI).
- (b) Please describe the services that were provided to ENGLP under the auspices of P&GA in 2018.
- (c) Whose Board of Directors is being compensated under the EOUI shared service costs allocated?

**Response:**

- (a) See ENGLP's response to 4-STAFF-54 for the explanation behind the services provided by finance from both ECSI and EOUI.

HR services to ENGLP Aylmer are not being provided by either ECSI or EOUI. HR services to ENGLP Aylmer are provided by EWSI and EUI. See ENGLP's response to 1-IGPC-1 for a more detailed summary of the differences in HR services being provided by EWSI and EUI.

- (b) See ENGLP's response to 1-IGPC-01 for a more detailed summary of the types of P&GA services being provided to ENGLP Aylmer by EWSI and EUI.
- (c) The Board of Directors of EOUI, the general partner of ENGLP, is being compensated under the EOUI Shared Service cost allocation.



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**4-VECC-25**

**Reference:** E4/T1/S1

**Request:**

- (a) For each Corporate Shared Service listed in Table 4.3.3.3-12 and -13 please list and describe the service being provided to ENGLP.
- (b) Please explain why HR and Treasury, Corporate Finance Services are being charged under corporate shared services and affiliate shared services.
- (c) Whose Board is being compensated under the Corporate Shared Services shown in Table 4.3.3.3-12?

**Response:**

- (a) See Table 1-IGPC-1-2 in ENGLP's response to 1-IGPC-1.
- (b) For HR see ENGLP's response to 1-IGPC-1. For Corporate Finance Services see ENGLP's response to 4-STAFF-54. ENGLP Aylmer notes that Treasury services are only being provided by EUI (Corporate Shared Services).
- (c) EUI's Board of Directors is being compensated under the Corporate Shared Services shown in Table 4.3.3.3-12. Also see ENGLP's response to 4-STAFF-56.



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**4-VECC-26**

**Reference:** E4/T1/S1

**Request:**

- (a) Does ENGLP have a signed service level agreement with any of its affiliates? If yes please provide those agreements. If not please explain when this (these) agreement(s) is/are expected to be finalized.

**Response:**

- (a) ENGLP has executed service level agreements (SLA's) with all affiliates from which it receives services as described on Exhibit 4, Tab 1, Schedule 1. The current agreements and any future agreements executed for the time period covered by the application are provided in the following attachments:
- 4-VECC-26 Attachment 1 – SLA between EPCOR Commercial Services Inc. and ENGLP for services from November 1, 2017 through December 31, 2019 and Amending agreement effective May 31, 2018.
  - 4-VECC-26 Attachment 2 – SLA between EPCOR Commercial Services Inc. and ENGLP for services from January 1, 2020 through December 31, 2023.
  - 4-VECC-26 Attachment 3 – SLA between EPCOR Ontario Utilities Inc. and ENGLP for services from January 1, 2019 through December 31, 2023.
  - 4-VECC-26 Attachment 4 – SLA between EPCOR Distribution & Transmission Inc. and ENGLP for services from August 1, 2018 through December 31, 2019.
  - 4-VECC-26 Attachment 5 – SLA between EPCOR Water Services Inc. and ENGLP for services from January 1, 2019 through December 31, 2023.
  - 4-VECC-26 Attachment 6 – SLA between EPCOR Utilities Inc. and ENGLP for services from November 1, 2017 through December 31, 2019.
  - 4-VECC-26 Attachment 7 – SLA between EPCOR Utilities Inc. and ENGLP for services from January 1, 2020 through December 31, 2023.

**THIS AMENDING AGREEMENT** effective on the 31<sup>st</sup> day of May, 2018.

**BETWEEN:**

**EPCOR Commercial Services Inc.**, a corporation formed under the laws of the Province of Alberta, (hereinafter referred to as the “**Service Provider**” or “**ECSI**”)

- and -

**EPCOR Natural Gas Limited Partnership**, a corporation formed under the laws of the Province of Ontario (hereinafter referred to as the “**Service Receiver**”)

(Collectively referred to as the “**Parties**” and individually referred to as the “**Party**”)

**WHEREAS:**

- A. The Parties entered into a Service Level Agreement effective November 1, 2017, whereby the Service Provider agreed to provide the Service Receiver with the Contract Services (the “**Agreement**”);
- B. The Parties desire to amend certain provisions of the Agreement in accordance with the terms of this amending agreement in order to amend Schedule A and Schedule B of the Agreement (the “**Amending Agreement**”);

**NOW THEREFORE** in consideration of the premises and the mutual promises and covenants in the Agreement and herein contained, the Parties hereby covenant and agree as follows:

- 1. In this Amending Agreement, unless the subject matter or context is inconsistent therewith, capitalized words and phrases shall have the meanings set forth in the Agreement. In addition, the above recitals form a part of and are incorporated into this Amending Agreement.
- 2. The Agreement is hereby amended by:
  - a. deleting Schedule “A” in its entirety and replacing it with a new Schedule “A”, attached to this Amending Agreement as Appendix A;
  - b. deleting Schedule “B” in its entirety and replacing it with a new Schedule “B”, attached to this Amending Agreement as Appendix B; and
  - c. deleting the words “EPCOR Natural Gas Limited Partnership, a corporation formed under the laws of the Province of Ontario” and substituting the words “EPCOR Natural

Gas Limited Partnership by its General Partner EPCOR Ontario Utilities Inc., a limited partnership organized under the laws of the Province of Ontario”.

3. Unless otherwise stated, the amendments contained herein are to be effective as of the date first above written.
4. Except as amended and supplemented herein, the terms and conditions of the Agreement are confirmed and continued in full force and effect.
5. This Amending Agreement shall be binding upon and shall ensure to the benefit of the Parties hereto and their respective heirs, administrators, successors and permitted assigns.
6. In the event of any conflict or inconsistency between the Agreement and this Amending Agreement, the terms of the Amending Agreement shall govern.
7. This Amending Agreement may be executed by the parties in counterparts and by PDF or facsimile, each of which when so executed and delivered shall be an original and all such counterparts shall together constitute one and the same instrument.

**WHEREUPON** this Amending Agreement has been duly executed by the Parties hereto under their respective corporate seals attested by the signatures of their respective officers duly authorized in that behalf effective as of the day and year first above written.

EPCOR Commercial Services Inc.

Per:

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

Stephen Stanley  
Senior Vice President, Commercial Services

EPCOR Natural Gas Limited Partnership by its  
General Partner EPCOR Ontario Utilities Inc.

Per:

A solid horizontal line intended for a signature.

Susannah Robinson  
Vice President, Ontario Region

Gas Limited Partnership by its General Partner EPCOR Ontario Utilities Inc., a limited partnership organized under the laws of the Province of Ontario”.

3. Unless otherwise stated, the amendments contained herein are to be effective as of the date first above written.
4. Except as amended and supplemented herein, the terms and conditions of the Agreement are confirmed and continued in full force and effect.
5. This Amending Agreement shall be binding upon and shall ensure to the benefit of the Parties hereto and their respective heirs, administrators, successors and permitted assigns.
6. In the event of any conflict or inconsistency between the Agreement and this Amending Agreement, the terms of the Amending Agreement shall govern.
7. This Amending Agreement may be executed by the parties in counterparts and by PDF or facsimile, each of which when so executed and delivered shall be an original and all such counterparts shall together constitute one and the same instrument.

**WHEREUPON** this Amending Agreement has been duly executed by the Parties hereto under their respective corporate seals attested by the signatures of their respective officers duly authorized in that behalf effective as of the day and year first above written.

EPCOR Commercial Services Inc.

Per: \_\_\_\_\_

Stephen Stanley  
Senior Vice President, Commercial Services

EPCOR Natural Gas Limited Partnership by its  
General Partner EPCOR Ontario Utilities Inc.

Per: \_\_\_\_\_

Susannah Robinson  
Vice President, Ontario Region

## **APPENDIX A TO AMENDING AGREEMENT**

### **SCHEDULE A**

**Contract Services for Services Rendered November 01, 2017 – December 31, 2019**

#### **A1. SERVICES PROVIDED BY THE SERVICE PROVIDER (ECSI) ON AN ALLOCATED BASIS**

##### **1. Management Oversight - Senior Vice President**

Operations management services necessary to carry on the business including, without limitation, the following functions:

- General management and oversight; and
- Operational and business related oversight.

##### **2. Finance and Accounting Support (Services to be provided starting January 1, 2019)**

Finance and Accounting Support services necessary to carry on the business including, without limitation, the following functions:

- Preparation of financial reports and analysis;
- Asset accounting administration and financial oversight of capital projects;
- Budget administration services including managing annual and quarterly budget processes for the Service Receiver within the prescribed corporate timelines and developing budgets in support of rate filings;
- Accounting services including processing of transactions, reconciliation and maintenance of balance sheet and regulatory accounts;
- Preparation of ENGLP Aylmer annual financial statements and management of the audit of the statements;
- Implementation and monitoring of corporate accounting policies and procedures and internal controls; and
- Financial support for regulatory filings and applications, including the preparation of regulated financial statements and management of the audit of all deferral and variance account balances.

#### **A2. SERVICES PROVIDED BY THE SERVICE PROVIDER (ECSI) ON A DIRECT CHARGE BASIS**

##### **1. Operational Planning and Management**

Operational planning, management and support services necessary to carry on the business including, without limitation, the following functions:

- Access to specialized engineering and technical expertise and intellectual property related to utility operations in support of operations, maintenance, asset management and capital planning and project management;
- Development and maintenance of operations procedures, maintenance protocols, emergency response and disaster recovery plans;
- Access to computer based asset management software; and

- Assistance for the review of emerging technical codes and standards and assessing the implications for the utility.

## **2. Regulatory Application Support**

Regulatory application support includes regulatory application planning, development, management and support services necessary to carry on the business. Services provided are related to the preparation and defense of tariff and other regulatory applications and include, without limitation, the following functions:

- Plan, develop and manage all aspects of the applications and evidence;
- Direct and coordinate work completed by consultants, internal and external legal counsel and other shared service resources;
- Complete regulatory research as required in support of the applications;
- Participate in associated regulatory proceedings; and
- Manage stakeholder relationships and interfaces in the context of the applications.

## APPENDIX B TO AMENDING AGREEMENT

### SCHEDULE B

#### Basis of Payment for Contract Services for Services Rendered November 1, 2017 – December 31, 2019

A1. The annual Compensation ("Contract Price") payable by the Service Receiver to the Service Provider for the Term shall be \$20,500 in 2017, \$83,500 in 2018 and \$100,808 in 2019.

A2. The Compensation ("Contract Price") payable by the Service Receiver to the Service Provider for the Term shall be the aggregate of the following:

Services Provided	Basis of Recovery	Forecast Cost Allocation
Operational Planning and Management and Regulatory Application Support	Fully Loaded Cost: Standard salary and labour rate, sectional overhead, burden. Actual vehicle, material, fringe benefit, contractor and out of pocket expenses incurred for the task.	Will be calculated on resources for services provided on an as needed basis.

#### B. Method of Payment and True Up

The Service Provider will charge the Service Receiver a monthly contract price (calculated as 1/12th of the annual Compensation) for ongoing services provided under Section A1 of Schedule A. At the end of the year, the Service Provider will true up the charged amount with the actual costs.

For services provided on an as needed basis under Section A2 of Schedule A, the Service Provider will charge the Service Receiver monthly based on the number of hours expended performing the services identified above. At the end of the year, the Service Provider will true up the charged amount with the actual costs.

## **SERVICE LEVEL AGREEMENT**

THIS AGREEMENT made effective as of November 1, 2017 (the “**Effective Date**”).

BETWEEN:

**EPCOR Commercial Services Inc.**, a corporation formed under the laws of the Province of Alberta, (hereinafter referred to as the “**Service Provider**” or “ECSI”)

- and -

**EPCOR Natural Gas Limited Partnership**, a corporation formed under the laws of the Province of Ontario (hereinafter referred to as the “**Service Receiver**”)

WHEREAS the Service Receiver has requested the Service Provider to provide, and the Service Provider is willing to provide the Contract Services (as hereinafter defined) to the Service Receiver upon the terms and conditions set forth in this Agreement.

AND WHEREAS the Service Provider, the Service Receiver, or both, have created a compliance plan to describe the systems, policies and mechanisms that such party intends to use to ensure that all of its officers, employees, agents and contractors comply with the *Affiliate Relationship Code for Gas Utilities* as established by the Ontario Energy Board as it may be amended from time to time.

AND WHEREAS such compliance plan is intended to concurrently comply with the requirements of the *Affiliate Relationship Code for Gas Utilities* which require that a services agreement be executed between the Parties to support the regulatory process.

NOW THEREFORE THIS AGREEMENT EVIDENCES that in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties do hereby covenant and agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement, including all recitals, schedules and attachments hereto, unless otherwise indicated or the context otherwise requires, the following words and expressions shall have the following meanings:

“**Act**” means the *Ontario Energy Board Act, 1998*,

“**Affiliate**” means an affiliate as defined in section 3 of the Act;

“**Agreement**” means this agreement and all schedules and addenda attached hereto;

“**ARC**” means the *Affiliate Relationships Code for Gas Utilities*

“**Board**” means the Ontario Energy Board

“**Board of Arbitrators**” shall have the meaning ascribed to that term in Section 8.3;

“**Business Day**” means any day except a Saturday, Sunday or statutory holiday in the Province of Alberta or Ontario;

“**Canadian Prime Rate**” means the rate of interest expressed as a rate per annum which the Royal Bank of Canada establishes from time to time at its main office in Edmonton, Alberta as its posted prime rate;

“**Conduct Requirements**” means the requirements outlined in the ARC, and the requirements contained in the associated compliance plan;

“**Contract Services**” means, collectively, the services more particularly described in Schedule “A” to this Agreement;

“**Force Majeure**” shall have the meaning ascribed to that term in Section 7.2;

“**Indemnified Party**” shall have the meaning ascribed to that term in Section 4.1;

“**Indemnifying Party**” shall have the meaning ascribed to that term in Section 4.1;

“**Information**” shall have the meaning ascribed to that term in Section 6.1;

“**Party**” or “**Parties**” means a Party or Parties to this Agreement; and

“**Person**” means an individual, corporation, partnership, joint venture, association, trust or unincorporated organization.

“**Term**” shall have the meaning ascribed to that term in Section 5.1.

## 1.2 Number and Gender

Words used herein importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders.

## 1.3 References

References to the words “Article” and “Section” herein shall, unless the contrary be expressly stated, refer to an Article or Section of this Agreement, and references to “hereof”, “herein”, “hereby”, “hereunder” and “this Agreement” refer to the whole of this Agreement including the Schedules and Addendum attached hereto.

## 1.4 Amendments to Agreements and Law

References herein to any agreement or document shall be deemed to be a reference to such agreement or document as varied, amended, modified, supplemented, or replaced from time to time. Any specific reference herein to any enactment of law shall be deemed to be such enactment as the same may be amended or re-enacted from time to time and every statute that may be substituted therefore and, in any such event reference to such enactment shall be read as referring to such enactment as so amended, re-enacted or the statute substituted therefore, as the case may be.

## 1.5 Headings

The division of this Agreement into Articles, Sections and other subdivisions, the provision of a table of contents and the insertion of headings are for convenience of reference only and are not to be used in construing or interpreting this Agreement or any portion thereof.

## 1.6 Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

### 1.7 Severability

Each provision of this Agreement is intended to be severable and, if any provision is determined by a court of competent jurisdiction to be illegal or invalid or unenforceable for any reason whatsoever, such provision shall be severed from this Agreement and will not affect the legality or validity or enforceability of the remainder of this Agreement or any other provision hereof.

### 1.8 Next Business Day

In the event that any date on which any action is required to be taken hereunder by any of the Parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

### 1.9 Entire Agreement

This Agreement including the annexed Schedules constitutes the entire agreement among the Parties relating to the matters set forth herein and in the Schedules and shall supersede and cancel any and all pre-existing agreements and understandings among the Parties relating thereto. Any and all prior contemporaneous negotiations, prior memoranda of understanding or position, and preliminary drafts and prior versions of this Agreement or the Schedules, whether signed or unsigned, shall not be used to construe the terms or affect the validity or interpretation of this Agreement or the Schedules.

### 1.10 Schedules

The following Schedules are attached to and form part of this Agreement:

- Schedule "A" – Contract Services for Services Rendered November 01, 2017 – December 31, 2019
- Schedule "B" – Basis of Payment for Contract Services for Services Rendered November 01, 2017 – December 31, 2019

If there is any conflict between the body of this Agreement and the attached Schedules, the body of this Agreement shall prevail.

## ARTICLE 2 CONTRACT SERVICES

### 2.1 Contract Services

Commencing on the Effective Date, the Service Provider shall provide to the Service Receiver the Contract Services more particularly described in Schedule "A" in accordance with this Agreement.

## 2.2 Warranty

The Service Provider represents and warrants that it is capable of providing the Contract Services as required by this Agreement. The Service Provider further represents and warrants that the Contract Services provided by the Service Provider pursuant to this Agreement will be performed with reasonable skill, care, and diligence and in accordance with generally accepted, utility operating standards and practices.

## 2.3 Laws and Regulation

The Service Provider shall comply with all laws and regulations governing the Service Receiver and the Service Provider which are applicable to the performance of the Contract Services at the place or places at which the Contract Services are performed, including, but not limited to the Conduct Requirements. The Service Provider confirms that it has been provided with full disclosure of the Service Provider's obligations under the ARC

## 2.4 Policies

The Service Provider shall comply with all applicable policies and procedures established by the Service Receiver from time to time including, without limitation, the Service Receiver's compliance plan, Privacy Policy, Alcohol and Drug Policy, Ethics Policy and any health, safety and security policies (the "**Policies and Procedures**"). The Service Provider confirms that it has been provided with full disclosure of all the Service Receiver's applicable Policies and Procedures.

## 2.5 Services

The parties acknowledge that this Agreement shall be subject to any rule application to the Service Provider made by the Ontario Energy Board pursuant to the *Ontario Energy Board Act*, S.O. 1998, c. 15, Sched. B., s. 44, including without limitation, the *Affiliate Relationships Code for Gas Utilities* (the "Code"), as amended from time to time. Specifically, without limited the generality of the foregoing, the Service Receiver agrees to comply promptly with all requests either made or authorized by the Ontario Energy Board for information with respect to the services provided pursuant to this Agreement. This Agreement shall also be subject to any valid, applicable federal, provincial or other governmental regulatory body or authority having jurisdiction over a party or the subject matter of this Agreement.

## ARTICLE 3 PAYMENT

### 3.1 Compensation

As full consideration for performance of the Contract Services, the Service Receiver shall pay the Service Provider the compensation ("**Compensation**") provided in Schedule "B" at the times and in the manner provided in Section 3.2. All fees payable to the Service Provider are

exclusive of the federal goods and services tax and, if applicable, provincial sales taxes and harmonized sales tax but are inclusive of all other taxes, customs, duties, excise taxes and non-resident withholding taxes (if applicable).

### 3.2 Invoicing and Payment

The Service Provider shall invoice the Service Receiver each month, no later than the thirtieth (30th) calendar day of the following month. The appropriate manager within the Service Receiver shall review, and if appropriate, approve and forward the invoice to Accounts Payable within thirty (30) days of receipt. Accounts payable shall enter the invoice into Oracle and each invoice shall be paid on the next available payment run.

### 3.3 Method of Payment

Each invoice shall be paid in full in Canadian funds by Electronic Funds Transfer (EFT) from the Service Receiver to the Service provider. Direct charges shall be handled in accordance with the Service Receiver's standard accounting policies and practices.

### 3.4 Invoice or Charge Errors

If an error is found in any invoice or record of direct charge, the Party identifying the error shall immediately advise the other Party. Any adjustment necessary to correct such error shall be made as soon as practical or, in the case of an error in a direct charge, in accordance with the Service Receiver's standard accounting policies and practices.

### 3.5 Records

The Service Provider shall maintain complete and accurate books, records, and accounts of and supporting documents for all work performed and items billed for Contract Services. The Service Provider shall ensure that the books, records, accounts, and documents are not destroyed without the Service Receiver's written authorization for a period of seven (7) years after the termination or expiration of this Agreement. The Service Provider shall, on demand, make available to the Service Receiver or its respective duly authorized representatives for inspection, reproduction, and audit or any other reasonable purposes, every such book, record, account, and document.

### 3.6 Invoice or Charge Disputes

In the event that the Manager within the Service Receiver disputes in good faith any part of a monthly invoice, such dispute shall be resolved, in accordance with the provisions of Article 8. If, after following the provisions of Article 8, it is determined that the invoice ought to be paid by the Service Receiver, the Service Receiver shall pay to the Service Provider the amount owing under the disputed invoice within fifteen (15) days of the date of such final determination.

## ARTICLE 4 INDEMNITIES AND LIMITATION OF LIABILITY

### 4.1 Indemnity

Each Party (the “**Indemnifying Party**”) shall indemnify, defend and save harmless the other Party (the “**Indemnified Party**”) from and against any and all losses, claims, damages, liabilities or expenses (including legal expenses on a solicitor and his own client basis) suffered or incurred by the Indemnified Party as a result of, arising out of, or in connection with, the gross negligence or willful misconduct of the Indemnifying Party in the performance, purported performance, or non-performance of this Agreement, or the Indemnifying Party’s breach of this Agreement, except to the extent caused by the gross negligence or will-full misconduct of the Indemnified Party or to the extent that any such act or omission was done or omitted pursuant to the specific instructions of the Indemnified Party.

### 4.2 Limitation of Liability for Consequential Damages

Notwithstanding anything to the contrary contained in this Agreement, neither Party will be liable to the other Party for any damage, cost, expense, injury, loss or other liability of an indirect, special or consequential nature suffered by the other Party or claimed by any third party against the other Party which arises due to such Party's failure to perform its obligations under this Agreement or for any other reason (including negligence on its part or on the part of any person for whose acts it is responsible), howsoever and when-so-ever caused, and whether arising in contract, negligence or other tort liability, strict liability or otherwise. Without limiting the generality of the foregoing, damage, injury or loss of an indirect or consequential nature shall include loss of revenue, loss of profits, loss of production, loss of earnings, loss of contract, cost of purchased or replacement capacity and energy, cost of capital and loss of the use of any facilities or property owned, operated, leased or used by the other Party or a third party.

## ARTICLE 5 TERM

### 5.1 Term

This Agreement shall commence on the Effective Date and shall continue in full force until December 31, 2019 unless otherwise agreed to by the Parties in writing.

## ARTICLE 6 CONFIDENTIALITY

### 6.1 Confidentiality

Subject to Section 6.2, each Party shall keep confidential and shall not:

- (a) use, except for the purpose of performing its obligations or exercising its rights under this Agreement; or

- (b) disclose, except as contemplated or permitted in this Agreement;

any confidential information (including without limitation Confidential Information as defined in the ARC), trade secret or confidential financial, technical, scientific, business or other confidential or proprietary information or document of the other Party or its Affiliates received by it or any of its Affiliates in the course of, or as a result of, the relationship established between the Parties pursuant to this Agreement (herein referred to collectively as the “**Information**”).

## 6.2 Exceptions

A Party shall be entitled to disclose any Information to the extent:

- (a) such Information is or becomes generally known to the public other than through a breach of this Agreement or any other obligation of confidentiality between the Parties;
- (b) such Information is lawfully obtained by that Party from a third party or parties without breach of this Agreement or any other obligation of confidentiality between the Parties, as shown by documentation sufficient to establish the third party as the source of such Information and to the knowledge of the disclosing Party, without such disclosure constituting a breach by such third party or parties of an obligation of confidentiality;
- (c) such Information is comprised of technical Information and was known to the disclosing Party prior to receipt thereof from the other Party, as shown by documentation sufficient to establish such knowledge;
- (d) such Information was developed by the receiving Party independently of the disclosures made by the disclosing Party under this Agreement;
- (e) such disclosure is required in connection with any regulatory, legal or administrative proceeding; provided that where circumstances permit prior to disclosure, the disclosing Party shall notify the other Party in writing of such proposed disclosure and at the other Party's request (and expense) apply for appropriate court or other orders to preserve the confidentiality of such Information;
- (f) that such disclosure is required by law or by order of any governmental body having competent authority; provided that where the circumstances permit prior to disclosure (other than any disclosure required by applicable securities laws) the disclosing Party shall notify the other Party in writing of any such proposed disclosure and shall at the other Party's request (and expense) apply for appropriate court or other orders to preserve the confidentiality of such Information; and

- (g) the other Party shall have provided its prior written approval for such disclosure by the disclosing Party.

## ARTICLE 7 FORCE MAJEURE

### 7.1 Relief from Obligations

Subject to Section 7.3, if by reason of Force Majeure either Party to this Agreement is unable, wholly or partially, to perform or comply with its covenants and obligations hereunder, then the Party so affected by Force Majeure shall be relieved of liability and shall suffer no prejudice for failing to perform or comply during the continuance and to the extent of the inability so caused from and after the happening of the event of Force Majeure; provided that the Party invoking Force Majeure gives to the other Party prompt notice, written or oral (but if oral, promptly confirmed in writing) of such inability and reasonably full particulars of the cause thereof. If notice is not promptly given then the Party suffering the Force Majeure shall only be relieved from such performance or compliance from and after the giving of such notice. The Party invoking Force Majeure shall use all reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the cause of its inability to perform or comply; provided, however, that settlement of strikes, lockouts and other industrial disturbances shall be wholly within the discretion of the Party involved. The Party invoking Force Majeure shall give prompt notice of the cessation of the event of Force Majeure. Nothing in this Article 7 shall relieve a Party of its obligations to make payments when due hereunder.

### 7.2 Force Majeure

For the purposes of this Agreement, force majeure (“**Force Majeure**”) shall mean any event beyond the reasonable control of the Party invoking Force Majeure, including therein but without restricting the generality thereof:

- (a) lightning, storms, earthquakes, landslides, floods, washouts, and other Acts of God;
- (b) fires, explosions, ruptures, breakage of or accidents to pipelines, plants, machinery, equipment or storage facilities;
- (c) strikes, lockouts, or other labour disturbances;
- (d) civil disturbances, sabotage, war, blockades, insurrections, vandalism, riots, epidemics;
- (e) acts of terrorism;
- (f) arrests and restraints by governments or governmental agencies;
- (g) the order of any court;

- (h) inability to obtain or curtailment of supplies of feed stocks or of electric power, water, fuel or other necessary utilities or services to operate any facilities or of any materials or equipment; or
- (i) inability to obtain or revocation or amendment of any permit, authorization or approval of any governmental authority required to perform or comply with any obligation under this Agreement, unless the revocation or modification of any such necessary permit, authorization or approval was caused by the violation of the terms thereof or consented to by the party holding the same.

### 7.3 Exclusions from Relief

No Party shall be entitled to the benefits of the provisions of this Article 7 under any of the following circumstances:

- (a) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by arrest or restraint by governments or governmental agencies or the order of any court and such arrest, restraint or order was the result of a breach by the Party claiming suspension of the term of a permit, license, certificate or other authorization granted by a governmental or regulatory body having jurisdiction or of any applicable laws, regulations or orders;
- (b) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by the Party invoking Force Majeure having failed to use all reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the cause of its inability to perform or comply with such covenants or obligations; or
- (c) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by lack of funds or other financial cause for whatever reason.

## ARTICLE 8 DISPUTE RESOLUTION

### 8.1 Dispute Resolution

Any matter in dispute under or relating to this Agreement, unless settled in the manner provided by Section 8.2, will be finally resolved by binding arbitration in the manner provided in Article 8.

### 8.2 Arbitration

All disputes arising out of or in connection with this Contract, or in respect of any legal relationship associated with or derived from this Contract, will be finally resolved by arbitration under the Arbitration Rules (the “Rules”) of the ADR Institute of Canada, Inc. (the “Institute”), with the following exceptions:

- the arbitrator, and not the Institute, will administer the arbitration on an *ad hoc* basis;
- the Seat of Arbitration (as such term is defined in the Rules) will be Edmonton, Alberta;
- the location of the arbitration will be in Edmonton, Alberta; and
- the language of the arbitration will be conducted in English.

### 8.3 Continuing Obligations

The supply and purchase of Contract Services and payment therefore under this Agreement shall continue during the dispute resolution proceedings contemplated by this Article 8.

## ARTICLE 9 NOTICE

### 9.1 Notice

Any notice, consent, request or other communication to be given in connection with this Agreement shall be in writing and shall be given by:

- (a) personal delivery or registered mail, postage prepaid, to the following address for the recipient; or
- (b) facsimile transmission to the following facsimile number (confirmed by a copy delivered by personal delivery to the following address) for the recipient;

addressed to the recipient as follows:

**To Service Provider:**

EPCOR Commercial Services Inc.  
2000 – 10423 101 Street NW  
Edmonton, AB T5H 0E8

**To Service Receiver:**

EPCOR Natural Gas Limited Partnership  
39 Beech Street East  
Aylmer, ON N5H 3J6

or to such other address, facsimile number or individual for notice as may then have been designated by the respective Party pursuant to Section 9.2. Any communication given to a Party as aforesaid shall be deemed to have been given at the time and upon the date of the receipt at the address of such Party.

9.2 Change of Address

Any Party may, from time to time, change its address, facsimile number or individual for notice by a notice given to the other Party in accordance with Section 9.1.

ARTICLE 10  
GENERAL

10.1 Time of Essence

Time shall be of the essence in this Agreement and of all of its terms.

10.2 Further Assurance

The Parties shall with reasonable diligence perform all acts, execute and deliver all documents and instruments, do all such things and provide all such reasonable assurances as may be necessary or desirable to give effect to the provisions of this Agreement.

10.3 Amendments or Waiver

This Agreement may not be amended except by written instrument signed by all of the Parties hereto. No indulgence or forbearance by any Party hereunder shall be deemed to constitute a waiver of its rights to insist on performance in full and in a timely manner of all covenants of each of the other Parties hereunder and any such waiver, in order to be binding upon a Party, must be express and in writing and signed by such Party, and then such waiver shall be effective only in the specific instance and for the purpose for which it is given. No waiver of any term, condition or covenant by any Party shall be deemed to be a waiver by such Party of its rights to require full and timely compliance with the same term, condition or covenant thereafter, or with any other term, covenant or condition of this Agreement at any time.

10.4 No Discharge on Termination

Any provision of this Agreement under which an obligation of one Party hereto has accrued but has not been discharged shall not be affected by termination of this Agreement, nor shall the Party liable to perform be discharged as a result of any such termination, nor shall termination prejudice any right of one Party against the other in respect of anything done or omitted hereunder prior to such termination or in respect of any right to damages or other remedies.

#### 10.5 Enurement

This Agreement shall enure to the benefit of and be binding upon the Service Provider and the Service Receiver and their respective successors and permitted assigns.

#### 10.6 Assignment

This Agreement shall be assignable by either Party as necessary in connection with any bona fide financings, financing leases, reorganizations and mergers, but this Agreement shall not otherwise be assigned by either Party without the prior written consent of the other Party, which consent each of the Parties covenants not to unreasonably withhold. Notwithstanding any permitted assignment, the assignor shall continue to remain liable for the performance of obligations under this Agreement unless such assignor is released therefrom by instrument in writing signed by the other Party.

#### 10.7 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which when taken together shall constitute one and the same agreement.

#### 10.8 Compliance Representations

Service Provider and Service Receiver represent to each other for the purpose of the ARC that each Party intends to comply with the Conduct Requirements and that this Agreement does comply with all Conduct Requirements.

#### 10.9 Termination on Sale

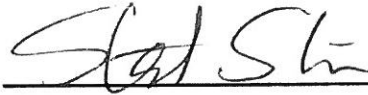
In the event of the sale of the Service Provider to an unrelated Person who is not an Affiliate, the Service Receiver may unilaterally terminate this Agreement on 90 days' notice without penalty. Any termination notice must be given to the Service Provider a minimum of 90 days prior to the closing date of the sale. The Parties must, after the receipt of the termination notice from the Service Receiver to the Service Provider, negotiate transitional costs and additional resources required during the termination period in good faith, but any failure of the Parties to come to an agreement on these aforementioned costs and resources will not affect the Compensation payable to the Service Provider for the Contract Services provided up to the termination date.

[Remainder of page intentionally left blank. Signature page to follow.]

IN WITNESS WHEREOF this Agreement has been duly executed by the Parties hereto under their respective corporate seals attested by the signatures of their respective officers duly authorized in that behalf effective as of the day and year first above written.

EPCOR Commercial Services Inc.

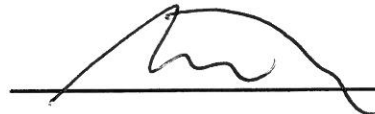
Per:

A handwritten signature in black ink, appearing to read "Stephen Stanley", written over a horizontal line.

Stephen Stanley  
Senior Vice President, Commercial Services

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

Per:

A handwritten signature in black ink, appearing to read "Stuart Lee", written over a horizontal line.

Stuart Lee  
President and CEO

**SCHEDULE A**  
**Contract Services for Services Rendered November 01, 2017 – December 31, 2019**

**A1. SERVICES PROVIDED BY THE SERVICE PROVIDER (EC SI)**

**1. Senior Vice President**

Operations management services necessary to carry on the business including, without limitation, the following functions:

- General management and oversight; and
- Operational and business related oversight.

**A2. MANAGEMENT AND TECHNICAL SERVICES PROVIDED BY THE SERVICE PROVIDER (EC SI)**

**1. Operational Planning and Management**

Operational planning, management and support services necessary to carry on the business including, without limitation, the following functions:

- Access to specialized engineering and technical expertise and intellectual property related to utility operations in support of operations, maintenance, asset management and capital planning and project management;
- Development and maintenance of operations procedures, maintenance protocols, emergency response and disaster recovery plans;
- Access to computer based asset management software; and
- Assistance for the review of emerging technical codes and standards and assessing the implications for the utility.

**SCHEDULE B**  
**Basis of Payment for Contract Services for Services Rendered November 1, 2017 –  
December 31, 2019**

A1. The annual Compensation ("Contract Price") payable by the Service Receiver to the Service Provider for the Term shall be \$13,750 in 2017 and \$83,500 in 2018 and 2019.

A2. The annual Compensation ("Contract Price") payable by the Service Receiver to the Service Provider for the Term shall be the aggregate of the following:

<b>Services Provided</b>	<b>Basis of Recovery</b>	<b>Forecast Cost Allocation</b>
Operational Planning and Management	Fully Loaded Cost: Standard salary and labour rate, sectional overhead, burden. Actual vehicle, material, fringe benefit, contractor and out of pocket expenses incurred for the task	Will be calculated on resources for services provided on an as needed basis

**B. Method of Payment and True Up**

The Service Provider will charge the Service Receiver a monthly contract price (calculated as 1/12th of the annual Compensation). At the end of the year, the Service Provider will true up the charged amount with the actual costs.

## **SERVICE LEVEL AGREEMENT**

THIS AGREEMENT made effective as of January 1, 2020 (the “**Effective Date**”).

BETWEEN:

**EPCOR Commercial Services Inc.**, a corporation formed under the laws of the Province of Alberta, (hereinafter referred to as the “**Service Provider**” or “**ECSI**”)

- and -

**EPCOR Natural Gas Limited Partnership by its General Partner EPCOR Ontario Utilities Inc.**, a limited partnership organized under the laws of the Province of Ontario (hereinafter referred to as the “**Service Receiver**”)

WHEREAS the Service Receiver has requested the Service Provider to provide, and the Service Provider is willing to provide the Contract Services (as hereinafter defined) to the Service Receiver upon the terms and conditions set forth in this Agreement.

AND WHEREAS the Service Provider, the Service Receiver, or both, have created a compliance plan to describe the systems, policies and mechanisms that such party intends to use to ensure that all of its officers, employees, agents and contractors comply with the *Affiliate Relationship Code for Gas Utilities* as established by the Ontario Energy Board as it may be amended from time to time.

AND WHEREAS such compliance plan is intended to concurrently comply with the requirements of the *Affiliate Relationship Code for Gas Utilities* which require that a services agreement be executed between the Parties to support the regulatory process.

NOW THEREFORE THIS AGREEMENT EVIDENCES that in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties do hereby covenant and agree as follows:

### **ARTICLE 1** **INTERPRETATION**

#### **1.1 Definitions**

In this Agreement, including all recitals, schedules and attachments hereto, unless otherwise indicated or the context otherwise requires, the following words and expressions shall

have the following meanings:

**“Act”** means the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, Sched. B;

**“Affiliate”** means an affiliate as defined in section 3 of the Act;

**“Agreement”** means this agreement and all schedules and addenda attached hereto;

**“ARC”** means the *Affiliate Relationships Code for Gas Utilities*;

**“Board”** means the Ontario Energy Board;

**“Board of Arbitrators”** shall have the meaning ascribed to that term in Section 8.3;

**“Business Day”** means any day except a Saturday, Sunday or statutory holiday in the Province of Alberta or Ontario;

**“Canadian Prime Rate”** means the rate of interest expressed as a rate per annum which the Royal Bank of Canada establishes from time to time at its main office in Edmonton, Alberta as its posted prime rate;

**“Conduct Requirements”** means the requirements outlined in the ARC, and the requirements contained in the associated compliance plan;

**“Contract Services”** means, collectively, the services more particularly described in Schedule “A” to this Agreement;

**“Force Majeure”** shall have the meaning ascribed to that term in Section 7.2;

**“Indemnified Party”** shall have the meaning ascribed to that term in Section 4.1;

**“Indemnifying Party”** shall have the meaning ascribed to that term in Section 4.1;

**“Information”** shall have the meaning ascribed to that term in Section 6.1;

**“Party”** or **“Parties”** means a Party or Parties to this Agreement;

**“Person”** means an individual, corporation, partnership, joint venture, association, trust or unincorporated organization; and

**“Term”** shall have the meaning ascribed to that term in Section 5.1.

## 1.2 Number and Gender

Words used herein importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders.

### 1.3 References

References to the words “Article” and “Section” herein shall, unless the contrary be expressly stated, refer to an Article or Section of this Agreement, and references to “hereof”, “herein”, “hereby”, “hereunder” and “this Agreement” refer to the whole of this Agreement including the Schedules and Addendum attached hereto.

### 1.4 Amendments to Agreements and Law

References herein to any agreement or document shall be deemed to be a reference to such agreement or document as varied, amended, modified, supplemented, or replaced from time to time. Any specific reference herein to any enactment of law shall be deemed to be such enactment as the same may be amended or re-enacted from time to time and every statute that may be substituted therefore and, in any such event reference to such enactment shall be read as referring to such enactment as so amended, re-enacted or the statute substituted therefore, as the case may be.

### 1.5 Headings

The division of this Agreement into Articles, Sections and other subdivisions, the provision of a table of contents and the insertion of headings are for convenience of reference only and are not to be used in construing or interpreting this Agreement or any portion thereof.

### 1.6 Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

### 1.7 Severability

Each provision of this Agreement is intended to be severable and, if any provision is determined by a court of competent jurisdiction to be illegal or invalid or unenforceable for any reason whatsoever, such provision shall be severed from this Agreement and will not affect the legality or validity or enforceability of the remainder of this Agreement or any other provision hereof.

### 1.8 Next Business Day

In the event that any date on which any action is required to be taken hereunder by any of the Parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

### 1.9 Entire Agreement

This Agreement including the annexed Schedules constitutes the entire agreement among the Parties relating to the matters set forth herein and in the Schedules and shall supersede and cancel any and all pre-existing agreements and understandings among the Parties relating thereto. Any and all prior contemporaneous negotiations, prior memoranda of understanding or position, and preliminary drafts and prior versions of this Agreement or the Schedules, whether signed or unsigned, shall not be used to construe the terms or affect the validity or interpretation of this Agreement or the Schedules.

### 1.10 Schedules

The following Schedules are attached to and form part of this Agreement:

- Schedule "A" – Contract Services for Services Rendered January 01, 2020 – December 31, 2023
- Schedule "B" – Basis of Payment for Contract Services for Services Rendered January 01, 2020 – December 31, 2023

If there is any conflict between the body of this Agreement and the attached Schedules, the body of this Agreement shall prevail.

## ARTICLE 2 CONTRACT SERVICES

### 2.1 Contract Services

Commencing on the Effective Date, the Service Provider shall provide to the Service Receiver the Contract Services more particularly described in Schedule "A" in accordance with this Agreement.

### 2.2 Warranty

The Service Provider represents and warrants that it is capable of providing the Contract Services as required by this Agreement. The Service Provider further represents and warrants that the Contract Services provided by the Service Provider pursuant to this Agreement will be performed with reasonable skill, care, and diligence and in accordance with generally accepted, utility operating standards and practices.

### 2.3 Laws and Regulation

The Service Provider shall comply with all laws and regulations governing the Service Receiver and the Service Provider which are applicable to the performance of the Contract Services at the place or places at which the Contract Services are performed, including, but not limited to the Conduct Requirements. The Service Provider confirms that it has been provided

with full disclosure of the Service Provider's obligations under the ARC

#### 2.4 Policies

The Service Provider shall comply with all applicable policies and procedures established by the Service Receiver from time to time including, without limitation, the Service Receiver's compliance plan, Privacy Policy, Alcohol and Drug Policy, Ethics Policy and any health, safety and security policies (the "**Policies and Procedures**"). The Service Provider confirms that it has been provided with full disclosure of all the Service Receiver's applicable Policies and Procedures.

#### 2.5 Services

The parties acknowledge that this Agreement shall be subject to any rule application to the Service Provider made by the Ontario Energy Board pursuant to the *Ontario Energy Board Act*, S.O. 1998, c. 15, Sched. B., s. 44, including without limitation, the *Affiliate Relationships Code for Gas Utilities* (the "Code"), as amended from time to time. Specifically, without limited the generality of the foregoing, the Service Receiver agrees to comply promptly with all requests either made or authorized by the Ontario Energy Board for information with respect to the services provided pursuant to this Agreement. This Agreement shall also be subject to any valid, applicable federal, provincial or other governmental regulatory body or authority having jurisdiction over a party or the subject matter of this Agreement.

### ARTICLE 3 PAYMENT

#### 3.1 Compensation

As full consideration for performance of the Contract Services, the Service Receiver shall pay the Service Provider the compensation ("**Compensation**") provided in Schedule "B" at the times and in the manner provided in Section 3.2. All fees payable to the Service Provider are exclusive of the federal goods and services tax and, if applicable, provincial sales taxes and harmonized sales tax but are inclusive of all other taxes, customs, duties, excise taxes and non-resident withholding taxes (if applicable).

#### 3.2 Invoicing and Payment

The Service Provider shall invoice the Service Receiver each month, no later than the thirtieth (30th) calendar day of the following month. The appropriate manager within the Service Receiver shall review, and if appropriate, approve and forward the invoice to Accounts Payable within thirty (30) days of receipt. Accounts payable shall enter the invoice into Oracle and each invoice shall be paid on the next available payment run.

#### 3.3 Method of Payment

Each invoice shall be paid in full in Canadian funds by Electronic Funds Transfer (EFT)

from the Service Receiver to the Service provider. Direct charges shall be handled in accordance with the Service Receiver's standard accounting policies and practices.

### 3.4 Invoice or Charge Errors

If an error is found in any invoice or record of direct charge, the Party identifying the error shall immediately advise the other Party. Any adjustment necessary to correct such error shall be made as soon as practical or, in the case of an error in a direct charge, in accordance with the Service Receiver's standard accounting policies and practices.

### 3.5 Records

The Service Provider shall maintain complete and accurate books, records, and accounts of and supporting documents for all work performed and items billed for Contract Services. The Service Provider shall ensure that the books, records, accounts, and documents are not destroyed without the Service Receiver's written authorization for a period of seven (7) years after the termination or expiration of this Agreement. The Service Provider shall, on demand, make available to the Service Receiver or its respective duly authorized representatives for inspection, reproduction, and audit or any other reasonable purposes, every such book, record, account, and document.

### 3.6 Invoice or Charge Disputes

In the event that the Manager within the Service Receiver disputes in good faith any part of a monthly invoice, such dispute shall be resolved, in accordance with the provisions of Article 8. If, after following the provisions of Article 8, it is determined that the invoice ought to be paid by the Service Receiver, the Service Receiver shall pay to the Service Provider the amount owing under the disputed invoice within fifteen (15) days of the date of such final determination.

## ARTICLE 4 INDEMNITIES AND LIMITATION OF LIABILITY

### 4.1 Indemnity

Each Party (the "**Indemnifying Party**") shall indemnify, defend and save harmless the other Party (the "**Indemnified Party**") from and against any and all losses, claims, damages, liabilities or expenses (including legal expenses on a solicitor and his own client basis) suffered or incurred by the Indemnified Party as a result of, arising out of, or in connection with, the gross negligence or willful misconduct of the Indemnifying Party in the performance, purported performance, or non-performance of this Agreement, or the Indemnifying Party's breach of this Agreement, except to the extent caused by the gross negligence or will-full misconduct of the Indemnified Party or to the extent that any such act or omission was done or omitted pursuant to the specific instructions of the Indemnified Party.

#### 4.2 Limitation of Liability for Consequential Damages

Notwithstanding anything to the contrary contained in this Agreement, neither Party will be liable to the other Party for any damage, cost, expense, injury, loss or other liability of an indirect, special or consequential nature suffered by the other Party or claimed by any third party against the other Party which arises due to such Party's failure to perform its obligations under this Agreement or for any other reason (including negligence on its part or on the part of any person for whose acts it is responsible), howsoever and when-so-ever caused, and whether arising in contract, negligence or other tort liability, strict liability or otherwise. Without limiting the generality of the foregoing, damage, injury or loss of an indirect or consequential nature shall include loss of revenue, loss of profits, loss of production, loss of earnings, loss of contract, cost of purchased or replacement capacity and energy, cost of capital and loss of the use of any facilities or property owned, operated, leased or used by the other Party or a third party.

### ARTICLE 5 TERM

#### 5.1 Term

This Agreement shall commence on the Effective Date and shall continue in full force until December 31, 2023 unless otherwise agreed to by the Parties in writing.

### ARTICLE 6 CONFIDENTIALITY

#### 6.1 Confidentiality

Subject to Section 6.2, each Party shall keep confidential and shall not:

- (a) use, except for the purpose of performing its obligations or exercising its rights under this Agreement; or
- (b) disclose, except as contemplated or permitted in this Agreement;

any confidential information (including without limitation Confidential Information as defined in the ARC), trade secret or confidential financial, technical, scientific, business or other confidential or proprietary information or document of the other Party or its Affiliates received by it or any of its Affiliates in the course of, or as a result of, the relationship established between the Parties pursuant to this Agreement (herein referred to collectively as the "Information").

#### 6.2 Exceptions

A Party shall be entitled to disclose any Information to the extent:

- (a) such Information is or becomes generally known to the public other than through a breach of this Agreement or any other obligation of confidentiality between the

Parties;

- (b) such Information is lawfully obtained by that Party from a third party or parties without breach of this Agreement or any other obligation of confidentiality between the Parties, as shown by documentation sufficient to establish the third party as the source of such Information and to the knowledge of the disclosing Party, without such disclosure constituting a breach by such third party or parties of an obligation of confidentiality;
- (c) such Information is comprised of technical Information and was known to the disclosing Party prior to receipt thereof from the other Party, as shown by documentation sufficient to establish such knowledge;
- (d) such Information was developed by the receiving Party independently of the disclosures made by the disclosing Party under this Agreement;
- (e) such disclosure is required in connection with any regulatory, legal or administrative proceeding; provided that where circumstances permit prior to disclosure, the disclosing Party shall notify the other Party in writing of such proposed disclosure and at the other Party's request (and expense) apply for appropriate court or other orders to preserve the confidentiality of such Information;
- (f) that such disclosure is required by law or by order of any governmental body having competent authority; provided that where the circumstances permit prior to disclosure (other than any disclosure required by applicable securities laws) the disclosing Party shall notify the other Party in writing of any such proposed disclosure and shall at the other Party's request (and expense) apply for appropriate court or other orders to preserve the confidentiality of such Information; and
- (g) the other Party shall have provided its prior written approval for such disclosure by the disclosing Party.

## ARTICLE 7 FORCE MAJEURE

### 7.1 Relief from Obligations

Subject to Section 7.3, if by reason of Force Majeure either Party to this Agreement is unable, wholly or partially, to perform or comply with its covenants and obligations hereunder, then the Party so affected by Force Majeure shall be relieved of liability and shall suffer no prejudice for failing to perform or comply during the continuance and to the extent of the inability so caused from and after the happening of the event of Force Majeure; provided that the Party invoking Force Majeure gives to the other Party prompt notice, written or oral (but if oral, promptly confirmed in writing) of such inability and reasonably full particulars of the cause thereof. If notice is not promptly given then the Party suffering the Force Majeure shall only be relieved from such performance or compliance from and after the giving of such notice. The Party invoking

Force Majeure shall use all reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the cause of its inability to perform or comply; provided, however, that settlement of strikes, lockouts and other industrial disturbances shall be wholly within the discretion of the Party involved. The Party invoking Force Majeure shall give prompt notice of the cessation of the event of Force Majeure. Nothing in this Article 7 shall relieve a Party of its obligations to make payments when due hereunder.

## 7.2 Force Majeure

For the purposes of this Agreement, force majeure (“**Force Majeure**”) shall mean any event beyond the reasonable control of the Party invoking Force Majeure, including therein but without restricting the generality thereof:

- (a) lightning, storms, earthquakes, landslides, floods, washouts, and other Acts of God;
- (b) fires, explosions, ruptures, breakage of or accidents to pipelines, plants, machinery, equipment or storage facilities;
- (c) strikes, lockouts, or other labour disturbances;
- (d) civil disturbances, sabotage, war, blockades, insurrections, vandalism, riots, epidemics;
- (e) acts of terrorism;
- (f) arrests and restraints by governments or governmental agencies;
- (g) the order of any court;
- (h) inability to obtain or curtailment of supplies of feed stocks or of electric power, water, fuel or other necessary utilities or services to operate any facilities or of any materials or equipment; or
- (i) inability to obtain or revocation or amendment of any permit, authorization or approval of any governmental authority required to perform or comply with any obligation under this Agreement, unless the revocation or modification of any such necessary permit, authorization or approval was caused by the violation of the terms thereof or consented to by the party holding the same.

## 7.3 Exclusions from Relief

No Party shall be entitled to the benefits of the provisions of this Article 7 under any of the following circumstances:

- (a) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by arrest or restraint by governments or governmental

agencies or the order of any court and such arrest, restraint or order was the result of a breach by the Party claiming suspension of the term of a permit, license, certificate or other authorization granted by a governmental or regulatory body having jurisdiction or of any applicable laws, regulations or orders;

- (b) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by the Party invoking Force Majeure having failed to use all reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the cause of its inability to perform or comply with such covenants or obligations; or
- (c) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by lack of funds or other financial cause for whatever reason.

## ARTICLE 8 DISPUTE RESOLUTION

### 8.1 Dispute Resolution

Any matter in dispute under or relating to this Agreement, unless settled in the manner provided by Section 8.2, will be finally resolved by binding arbitration in the manner provided in Article 8.

### 8.2 Arbitration

All disputes arising out of or in connection with this Contract, or in respect of any legal relationship associated with or derived from this Contract, will be finally resolved by arbitration under the Arbitration Rules (the "Rules") of the ADR Institute of Canada, Inc. (the "Institute"), with the following exceptions:

- the arbitrator, and not the Institute, will administer the arbitration on an *ad hoc* basis;
- the Seat of Arbitration (as such term is defined in the Rules) will be Edmonton, Alberta;
- the location of the arbitration will be in Edmonton, Alberta; and
- the language of the arbitration will be conducted in English.

### 8.3 Continuing Obligations

The supply and purchase of Contract Services and payment therefore under this Agreement shall continue during the dispute resolution proceedings contemplated by this Article 8.

ARTICLE 9  
NOTICE

9.1 Notice

Any notice, consent, request or other communication to be given in connection with this Agreement shall be in writing and shall be given by:

- (a) personal delivery or registered mail, postage prepaid, to the following address for the recipient; or
- (b) facsimile transmission to the following facsimile number (confirmed by a copy delivered by personal delivery to the following address) for the recipient;

addressed to the recipient as follows:

**To Service Provider:**  
EPCOR Commercial Services Inc.  
2000 – 10423 101 Street NW  
Edmonton, AB T5H 0E8

**To Service Receiver:**  
EPCOR Natural Gas Limited Partnership  
39 Beech Street East  
Aylmer, ON N5H 3J6

or to such other address, facsimile number or individual for notice as may then have been designated by the respective Party pursuant to Section 9.2. Any communication given to a Party as aforesaid shall be deemed to have been given at the time and upon the date of the receipt at the address of such Party.

9.2 Change of Address

Any Party may, from time to time, change its address, facsimile number or individual for notice by a notice given to the other Party in accordance with Section 9.1.

ARTICLE 10  
GENERAL

10.1 Time of Essence

Time shall be of the essence in this Agreement and of all of its terms.

10.2 Further Assurance

The Parties shall with reasonable diligence perform all acts, execute and deliver all documents and instruments, do all such things and provide all such reasonable assurances as may

be necessary or desirable to give effect to the provisions of this Agreement.

### 10.3 Amendments or Waiver

This Agreement may not be amended except by written instrument signed by all of the Parties hereto. No indulgence or forbearance by any Party hereunder shall be deemed to constitute a waiver of its rights to insist on performance in full and in a timely manner of all covenants of each of the other Parties hereunder and any such waiver, in order to be binding upon a Party, must be express and in writing and signed by such Party, and then such waiver shall be effective only in the specific instance and for the purpose for which it is given. No waiver of any term, condition or covenant by any Party shall be deemed to be a waiver by such Party of its rights to require full and timely compliance with the same term, condition or covenant thereafter, or with any other term, covenant or condition of this Agreement at any time.

### 10.4 No Discharge on Termination

Any provision of this Agreement under which an obligation of one Party hereto has accrued but has not been discharged shall not be affected by termination of this Agreement, nor shall the Party liable to perform be discharged as a result of any such termination, nor shall termination prejudice any right of one Party against the other in respect of anything done or omitted hereunder prior to such termination or in respect of any right to damages or other remedies.

### 10.5 Enurement

This Agreement shall enure to the benefit of and be binding upon the Service Provider and the Service Receiver and their respective successors and permitted assigns.

### 10.6 Assignment

This Agreement shall be assignable by either Party as necessary in connection with any bona fide financings, financing leases, reorganizations and mergers, but this Agreement shall not otherwise be assigned by either Party without the prior written consent of the other Party, which consent each of the Parties covenants not to unreasonably withhold. Notwithstanding any permitted assignment, the assignor shall continue to remain liable for the performance of obligations under this Agreement unless such assignor is released therefrom by instrument in writing signed by the other Party.

### 10.7 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement in Portable Document Format (PDF) or by facsimile transmission shall be effective as delivery of a manually executed original counterpart of this Agreement.

### 10.8 Compliance Representations

Service Provider and Service Receiver represent to each other for the purpose of the ARC

that each Party intends to comply with the Conduct Requirements and that this Agreement does comply with all Conduct Requirements.

10.9 Termination on Sale

In the event of the sale of the Service Provider to an unrelated Person who is not an Affiliate, the Service Receiver may unilaterally terminate this Agreement on 90 days' notice without penalty. Any termination notice must be given to the Service Provider a minimum of 90 days prior to the closing date of the sale. The Parties must, after the receipt of the termination notice from the Service Receiver to the Service Provider, negotiate transitional costs and additional resources required during the termination period in good faith, but any failure of the Parties to come to an agreement on these aforementioned costs and resources will not affect the Compensation payable to the Service Provider for the Contract Services provided up to the termination date.

IN WITNESS WHEREOF this Agreement has been duly executed by the Parties hereto under their respective corporate seals attested by the signatures of their respective officers duly authorized in that behalf effective as of the day and year first above written.

EPCOR Commercial Services Inc.

Per:



Stephen Stanley  
Senior Vice President, Commercial Services

EPCOR Natural Gas Limited Partnership by its  
General Partner EPCOR Ontario Utilities Inc.

Per:



Susannah Robinson  
Vice President, Ontario Region

that each Party intends to comply with the Conduct Requirements and that this Agreement does comply with all Conduct Requirements.

**10.9 Termination on Sale**

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IN WITNESS WHEREOF this Agreement has been duly executed by the Parties hereto under their respective corporate seals attested by the signatures of their respective officers duly authorized in that behalf effective as of the day and year first above written.

EPCOR Commercial Services Inc.

Per: \_\_\_\_\_

Stephen Stanley  
Senior Vice President, Commercial Services

EPCOR Natural Gas Limited Partnership by its  
General Partner EPCOR Ontario Utilities Inc.

Per: \_\_\_\_\_

Susannah Robinson  
Vice President, Ontario Region

## **SCHEDULE A**

### **Contract Services for Services Rendered January 01, 2020 – December 31, 2023**

#### **A1. SERVICES PROVIDED BY THE SERVICE PROVIDER (ECSI) ON AN ALLOCATED BASIS**

##### **1. Management Oversight - Senior Vice President**

Operations management services necessary to carry on the business including, without limitation, the following functions:

- General management and oversight; and
- Operational and business related oversight.

##### **2. Finance and Accounting Support**

Finance and Accounting Support services necessary to carry on the business including, without limitation, the following functions:

- Preparation of financial reports and analysis;
- Asset accounting administration and financial oversight of capital projects;
- Budget administration services including managing annual and quarterly budget processes for the Service Receiver within the prescribed corporate timelines and developing budgets in support of rate filings;
- Accounting services including processing of transactions, reconciliation and maintenance of balance sheet and regulatory accounts;
- Preparation of ENGLP Aylmer annual financial statements and management of the audit of the statements;
- Implementation and monitoring of corporate accounting policies and procedures and internal controls; and

Financial support for regulatory filings and applications, including the preparation of regulated financial statements and management of the audit of all deferral and variance account balances.

#### **A2. SERVICES PROVIDED BY THE SERVICE PROVIDER (ECSI) ON A DIRECT CHARGE BASIS**

##### **1. Operational Planning and Management**

Operational planning, management and support services necessary to carry on the business including, without limitation, the following functions:

- Access to specialized engineering and technical expertise and intellectual property related to utility operations in support of operations, maintenance, asset management and capital planning and project management;
- Development and maintenance of operations procedures, maintenance protocols, emergency response and disaster recovery plans;
- Access to computer based asset management software; and
- Assistance for the review of emerging technical codes and standards and assessing the implications for the utility.

**SCHEDULE B**  
**Basis of Payment for Contract Services for Services Rendered January 1, 2020 –**  
**December 31, 2023**

A1. The annual Compensation ("Contract Price") payable by the Service Receiver to the Service Provider for the Term shall be \$103,631 per year for each year ended 2020 through 2023.

A2. The Compensation ("Contract Price") payable by the Service Receiver to the Service Provider for the Term shall be the aggregate of the following:

<b>Services Provided</b>	<b>Basis of Recovery</b>	<b>Forecast Cost Allocation</b>
Operational Planning and Management	Fully Loaded Cost: Standard salary and labour rate, sectional overhead, burden. Actual vehicle, material, fringe benefit, contractor and out of pocket expenses incurred for the task.	Will be calculated on resources for services provided on an as needed basis.

**B. Method of Payment and True Up**

The Service Provider will charge the Service Receiver a monthly contract price (calculated as 1/12th of the annual Compensation) for ongoing services provided under Section A1 of Schedule A. At the end of the year, the Service Provider will true up the charged amount with the actual costs.

For services provided on an as needed basis under Section A2 of Schedule A, the Service Provider will charge the Service Receiver monthly based on the number of hours expended performing the services identified above. At the end of the year, the Service Provider will true up the charged amount with the actual costs.

## **SERVICE LEVEL AGREEMENT**

THIS AGREEMENT made effective as of January 1, 2019 (the “**Effective Date**”).

BETWEEN:

**EPCOR Ontario Utilities Inc.**, a corporation formed under the laws of the Province of Ontario, (hereinafter referred to as the “**Service Provider**” or “**EOUP**”)

- and -

**EPCOR Natural Gas Limited Partnership by its General Partner EPCOR Ontario Utilities Inc.**, a limited partnership organized under the laws of the Province of Ontario (hereinafter referred to as the “**Service Receiver**”)

WHEREAS the Service Receiver has requested the Service Provider to provide, and the Service Provider is willing to provide the Contract Services (as hereinafter defined) to the Service Receiver upon the terms and conditions set forth in this Agreement.

AND WHEREAS the Service Provider, the Service Receiver, or both, have created a compliance plan to describe the systems, policies and mechanisms that such party intends to use to ensure that all of its officers, employees, agents and contractors comply with the *Affiliate Relationship Code for Gas Utilities* as established by the Ontario Energy Board as it may be amended from time to time.

AND WHEREAS such compliance plan is intended to concurrently comply with the requirements of the *Affiliate Relationship Code for Gas Utilities* which require that a services agreement be executed between the Parties to support the regulatory process.

NOW THEREFORE THIS AGREEMENT EVIDENCES that in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties do hereby covenant and agree as follows:

### **ARTICLE 1** **INTERPRETATION**

#### **1.1 Definitions**

In this Agreement, including all recitals, schedules and attachments hereto, unless otherwise indicated or the context otherwise requires, the following words and expressions shall

have the following meanings:

**“Act”** means the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, Sched. B;

**“Affiliate”** means an affiliate as defined in section 3 of the Act;

**“Agreement”** means this agreement and all schedules and addenda attached hereto;

**“ARC”** means the *Affiliate Relationships Code for Gas Utilities*;

**“Board”** means the Ontario Energy Board;

**“Board of Arbitrators”** shall have the meaning ascribed to that term in Section 8.3;

**“Business Day”** means any day except a Saturday, Sunday or statutory holiday in the Province of Alberta or Ontario;

**“Canadian Prime Rate”** means the rate of interest expressed as a rate per annum which the Royal Bank of Canada establishes from time to time at its main office in Edmonton, Alberta as its posted prime rate;

**“Conduct Requirements”** means the requirements outlined in the ARC, and the requirements contained in the associated compliance plan;

**“Contract Services”** means, collectively, the services more particularly described in Schedule “A” to this Agreement;

**“Force Majeure”** shall have the meaning ascribed to that term in Section 7.2;

**“Indemnified Party”** shall have the meaning ascribed to that term in Section 4.1;

**“Indemnifying Party”** shall have the meaning ascribed to that term in Section 4.1;

**“Information”** shall have the meaning ascribed to that term in Section 6.1;

**“Party”** or **“Parties”** means a Party or Parties to this Agreement;

**“Person”** means an individual, corporation, partnership, joint venture, association, trust or unincorporated organization; and

**“Term”** shall have the meaning ascribed to that term in Section 5.1.

## 1.2 Number and Gender

Words used herein importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders.

### 1.3 References

References to the words “Article” and “Section” herein shall, unless the contrary be expressly stated, refer to an Article or Section of this Agreement, and references to “hereof”, “herein”, “hereby”, “hereunder” and “this Agreement” refer to the whole of this Agreement including the Schedules and Addendum attached hereto.

### 1.4 Amendments to Agreements and Law

References herein to any agreement or document shall be deemed to be a reference to such agreement or document as varied, amended, modified, supplemented, or replaced from time to time. Any specific reference herein to any enactment of law shall be deemed to be such enactment as the same may be amended or re-enacted from time to time and every statute that may be substituted therefore and, in any such event reference to such enactment shall be read as referring to such enactment as so amended, re-enacted or the statute substituted therefore, as the case may be.

### 1.5 Headings

The division of this Agreement into Articles, Sections and other subdivisions, the provision of a table of contents and the insertion of headings are for convenience of reference only and are not to be used in construing or interpreting this Agreement or any portion thereof.

### 1.6 Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

### 1.7 Severability

Each provision of this Agreement is intended to be severable and, if any provision is determined by a court of competent jurisdiction to be illegal or invalid or unenforceable for any reason whatsoever, such provision shall be severed from this Agreement and will not affect the legality or validity or enforceability of the remainder of this Agreement or any other provision hereof.

### 1.8 Next Business Day

In the event that any date on which any action is required to be taken hereunder by any of the Parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

## 1.9 Entire Agreement

This Agreement including the annexed Schedules constitutes the entire agreement among the Parties relating to the matters set forth herein and in the Schedules and shall supersede and cancel any and all pre-existing agreements and understandings among the Parties relating thereto. Any and all prior contemporaneous negotiations, prior memoranda of understanding or position, and preliminary drafts and prior versions of this Agreement or the Schedules, whether signed or unsigned, shall not be used to construe the terms or affect the validity or interpretation of this Agreement or the Schedules.

## 1.10 Schedules

The following Schedules are attached to and form part of this Agreement:

- Schedule "A" – Contract Services for Services Rendered January 01, 2019 – December 31, 2023
- Schedule "B" – Basis of Payment for Contract Services for Services Rendered January 01, 2019 – December 31, 2023

If there is any conflict between the body of this Agreement and the attached Schedules, the body of this Agreement shall prevail.

## ARTICLE 2 CONTRACT SERVICES

### 2.1 Contract Services

Commencing on the Effective Date, the Service Provider shall provide to the Service Receiver the Contract Services more particularly described in Schedule "A" in accordance with this Agreement.

### 2.2 Warranty

The Service Provider represents and warrants that it is capable of providing the Contract Services as required by this Agreement. The Service Provider further represents and warrants that the Contract Services provided by the Service Provider pursuant to this Agreement will be performed with reasonable skill, care, and diligence and in accordance with generally accepted, utility operating standards and practices.

### 2.3 Laws and Regulation

The Service Provider shall comply with all laws and regulations governing the Service Receiver and the Service Provider which are applicable to the performance of the Contract Services at the place or places at which the Contract Services are performed, including, but not limited to the Conduct Requirements. The Service Provider confirms that it has been provided

with full disclosure of the Service Provider's obligations under the ARC.

#### 2.4 Policies

The Service Provider shall comply with all applicable policies and procedures established by the Service Receiver from time to time including, without limitation, the Service Receiver's compliance plan, Privacy Policy, Alcohol and Drug Policy, Ethics Policy and any health, safety and security policies (the "**Policies and Procedures**"). The Service Provider confirms that it has been provided with full disclosure of all the Service Receiver's applicable Policies and Procedures.

#### 2.5 Services

The parties acknowledge that this Agreement shall be subject to any rule application to the Service Provider made by the Ontario Energy Board pursuant to the *Ontario Energy Board Act*, S.O. 1998, c. 15, Sched. B., s. 44, including without limitation, the *Affiliate Relationships Code for Gas Utilities* (the "Code"), as amended from time to time. Specifically, without limited the generality of the foregoing, the Service Receiver agrees to comply promptly with all requests either made or authorized by the Ontario Energy Board for information with respect to the services provided pursuant to this Agreement. This Agreement shall also be subject to any valid, applicable federal, provincial or other governmental regulatory body or authority having jurisdiction over a party or the subject matter of this Agreement.

### ARTICLE 3 PAYMENT

#### 3.1 Compensation

As full consideration for performance of the Contract Services, the Service Receiver shall pay the Service Provider the compensation ("**Compensation**") provided in Schedule "B" at the times and in the manner provided in Section 3.2. All fees payable to the Service Provider are exclusive of the federal goods and services tax and, if applicable, provincial sales taxes and harmonized sales tax but are inclusive of all other taxes, customs, duties, excise taxes and non-resident withholding taxes (if applicable).

#### 3.2 Invoicing and Payment

The Service Provider shall invoice the Service Receiver each month, no later than the thirtieth (30th) calendar day of the following month. The appropriate manager within the Service Receiver shall review, and if appropriate, approve and forward the invoice to Accounts Payable within thirty (30) days of receipt. Accounts payable shall enter the invoice into Oracle and each invoice shall be paid on the next available payment run.

#### 3.3 Method of Payment

Each invoice shall be paid in full in Canadian funds by Electronic Funds Transfer (EFT)

from the Service Receiver to the Service provider. Direct charges shall be handled in accordance with the Service Receiver's standard accounting policies and practices.

### 3.4 Invoice or Charge Errors

If an error is found in any invoice or record of direct charge, the Party identifying the error shall immediately advise the other Party. Any adjustment necessary to correct such error shall be made as soon as practical or, in the case of an error in a direct charge, in accordance with the Service Receiver's standard accounting policies and practices.

### 3.5 Records

The Service Provider shall maintain complete and accurate books, records, and accounts of and supporting documents for all work performed and items billed for Contract Services. The Service Provider shall ensure that the books, records, accounts, and documents are not destroyed without the Service Receiver's written authorization for a period of seven (7) years after the termination or expiration of this Agreement. The Service Provider shall, on demand, make available to the Service Receiver or its respective duly authorized representatives for inspection, reproduction, and audit or any other reasonable purposes, every such book, record, account, and document.

### 3.6 Invoice or Charge Disputes

In the event that the Manager within the Service Receiver disputes in good faith any part of a monthly invoice, such dispute shall be resolved, in accordance with the provisions of Article 8. If, after following the provisions of Article 8, it is determined that the invoice ought to be paid by the Service Receiver, the Service Receiver shall pay to the Service Provider the amount owing under the disputed invoice within fifteen (15) days of the date of such final determination.

## ARTICLE 4 INDEMNITIES AND LIMITATION OF LIABILITY

### 4.1 Indemnity

Each Party (the "**Indemnifying Party**") shall indemnify, defend and save harmless the other Party (the "**Indemnified Party**") from and against any and all losses, claims, damages, liabilities or expenses (including legal expenses on a solicitor and his own client basis) suffered or incurred by the Indemnified Party as a result of, arising out of, or in connection with, the gross negligence or willful misconduct of the Indemnifying Party in the performance, purported performance, or non-performance of this Agreement, or the Indemnifying Party's breach of this Agreement, except to the extent caused by the gross negligence or will-full misconduct of the Indemnified Party or to the extent that any such act or omission was done or omitted pursuant to the specific instructions of the Indemnified Party.

#### 4.2 Limitation of Liability for Consequential Damages

Notwithstanding anything to the contrary contained in this Agreement, neither Party will be liable to the other Party for any damage, cost, expense, injury, loss or other liability of an indirect, special or consequential nature suffered by the other Party or claimed by any third party against the other Party which arises due to such Party's failure to perform its obligations under this Agreement or for any other reason (including negligence on its part or on the part of any person for whose acts it is responsible), howsoever and when-so-ever caused, and whether arising in contract, negligence or other tort liability, strict liability or otherwise. Without limiting the generality of the foregoing, damage, injury or loss of an indirect or consequential nature shall include loss of revenue, loss of profits, loss of production, loss of earnings, loss of contract, cost of purchased or replacement capacity and energy, cost of capital and loss of the use of any facilities or property owned, operated, leased or used by the other Party or a third party.

### ARTICLE 5 TERM

#### 5.1 Term

This Agreement shall commence on the Effective Date and shall continue in full force until December 31, 2023 unless otherwise agreed to by the Parties in writing.

### ARTICLE 6 CONFIDENTIALITY

#### 6.1 Confidentiality

Subject to Section 6.2, each Party shall keep confidential and shall not:

- (a) use, except for the purpose of performing its obligations or exercising its rights under this Agreement; or
- (b) disclose, except as contemplated or permitted in this Agreement;

any confidential information (including without limitation Confidential Information as defined in the ARC), trade secret or confidential financial, technical, scientific, business or other confidential or proprietary information or document of the other Party or its Affiliates received by it or any of its Affiliates in the course of, or as a result of, the relationship established between the Parties pursuant to this Agreement (herein referred to collectively as the “**Information**”).

#### 6.2 Exceptions

A Party shall be entitled to disclose any Information to the extent:

- (a) such Information is or becomes generally known to the public other than through a breach of this Agreement or any other obligation of confidentiality between the

Parties;

- (b) such Information is lawfully obtained by that Party from a third party or parties without breach of this Agreement or any other obligation of confidentiality between the Parties, as shown by documentation sufficient to establish the third party as the source of such Information and to the knowledge of the disclosing Party, without such disclosure constituting a breach by such third party or parties of an obligation of confidentiality;
- (c) such Information is comprised of technical Information and was known to the disclosing Party prior to receipt thereof from the other Party, as shown by documentation sufficient to establish such knowledge;
- (d) such Information was developed by the receiving Party independently of the disclosures made by the disclosing Party under this Agreement;
- (e) such disclosure is required in connection with any regulatory, legal or administrative proceeding; provided that where circumstances permit prior to disclosure, the disclosing Party shall notify the other Party in writing of such proposed disclosure and at the other Party's request (and expense) apply for appropriate court or other orders to preserve the confidentiality of such Information;
- (f) that such disclosure is required by law or by order of any governmental body having competent authority; provided that where the circumstances permit prior to disclosure (other than any disclosure required by applicable securities laws) the disclosing Party shall notify the other Party in writing of any such proposed disclosure and shall at the other Party's request (and expense) apply for appropriate court or other orders to preserve the confidentiality of such Information; and
- (g) the other Party shall have provided its prior written approval for such disclosure by the disclosing Party.

## ARTICLE 7 FORCE MAJEURE

### 7.1 Relief from Obligations

Subject to Section 7.3, if by reason of Force Majeure either Party to this Agreement is unable, wholly or partially, to perform or comply with its covenants and obligations hereunder, then the Party so affected by Force Majeure shall be relieved of liability and shall suffer no prejudice for failing to perform or comply during the continuance and to the extent of the inability so caused from and after the happening of the event of Force Majeure; provided that the Party invoking Force Majeure gives to the other Party prompt notice, written or oral (but if oral, promptly confirmed in writing) of such inability and reasonably full particulars of the cause thereof. If notice is not promptly given then the Party suffering the Force Majeure shall only be relieved from such performance or compliance from and after the giving of such notice. The Party invoking

Force Majeure shall use all reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the cause of its inability to perform or comply; provided, however, that settlement of strikes, lockouts and other industrial disturbances shall be wholly within the discretion of the Party involved. The Party invoking Force Majeure shall give prompt notice of the cessation of the event of Force Majeure. Nothing in this Article 7 shall relieve a Party of its obligations to make payments when due hereunder.

## 7.2 Force Majeure

For the purposes of this Agreement, force majeure ("**Force Majeure**") shall mean any event beyond the reasonable control of the Party invoking Force Majeure, including therein but without restricting the generality thereof:

- (a) lightning, storms, earthquakes, landslides, floods, washouts, and other Acts of God;
- (b) fires, explosions, ruptures, breakage of or accidents to pipelines, plants, machinery, equipment or storage facilities;
- (c) strikes, lockouts, or other labour disturbances;
- (d) civil disturbances, sabotage, war, blockades, insurrections, vandalism, riots, epidemics;
- (e) acts of terrorism;
- (f) arrests and restraints by governments or governmental agencies;
- (g) the order of any court;
- (h) inability to obtain or curtailment of supplies of feed stocks or of electric power, water, fuel or other necessary utilities or services to operate any facilities or of any materials or equipment; or
- (i) inability to obtain or revocation or amendment of any permit, authorization or approval of any governmental authority required to perform or comply with any obligation under this Agreement, unless the revocation or modification of any such necessary permit, authorization or approval was caused by the violation of the terms thereof or consented to by the party holding the same.

## 7.3 Exclusions from Relief

No Party shall be entitled to the benefits of the provisions of this Article 7 under any of the following circumstances:

- (a) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by arrest or restraint by governments or governmental

agencies or the order of any court and such arrest, restraint or order was the result of a breach by the Party claiming suspension of the term of a permit, license, certificate or other authorization granted by a governmental or regulatory body having jurisdiction or of any applicable laws, regulations or orders;

- (b) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by the Party invoking Force Majeure having failed to use all reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the cause of its inability to perform or comply with such covenants or obligations; or
- (c) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by lack of funds or other financial cause for whatever reason.

## ARTICLE 8 DISPUTE RESOLUTION

### 8.1 Dispute Resolution

Any matter in dispute under or relating to this Agreement, unless settled in the manner provided by Section 8.2, will be finally resolved by binding arbitration in the manner provided in Article 8.

### 8.2 Arbitration

All disputes arising out of or in connection with this Contract, or in respect of any legal relationship associated with or derived from this Contract, will be finally resolved by arbitration under the Arbitration Rules (the "Rules") of the ADR Institute of Canada, Inc. (the "Institute"), with the following exceptions:

- the arbitrator, and not the Institute, will administer the arbitration on an *ad hoc* basis;
- the Seat of Arbitration (as such term is defined in the Rules) will be Edmonton, Alberta;
- the location of the arbitration will be in Edmonton, Alberta; and
- the language of the arbitration will be conducted in English.

### 8.3 Continuing Obligations

The supply and purchase of Contract Services and payment therefore under this Agreement shall continue during the dispute resolution proceedings contemplated by this Article 8.

ARTICLE 9  
NOTICE

9.1 Notice

Any notice, consent, request or other communication to be given in connection with this Agreement shall be in writing and shall be given by:

- (a) personal delivery or registered mail, postage prepaid, to the following address for the recipient; or
- (b) facsimile transmission to the following facsimile number (confirmed by a copy delivered by personal delivery to the following address) for the recipient;

addressed to the recipient as follows:

**To Service Provider:**

EPCOR Ontario Utilities Inc.  
Suite 710, 55 University Ave.,  
Toronto, Ontario M5J 2H7

**To Service Receiver:**

EPCOR Natural Gas Limited Partnership  
39 Beech Street East  
Aylmer, ON N5H 3J6

or to such other address, facsimile number or individual for notice as may then have been designated by the respective Party pursuant to Section 9.2. Any communication given to a Party as aforesaid shall be deemed to have been given at the time and upon the date of the receipt at the address of such Party.

9.2 Change of Address

Any Party may, from time to time, change its address, facsimile number or individual for notice by a notice given to the other Party in accordance with Section 9.1.

ARTICLE 10  
GENERAL

10.1 Time of Essence

Time shall be of the essence in this Agreement and of all of its terms.

## 10.2 Further Assurance

The Parties shall with reasonable diligence perform all acts, execute and deliver all documents and instruments, do all such things and provide all such reasonable assurances as may be necessary or desirable to give effect to the provisions of this Agreement.

## 10.3 Amendments or Waiver

This Agreement may not be amended except by written instrument signed by all of the Parties hereto. No indulgence or forbearance by any Party hereunder shall be deemed to constitute a waiver of its rights to insist on performance in full and in a timely manner of all covenants of each of the other Parties hereunder and any such waiver, in order to be binding upon a Party, must be express and in writing and signed by such Party, and then such waiver shall be effective only in the specific instance and for the purpose for which it is given. No waiver of any term, condition or covenant by any Party shall be deemed to be a waiver by such Party of its rights to require full and timely compliance with the same term, condition or covenant thereafter, or with any other term, covenant or condition of this Agreement at any time.

## 10.4 No Discharge on Termination

Any provision of this Agreement under which an obligation of one Party hereto has accrued but has not been discharged shall not be affected by termination of this Agreement, nor shall the Party liable to perform be discharged as a result of any such termination, nor shall termination prejudice any right of one Party against the other in respect of anything done or omitted hereunder prior to such termination or in respect of any right to damages or other remedies.

## 10.5 Enurement

This Agreement shall enure to the benefit of and be binding upon the Service Provider and the Service Receiver and their respective successors and permitted assigns.

## 10.6 Assignment

This Agreement shall be assignable by either Party as necessary in connection with any bona fide financings, financing leases, reorganizations and mergers, but this Agreement shall not otherwise be assigned by either Party without the prior written consent of the other Party, which consent each of the Parties covenants not to unreasonably withhold. Notwithstanding any permitted assignment, the assignor shall continue to remain liable for the performance of obligations under this Agreement unless such assignor is released therefrom by instrument in writing signed by the other Party.

## 10.7 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement in Portable Document Format (PDF) or by facsimile transmission shall be effective as delivery of a manually

executed original counterpart of this Agreement.

10.8 Compliance Representations

Service Provider and Service Receiver represent to each other for the purpose of the ARC that each Party intends to comply with the Conduct Requirements and that this Agreement does comply with all Conduct Requirements.

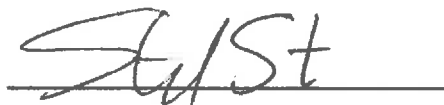
10.9 Termination on Sale

In the event of the sale of the Service Provider to an unrelated Person who is not an Affiliate, the Service Receiver may unilaterally terminate this Agreement on 90 days' notice without penalty. Any termination notice must be given to the Service Provider a minimum of 90 days prior to the closing date of the sale. The Parties must, after the receipt of the termination notice from the Service Receiver to the Service Provider, negotiate transitional costs and additional resources required during the termination period in good faith, but any failure of the Parties to come to an agreement on these aforementioned costs and resources will not affect the Compensation payable to the Service Provider for the Contract Services provided up to the termination date.

IN WITNESS WHEREOF this Agreement has been duly executed by the Parties hereto under their respective corporate seals attested by the signatures of their respective officers duly authorized in that behalf effective as of the day and year first above written.

EPCOR Ontario Utilities Inc.

Per:



Stephen Stanley  
Senior Vice President, Commercial Services

EPCOR Natural Gas Limited Partnership, by its  
General Partner, EPCOR Ontario Utilities Inc.

Per:

Susannah Robinson  
Vice President, Ontario Region

executed original counterpart of this Agreement.

**10.8 Compliance Representations**

Service Provider and Service Receiver represent to each other for the purpose of the ARC that each Party intends to comply with the Conduct Requirements and that this Agreement does comply with all Conduct Requirements.

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EPCOR Ontario Utilities Inc.

Per: \_\_\_\_\_

Stephen Stanley  
Senior Vice President, Commercial Services

EPCOR Natural Gas Limited Partnership, by its  
General Partner, EPCOR Ontario Utilities Inc.

Per: \_\_\_\_\_

Susannah Robinson  
Vice President, Ontario Region

## **SCHEDULE A**

**Contract Services for Services Rendered January 01, 2019 – December 31, 2023**

### **SERVICES PROVIDED BY THE SERVICE PROVIDER (EOUI) ON AN ALLOCATED BASIS**

#### **1. Management Oversight - Vice President, Ontario Region**

Operations management services necessary to carry on the business including, without limitation, the following functions:

- Direct management and oversight of employees; and
- Operational and business related oversight.

#### **2. Governance – Board of Directors**

The Service Provider, through the Board of Directors, as the general partner of the Service Receiver, provides governance services to the Service Receiver necessary to carry on the business including, without limitation, the following functions:

- Adopting, reviewing, monitoring and directing the implementation of fundamental strategies, plans and policies;
- Adopting, reviewing and monitoring annual capital and operating budgets;
- Selection and appointment of the Vice President, Ontario Region;
- Monitoring and reviewing management's performance, and providing advice and counsel to management;
- Business and risk management, including monitoring corporate performance against strategic, operating and capital plans;
- Approving material acquisitions and dispositions;
- Approving dividend transactions and equity issuances as well as any issuance, refinancing or prepayment of long-term debt;
- Appointment of the auditors of the annual financial statements; and,
- Approval of financial statements.

#### **3. Health Safety and Environment**

Health, safety and environment program services necessary to carry on the business including, without limitation, the following functions:

- Assist operations with hazard identification activities and development of controls;
- Ensure maintenance of EPCOR safety program;
- Provide necessary support during incident response and investigation support;
- Health, safety and environment related audits and inspections;
- Access to all safety training and loss control programs; and
- Work with operations to review and track safety performance and corrective actions within the utility.

#### **4. Ontario Facilities**

Office space lease and leasehold costs for EPCOR's Ontario head office for the employees of the Service Provider that provide support to the Service Receiver.

## **5. Regulatory Support**

Regulatory services necessary to carry on the business including, without limitation, the following functions:

- Tariff applications development, regulatory proceeding participation, relationship management, and regulatory research;
- Direct and coordinate work completed by consultants, internal and external legal counsel and other shared service resources in support of application development and regulated reporting;
- Coordinate regulated reporting and record keeping processes and provide oversight and guidance to the utility in relation to its compliance plan under the ARC.
- Monitor and coordinate responses to regulatory and policy activities or initiatives within various government ministries, departments and/or agencies which may affect the Business; and
- Manage regulatory interfaces with government, regulatory and market agencies, and other industry participants.

**SCHEDULE B**  
**Basis of Payment for Contract Services for Services Rendered January 1, 2019 –**  
**December 31, 2023**

A. The annual Compensation ("Contract Price") payable by the Service Receiver to the Service Provider for the Term shall be \$218,324 in 2019, \$224,437 in 2020, \$230,721 in 2021, \$237,181 in 2022 and \$243.823 in 2023.

B. Method of Payment and True Up

The Service Provider will charge the Service Receiver a monthly contract price (calculated as 1/12th of the annual Compensation) for ongoing services provided under Schedule A. At the end of the year, the Service Provider will true up the charged amount with the actual costs.

## **SERVICE LEVEL AGREEMENT**

THIS AGREEMENT made effective as of August 1, 2018 (the “Effective Date”).

BETWEEN:

**EPCOR Distribution & Transmission Inc.**, a corporation formed under the laws of the Province of Alberta, (hereinafter referred to as the “Service Provider” or “EDTP”)

- and -

**EPCOR Natural Gas Limited Partnership by its General Partner EPCOR Ontario Utilities Inc.**, a limited partnership organized under the laws of the Province of Ontario (hereinafter referred to as the “Service Receiver”)

WHEREAS the Service Receiver has requested the Service Provider to provide, and the Service Provider is willing to provide the Contract Services (as hereinafter defined) to the Service Receiver upon the terms and conditions set forth in this Agreement.

AND WHEREAS the Service Provider, the Service Receiver, or both, have created a compliance plan to describe the systems, policies and mechanisms that such party intends to use to ensure that all of its officers, employees, agents and contractors comply with the each of the following:

- *Affiliate Relationship Code for Gas Utilities* as established by the Ontario Energy Board as it may be amended from time to time (“ARC”);
- Code of Conduct Regulation, Alta. Reg. 58/2015 made under the *Electric Utilities Act*, S.A. 2003, c. E-5. (“Code of Conduct Regulation”); and
- The EPCOR Inter-Affiliate Code of Conduct approved by the Alberta Energy and Utilities Board (EUB) in Decision 2004-010, as it may be amended from time to time (“AUC Code”).

AND WHEREAS such compliance plans are intended to concurrently comply with the requirements of the *Affiliate Relationship Code for Gas Utilities*, *Code of Conduct Regulation*, and the *AUC Code*, which require that a services agreement be executed between the Parties to support the regulatory process.

NOW THEREFORE THIS AGREEMENT EVIDENCES that in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties do hereby covenant and agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement, including all recitals, schedules and attachments hereto, unless otherwise indicated or the context otherwise requires, the following words and expressions shall have the following meanings:

**“Act”** means the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, Sched. B;

**“Affiliate”** means an affiliate as defined in section 3 of the Act;

**“Agreement”** means this agreement and all schedules and addenda attached hereto;

**“ARC”** means the *Affiliate Relationships Code for Gas Utilities*;

**“AUC”** means the Alberta Utilities Commission, the successor to the EUB with respect to regulatory oversight of utilities in the Province of Alberta;

**“AUC Code”** means Inter-Affiliate Code of Conduct approved by the EUB in Decision 2004-010, as it may be amended from time to time;

**“Board”** means the Ontario Energy Board;

**“Board of Arbitrators”** shall have the meaning ascribed to that term in Section 8.3;

**“Business Day”** means any day except a Saturday, Sunday or statutory holiday in the Province of Alberta or Ontario;

**“Canadian Prime Rate”** means the rate of interest expressed as a rate per annum which the Royal Bank of Canada establishes from time to time at its main office in Edmonton, Alberta as its posted prime rate;

**“Code of Conduct Regulation”** means the requirements outlined in the AUC Code and the Code of Conduct Regulation, and the requirements contained in the compliance plans associated with each;

**“Conduct Requirements”** means the requirements outlined in the ARC, the AUC Code, and the Code of Conduct Regulation, and the requirements contained in the compliance plans associated with each;

**“Contract Services”** means, collectively, the services more particularly described in Schedule “A” to this Agreement;

**“EUB”** means the Alberta Energy and Utilities Board, the regulatory body succeeded by the

AUC with respect to regulatory oversight of utilities in Alberta;

**“Force Majeure”** shall have the meaning ascribed to that term in Section 7.2;

**“Indemnified Party”** shall have the meaning ascribed to that term in Section 4.1;

**“Indemnifying Party”** shall have the meaning ascribed to that term in Section 4.1;

**“Information”** shall have the meaning ascribed to that term in Section 6.1;

**“Party”** or **“Parties”** means a Party or Parties to this Agreement;

**“Person”** means an individual, corporation, partnership, joint venture, association, trust or unincorporated organization; and

**“Term”** shall have the meaning ascribed to that term in Section 5.1.

## 1.2 Number and Gender

Words used herein importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders.

## 1.3 References

References to the words “Article” and “Section” herein shall, unless the contrary be expressly stated, refer to an Article or Section of this Agreement, and references to “hereof”, “herein”, “hereby”, “hereunder” and “this Agreement” refer to the whole of this Agreement including the Schedules and Addendum attached hereto.

## 1.4 Amendments to Agreements and Law

References herein to any agreement or document shall be deemed to be a reference to such agreement or document as varied, amended, modified, supplemented, or replaced from time to time. Any specific reference herein to any enactment of law shall be deemed to be such enactment as the same may be amended or re-enacted from time to time and every statute that may be substituted therefore and, in any such event reference to such enactment shall be read as referring to such enactment as so amended, re-enacted or the statute substituted therefore, as the case may be.

## 1.5 Headings

The division of this Agreement into Articles, Sections and other subdivisions, the provision of a table of contents and the insertion of headings are for convenience of reference only and are not to be used in construing or interpreting this Agreement or any portion thereof.

## 1.6 Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

## 1.7 Severability

Each provision of this Agreement is intended to be severable and, if any provision is determined by a court of competent jurisdiction to be illegal or invalid or unenforceable for any reason whatsoever, such provision shall be severed from this Agreement and will not affect the legality or validity or enforceability of the remainder of this Agreement or any other provision hereof.

## 1.8 Next Business Day

In the event that any date on which any action is required to be taken hereunder by any of the Parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

## 1.9 Entire Agreement

This Agreement including the annexed Schedules constitutes the entire agreement among the Parties relating to the matters set forth herein and in the Schedules and shall supersede and cancel any and all pre-existing agreements and understandings among the Parties relating thereto. Any and all prior contemporaneous negotiations, prior memoranda of understanding or position, and preliminary drafts and prior versions of this Agreement or the Schedules, whether signed or unsigned, shall not be used to construe the terms or affect the validity or interpretation of this Agreement or the Schedules.

## 1.10 Schedules

The following Schedules are attached to and form part of this Agreement:

- Schedule "A" – Contract Services for Services Rendered August 01, 2018 -- December 31, 2019
- Schedule "B" – Basis of Payment for Contract Services for Services Rendered August 01, 2018 – December 31, 2019

If there is any conflict between the body of this Agreement and the attached Schedules, the body of this Agreement shall prevail.

## ARTICLE 2

### CONTRACT SERVICES

#### 2.1 Contract Services

Commencing on the Effective Date, the Service Provider shall provide to the Service Receiver the Contract Services more particularly described in Schedule "A" in accordance with this Agreement.

#### 2.2 Warranty

The Service Provider represents and warrants that it is capable of providing the Contract Services as required by this Agreement. The Service Provider further represents and warrants that the Contract Services provided by the Service Provider pursuant to this Agreement will be performed with reasonable skill, care, and diligence and in accordance with generally accepted, utility operating standards and practices.

#### 2.3 Laws and Regulation

The Service Provider shall comply with all laws and regulations governing the Service Receiver and the Service Provider which are applicable to the performance of the Contract Services at the place or places at which the Contract Services are performed, including, but not limited to the Conduct Requirements. The Service Provider confirms that it has been provided with full disclosure of the Service Provider's obligations under the ARC, the Code of Conduct Regulation, and the AUC Code.

#### 2.4 Policies

The Service Provider shall comply with all applicable policies and procedures established by the Service Receiver from time to time including, without limitation, the Service Receiver's compliance plan, Privacy Policy, Alcohol and Drug Policy, Ethics Policy and any health, safety and security policies (the "**Policies and Procedures**"). The Service Provider confirms that it has been provided with full disclosure of all the Service Receiver's applicable Policies and Procedures.

#### 2.5 Services

The parties acknowledge that this Agreement shall be subject to any rule application to the Service Provider made by the Ontario Energy Board pursuant to the *Ontario Energy Board Act*, S.O. 1998, c. 15, Sched. B., s. 44, including without limitation, the *Affiliate Relationships Code for Gas Utilities* (the "Code"), as amended from time to time. Specifically, without limited the generality of the foregoing, the Service Receiver agrees to comply promptly with all requests either made or authorized by the Ontario Energy Board for information with respect to the services provided pursuant to this Agreement. This Agreement shall also be subject to any valid, applicable federal, provincial or other governmental regulatory body or authority having jurisdiction over a party or the subject matter of this Agreement.

### ARTICLE 3 PAYMENT

#### 3.1 Compensation

As full consideration for performance of the Contract Services, the Service Receiver shall pay the Service Provider the compensation (“**Compensation**”) provided in Schedule “B” at the times and in the manner provided in Section 3.2. All fees payable to the Service Provider are exclusive of the federal goods and services tax and, if applicable, provincial sales taxes and harmonized sales tax but are inclusive of all other taxes, customs, duties, excise taxes and non-resident withholding taxes (if applicable).

#### 3.2 Invoicing and Payment

The Service Provider shall invoice the Service Receiver each month, no later than the thirtieth (30th) calendar day of the following month. The appropriate manager within the Service Receiver shall review, and if appropriate, approve and forward the invoice to Accounts Payable within thirty (30) days of receipt. Accounts payable shall enter the invoice into Oracle and each invoice shall be paid on the next available payment run.

#### 3.3 Method of Payment

Each invoice shall be paid in full in Canadian funds by Electronic Funds Transfer (EFT) from the Service Receiver to the Service provider. Direct charges shall be handled in accordance with the Service Receiver’s standard accounting policies and practices.

#### 3.4 Invoice or Charge Errors

If an error is found in any invoice or record of direct charge, the Party identifying the error shall immediately advise the other Party. Any adjustment necessary to correct such error shall be made as soon as practical or, in the case of an error in a direct charge, in accordance with the Service Receiver’s standard accounting policies and practices.

#### 3.5 Records

The Service Provider shall maintain complete and accurate books, records, and accounts of and supporting documents for all work performed and items billed for Contract Services. The Service Provider shall ensure that the books, records, accounts, and documents are not destroyed without the Service Receiver’s written authorization for a period of seven (7) years after the termination or expiration of this Agreement. The Service Provider shall, on demand, make available to the Service Receiver or its respective duly authorized representatives for inspection, reproduction, and audit or any other reasonable purposes, every such book, record, account, and document.

### 3.6 Invoice or Charge Disputes

In the event that the Manager within the Service Receiver disputes in good faith any part of a monthly invoice, such dispute shall be resolved, in accordance with the provisions of Article 8. If, after following the provisions of Article 8, it is determined that the invoice ought to be paid by the Service Receiver, the Service Receiver shall pay to the Service Provider the amount owing under the disputed invoice within fifteen (15) days of the date of such final determination.

## ARTICLE 4 INDEMNITIES AND LIMITATION OF LIABILITY

### 4.1 Indemnity

Each Party (the “Indemnifying Party”) shall indemnify, defend and save harmless the other Party (the “Indemnified Party”) from and against any and all losses, claims, damages, liabilities or expenses (including legal expenses on a solicitor and his own client basis) suffered or incurred by the Indemnified Party as a result of, arising out of, or in connection with, the gross negligence or willful misconduct of the Indemnifying Party in the performance, purported performance, or non-performance of this Agreement, or the Indemnifying Party’s breach of this Agreement, except to the extent caused by the gross negligence or will-full misconduct of the Indemnified Party or to the extent that any such act or omission was done or omitted pursuant to the specific instructions of the Indemnified Party.

### 4.2 Limitation of Liability for Consequential Damages

Notwithstanding anything to the contrary contained in this Agreement, neither Party will be liable to the other Party for any damage, cost, expense, injury, loss or other liability of an indirect, special or consequential nature suffered by the other Party or claimed by any third party against the other Party which arises due to such Party's failure to perform its obligations under this Agreement or for any other reason (including negligence on its part or on the part of any person for whose acts it is responsible), howsoever and when-so-ever caused, and whether arising in contract, negligence or other tort liability, strict liability or otherwise. Without limiting the generality of the foregoing, damage, injury or loss of an indirect or consequential nature shall include loss of revenue, loss of profits, loss of production, loss of earnings, loss of contract, cost of purchased or replacement capacity and energy, cost of capital and loss of the use of any facilities or property owned, operated, leased or used by the other Party or a third party.

## ARTICLE 5 TERM

### 5.1 Term

This Agreement shall commence on the Effective Date and shall continue in full force until December 31, 2019 unless otherwise agreed to by the Parties in writing.

## ARTICLE 6 CONFIDENTIALITY

### 6.1 Confidentiality

Subject to Section 6.2, each Party shall keep confidential and shall not:

- (a) use, except for the purpose of performing its obligations or exercising its rights under this Agreement; or
- (b) disclose, except as contemplated or permitted in this Agreement;

any confidential information (including without limitation Confidential Information as defined in the ARC), trade secret or confidential financial, technical, scientific, business or other confidential or proprietary information or document of the other Party or its Affiliates received by it or any of its Affiliates in the course of, or as a result of, the relationship established between the Parties pursuant to this Agreement (herein referred to collectively as the “**Information**”).

### 6.2 Exceptions

A Party shall be entitled to disclose any Information to the extent:

- (a) such Information is or becomes generally known to the public other than through a breach of this Agreement or any other obligation of confidentiality between the Parties;
- (b) such Information is lawfully obtained by that Party from a third party or parties without breach of this Agreement or any other obligation of confidentiality between the Parties, as shown by documentation sufficient to establish the third party as the source of such Information and to the knowledge of the disclosing Party, without such disclosure constituting a breach by such third party or parties of an obligation of confidentiality;
- (c) such Information is comprised of technical Information and was known to the disclosing Party prior to receipt thereof from the other Party, as shown by documentation sufficient to establish such knowledge;
- (d) such Information was developed by the receiving Party independently of the disclosures made by the disclosing Party under this Agreement;
- (e) such disclosure is required in connection with any regulatory, legal or administrative proceeding; provided that where circumstances permit prior to disclosure, the disclosing Party shall notify the other Party in writing of such proposed disclosure and at the other Party's request (and expense) apply for

appropriate court or other orders to preserve the confidentiality of such Information;

- (f) that such disclosure is required by law or by order of any governmental body having competent authority; provided that where the circumstances permit prior to disclosure (other than any disclosure required by applicable securities laws) the disclosing Party shall notify the other Party in writing of any such proposed disclosure and shall at the other Party's request (and expense) apply for appropriate court or other orders to preserve the confidentiality of such Information; and
- (g) the other Party shall have provided its prior written approval for such disclosure by the disclosing Party.

## ARTICLE 7 FORCE MAJEURE

### 7.1 Relief from Obligations

Subject to Section 7.3, if by reason of Force Majeure either Party to this Agreement is unable, wholly or partially, to perform or comply with its covenants and obligations hereunder, then the Party so affected by Force Majeure shall be relieved of liability and shall suffer no prejudice for failing to perform or comply during the continuance and to the extent of the inability so caused from and after the happening of the event of Force Majeure; provided that the Party invoking Force Majeure gives to the other Party prompt notice, written or oral (but if oral, promptly confirmed in writing) of such inability and reasonably full particulars of the cause thereof. If notice is not promptly given then the Party suffering the Force Majeure shall only be relieved from such performance or compliance from and after the giving of such notice. The Party invoking Force Majeure shall use all reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the cause of its inability to perform or comply; provided, however, that settlement of strikes, lockouts and other industrial disturbances shall be wholly within the discretion of the Party involved. The Party invoking Force Majeure shall give prompt notice of the cessation of the event of Force Majeure. Nothing in this Article 7 shall relieve a Party of its obligations to make payments when due hereunder.

### 7.2 Force Majeure

For the purposes of this Agreement, force majeure ("**Force Majeure**") shall mean any event beyond the reasonable control of the Party invoking Force Majeure, including therein but without restricting the generality thereof:

- (a) lightning, storms, earthquakes, landslides, floods, washouts, and other Acts of God;
- (b) fires, explosions, ruptures, breakage of or accidents to pipelines, plants, machinery, equipment or storage facilities;

- (c) strikes, lockouts, or other labour disturbances;
- (d) civil disturbances, sabotage, war, blockades, insurrections, vandalism, riots, epidemics;
- (e) acts of terrorism;
- (f) arrests and restraints by governments or governmental agencies;
- (g) the order of any court;
- (h) inability to obtain or curtailment of supplies of feed stocks or of electric power, water, fuel or other necessary utilities or services to operate any facilities or of any materials or equipment; or
- (i) inability to obtain or revocation or amendment of any permit, authorization or approval of any governmental authority required to perform or comply with any obligation under this Agreement, unless the revocation or modification of any such necessary permit, authorization or approval was caused by the violation of the terms thereof or consented to by the party holding the same.

### 7.3 Exclusions from Relief

No Party shall be entitled to the benefits of the provisions of this Article 7 under any of the following circumstances:

- (a) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by arrest or restraint by governments or governmental agencies or the order of any court and such arrest, restraint or order was the result of a breach by the Party claiming suspension of the term of a permit, license, certificate or other authorization granted by a governmental or regulatory body having jurisdiction or of any applicable laws, regulations or orders;
- (b) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by the Party invoking Force Majeure having failed to use all reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the cause of its inability to perform or comply with such covenants or obligations; or
- (c) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by lack of funds or other financial cause for whatever reason.

ARTICLE 8  
DISPUTE RESOLUTION

8.1 Dispute Resolution

Any matter in dispute under or relating to this Agreement, unless settled in the manner provided by Section 8.2, will be finally resolved by binding arbitration in the manner provided in Article 8.

8.2 Arbitration

All disputes arising out of or in connection with this Contract, or in respect of any legal relationship associated with or derived from this Contract, will be finally resolved by arbitration under the Arbitration Rules (the "Rules") of the ADR Institute of Canada, Inc. (the "Institute"), with the following exceptions:

- the arbitrator, and not the Institute, will administer the arbitration on an *ad hoc* basis;
- the Seat of Arbitration (as such term is defined in the Rules) will be Edmonton, Alberta;
- the location of the arbitration will be in Edmonton, Alberta; and
- the language of the arbitration will be conducted in English.

8.3 Continuing Obligations

The supply and purchase of Contract Services and payment therefore under this Agreement shall continue during the dispute resolution proceedings contemplated by this Article 8.

ARTICLE 9  
NOTICE

9.1 Notice

Any notice, consent, request or other communication to be given in connection with this Agreement shall be in writing and shall be given by:

- (a) personal delivery or registered mail, postage prepaid, to the following address for the recipient; or
- (b) facsimile transmission to the following facsimile number (confirmed by a copy delivered by personal delivery to the following address) for the recipient;

addressed to the recipient as follows:

**To Service Provider:**  
EPCOR Distribution & Transmission Inc.  
2000 – 10423 101 Street NW  
Edmonton, AB T5H 0E8

**To Service Receiver:**  
EPCOR Natural Gas Limited Partnership  
39 Beech Street East  
Aylmer, ON N5H 3J6

or to such other address, facsimile number or individual for notice as may then have been designated by the respective Party pursuant to Section 9.2. Any communication given to a Party as aforesaid shall be deemed to have been given at the time and upon the date of the receipt at the address of such Party.

9.2 Change of Address

Any Party may, from time to time, change its address, facsimile number or individual for notice by a notice given to the other Party in accordance with Section 9.1.

ARTICLE 10  
GENERAL

10.1 Time of Essence

Time shall be of the essence in this Agreement and of all of its terms.

10.2 Further Assurance

The Parties shall with reasonable diligence perform all acts, execute and deliver all documents and instruments, do all such things and provide all such reasonable assurances as may be necessary or desirable to give effect to the provisions of this Agreement.

10.3 Amendments or Waiver

This Agreement may not be amended except by written instrument signed by all of the Parties hereto. No indulgence or forbearance by any Party hereunder shall be deemed to constitute a waiver of its rights to insist on performance in full and in a timely manner of all covenants of each of the other Parties hereunder and any such waiver, in order to be binding upon a Party, must be express and in writing and signed by such Party, and then such waiver shall be effective only in the specific instance and for the purpose for which it is given. No waiver of any term, condition or covenant by any Party shall be deemed to be a waiver by such Party of its rights to require full and timely compliance with the same term, condition or covenant thereafter, or with any other term, covenant or condition of this Agreement at any time.

10.4 No Discharge on Termination

Any provision of this Agreement under which an obligation of one Party hereto has accrued but has not been discharged shall not be affected by termination of this Agreement, nor shall the Party liable to perform be discharged as a result of any such termination, nor shall termination prejudice any right of one Party against the other in respect of anything done or omitted hereunder prior to such termination or in respect of any right to damages or other remedies.

#### 10.5 Enurement

This Agreement shall enure to the benefit of and be binding upon the Service Provider and the Service Receiver and their respective successors and permitted assigns.

#### 10.6 Assignment

This Agreement shall be assignable by either Party as necessary in connection with any bona fide financings, financing leases, reorganizations and mergers, but this Agreement shall not otherwise be assigned by either Party without the prior written consent of the other Party, which consent each of the Parties covenants not to unreasonably withhold. Notwithstanding any permitted assignment, the assignor shall continue to remain liable for the performance of obligations under this Agreement unless such assignor is released therefrom by instrument in writing signed by the other Party.

#### 10.7 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement in Portable Document Format (PDF) or by facsimile transmission shall be effective as delivery of a manually executed original counterpart of this Agreement

#### 10.8 Compliance Representations

Service Provider and Service Receiver represent to each other for the purpose of the ARC that each Party intends to comply with the Conduct Requirements and that this Agreement does comply with all Conduct Requirements.

*[Remainder of page intentionally left blank.]*


10.9 Termination on Sale

In the event of the sale of the Service Provider to an unrelated Person who is not an Affiliate, the Service Receiver may unilaterally terminate this Agreement on 90 days' notice without penalty. Any termination notice must be given to the Service Provider a minimum of 90 days prior to the closing date of the sale. The Parties must, after the receipt of the termination notice from the Service Receiver to the Service Provider, negotiate transitional costs and additional resources required during the termination period in good faith, but any failure of the Parties to come to an agreement on these aforementioned costs and resources will not affect the Compensation payable to the Service Provider for the Contract Services provided up to the termination date.

IN WITNESS WHEREOF this Agreement has been duly executed by the Parties hereto under their respective corporate seals attested by the signatures of their respective officers duly authorized in that behalf effective as of the day and year first above written.

EPCOR Distribution & Transmission Inc.

Per: \_\_\_\_\_

  
Frank Mannarino  
Senior Vice President, Electricity Services

EPCOR Natural Gas Limited Partnership by its  
General Partner EPCOR Ontario Utilities Inc.

Per: \_\_\_\_\_

Susannah Robinson  
Vice President, Ontario Region

#### 10.9 Termination on Sale

In the event of the sale of the Service Provider to an unrelated Person who is not an Affiliate, the Service Receiver may unilaterally terminate this Agreement on 90 days' notice without penalty. Any termination notice must be given to the Service Provider a minimum of 90 days prior to the closing date of the sale. The Parties must, after the receipt of the termination notice from the Service Receiver to the Service Provider, negotiate transitional costs and additional resources required during the termination period in good faith, but any failure of the Parties to come to an agreement on these aforementioned costs and resources will not affect the Compensation payable to the Service Provider for the Contract Services provided up to the termination date.

IN WITNESS WHEREOF this Agreement has been duly executed by the Parties hereto under their respective corporate seals attested by the signatures of their respective officers duly authorized in that behalf effective as of the day and year first above written.

EPCOR Distribution & Transmission Inc.

Per: \_\_\_\_\_

Frank Mannarino  
Senior Vice President, Electricity Services

EPCOR Natural Gas Limited Partnership by its  
General Partner EPCOR Ontario Utilities Inc.

Per: \_\_\_\_\_

Susannah Robinson  
Vice President, Ontario Region

**SCHEDULE A**  
**Contract Services for Services Rendered August 01, 2018 – December 31, 2019**

**A. REGULATORY SERVICES PROVIDED BY THE SERVICE PROVIDER (EDTD) –  
PROVIDED ON AN “AS-NEEDED BASIS”**

**1. Regulatory Application Support**

Regulatory application support includes planning, development, management and support services necessary to carry on the business. Services provided are related to the preparation and defense of the 2020 cost of service tariff application and include, without limitation, the following functions:

- Assist with the planning and preparation and defense of the application and evidence;
- Work with consultants, internal and external legal counsel and other shared service resources to obtain information and support;
- Complete regulatory research as required in support of the application;
- Participate in associated regulatory proceedings; and
- Provide formatting, filing and other administrative support for the application.

**SCHEDULE B**  
**Basis of Payment for Contract Services for Services Rendered August 01, 2018 --**  
**December 31, 2019**

**A. Compensation**

The Compensation ("Contract Price") payable by the Service Receiver to the Service Provider for the Term shall be the aggregate of the following:

<b>Services Provided</b>	<b>Basis of Recovery</b>	<b>Forecast Cost Allocation</b>
Regulatory Application Support	Fully Loaded Cost: Actual salary and labour costs plus overhead rate (59%). Actual vehicles, materials, fringe benefits, contract and out of pocket expense incurred including a cost recovery surcharge.	Will be calculated on resources for services provided on an as needed basis.

**B. Method of Payment and True Up**

The Service Provider will charge the Service Receiver monthly based on the number of hours expended performing the services identified above. At the end of the year, the Service Provider will true up the charged amount with the actual costs.

## **SERVICE LEVEL AGREEMENT**

THIS AGREEMENT made effective as of January 1, 2019 (the “**Effective Date**”).

BETWEEN:

**EPCOR Water Services Inc.** a corporation formed under the laws of the Province of Alberta, (hereinafter referred to as the “**Service Provider**” or “**EWSP**”)

- and -

**EPCOR Natural Gas Limited Partnership by its General Partner EPCOR Ontario Utilities Inc.**, a limited partnership organized under the laws of the Province of Ontario (hereinafter referred to as the “**Service Receiver**”)

WHEREAS the Service Receiver has requested the Service Provider to provide, and the Service Provider is willing to provide the Contract Services (as hereinafter defined) to the Service Receiver upon the terms and conditions set forth in this Agreement.

AND WHEREAS the Service Provider, the Service Receiver, or both, have created a compliance plan to describe the systems, policies and mechanisms that such party intends to use to ensure that all of its officers, employees, agents and contractors comply with the *Affiliate Relationship Code for Gas Utilities* as established by the Ontario Energy Board as it may be amended from time to time.

AND WHEREAS such compliance plan is intended to concurrently comply with the requirements of the *Affiliate Relationship Code for Gas Utilities* which require that a services agreement be executed between the Parties to support the regulatory process.

NOW THEREFORE THIS AGREEMENT EVIDENCES that in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties do hereby covenant and agree as follows:

### **ARTICLE 1** **INTERPRETATION**

#### **1.1 Definitions**

In this Agreement, including all recitals, schedules and attachments hereto, unless otherwise indicated or the context otherwise requires, the following words and expressions shall

have the following meanings:

**“Act”** means the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, Sched. B;

**“Affiliate”** means an affiliate as defined in section 3 of the Act;

**“Agreement”** means this agreement and all schedules and addenda attached hereto;

**“ARC”** means the *Affiliate Relationships Code for Gas Utilities*;

**“Board”** means the Ontario Energy Board;

**“Board of Arbitrators”** shall have the meaning ascribed to that term in Section 8.3;

**“Business Day”** means any day except a Saturday, Sunday or statutory holiday in the Province of Alberta or Ontario;

**“Canadian Prime Rate”** means the rate of interest expressed as a rate per annum which the Royal Bank of Canada establishes from time to time at its main office in Edmonton, Alberta as its posted prime rate;

**“Conduct Requirements”** means the requirements outlined in the ARC, and the requirements contained in the associated compliance plan;

**“Contract Services”** means, collectively, the services more particularly described in Schedule “A” to this Agreement;

**“Force Majeure”** shall have the meaning ascribed to that term in Section 7.2;

**“Indemnified Party”** shall have the meaning ascribed to that term in Section 4.1;

**“Indemnifying Party”** shall have the meaning ascribed to that term in Section 4.1;

**“Information”** shall have the meaning ascribed to that term in Section 6.1;

**“Party”** or **“Parties”** means a Party or Parties to this Agreement;

**“Person”** means an individual, corporation, partnership, joint venture, association, trust or unincorporated organization; and

**“Term”** shall have the meaning ascribed to that term in Section 5.1.

## 1.2 Number and Gender

Words used herein importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders.

### 1.3 References

References to the words “Article” and “Section” herein shall, unless the contrary be expressly stated, refer to an Article or Section of this Agreement, and references to “hereof”, “herein”, “hereby”, “hereunder” and “this Agreement” refer to the whole of this Agreement including the Schedules and Addendum attached hereto.

### 1.4 Amendments to Agreements and Law

References herein to any agreement or document shall be deemed to be a reference to such agreement or document as varied, amended, modified, supplemented, or replaced from time to time. Any specific reference herein to any enactment of law shall be deemed to be such enactment as the same may be amended or re-enacted from time to time and every statute that may be substituted therefore and, in any such event reference to such enactment shall be read as referring to such enactment as so amended, re-enacted or the statute substituted therefore, as the case may be.

### 1.5 Headings

The division of this Agreement into Articles, Sections and other subdivisions, the provision of a table of contents and the insertion of headings are for convenience of reference only and are not to be used in construing or interpreting this Agreement or any portion thereof.

### 1.6 Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

### 1.7 Severability

Each provision of this Agreement is intended to be severable and, if any provision is determined by a court of competent jurisdiction to be illegal or invalid or unenforceable for any reason whatsoever, such provision shall be severed from this Agreement and will not affect the legality or validity or enforceability of the remainder of this Agreement or any other provision hereof.

### 1.8 Next Business Day

In the event that any date on which any action is required to be taken hereunder by any of the Parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

### 1.9 Entire Agreement

This Agreement including the annexed Schedules constitutes the entire agreement among

the Parties relating to the matters set forth herein and in the Schedules and shall supersede and cancel any and all pre-existing agreements and understandings among the Parties relating thereto. Any and all prior contemporaneous negotiations, prior memoranda of understanding or position, and preliminary drafts and prior versions of this Agreement or the Schedules, whether signed or unsigned, shall not be used to construe the terms or affect the validity or interpretation of this Agreement or the Schedules.

#### 1.10 Schedules

The following Schedules are attached to and form part of this Agreement:

- Schedule “A” – Contract Services for Services Rendered January 01, 2019 – December 31, 2023
- Schedule “B” – Basis of Payment for Contract Services for Services Rendered January 01, 2019 – December 31, 2023

If there is any conflict between the body of this Agreement and the attached Schedules, the body of this Agreement shall prevail.

## ARTICLE 2 CONTRACT SERVICES

### 2.1 Contract Services

Commencing on the Effective Date, the Service Provider shall provide to the Service Receiver the Contract Services more particularly described in Schedule "A" in accordance with this Agreement.

### 2.2 Warranty

The Service Provider represents and warrants that it is capable of providing the Contract Services as required by this Agreement. The Service Provider further represents and warrants that the Contract Services provided by the Service Provider pursuant to this Agreement will be performed with reasonable skill, care, and diligence and in accordance with generally accepted, utility operating standards and practices.

### 2.3 Laws and Regulation

The Service Provider shall comply with all laws and regulations governing the Service Receiver and the Service Provider which are applicable to the performance of the Contract Services at the place or places at which the Contract Services are performed, including, but not limited to the Conduct Requirements. The Service Provider confirms that it has been provided with full disclosure of the Service Provider's obligations under the ARC.

## 2.4 Policies

The Service Provider shall comply with all applicable policies and procedures established by the Service Receiver from time to time including, without limitation, the Service Receiver's compliance plan, Privacy Policy, Alcohol and Drug Policy, Ethics Policy and any health, safety and security policies (the "**Policies and Procedures**"). The Service Provider confirms that it has been provided with full disclosure of all the Service Receiver's applicable Policies and Procedures.

## 2.5 Services

The parties acknowledge that this Agreement shall be subject to any rule application to the Service Provider made by the Ontario Energy Board pursuant to the *Ontario Energy Board Act*, S.O. 1998, c. 15, Sched. B., s. 44, including without limitation, the *Affiliate Relationships Code for Gas Utilities* (the "Code"), as amended from time to time. Specifically, without limited the generality of the foregoing, the Service Receiver agrees to comply promptly with all requests either made or authorized by the Ontario Energy Board for information with respect to the services provided pursuant to this Agreement. This Agreement shall also be subject to any valid, applicable federal, provincial or other governmental regulatory body or authority having jurisdiction over a party or the subject matter of this Agreement.

# ARTICLE 3 PAYMENT

## 3.1 Compensation

As full consideration for performance of the Contract Services, the Service Receiver shall pay the Service Provider the compensation ("**Compensation**") provided in Schedule "B" at the times and in the manner provided in Section 3.2. All fees payable to the Service Provider are exclusive of the federal goods and services tax and, if applicable, provincial sales taxes and harmonized sales tax but are inclusive of all other taxes, customs, duties, excise taxes and non-resident withholding taxes (if applicable).

## 3.2 Invoicing and Payment

The Service Provider shall invoice the Service Receiver each month, no later than the thirtieth (30th) calendar day of the following month. The appropriate manager within the Service Receiver shall review, and if appropriate, approve and forward the invoice to Accounts Payable within thirty (30) days of receipt. Accounts payable shall enter the invoice into Oracle and each invoice shall be paid on the next available payment run.

## 3.3 Method of Payment

Each invoice shall be paid in full in Canadian funds by Electronic Funds Transfer (EFT) from the Service Receiver to the Service provider. Direct charges shall be handled in accordance with the Service Receiver's standard accounting policies and practices.

### 3.4 Invoice or Charge Errors

If an error is found in any invoice or record of direct charge, the Party identifying the error shall immediately advise the other Party. Any adjustment necessary to correct such error shall be made as soon as practical or, in the case of an error in a direct charge, in accordance with the Service Receiver's standard accounting policies and practices.

### 3.5 Records

The Service Provider shall maintain complete and accurate books, records, and accounts of and supporting documents for all work performed and items billed for Contract Services. The Service Provider shall ensure that the books, records, accounts, and documents are not destroyed without the Service Receiver's written authorization for a period of seven (7) years after the termination or expiration of this Agreement. The Service Provider shall, on demand, make available to the Service Receiver or its respective duly authorized representatives for inspection, reproduction, and audit or any other reasonable purposes, every such book, record, account, and document.

### 3.6 Invoice or Charge Disputes

In the event that the Manager within the Service Receiver disputes in good faith any part of a monthly invoice, such dispute shall be resolved, in accordance with the provisions of Article 8. If, after following the provisions of Article 8, it is determined that the invoice ought to be paid by the Service Receiver, the Service Receiver shall pay to the Service Provider the amount owing under the disputed invoice within fifteen (15) days of the date of such final determination.

## ARTICLE 4 INDEMNITIES AND LIMITATION OF LIABILITY

### 4.1 Indemnity

Each Party (the "**Indemnifying Party**") shall indemnify, defend and save harmless the other Party (the "**Indemnified Party**") from and against any and all losses, claims, damages, liabilities or expenses (including legal expenses on a solicitor and his own client basis) suffered or incurred by the Indemnified Party as a result of, arising out of, or in connection with, the gross negligence or willful misconduct of the Indemnifying Party in the performance, purported performance, or non-performance of this Agreement, or the Indemnifying Party's breach of this Agreement, except to the extent caused by the gross negligence or will-full misconduct of the Indemnified Party or to the extent that any such act or omission was done or omitted pursuant to the specific instructions of the Indemnified Party.

### 4.2 Limitation of Liability for Consequential Damages

Notwithstanding anything to the contrary contained in this Agreement, neither Party will be liable to the other Party for any damage, cost, expense, injury, loss or other liability of an

indirect, special or consequential nature suffered by the other Party or claimed by any third party against the other Party which arises due to such Party's failure to perform its obligations under this Agreement or for any other reason (including negligence on its part or on the part of any person for whose acts it is responsible), howsoever and when-so-ever caused, and whether arising in contract, negligence or other tort liability, strict liability or otherwise. Without limiting the generality of the foregoing, damage, injury or loss of an indirect or consequential nature shall include loss of revenue, loss of profits, loss of production, loss of earnings, loss of contract, cost of purchased or replacement capacity and energy, cost of capital and loss of the use of any facilities or property owned, operated, leased or used by the other Party or a third party.

## ARTICLE 5

### TERM

#### 5.1 Term

This Agreement shall commence on the Effective Date and shall continue in full force until December 31, 2023 unless otherwise agreed to by the Parties in writing.

## ARTICLE 6

### CONFIDENTIALITY

#### 6.1 Confidentiality

Subject to Section 6.2, each Party shall keep confidential and shall not:

- (a) use, except for the purpose of performing its obligations or exercising its rights under this Agreement; or
- (b) disclose, except as contemplated or permitted in this Agreement;

any confidential information (including without limitation Confidential Information as defined in the ARC), trade secret or confidential financial, technical, scientific, business or other confidential or proprietary information or document of the other Party or its Affiliates received by it or any of its Affiliates in the course of, or as a result of, the relationship established between the Parties pursuant to this Agreement (herein referred to collectively as the “**Information**”).

#### 6.2 Exceptions

A Party shall be entitled to disclose any Information to the extent:

- (a) such Information is or becomes generally known to the public other than through a breach of this Agreement or any other obligation of confidentiality between the Parties;
- (b) such Information is lawfully obtained by that Party from a third party or parties without breach of this Agreement or any other obligation of confidentiality between

the Parties, as shown by documentation sufficient to establish the third party as the source of such Information and to the knowledge of the disclosing Party, without such disclosure constituting a breach by such third party or parties of an obligation of confidentiality;

- (c) such Information is comprised of technical Information and was known to the disclosing Party prior to receipt thereof from the other Party, as shown by documentation sufficient to establish such knowledge;
- (d) such Information was developed by the receiving Party independently of the disclosures made by the disclosing Party under this Agreement;
- (e) such disclosure is required in connection with any regulatory, legal or administrative proceeding; provided that where circumstances permit prior to disclosure, the disclosing Party shall notify the other Party in writing of such proposed disclosure and at the other Party's request (and expense) apply for appropriate court or other orders to preserve the confidentiality of such Information;
- (f) that such disclosure is required by law or by order of any governmental body having competent authority; provided that where the circumstances permit prior to disclosure (other than any disclosure required by applicable securities laws) the disclosing Party shall notify the other Party in writing of any such proposed disclosure and shall at the other Party's request (and expense) apply for appropriate court or other orders to preserve the confidentiality of such Information; and
- (g) the other Party shall have provided its prior written approval for such disclosure by the disclosing Party.

## ARTICLE 7 FORCE MAJEURE

### 7.1 Relief from Obligations

Subject to Section 7.3, if by reason of Force Majeure either Party to this Agreement is unable, wholly or partially, to perform or comply with its covenants and obligations hereunder, then the Party so affected by Force Majeure shall be relieved of liability and shall suffer no prejudice for failing to perform or comply during the continuance and to the extent of the inability so caused from and after the happening of the event of Force Majeure; provided that the Party invoking Force Majeure gives to the other Party prompt notice, written or oral (but if oral, promptly confirmed in writing) of such inability and reasonably full particulars of the cause thereof. If notice is not promptly given then the Party suffering the Force Majeure shall only be relieved from such performance or compliance from and after the giving of such notice. The Party invoking Force Majeure shall use all reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the cause of its inability to perform or comply; provided, however, that settlement of strikes, lockouts and other industrial disturbances shall be wholly within the discretion of the Party involved. The Party invoking Force Majeure shall give prompt notice of

the cessation of the event of Force Majeure. Nothing in this Article 7 shall relieve a Party of its obligations to make payments when due hereunder.

## 7.2 Force Majeure

For the purposes of this Agreement, force majeure (“**Force Majeure**”) shall mean any event beyond the reasonable control of the Party invoking Force Majeure, including therein but without restricting the generality thereof:

- (a) lightning, storms, earthquakes, landslides, floods, washouts, and other Acts of God;
- (b) fires, explosions, ruptures, breakage of or accidents to pipelines, plants, machinery, equipment or storage facilities;
- (c) strikes, lockouts, or other labour disturbances;
- (d) civil disturbances, sabotage, war, blockades, insurrections, vandalism, riots, epidemics;
- (e) acts of terrorism;
- (f) arrests and restraints by governments or governmental agencies;
- (g) the order of any court;
- (h) inability to obtain or curtailment of supplies of feed stocks or of electric power, water, fuel or other necessary utilities or services to operate any facilities or of any materials or equipment; or
- (i) inability to obtain or revocation or amendment of any permit, authorization or approval of any governmental authority required to perform or comply with any obligation under this Agreement, unless the revocation or modification of any such necessary permit, authorization or approval was caused by the violation of the terms thereof or consented to by the party holding the same.

## 7.3 Exclusions from Relief

No Party shall be entitled to the benefits of the provisions of this Article 7 under any of the following circumstances:

- (a) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by arrest or restraint by governments or governmental agencies or the order of any court and such arrest, restraint or order was the result of a breach by the Party claiming suspension of the term of a permit, license, certificate or other authorization granted by a governmental or regulatory body having jurisdiction or of any applicable laws, regulations or orders;

- (b) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by the Party invoking Force Majeure having failed to use all reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the cause of its inability to perform or comply with such covenants or obligations; or
- (c) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by lack of funds or other financial cause for whatever reason.

## ARTICLE 8 DISPUTE RESOLUTION

### 8.1 Dispute Resolution

Any matter in dispute under or relating to this Agreement, unless settled in the manner provided by Section 8.2, will be finally resolved by binding arbitration in the manner provided in Article 8.

### 8.2 Arbitration

All disputes arising out of or in connection with this Contract, or in respect of any legal relationship associated with or derived from this Contract, will be finally resolved by arbitration under the Arbitration Rules (the “Rules”) of the ADR Institute of Canada, Inc. (the “Institute”), with the following exceptions:

- the arbitrator, and not the Institute, will administer the arbitration on an *ad hoc* basis;
- the Seat of Arbitration (as such term is defined in the Rules) will be Edmonton, Alberta;
- the location of the arbitration will be in Edmonton, Alberta; and
- the language of the arbitration will be conducted in English.

### 8.3 Continuing Obligations

The supply and purchase of Contract Services and payment therefore under this Agreement shall continue during the dispute resolution proceedings contemplated by this Article 8.

ARTICLE 9  
NOTICE

9.1 Notice

Any notice, consent, request or other communication to be given in connection with this Agreement shall be in writing and shall be given by:

- (a) personal delivery or registered mail, postage prepaid, to the following address for the recipient; or
- (b) facsimile transmission to the following facsimile number (confirmed by a copy delivered by personal delivery to the following address) for the recipient;

addressed to the recipient as follows:

**To Service Provider:**  
EPCOR Water Services Inc.  
2000 – 10423 101 Street NW  
Edmonton, AB T5H 0E8

**To Service Receiver:**  
EPCOR Natural Gas Limited Partnership  
39 Beech Street East  
Aylmer, ON N5H 3J6

or to such other address, facsimile number or individual for notice as may then have been designated by the respective Party pursuant to Section 9.2. Any communication given to a Party as aforesaid shall be deemed to have been given at the time and upon the date of the receipt at the address of such Party.

9.2 Change of Address

Any Party may, from time to time, change its address, facsimile number or individual for notice by a notice given to the other Party in accordance with Section 9.1.

ARTICLE 10  
GENERAL

10.1 Time of Essence

Time shall be of the essence in this Agreement and of all of its terms.

10.2 Further Assurance

The Parties shall with reasonable diligence perform all acts, execute and deliver all documents and instruments, do all such things and provide all such reasonable assurances as may

be necessary or desirable to give effect to the provisions of this Agreement.

### 10.3 Amendments or Waiver

This Agreement may not be amended except by written instrument signed by all of the Parties hereto. No indulgence or forbearance by any Party hereunder shall be deemed to constitute a waiver of its rights to insist on performance in full and in a timely manner of all covenants of each of the other Parties hereunder and any such waiver, in order to be binding upon a Party, must be express and in writing and signed by such Party, and then such waiver shall be effective only in the specific instance and for the purpose for which it is given. No waiver of any term, condition or covenant by any Party shall be deemed to be a waiver by such Party of its rights to require full and timely compliance with the same term, condition or covenant thereafter, or with any other term, covenant or condition of this Agreement at any time.

### 10.4 No Discharge on Termination

Any provision of this Agreement under which an obligation of one Party hereto has accrued but has not been discharged shall not be affected by termination of this Agreement, nor shall the Party liable to perform be discharged as a result of any such termination, nor shall termination prejudice any right of one Party against the other in respect of anything done or omitted hereunder prior to such termination or in respect of any right to damages or other remedies.

### 10.5 Enurement

This Agreement shall enure to the benefit of and be binding upon the Service Provider and the Service Receiver and their respective successors and permitted assigns.

### 10.6 Assignment

This Agreement shall be assignable by either Party as necessary in connection with any bona fide financings, financing leases, reorganizations and mergers, but this Agreement shall not otherwise be assigned by either Party without the prior written consent of the other Party, which consent each of the Parties covenants not to unreasonably withhold. Notwithstanding any permitted assignment, the assignor shall continue to remain liable for the performance of obligations under this Agreement unless such assignor is released therefrom by instrument in writing signed by the other Party.

### 10.7 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement in Portable Document Format (PDF) or by facsimile transmission shall be effective as delivery of a manually executed original counterpart of this Agreement.

### 10.8 Compliance Representations

Service Provider and Service Receiver represent to each other for the purpose of the ARC

that each Party intends to comply with the Conduct Requirements and that this Agreement does comply with all Conduct Requirements.

**10.9 Termination on Sale**

In the event of the sale of the Service Provider to an unrelated Person who is not an Affiliate, the Service Receiver may unilaterally terminate this Agreement on 90 days' notice without penalty. Any termination notice must be given to the Service Provider a minimum of 90 days prior to the closing date of the sale. The Parties must, after the receipt of the termination notice from the Service Receiver to the Service Provider, negotiate transitional costs and additional resources required during the termination period in good faith, but any failure of the Parties to come to an agreement on these aforementioned costs and resources will not affect the Compensation payable to the Service Provider for the Contract Services provided up to the termination date.

IN WITNESS WHEREOF this Agreement has been duly executed by the Parties hereto under their respective corporate seals attested by the signatures of their respective officers duly authorized in that behalf effective as of the day and year first above written.

EPCOR Water Services Inc.

Per: \_\_\_\_\_

  
Guy Bridgeman  
Senior Vice President, Water Canada

EPCOR Natural Gas Limited Partnership by its  
General Partner EPCOR Ontario Utilities Inc.

Per: \_\_\_\_\_

Susannah Robinson  
Vice President, Ontario Region

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Guy Bridgeman  
Senior Vice President, Water Canada

EPCOR Natural Gas Limited Partnership by its  
General Partner EPCOR Ontario Utilities Inc.

Per:  \_\_\_\_\_

Susannah Robinson  
Vice President, Ontario Region

**SCHEDULE A**  
**Contract Services for Services Rendered January 01, 2019 – December 31, 2023**

**A. SERVICES PROVIDED BY THE SERVICE PROVIDER (EWSI) ON A DIRECT CHARGE BASIS**

**1. Supply Chain**

The Supply Chain department provides supply chain management services necessary to carry on the business including, without limitation, the following services:

- Administration of procurement services, including but not limited to competitive bidding, purchase order creation, issuing requests for quotations and requests for proposals, contract administration and supplier relationship management;
- Setting and managing standards of products and services; and
- Setting terms of payment.

**2. Public & Government Affairs**

The Public & Government Affairs department provides services necessary to carry on the business including, without limitations, the following functions:

- Stakeholder relations and public consultation services;
- Internal communications related to business unit matters; and
- External communications including the coordination of business' unit considerations such as public safety notices, performance reports, public addresses and presentations, print collateral, and operational issues management.

**3. Human Resources**

Human resources functions necessary to carry on the business including, without limitation, the following function:

- Human resources management, and human resources consulting;
- Talent management including recruitment support for ENGLP; and
- Disability management - facilitating the return to work scenarios for short-term disability, long-term disability as well as Workplace Safety and Insurance Board and non-supported claims management.

**4. Training and Development**

The Training and Development department provides services necessary to carry on the business including, without limitation, the following functions:

- Design, development and delivery of technical training to operations staff;
- Support in the development of standard operating procedures and other training documentation; and
- Monitoring compliance with regulatory requirements to maintain continuous and current health, safety and technical training.

**5. Capital Planning and Management (Project Management Office)**

Capital planning and management services necessary to carry on the business including, without limitation, providing support, management, and oversight of the capital planning, justification, approval, and tracking and reporting processes.

**SCHEDULE B**  
**Basis of Payment for Contract Services for Services Rendered January 01, 2019 –**  
**December 31, 2023**

A. The Compensation ("Contract Price") payable by the Service Receiver to the Service Provider for the Term shall be the aggregate of the following:

<b>Services Provided</b>	<b>Basis of Recovery</b>	<b>Forecast Cost Allocation</b>
Supply Chain, Public & Government Affairs, Human Resources, Training & Development and Capital Planning & Management (Project Management Office)	Fully loaded cost: Standard salary and labour rate, sectional overhead, burden. Actual vehicle, material, fringe benefit, contractor and out of pocket expenses incurred for the task.	Will be calculated on resources for services provided on an as needed basis.

B. Method of Payment and True Up

For services provided on an as needed basis under Schedule A, The Service Provider will charge the Service Receiver monthly based on the number of hours expended performing the services identified above. At the end of the year, the Service Provider will true up the charged amount with the actual costs.

## **SERVICE LEVEL AGREEMENT**

THIS AGREEMENT made effective as of November 1, 2017 (the “**Effective Date**”).

BETWEEN:

**EPCOR Utilities Inc.**, a corporation formed under the laws of the Province of Alberta, (hereinafter referred to as the “**Service Provider**” or “**EUI**”)

- and -

**EPCOR Natural Gas Limited Partnership**, a corporation formed under the laws of the Province of Ontario (hereinafter referred to as the “**Service Receiver**”)

WHEREAS the Service Receiver has requested the Service Provider to provide, and the Service Provider is willing to provide the Contract Services (as hereinafter defined) to the Service Receiver upon the terms and conditions set forth in this Agreement.

AND WHEREAS the Service Provider, the Service Receiver, or both, have created a compliance plan to describe the systems, policies and mechanisms that such party intends to use to ensure that all of its officers, employees, agents and contractors comply with the *Affiliate Relationship Code for Gas Utilities* as established by the Ontario Energy Board as it may be amended from time to time.

AND WHEREAS such compliance plan is intended to concurrently comply with the requirements of the *Affiliate Relationship Code for Gas Utilities* which require that a services agreement be executed between the Parties to support the regulatory process.

NOW THEREFORE THIS AGREEMENT EVIDENCES that in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties do hereby covenant and agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement, including all recitals, schedules and attachments hereto, unless otherwise indicated or the context otherwise requires, the following words and expressions shall have the following meanings:

“**Act**” means the *Ontario Energy Board Act, 1998*,

“**Affiliate**” means an affiliate as defined in section 3 of the Act;

“**Agreement**” means this agreement and all schedules and addenda attached hereto;

“**ARC**” means the *Affiliate Relationships Code for Gas Utilities*

“**Board**” means the Ontario Energy Board

“**Board of Arbitrators**” shall have the meaning ascribed to that term in Section 8.3;

“**Business Day**” means any day except a Saturday, Sunday or statutory holiday in the Province of Alberta or Ontario;

“**Canadian Prime Rate**” means the rate of interest expressed as a rate per annum which the Royal Bank of Canada establishes from time to time at its main office in Edmonton, Alberta as its posted prime rate;

“**Conduct Requirements**” means the requirements outlined in the ARC, and the requirements contained in the associated compliance plan;

“**Contract Services**” means, collectively, the services more particularly described in Schedule “A” to this Agreement;

“**Force Majeure**” shall have the meaning ascribed to that term in Section 7.2;

“**Indemnified Party**” shall have the meaning ascribed to that term in Section 4.1;

“**Indemnifying Party**” shall have the meaning ascribed to that term in Section 4.1;

“**Information**” shall have the meaning ascribed to that term in Section 6.1;

“**Party**” or “**Parties**” means a Party or Parties to this Agreement; and

“**Person**” means an individual, corporation, partnership, joint venture, association, trust or unincorporated organization.

“**Term**” shall have the meaning ascribed to that term in Section 5.1.

## 1.2 Number and Gender

Words used herein importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders.

## 1.3 References

References to the words “Article” and “Section” herein shall, unless the contrary be expressly stated, refer to an Article or Section of this Agreement, and references to “hereof”, “herein”, “hereby”, “hereunder” and “this Agreement” refer to the whole of this Agreement including the Schedules and Addendum attached hereto.

## 1.4 Amendments to Agreements and Law

References herein to any agreement or document shall be deemed to be a reference to such agreement or document as varied, amended, modified, supplemented, or replaced from time to time. Any specific reference herein to any enactment of law shall be deemed to be such enactment as the same may be amended or re-enacted from time to time and every statute that may be substituted therefore and, in any such event reference to such enactment shall be read as referring to such enactment as so amended, re-enacted or the statute substituted therefore, as the case may be.

## 1.5 Headings

The division of this Agreement into Articles, Sections and other subdivisions, the provision of a table of contents and the insertion of headings are for convenience of reference only and are not to be used in construing or interpreting this Agreement or any portion thereof.

## 1.6 Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

### 1.7 Severability

Each provision of this Agreement is intended to be severable and, if any provision is determined by a court of competent jurisdiction to be illegal or invalid or unenforceable for any reason whatsoever, such provision shall be severed from this Agreement and will not affect the legality or validity or enforceability of the remainder of this Agreement or any other provision hereof.

### 1.8 Next Business Day

In the event that any date on which any action is required to be taken hereunder by any of the Parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

### 1.9 Entire Agreement

This Agreement including the annexed Schedules constitutes the entire agreement among the Parties relating to the matters set forth herein and in the Schedules and shall supersede and cancel any and all pre-existing agreements and understandings among the Parties relating thereto. Any and all prior contemporaneous negotiations, prior memoranda of understanding or position, and preliminary drafts and prior versions of this Agreement or the Schedules, whether signed or unsigned, shall not be used to construe the terms or affect the validity or interpretation of this Agreement or the Schedules.

### 1.10 Schedules

The following Schedules are attached to and form part of this Agreement:

- Schedule "A" – Contract Services for Services Rendered November 01, 2017 – December 31, 2019
- Schedule "B" – Basis of Payment for Contract Services for Services Rendered November 01, 2017 – December 31, 2019

If there is any conflict between the body of this Agreement and the attached Schedules, the body of this Agreement shall prevail.

## ARTICLE 2 CONTRACT SERVICES

### 2.1 Contract Services

Commencing on the Effective Date, the Service Provider shall provide to the Service Receiver the Contract Services more particularly described in Schedule "A" in accordance with this Agreement.

## 2.2 Warranty

The Service Provider represents and warrants that it is capable of providing the Contract Services as required by this Agreement. The Service Provider further represents and warrants that the Contract Services provided by the Service Provider pursuant to this Agreement will be performed with reasonable skill, care, and diligence and in accordance with generally accepted, utility operating standards and practices.

## 2.3 Laws and Regulation

The Service Provider shall comply with all laws and regulations governing the Service Receiver and the Service Provider which are applicable to the performance of the Contract Services at the place or places at which the Contract Services are performed, including, but not limited to the Conduct Requirements. The Service Provider confirms that it has been provided with full disclosure of the Service Provider's obligations under the ARC

## 2.4 Policies

The Service Provider shall comply with all applicable policies and procedures established by the Service Receiver from time to time including, without limitation, the Service Receiver's compliance plan, Privacy Policy, Alcohol and Drug Policy, Ethics Policy and any health, safety and security policies (the "**Policies and Procedures**"). The Service Provider confirms that it has been provided with full disclosure of all the Service Receiver's applicable Policies and Procedures.

## 2.5 Services

The parties acknowledge that this Agreement shall be subject to any rule application to the Service Provider made by the Ontario Energy Board pursuant to the *Ontario Energy Board Act*, S.O. 1998, c. 15, Sched. B., s. 44, including without limitation, the *Affiliate Relationships Code for Gas Utilities* (the "Code"), as amended from time to time. Specifically, without limited the generality of the foregoing, the Service Receiver agrees to comply promptly with all requests either made or authorized by the Ontario Energy Board for information with respect to the services provided pursuant to this Agreement. This Agreement shall also be subject to any valid, applicable federal, provincial or other governmental regulatory body or authority having jurisdiction over a party or the subject matter of this Agreement.

# ARTICLE 3 PAYMENT

## 3.1 Compensation

As full consideration for performance of the Contract Services, the Service Receiver shall pay the Service Provider the compensation ("**Compensation**") provided in Schedule "B" at the times and in the manner provided in Section 3.2. All fees payable to the Service Provider are

exclusive of the federal goods and services tax and, if applicable, provincial sales taxes and harmonized sales tax but are inclusive of all other taxes, customs, duties, excise taxes and non-resident withholding taxes (if applicable).

### 3.2 Invoicing and Payment

The Service Provider shall invoice the Service Receiver each month, no later than the thirtieth (30th) calendar day of the following month. The appropriate manager within the Service Receiver shall review, and if appropriate, approve and forward the invoice to Accounts Payable within thirty (30) days of receipt. Accounts payable shall enter the invoice into Oracle and each invoice shall be paid on the next available payment run.

### 3.3 Method of Payment

Each invoice shall be paid in full in Canadian funds by Electronic Funds Transfer (EFT) from the Service Receiver to the Service provider. Direct charges shall be handled in accordance with the Service Receiver's standard accounting policies and practices.

### 3.4 Invoice or Charge Errors

If an error is found in any invoice or record of direct charge, the Party identifying the error shall immediately advise the other Party. Any adjustment necessary to correct such error shall be made as soon as practical or, in the case of an error in a direct charge, in accordance with the Service Receiver's standard accounting policies and practices.

### 3.5 Records

The Service Provider shall maintain complete and accurate books, records, and accounts of and supporting documents for all work performed and items billed for Contract Services. The Service Provider shall ensure that the books, records, accounts, and documents are not destroyed without the Service Receiver's written authorization for a period of seven (7) years after the termination or expiration of this Agreement. The Service Provider shall, on demand, make available to the Service Receiver or its respective duly authorized representatives for inspection, reproduction, and audit or any other reasonable purposes, every such book, record, account, and document.

### 3.6 Invoice or Charge Disputes

In the event that the Manager within the Service Receiver disputes in good faith any part of a monthly invoice, such dispute shall be resolved, in accordance with the provisions of Article 8. If, after following the provisions of Article 8, it is determined that the invoice ought to be paid by the Service Receiver, the Service Receiver shall pay to the Service Provider the amount owing under the disputed invoice within fifteen (15) days of the date of such final determination.

## ARTICLE 4 INDEMNITIES AND LIMITATION OF LIABILITY

### 4.1 Indemnity

Each Party (the “**Indemnifying Party**”) shall indemnify, defend and save harmless the other Party (the “**Indemnified Party**”) from and against any and all losses, claims, damages, liabilities or expenses (including legal expenses on a solicitor and his own client basis) suffered or incurred by the Indemnified Party as a result of, arising out of, or in connection with, the gross negligence or willful misconduct of the Indemnifying Party in the performance, purported performance, or non-performance of this Agreement, or the Indemnifying Party’s breach of this Agreement, except to the extent caused by the gross negligence or will-full misconduct of the Indemnified Party or to the extent that any such act or omission was done or omitted pursuant to the specific instructions of the Indemnified Party.

### 4.2 Limitation of Liability for Consequential Damages

Notwithstanding anything to the contrary contained in this Agreement, neither Party will be liable to the other Party for any damage, cost, expense, injury, loss or other liability of an indirect, special or consequential nature suffered by the other Party or claimed by any third party against the other Party which arises due to such Party's failure to perform its obligations under this Agreement or for any other reason (including negligence on its part or on the part of any person for whose acts it is responsible), howsoever and when-so-ever caused, and whether arising in contract, negligence or other tort liability, strict liability or otherwise. Without limiting the generality of the foregoing, damage, injury or loss of an indirect or consequential nature shall include loss of revenue, loss of profits, loss of production, loss of earnings, loss of contract, cost of purchased or replacement capacity and energy, cost of capital and loss of the use of any facilities or property owned, operated, leased or used by the other Party or a third party.

## ARTICLE 5 TERM

### 5.1 Term

This Agreement shall commence on the Effective Date and shall continue in full force until December 31, 2019 unless otherwise agreed to by the Parties in writing.

## ARTICLE 6 CONFIDENTIALITY

### 6.1 Confidentiality

Subject to Section 6.2, each Party shall keep confidential and shall not:

- (a) use, except for the purpose of performing its obligations or exercising its rights under this Agreement; or

- (b) disclose, except as contemplated or permitted in this Agreement;

any confidential information (including without limitation Confidential Information as defined in the ARC), trade secret or confidential financial, technical, scientific, business or other confidential or proprietary information or document of the other Party or its Affiliates received by it or any of its Affiliates in the course of, or as a result of, the relationship established between the Parties pursuant to this Agreement (herein referred to collectively as the “**Information**”).

## 6.2 Exceptions

A Party shall be entitled to disclose any Information to the extent:

- (a) such Information is or becomes generally known to the public other than through a breach of this Agreement or any other obligation of confidentiality between the Parties;
- (b) such Information is lawfully obtained by that Party from a third party or parties without breach of this Agreement or any other obligation of confidentiality between the Parties, as shown by documentation sufficient to establish the third party as the source of such Information and to the knowledge of the disclosing Party, without such disclosure constituting a breach by such third party or parties of an obligation of confidentiality;
- (c) such Information is comprised of technical Information and was known to the disclosing Party prior to receipt thereof from the other Party, as shown by documentation sufficient to establish such knowledge;
- (d) such Information was developed by the receiving Party independently of the disclosures made by the disclosing Party under this Agreement;
- (e) such disclosure is required in connection with any regulatory, legal or administrative proceeding; provided that where circumstances permit prior to disclosure, the disclosing Party shall notify the other Party in writing of such proposed disclosure and at the other Party's request (and expense) apply for appropriate court or other orders to preserve the confidentiality of such Information;
- (f) that such disclosure is required by law or by order of any governmental body having competent authority; provided that where the circumstances permit prior to disclosure (other than any disclosure required by applicable securities laws) the disclosing Party shall notify the other Party in writing of any such proposed disclosure and shall at the other Party's request (and expense) apply for appropriate court or other orders to preserve the confidentiality of such Information; and

- (g) the other Party shall have provided its prior written approval for such disclosure by the disclosing Party.

## ARTICLE 7 FORCE MAJEURE

### 7.1 Relief from Obligations

Subject to Section 7.3, if by reason of Force Majeure either Party to this Agreement is unable, wholly or partially, to perform or comply with its covenants and obligations hereunder, then the Party so affected by Force Majeure shall be relieved of liability and shall suffer no prejudice for failing to perform or comply during the continuance and to the extent of the inability so caused from and after the happening of the event of Force Majeure; provided that the Party invoking Force Majeure gives to the other Party prompt notice, written or oral (but if oral, promptly confirmed in writing) of such inability and reasonably full particulars of the cause thereof. If notice is not promptly given then the Party suffering the Force Majeure shall only be relieved from such performance or compliance from and after the giving of such notice. The Party invoking Force Majeure shall use all reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the cause of its inability to perform or comply; provided, however, that settlement of strikes, lockouts and other industrial disturbances shall be wholly within the discretion of the Party involved. The Party invoking Force Majeure shall give prompt notice of the cessation of the event of Force Majeure. Nothing in this Article 7 shall relieve a Party of its obligations to make payments when due hereunder.

### 7.2 Force Majeure

For the purposes of this Agreement, force majeure (“**Force Majeure**”) shall mean any event beyond the reasonable control of the Party invoking Force Majeure, including therein but without restricting the generality thereof:

- (a) lightning, storms, earthquakes, landslides, floods, washouts, and other Acts of God;
- (b) fires, explosions, ruptures, breakage of or accidents to pipelines, plants, machinery, equipment or storage facilities;
- (c) strikes, lockouts, or other labour disturbances;
- (d) civil disturbances, sabotage, war, blockades, insurrections, vandalism, riots, epidemics;
- (e) acts of terrorism;
- (f) arrests and restraints by governments or governmental agencies;
- (g) the order of any court;

- (h) inability to obtain or curtailment of supplies of feed stocks or of electric power, water, fuel or other necessary utilities or services to operate any facilities or of any materials or equipment; or
- (i) inability to obtain or revocation or amendment of any permit, authorization or approval of any governmental authority required to perform or comply with any obligation under this Agreement, unless the revocation or modification of any such necessary permit, authorization or approval was caused by the violation of the terms thereof or consented to by the party holding the same.

### 7.3 Exclusions from Relief

No Party shall be entitled to the benefits of the provisions of this Article 7 under any of the following circumstances:

- (a) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by arrest or restraint by governments or governmental agencies or the order of any court and such arrest, restraint or order was the result of a breach by the Party claiming suspension of the term of a permit, license, certificate or other authorization granted by a governmental or regulatory body having jurisdiction or of any applicable laws, regulations or orders;
- (b) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by the Party invoking Force Majeure having failed to use all reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the cause of its inability to perform or comply with such covenants or obligations; or
- (c) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by lack of funds or other financial cause for whatever reason.

## ARTICLE 8 DISPUTE RESOLUTION

### 8.1 Dispute Resolution

Any matter in dispute under or relating to this Agreement, unless settled in the manner provided by Section 8.2, will be finally resolved by binding arbitration in the manner provided in Article 8.

### 8.2 Arbitration

All disputes arising out of or in connection with this Contract, or in respect of any legal relationship associated with or derived from this Contract, will be finally resolved by arbitration under the Arbitration Rules (the “Rules”) of the ADR Institute of Canada, Inc. (the “Institute”), with the following exceptions:

- the arbitrator, and not the Institute, will administer the arbitration on an *ad hoc* basis;
- the Seat of Arbitration (as such term is defined in the Rules) will be Edmonton, Alberta;
- the location of the arbitration will be in Edmonton, Alberta; and
- the language of the arbitration will be conducted in English.

### 8.3 Continuing Obligations

The supply and purchase of Contract Services and payment therefore under this Agreement shall continue during the dispute resolution proceedings contemplated by this Article 8.

## ARTICLE 9 NOTICE

### 9.1 Notice

Any notice, consent, request or other communication to be given in connection with this Agreement shall be in writing and shall be given by:

- (a) personal delivery or registered mail, postage prepaid, to the following address for the recipient; or
- (b) facsimile transmission to the following facsimile number (confirmed by a copy delivered by personal delivery to the following address) for the recipient;

addressed to the recipient as follows:

**To Service Provider:**

EPCOR Utilities Inc.  
2000 – 10423 101 Street NW  
Edmonton, AB T5H 0E8

**To Service Receiver:**

EPCOR Natural Gas Limited Partnership  
39 Beech Street East  
Aylmer, ON N5H 3J6

or to such other address, facsimile number or individual for notice as may then have been designated by the respective Party pursuant to Section 9.2. Any communication given to a Party as aforesaid shall be deemed to have been given at the time and upon the date of the receipt at the address of such Party.

## 9.2 Change of Address

Any Party may, from time to time, change its address, facsimile number or individual for notice by a notice given to the other Party in accordance with Section 9.1.

# ARTICLE 10 GENERAL

## 10.1 Time of Essence

Time shall be of the essence in this Agreement and of all of its terms.

## 10.2 Further Assurance

The Parties shall with reasonable diligence perform all acts, execute and deliver all documents and instruments, do all such things and provide all such reasonable assurances as may be necessary or desirable to give effect to the provisions of this Agreement.

## 10.3 Amendments or Waiver

This Agreement may not be amended except by written instrument signed by all of the Parties hereto. No indulgence or forbearance by any Party hereunder shall be deemed to constitute a waiver of its rights to insist on performance in full and in a timely manner of all covenants of each of the other Parties hereunder and any such waiver, in order to be binding upon a Party, must be express and in writing and signed by such Party, and then such waiver shall be effective only in the specific instance and for the purpose for which it is given. No waiver of any term, condition or covenant by any Party shall be deemed to be a waiver by such Party of its rights to require full and timely compliance with the same term, condition or covenant thereafter, or with any other term, covenant or condition of this Agreement at any time.

## 10.4 No Discharge on Termination

Any provision of this Agreement under which an obligation of one Party hereto has accrued but has not been discharged shall not be affected by termination of this Agreement, nor shall the Party liable to perform be discharged as a result of any such termination, nor shall termination prejudice any right of one Party against the other in respect of anything done or omitted hereunder prior to such termination or in respect of any right to damages or other remedies.

#### 10.5 Enurement

This Agreement shall enure to the benefit of and be binding upon the Service Provider and the Service Receiver and their respective successors and permitted assigns.

#### 10.6 Assignment

This Agreement shall be assignable by either Party as necessary in connection with any bona fide financings, financing leases, reorganizations and mergers, but this Agreement shall not otherwise be assigned by either Party without the prior written consent of the other Party, which consent each of the Parties covenants not to unreasonably withhold. Notwithstanding any permitted assignment, the assignor shall continue to remain liable for the performance of obligations under this Agreement unless such assignor is released therefrom by instrument in writing signed by the other Party.

#### 10.7 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which when taken together shall constitute one and the same agreement.

#### 10.8 Compliance Representations

Service Provider and Service Receiver represent to each other for the purpose of the ARC that each Party intends to comply with the Conduct Requirements and that this Agreement does comply with all Conduct Requirements.

#### 10.9 Termination on Sale

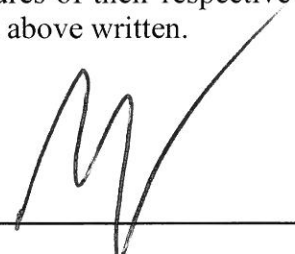
In the event of the sale of the Service Provider to an unrelated Person who is not an Affiliate, the Service Receiver may unilaterally terminate this Agreement on 90 days' notice without penalty. Any termination notice must be given to the Service Provider a minimum of 90 days prior to the closing date of the sale. The Parties must, after the receipt of the termination notice from the Service Receiver to the Service Provider, negotiate transitional costs and additional resources required during the termination period in good faith, but any failure of the Parties to come to an agreement on these aforementioned costs and resources will not affect the Compensation payable to the Service Provider for the Contract Services provided up to the termination date.

[Remainder of page intentionally left blank. Signature page to follow.]

IN WITNESS WHEREOF this Agreement has been duly executed by the Parties hereto under their respective corporate seals attested by the signatures of their respective officers duly authorized in that behalf effective as of the day and year first above written.


EPCOR Utilities Inc.

Per:

  
Guy Bridgeman  
Senior Vice President and CFO

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

Per:

  
Stuart Lee  
President and CEO

## **SCHEDULE A**

### **Contract Services for Services Rendered November 01, 2017 – December 31, 2019**

#### **A1. SERVICES PROVIDED BY THE SERVICE PROVIDER (EUI) TO THE SERVICE RECEIVER**

##### **1. Governance**

Governance services necessary to carry on the business including providing stewardship and oversight, without limitation, in the following areas:

- Developing corporate and strategic objectives and direction and strategic planning;
- Monitoring compliance with corporate law, articles and bylaws;
- Selecting and retaining senior management;
- Developing management authorities and responsibilities;
- Developing and monitoring compliance with corporate policies;
- Safeguarding and maintaining the long-term value of corporate assets;
- Reviewing and approving significant financial matters; and
- Reviewing and approving operating and capital budgets, and financing requirements.

##### **2. Corporate Finance Services**

The Corporate Finance department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Consolidated Reporting and Analysis - preparing internal EUI consolidated financial statements and analysis, developing internal controls over financial reporting and managing annual and quarterly budget processes for EUI business units and subsidiaries;
- Corporate Accounting - providing accounting support for regulatory filings in relation to allocation of corporate shared services and financial transactions, financial budgeting for corporate shared service units and developing and maintaining corporate accounting policies, procedures and internal controls;
- Taxation - providing tax-related support to EUI business units and subsidiaries including preparing, managing and filing tax returns and remittances related to GST/HST, income, linear, business and property taxes.
- Accounts Payable - processing vendor transactions for payment, including management of procurement cards;
- Center of Excellence – providing leadership, best practices, research, support and training for the Oracle Financial suite of products as well as the Adaptive budgeting and forecasting tool, standardizing EPCOR processes and procedures across the company, and developing and providing finance specific training and support for the ERP system across EUI business units and subsidiaries;
- Audit Fees in relation to the audit of EUI consolidated financial statements; and
- Administration and management of the Financial Management Development Program.

##### **3. Treasury Services**

The Treasury department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Treasurer - performing services associated with raising capital to finance EUI business units and subsidiaries' capital expenditures and working capital;
- Treasury Operations - providing banking and cash management services to EUI business units and subsidiaries; and
- Strategic Planning – developing and refining EUI's corporate strategy.

#### **4. Audit and Risk Management**

The Audit and Risk Management department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Internal Audit - providing assurance and advisory services to independently examine, evaluate and report on the adequacy, effectiveness and efficiency of the internal controls framework across EUI business units and subsidiaries, facilitating operational risk assessments across EUI business units and subsidiaries, and developing and maintaining an Enterprise Risk Management framework; and
- Insurance and Physical Risk Management - managing risk related to insurance requirements for EUI business units and subsidiaries;

#### **5. Human Resources Services**

The Human Resources Services department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Total Rewards - designing and administering EUI's compensation and benefits plans, and managing the Human Resources Information System and payroll services;
- Labour Relations - dealing with labour relations issues related to EUI's unionized workforce and representing EUI in the collective bargaining process;
- Human Resources Consulting - delivering employment and human resources services such as job and organizational design, succession planning, and performance management advice for corporate departments that support ENGLP; and
- Talent Management - administration and management of learning and professional development programs for all employees of EUI and its business units and subsidiaries, as well as support for recruitment for corporate departments that support ENGLP.

#### **6. Information Services**

The Information Services department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Major Capital Projects -developing information services strategic plan, providing project delivery services for implementation of major applications;
- Application Services - providing user support services related to shared and business unit specific system applications, excluding UMS, Comet, Elements and Simplicity; and
- Infrastructure Operations - managing the delivery, operation and maintenance of information technology infrastructure, including infrastructure planning, project delivery, IT security, governance and oversight for policies and procedures such as disaster recovery.

#### **7. Information Services Direct Corporate Charges**

Information Services necessary to carry on the Business including, without limitation, the following functions:

- Application support and relationship management including business analysis, planning and architecture, and project delivery; and
- Licence fees, desktop support and server support including;
  - Licensing and support costs related to the operations of Intel servers, Unix servers, storage and backup, printers, remote access, video conferencing, email and desktop/laptops;
  - Licensing, support cost and network data line costs related to the operations of EUIs network; and
  - Licensing costs related to Oracle e-business suite.

## **8. Supply Chain Management**

The Supply Chain Management department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Procurement - sourcing goods and services strategically in support of operational and capital activities; developing strategic vendor partnerships, overseeing policy and process, ensuring legislative compliance, and managing the administration of vendor data and contract terms and conditions on behalf of corporate departments that support ENGLP;
- Mailroom - operating the mailroom function at Edmonton EPCOR locations in support of EUI business units and subsidiaries;
- Real Estate - maintaining and operating facilities for EUI and its subsidiaries', including activities related to space planning and design, move coordination and tenant services. Also included in the costs to ENGLP is an allocation of rent for corporate shared service units located in the EPCOR Tower;
- Disaster Recovery Planning Facilities - operating and maintaining back-up facilities for information services infrastructure;
- Security - providing continuous threat and risk analysis of all security related threats and vulnerabilities, developing and refining corporate security strategy, and managing the administration of security contracts and maintenance of security systems as applicable for EUI and its business units and subsidiaries; and
- Emergency Management and Business Resilience - planning and support including the development and management of emergency response plans.

## **9. Legal Services**

The Legal department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Legal Services - managing and providing advice and support for corporate, business and regulatory affairs;
- Governance Oversight - providing advice on corporate governance matters and preparing corporate documentation to ensure compliance with legislation;
- Corporate Secretarial services - providing support for ENGLP Board, Committee and Shareholder material submissions;
- Compliance - providing the administration and oversight in the areas of ethics, privacy, the Code of Conduct Regulation, and the EPCOR Inter-Affiliate Code of Conduct and Affiliate Relationships Code for EUI and its business units and subsidiaries' activities; and
- Records Management - developing, implementing and overseeing internal document

retention policies and practices.

#### **10. Health, Safety & Environment Services**

The Health, Safety and Environment department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Maintenance and ongoing implementation of the Integrated Health, Safety and Environment Management System which conforms to ISO 14001 (Environment) and OHSAS 18001 (Health and Safety) requirements and is implemented across EUI and its business units and subsidiaries; and
- Trend analysis, evaluation, and reporting for EUI and its business units and subsidiaries to assist business units in ensuring that regulatory monitoring and reporting requirements are met.

#### **11. Public & Government Affairs Services**

The Public & Government Affairs department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Corporate Communications - managing external communication, such as corporate profile and reputation management, media relations and online communications for customers and the general public;
- Government Relations - liaising with various levels of government and providing counsel to EUI business units and subsidiaries on the impact of current or contemplated government policies or legislation; and
- Community Relations - fostering EPCOR's reputation and relationship objectives with stakeholders, including development of such items as brand design, school education programs and promotion of public safety awareness.

#### **12. Corporate Incentive**

This category includes incentive compensation paid to corporate employees based on individual performance ratings when EUI's overall annual corporate targets are realized. The program itself is not a separate service, but the costs of any incentives are tracked separately.

#### **A2. ASSET USAGE FEES PROVIDED BY AN AFFILIATE (EUI) OF THE SERVICE PROVIDER AND NOT DIRECTLY BY THE SERVICE PROVIDER**

Asset usage fees related to assets owned by EUI that are used in providing services to EUI's business units and subsidiaries. The categories of assets for which asset usage fees are charged include, but are not limited to, the following:

- Leasehold Assets;
- Human Resources Information System;
- Information System Infrastructure;
- Financial System;
- Disaster Recovery;
- Fiber Optic Assets;
- Corporate furniture and fixtures; and
- Vehicles.

**SCHEDULE B**  
**Basis of Payment for Contract Services for Services Rendered November 01, 2017 –  
December 31, 2019**

A1/A2. The annual Compensation ("Contract Price") payable by the Service Receiver to the Service Provider for the Term shall be the aggregate of the following:

		2017 Fct	2018 Bud	2019 Bud
<b>WAM Allocation Groups</b>				
1	<b>Governance</b>	2,496	15,619	15,982
2	<b>Corporate Finance Services</b>	2,356	18,110	20,039
3	<b>Treasury Services</b>	1,096	7,175	8,676
4	<b>Audit and Risk Management</b>	956	6,262	5,882
5	<b>Human Resources Services</b>	7,263	41,203	40,328
6	<b>Information Services</b>	6,416	36,232	37,710
7	<b>Information Services Direct Corporate Charges</b>	5,578	32,686	36,713
8	<b>Supply Chain Management</b>	5,117	35,833	35,724
9	<b>Legal Services</b>	1,395	10,357	10,823
10	<b>Health, Safety &amp; Environment</b>	827	4,324	3,921
11	<b>Public &amp; Governemnt Affairs Services</b>	2,663	24,860	26,627
12	<b>Corporate Incentive</b>	3,275	20,760	21,203
13	<b>Asset Usage Fees &amp; Return on Assets</b>	8,945	53,974	59,365
<b>14</b>	<b>Total</b>	<b>48,384</b>	<b>307,394</b>	<b>322,994</b>

Note: 2017 Fct amounts are allocated for November and December only.

**B. Method of Payment and True Up**

The Service Provider will charge the Service Receiver a monthly contract price (calculated as 1/12th of the annual Compensation). At the end of the year, the Service Provider will true up the charged amount with the actual costs.

## **SERVICE LEVEL AGREEMENT**

THIS AGREEMENT made effective as of January 1, 2020 (the “**Effective Date**”).

BETWEEN:

**EPCOR Utilities Inc.**, a corporation formed under the laws of the Province of Alberta, (hereinafter referred to as the “**Service Provider**” or “**EUP**”)

- and -

**EPCOR Natural Gas Limited Partnership by its General Partner EPCOR Ontario Utilities Inc.**, a limited partnership organized under the laws of the Province of Ontario (hereinafter referred to as the “**Service Receiver**”)

WHEREAS the Service Receiver has requested the Service Provider to provide, and the Service Provider is willing to provide the Contract Services (as hereinafter defined) to the Service Receiver upon the terms and conditions set forth in this Agreement.

AND WHEREAS the Service Provider, the Service Receiver, or both, have created a compliance plan to describe the systems, policies and mechanisms that such party intends to use to ensure that all of its officers, employees, agents and contractors comply with the *Affiliate Relationship Code for Gas Utilities* as established by the Ontario Energy Board as it may be amended from time to time.

AND WHEREAS such compliance plan is intended to concurrently comply with the requirements of the *Affiliate Relationship Code for Gas Utilities* which require that a services agreement be executed between the Parties to support the regulatory process.

NOW THEREFORE THIS AGREEMENT EVIDENCES that in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties do hereby covenant and agree as follows:

### **ARTICLE 1** **INTERPRETATION**

#### **1.1 Definitions**

In this Agreement, including all recitals, schedules and attachments hereto, unless otherwise indicated or the context otherwise requires, the following words and expressions shall

have the following meanings:

**“Act”** means the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, Sched. B;

**“Affiliate”** means an affiliate as defined in section 3 of the Act;

**“Agreement”** means this agreement and all schedules and addenda attached hereto;

**“ARC”** means the *Affiliate Relationships Code for Gas Utilities*;

**“Board”** means the Ontario Energy Board;

**“Board of Arbitrators”** shall have the meaning ascribed to that term in Section 8.3;

**“Business Day”** means any day except a Saturday, Sunday or statutory holiday in the Province of Alberta or Ontario;

**“Canadian Prime Rate”** means the rate of interest expressed as a rate per annum which the Royal Bank of Canada establishes from time to time at its main office in Edmonton, Alberta as its posted prime rate;

**“Conduct Requirements”** means the requirements outlined in the ARC, and the requirements contained in the associated compliance plan;

**“Contract Services”** means, collectively, the services more particularly described in Schedule “A” to this Agreement;

**“Force Majeure”** shall have the meaning ascribed to that term in Section 7.2;

**“Indemnified Party”** shall have the meaning ascribed to that term in Section 4.1;

**“Indemnifying Party”** shall have the meaning ascribed to that term in Section 4.1;

**“Information”** shall have the meaning ascribed to that term in Section 6.1;

**“Party”** or **“Parties”** means a Party or Parties to this Agreement;

**“Person”** means an individual, corporation, partnership, joint venture, association, trust or unincorporated organization; and

**“Term”** shall have the meaning ascribed to that term in Section 5.1.

## 1.2 Number and Gender

Words used herein importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders.

### 1.3 References

References to the words “Article” and “Section” herein shall, unless the contrary be expressly stated, refer to an Article or Section of this Agreement, and references to “hereof”, “herein”, “hereby”, “hereunder” and “this Agreement” refer to the whole of this Agreement including the Schedules and Addendum attached hereto.

### 1.4 Amendments to Agreements and Law

References herein to any agreement or document shall be deemed to be a reference to such agreement or document as varied, amended, modified, supplemented, or replaced from time to time. Any specific reference herein to any enactment of law shall be deemed to be such enactment as the same may be amended or re-enacted from time to time and every statute that may be substituted therefore and, in any such event reference to such enactment shall be read as referring to such enactment as so amended, re-enacted or the statute substituted therefore, as the case may be.

### 1.5 Headings

The division of this Agreement into Articles, Sections and other subdivisions, the provision of a table of contents and the insertion of headings are for convenience of reference only and are not to be used in construing or interpreting this Agreement or any portion thereof.

### 1.6 Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

### 1.7 Severability

Each provision of this Agreement is intended to be severable and, if any provision is determined by a court of competent jurisdiction to be illegal or invalid or unenforceable for any reason whatsoever, such provision shall be severed from this Agreement and will not affect the legality or validity or enforceability of the remainder of this Agreement or any other provision hereof.

### 1.8 Next Business Day

In the event that any date on which any action is required to be taken hereunder by any of the Parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

## 1.9 Entire Agreement

This Agreement including the annexed Schedules constitutes the entire agreement among the Parties relating to the matters set forth herein and in the Schedules and shall supersede and cancel any and all pre-existing agreements and understandings among the Parties relating thereto. Any and all prior contemporaneous negotiations, prior memoranda of understanding or position, and preliminary drafts and prior versions of this Agreement or the Schedules, whether signed or unsigned, shall not be used to construe the terms or affect the validity or interpretation of this Agreement or the Schedules.

## 1.10 Schedules

The following Schedules are attached to and form part of this Agreement:

- Schedule "A" – Contract Services for Services Rendered January 01, 2020 – December 31, 2023
- Schedule "B" – Basis of Payment for Contract Services for Services Rendered January 01, 2020 – December 31, 2023

If there is any conflict between the body of this Agreement and the attached Schedules, the body of this Agreement shall prevail.

## ARTICLE 2 CONTRACT SERVICES

### 2.1 Contract Services

Commencing on the Effective Date, the Service Provider shall provide to the Service Receiver the Contract Services more particularly described in Schedule "A" in accordance with this Agreement.

### 2.2 Warranty

The Service Provider represents and warrants that it is capable of providing the Contract Services as required by this Agreement. The Service Provider further represents and warrants that the Contract Services provided by the Service Provider pursuant to this Agreement will be performed with reasonable skill, care, and diligence and in accordance with generally accepted, utility operating standards and practices.

### 2.3 Laws and Regulation

The Service Provider shall comply with all laws and regulations governing the Service Receiver and the Service Provider which are applicable to the performance of the Contract Services at the place or places at which the Contract Services are performed, including, but not limited to the Conduct Requirements. The Service Provider confirms that it has been provided

with full disclosure of the Service Provider's obligations under the ARC.

## 2.4 Policies

The Service Provider shall comply with all applicable policies and procedures established by the Service Receiver from time to time including, without limitation, the Service Receiver's compliance plan, Privacy Policy, Alcohol and Drug Policy, Ethics Policy and any health, safety and security policies (the "**Policies and Procedures**"). The Service Provider confirms that it has been provided with full disclosure of all the Service Receiver's applicable Policies and Procedures.

## 2.5 Services

The parties acknowledge that this Agreement shall be subject to any rule application to the Service Provider made by the Ontario Energy Board pursuant to the *Ontario Energy Board Act*, S.O. 1998, c. 15, Sched. B., s. 44, including without limitation, the *Affiliate Relationships Code for Gas Utilities* (the "Code"), as amended from time to time. Specifically, without limited the generality of the foregoing, the Service Receiver agrees to comply promptly with all requests either made or authorized by the Ontario Energy Board for information with respect to the services provided pursuant to this Agreement. This Agreement shall also be subject to any valid, applicable federal, provincial or other governmental regulatory body or authority having jurisdiction over a party or the subject matter of this Agreement.

# ARTICLE 3 PAYMENT

## 3.1 Compensation

As full consideration for performance of the Contract Services, the Service Receiver shall pay the Service Provider the compensation ("**Compensation**") provided in Schedule "B" at the times and in the manner provided in Section 3.2. All fees payable to the Service Provider are exclusive of the federal goods and services tax and, if applicable, provincial sales taxes and harmonized sales tax but are inclusive of all other taxes, customs, duties, excise taxes and non-resident withholding taxes (if applicable).

## 3.2 Invoicing and Payment

The Service Provider shall invoice the Service Receiver each month, no later than the thirtieth (30th) calendar day of the following month. The appropriate manager within the Service Receiver shall review, and if appropriate, approve and forward the invoice to Accounts Payable within thirty (30) days of receipt. Accounts payable shall enter the invoice into Oracle and each invoice shall be paid on the next available payment run.

## 3.3 Method of Payment

Each invoice shall be paid in full in Canadian funds by Electronic Funds Transfer (EFT)

from the Service Receiver to the Service provider. Direct charges shall be handled in accordance with the Service Receiver's standard accounting policies and practices.

### 3.4 Invoice or Charge Errors

If an error is found in any invoice or record of direct charge, the Party identifying the error shall immediately advise the other Party. Any adjustment necessary to correct such error shall be made as soon as practical or, in the case of an error in a direct charge, in accordance with the Service Receiver's standard accounting policies and practices.

### 3.5 Records

The Service Provider shall maintain complete and accurate books, records, and accounts of and supporting documents for all work performed and items billed for Contract Services. The Service Provider shall ensure that the books, records, accounts, and documents are not destroyed without the Service Receiver's written authorization for a period of seven (7) years after the termination or expiration of this Agreement. The Service Provider shall, on demand, make available to the Service Receiver or its respective duly authorized representatives for inspection, reproduction, and audit or any other reasonable purposes, every such book, record, account, and document.

### 3.6 Invoice or Charge Disputes

In the event that the Manager within the Service Receiver disputes in good faith any part of a monthly invoice, such dispute shall be resolved, in accordance with the provisions of Article 8. If, after following the provisions of Article 8, it is determined that the invoice ought to be paid by the Service Receiver, the Service Receiver shall pay to the Service Provider the amount owing under the disputed invoice within fifteen (15) days of the date of such final determination.

## ARTICLE 4 INDEMNITIES AND LIMITATION OF LIABILITY

### 4.1 Indemnity

Each Party (the "**Indemnifying Party**") shall indemnify, defend and save harmless the other Party (the "**Indemnified Party**") from and against any and all losses, claims, damages, liabilities or expenses (including legal expenses on a solicitor and his own client basis) suffered or incurred by the Indemnified Party as a result of, arising out of, or in connection with, the gross negligence or willful misconduct of the Indemnifying Party in the performance, purported performance, or non-performance of this Agreement, or the Indemnifying Party's breach of this Agreement, except to the extent caused by the gross negligence or will-full misconduct of the Indemnified Party or to the extent that any such act or omission was done or omitted pursuant to the specific instructions of the Indemnified Party.

#### 4.2 Limitation of Liability for Consequential Damages

Notwithstanding anything to the contrary contained in this Agreement, neither Party will be liable to the other Party for any damage, cost, expense, injury, loss or other liability of an indirect, special or consequential nature suffered by the other Party or claimed by any third party against the other Party which arises due to such Party's failure to perform its obligations under this Agreement or for any other reason (including negligence on its part or on the part of any person for whose acts it is responsible), howsoever and when-so-ever caused, and whether arising in contract, negligence or other tort liability, strict liability or otherwise. Without limiting the generality of the foregoing, damage, injury or loss of an indirect or consequential nature shall include loss of revenue, loss of profits, loss of production, loss of earnings, loss of contract, cost of purchased or replacement capacity and energy, cost of capital and loss of the use of any facilities or property owned, operated, leased or used by the other Party or a third party.

### ARTICLE 5 TERM

#### 5.1 Term

This Agreement shall commence on the Effective Date and shall continue in full force until December 31, 2023 unless otherwise agreed to by the Parties in writing.

### ARTICLE 6 CONFIDENTIALITY

#### 6.1 Confidentiality

Subject to Section 6.2, each Party shall keep confidential and shall not:

- (a) use, except for the purpose of performing its obligations or exercising its rights under this Agreement; or
- (b) disclose, except as contemplated or permitted in this Agreement;

any confidential information (including without limitation Confidential Information as defined in the ARC), trade secret or confidential financial, technical, scientific, business or other confidential or proprietary information or document of the other Party or its Affiliates received by it or any of its Affiliates in the course of, or as a result of, the relationship established between the Parties pursuant to this Agreement (herein referred to collectively as the “**Information**”).

#### 6.2 Exceptions

A Party shall be entitled to disclose any Information to the extent:

- (a) such Information is or becomes generally known to the public other than through a breach of this Agreement or any other obligation of confidentiality between the

Parties;

- (b) such Information is lawfully obtained by that Party from a third party or parties without breach of this Agreement or any other obligation of confidentiality between the Parties, as shown by documentation sufficient to establish the third party as the source of such Information and to the knowledge of the disclosing Party, without such disclosure constituting a breach by such third party or parties of an obligation of confidentiality;
- (c) such Information is comprised of technical Information and was known to the disclosing Party prior to receipt thereof from the other Party, as shown by documentation sufficient to establish such knowledge;
- (d) such Information was developed by the receiving Party independently of the disclosures made by the disclosing Party under this Agreement;
- (e) such disclosure is required in connection with any regulatory, legal or administrative proceeding; provided that where circumstances permit prior to disclosure, the disclosing Party shall notify the other Party in writing of such proposed disclosure and at the other Party's request (and expense) apply for appropriate court or other orders to preserve the confidentiality of such Information;
- (f) that such disclosure is required by law or by order of any governmental body having competent authority; provided that where the circumstances permit prior to disclosure (other than any disclosure required by applicable securities laws) the disclosing Party shall notify the other Party in writing of any such proposed disclosure and shall at the other Party's request (and expense) apply for appropriate court or other orders to preserve the confidentiality of such Information; and
- (g) the other Party shall have provided its prior written approval for such disclosure by the disclosing Party.

## ARTICLE 7 FORCE MAJEURE

### 7.1 Relief from Obligations

Subject to Section 7.3, if by reason of Force Majeure either Party to this Agreement is unable, wholly or partially, to perform or comply with its covenants and obligations hereunder, then the Party so affected by Force Majeure shall be relieved of liability and shall suffer no prejudice for failing to perform or comply during the continuance and to the extent of the inability so caused from and after the happening of the event of Force Majeure; provided that the Party invoking Force Majeure gives to the other Party prompt notice, written or oral (but if oral, promptly confirmed in writing) of such inability and reasonably full particulars of the cause thereof. If notice is not promptly given then the Party suffering the Force Majeure shall only be relieved from such performance or compliance from and after the giving of such notice. The Party invoking

Force Majeure shall use all reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the cause of its inability to perform or comply; provided, however, that settlement of strikes, lockouts and other industrial disturbances shall be wholly within the discretion of the Party involved. The Party invoking Force Majeure shall give prompt notice of the cessation of the event of Force Majeure. Nothing in this Article 7 shall relieve a Party of its obligations to make payments when due hereunder.

## 7.2 Force Majeure

For the purposes of this Agreement, force majeure (“**Force Majeure**”) shall mean any event beyond the reasonable control of the Party invoking Force Majeure, including therein but without restricting the generality thereof:

- (a) lightning, storms, earthquakes, landslides, floods, washouts, and other Acts of God;
- (b) fires, explosions, ruptures, breakage of or accidents to pipelines, plants, machinery, equipment or storage facilities;
- (c) strikes, lockouts, or other labour disturbances;
- (d) civil disturbances, sabotage, war, blockades, insurrections, vandalism, riots, epidemics;
- (e) acts of terrorism;
- (f) arrests and restraints by governments or governmental agencies;
- (g) the order of any court;
- (h) inability to obtain or curtailment of supplies of feed stocks or of electric power, water, fuel or other necessary utilities or services to operate any facilities or of any materials or equipment; or
- (i) inability to obtain or revocation or amendment of any permit, authorization or approval of any governmental authority required to perform or comply with any obligation under this Agreement, unless the revocation or modification of any such necessary permit, authorization or approval was caused by the violation of the terms thereof or consented to by the party holding the same.

## 7.3 Exclusions from Relief

No Party shall be entitled to the benefits of the provisions of this Article 7 under any of the following circumstances:

- (a) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by arrest or restraint by governments or governmental

agencies or the order of any court and such arrest, restraint or order was the result of a breach by the Party claiming suspension of the term of a permit, license, certificate or other authorization granted by a governmental or regulatory body having jurisdiction or of any applicable laws, regulations or orders;

- (b) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by the Party invoking Force Majeure having failed to use all reasonable efforts to remedy the situation and remove, so far as possible and with reasonable dispatch, the cause of its inability to perform or comply with such covenants or obligations; or
- (c) if the failure to perform or comply with any of the covenants or obligations herein imposed upon it was caused by lack of funds or other financial cause for whatever reason.

## **ARTICLE 8**

### **DISPUTE RESOLUTION**

#### **8.1 Dispute Resolution**

Any matter in dispute under or relating to this Agreement, unless settled in the manner provided by Section 8.2, will be finally resolved by binding arbitration in the manner provided in Article 8.

#### **8.2 Arbitration**

All disputes arising out of or in connection with this Contract, or in respect of any legal relationship associated with or derived from this Contract, will be finally resolved by arbitration under the Arbitration Rules (the "Rules") of the ADR Institute of Canada, Inc. (the "Institute"), with the following exceptions:

- the arbitrator, and not the Institute, will administer the arbitration on an *ad hoc* basis;
- the Seat of Arbitration (as such term is defined in the Rules) will be Edmonton, Alberta;
- the location of the arbitration will be in Edmonton, Alberta; and
- the language of the arbitration will be conducted in English.

#### **8.3 Continuing Obligations**

The supply and purchase of Contract Services and payment therefore under this Agreement shall continue during the dispute resolution proceedings contemplated by this Article 8.

**ARTICLE 9**  
**NOTICE**

**9.1    Notice**

Any notice, consent, request or other communication to be given in connection with this Agreement shall be in writing and shall be given by:

- (a)    personal delivery or registered mail, postage prepaid, to the following address for the recipient; or
- (b)    facsimile transmission to the following facsimile number (confirmed by a copy delivered by personal delivery to the following address) for the recipient;

addressed to the recipient as follows:

**To Service Provider:**  
EPCOR Utilities Inc.  
2000 – 10423 101 Street NW  
Edmonton, AB T5H 0E8

**To Service Receiver:**  
EPCOR Natural Gas Limited Partnership  
39 Beech Street East  
Aylmer, ON N5H 3J6

or to such other address, facsimile number or individual for notice as may then have been designated by the respective Party pursuant to Section 9.2. Any communication given to a Party as aforesaid shall be deemed to have been given at the time and upon the date of the receipt at the address of such Party.

**9.2    Change of Address**

Any Party may, from time to time, change its address, facsimile number or individual for notice by a notice given to the other Party in accordance with Section 9.1.

**ARTICLE 10**  
**GENERAL**

**10.1    Time of Essence**

Time shall be of the essence in this Agreement and of all of its terms.

**10.2    Further Assurance**

The Parties shall with reasonable diligence perform all acts, execute and deliver all documents and instruments, do all such things and provide all such reasonable assurances as may

be necessary or desirable to give effect to the provisions of this Agreement.

### 10.3 Amendments or Waiver

This Agreement may not be amended except by written instrument signed by all of the Parties hereto. No indulgence or forbearance by any Party hereunder shall be deemed to constitute a waiver of its rights to insist on performance in full and in a timely manner of all covenants of each of the other Parties hereunder and any such waiver, in order to be binding upon a Party, must be express and in writing and signed by such Party, and then such waiver shall be effective only in the specific instance and for the purpose for which it is given. No waiver of any term, condition or covenant by any Party shall be deemed to be a waiver by such Party of its rights to require full and timely compliance with the same term, condition or covenant thereafter, or with any other term, covenant or condition of this Agreement at any time.

### 10.4 No Discharge on Termination

Any provision of this Agreement under which an obligation of one Party hereto has accrued but has not been discharged shall not be affected by termination of this Agreement, nor shall the Party liable to perform be discharged as a result of any such termination, nor shall termination prejudice any right of one Party against the other in respect of anything done or omitted hereunder prior to such termination or in respect of any right to damages or other remedies.

### 10.5 Enurement

This Agreement shall enure to the benefit of and be binding upon the Service Provider and the Service Receiver and their respective successors and permitted assigns.

### 10.6 Assignment

This Agreement shall be assignable by either Party as necessary in connection with any bona fide financings, financing leases, reorganizations and mergers, but this Agreement shall not otherwise be assigned by either Party without the prior written consent of the other Party, which consent each of the Parties covenants not to unreasonably withhold. Notwithstanding any permitted assignment, the assignor shall continue to remain liable for the performance of obligations under this Agreement unless such assignor is released therefrom by instrument in writing signed by the other Party.

### 10.7 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement in Portable Document Format (PDF) or by facsimile transmission shall be effective as delivery of a manually executed original counterpart of this Agreement.

### 10.8 Compliance Representations

Service Provider and Service Receiver represent to each other for the purpose of the ARC

that each Party intends to comply with the Conduct Requirements and that this Agreement does comply with all Conduct Requirements.

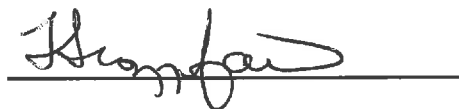
10.9 Termination on Sale

In the event of the sale of the Service Provider to an unrelated Person who is not an Affiliate, the Service Receiver may unilaterally terminate this Agreement on 90 days' notice without penalty. Any termination notice must be given to the Service Provider a minimum of 90 days prior to the closing date of the sale. The Parties must, after the receipt of the termination notice from the Service Receiver to the Service Provider, negotiate transitional costs and additional resources required during the termination period in good faith, but any failure of the Parties to come to an agreement on these aforementioned costs and resources will not affect the Compensation payable to the Service Provider for the Contract Services provided up to the termination date.

IN WITNESS WHEREOF this Agreement has been duly executed by the Parties hereto under their respective corporate seals attested by the signatures of their respective officers duly authorized in that behalf effective as of the day and year first above written.

EPCOR Utilities Inc.

Per:



Tony Scozzafava  
Senior Vice President and CFO

EPCOR Natural Gas Limited Partnership by its  
General Partner EPCOR Ontario Utilities Inc.

Per:



Susannah Robinson  
Vice President, Ontario Region

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Per: \_\_\_\_\_

Tony Scozzafava  
Senior Vice President and CFO

EPCOR Natural Gas Limited Partnership by its  
General Partner EPCOR Ontario Utilities Inc.

Per: \_\_\_\_\_

Susannah Robinson  
Vice President, Ontario Region

**SCHEDULE A**  
**Contract Services for Services Rendered January 01, 2020 – December 31, 2023**

**A1. SERVICES PROVIDED BY THE SERVICE PROVIDER (EUI) ON AN ALLOCATED BASIS**

**1. Governance**

Governance services necessary to carry on the business including providing stewardship and oversight, without limitation, in the following areas:

- Developing corporate and strategic objectives and direction and strategic planning;
- Monitoring compliance with corporate law, articles and bylaws;
- Selecting and retaining senior management;
- Developing management authorities and responsibilities;
- Developing and monitoring compliance with corporate policies;
- Safeguarding and maintaining the long-term value of corporate assets;
- Reviewing and approving significant financial matters; and
- Reviewing and approving operating and capital budgets, and financing requirements.

**2. Corporate Finance Services**

The Corporate Finance department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Consolidated Reporting and Analysis - preparing internal EUI consolidated financial statements and analysis, developing internal controls over financial reporting and managing annual and quarterly budget processes for EUI business units and subsidiaries;
- Corporate Accounting - providing accounting support for regulatory filings in relation to allocation of corporate shared services and financial transactions, financial budgeting for corporate shared service units and developing and maintaining corporate accounting policies, procedures and internal controls;
- Taxation - providing tax-related support to EUI business units and subsidiaries including preparing, managing and filing tax returns and remittances related to GST/HST, income, linear, business and property taxes.
- Accounts Payable - processing vendor transactions for payment, including management of procurement cards;
- Center of Excellence – providing leadership, best practices, research, support and training for the Oracle Financial suite of products as well as the Adaptive budgeting and forecasting tool, standardizing EPCOR processes and procedures across the company, and developing and providing finance specific training and support for the ERP system across EUI business units and subsidiaries;
- Audit Fees in relation to the audit of EUI consolidated financial statements; and
- Administration and management of the Financial Management Development Program.

**3. Treasury Services**

The Treasury department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Treasurer - performing services associated with raising capital to finance EUI business units and subsidiaries' capital expenditures and working capital;

- Treasury Operations - providing banking and cash management services to EUI business units and subsidiaries; and
- Strategic Planning – developing and refining EUI's corporate strategy.

#### **4. Audit and Risk Management**

The Audit and Risk Management department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Internal Audit - providing assurance and advisory services to independently examine, evaluate and report on the adequacy, effectiveness and efficiency of the internal controls framework across EUI business units and subsidiaries, facilitating operational risk assessments across EUI business units and subsidiaries, and developing and maintaining an Enterprise Risk Management framework; and
- Insurance and Physical Risk Management - managing risk related to insurance requirements for EUI business units and subsidiaries;

#### **5. Human Resources Services**

The Human Resources Services department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Total Rewards - designing and administering EUI's compensation and benefits plans, and managing the Human Resources Information System and payroll services;
- Labour Relations - dealing with labour relations issues related to EUI's unionized workforce and representing EUI in the collective bargaining process;
- Human Resources Consulting - delivering employment and human resources services such as job and organizational design, succession planning, and performance management advice for corporate departments that support ENGLP; and
- Talent Management - administration and management of learning and professional development programs for all employees of EUI and its business units and subsidiaries, as well as support for recruitment for corporate departments that support ENGLP.

#### **6. Information Services**

The Information Services department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Major Capital Projects -developing information services strategic plan, providing project delivery services for implementation of major applications;
- Application Services - providing user support services related to shared and business unit specific system applications, excluding UMS, Comet, Elements and Simplicity; and
- Infrastructure Operations - managing the delivery, operation and maintenance of information technology infrastructure, including infrastructure planning, project delivery, IT security, governance and oversight for policies and procedures such as disaster recovery.

#### **7. Information Services Direct Corporate Charges**

Information Services necessary to carry on the Business including, without limitation, the following functions:

- Application support and relationship management including business analysis, planning and architecture, and project delivery; and
- Licence fees, desktop support and server support including;

- Licensing and support costs related to the operations of Intel servers, Unix servers, storage and backup, printers, remote access, video conferencing, email and desktop/laptops;
- Licensing, support cost and network data line costs related to the operations of EUIs network; and
- Licensing costs related to Oracle e-business suite.

## **8. Supply Chain Management**

The Supply Chain Management department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Procurement - sourcing goods and services strategically in support of operational and capital activities; developing strategic vendor partnerships, overseeing policy and process, ensuring legislative compliance, and managing the administration of vendor data and contract terms and conditions on behalf of corporate departments that support ENGLP;
- Mailroom - operating the mailroom function at Edmonton EPCOR locations in support of EUI business units and subsidiaries;
- Real Estate - maintaining and operating facilities for EUI and its subsidiaries', including activities related to space planning and design, move coordination and tenant services. Also included in the costs to ENGLP is an allocation of rent for corporate shared service units located in the EPCOR Tower;
- Disaster Recovery Planning Facilities - operating and maintaining back-up facilities for information services infrastructure;
- Security - providing continuous threat and risk analysis of all security related threats and vulnerabilities, developing and refining corporate security strategy, and managing the administration of security contracts and maintenance of security systems as applicable for EUI and its business units and subsidiaries; and
- Emergency Management and Business Resilience - planning and support including the development and management of emergency response plans.

## **9. Legal Services**

The Legal department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Legal Services - managing and providing advice and support for corporate, business and regulatory affairs;
- Governance Oversight - providing advice on corporate governance matters and preparing corporate documentation to ensure compliance with legislation;
- Corporate Secretarial services - providing support for ENGLP Board, Committee and Shareholder material submissions;
- Compliance - providing the administration and oversight in the areas of ethics, privacy, the Code of Conduct Regulation, and the EPCOR Inter-Affiliate Code of Conduct and Affiliate Relationships Code for EUI and its business units and subsidiaries' activities; and
- Records Management - developing, implementing and overseeing internal document retention policies and practices.

## **10. Health, Safety & Environment Services**

The Health, Safety and Environment department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Maintenance and ongoing implementation of the Integrated Health, Safety and Environment

Management System which conforms to ISO 14001 (Environment) and OHSAS 18001 (Health and Safety) requirements and is implemented across EUI and its business units and subsidiaries; and

- Trend analysis, evaluation, and reporting for EUI and its business units and subsidiaries to assist business units in ensuring that regulatory monitoring and reporting requirements are met.

#### **11. Public & Government Affairs Services**

The Public & Government Affairs department provides services necessary to carry on the business, including, without limitation, in the areas of:

- Corporate Communications - managing external communication, such as corporate profile and reputation management, media relations and online communications for customers and the general public;
- Government Relations - liaising with various levels of government and providing counsel to EUI business units and subsidiaries on the impact of current or contemplated government policies or legislation; and
- Community Relations - fostering EPCOR's reputation and relationship objectives with stakeholders, including development of such items as brand design, school education programs and promotion of public safety awareness.

#### **12. Corporate Incentive**

This category includes incentive compensation paid to corporate employees based on individual performance ratings when EUI's overall annual corporate targets are realized. The program itself is not a separate service, but the costs of any incentives are tracked separately.

#### **13. Asset Usage Fees**

Asset usage fees related to assets owned by EUI that are used in providing services to EUI's business units and subsidiaries. The categories of assets for which asset usage fees are charged include, but are not limited to, the following: Leasehold Assets;

- Human Resources Information System;
- Information System Infrastructure;
- Financial System;
- Disaster Recovery;
- Fiber Optic Assets;
- Corporate furniture and fixtures; and
- Vehicles.

**SCHEDULE B**  
**Basis of Payment for Contract Services for Services Rendered January 1, 2020 –**  
**December 31, 2023**

A1. The annual Compensation ("Contract Price") payable by the Service Receiver to the Service Provider for the Term shall be the aggregate of the following:

	2020 Bud	2021 Bud	2022 Bud	2023 Bud	2024 Bud
<b>Allocation Groups</b>					
1 Governance	14,974	14,171	14,568	14,976	15,395
2 Corporate Finance Services	17,034	16,349	16,807	17,277	17,761
3 Treasury Services	8,053	6,440	6,620	6,806	6,996
4 Audit and Risk Management	4,545	4,483	4,609	4,738	4,870
5 Human Resources Services	54,300	52,713	54,189	55,706	57,266
6 Information Services	72,335	74,319	76,400	78,539	80,738
7 Information Services Direct Corporate Charges	80,277	82,455	84,764	87,137	89,577
8 Supply Chain Management	27,098	27,479	28,248	29,039	29,852
9 Legal Services	8,130	7,960	8,183	8,412	8,648
10 Health, Safety & Environment	4,077	4,011	4,123	4,239	4,357
11 Public & Government Affairs Services	1,321	1,282	1,318	1,355	1,393
12 Corporate Incentive	22,418	21,986	22,602	23,234	23,885
13 Asset Usage Fees & Return on Assets	137,918	138,144	142,012	145,988	150,076
14 Total	452,480	451,792	464,442	477,446	490,815

**B. Method of Payment and True Up**

The Service Provider will charge the Service Receiver a monthly contract price (calculated as 1/12th of the annual Compensation) for ongoing services provided under Schedule A. At the end of the year, the Service Provider will true up the charged amount with the actual costs.



**4-VECC-27**

**Reference:** E4/T1/S1/pg. 66

**Request:**

- (a) Please update Table 4.5.1-1 to show the 2018 actual property taxes.

**Response:**

- (a) The amount of \$573,251 in Table 4.5.1-1 represents actual 2018 property taxes. Table 4.5.1-1 should have been labelled 2018 A.



**5-VECC-28**

**Request:**

- (a) Please provide the realized ROE for 2018.

**Response:**

- (a) See ENGLP's response to 5-STAFF-62.



**7-VECC-29**

**Reference:** 7/T1/S1

**Request:**

- (a) Please confirm (or correct) that the entire net cost associated with the IGPC pipeline realignment are being directly assigned to IGPC. In responding please explain how the current pipeline is allocated.

**Response:**

- (a) The cost of the high-pressure steel pipeline and meter station that provides dedicated service to IGPC are directly allocated to IGPC. See ENGLP's response to 2-STAFF-24 for details regarding the allocation of costs related to the pipeline relocation.



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**8-VECC-30**

**Reference:**                **Exhibit 8/T1/S1**

**Request:**

- (a)     If ENGLP is seeking to reach a \$21 fixed charge for Rate 1 over the period of this rate plan why is it not raising the charge by an equal amount (\$1.10) in each year of the plan?

**Response:**

- (a)     ENGLP is proposing to increase the fixed charge for Rate 1 by \$1.50 for 2020 from \$15.50 to \$17.00 and then by an equal amount of \$1.00 each year thereafter. The proposed increase in the fixed rate of \$1.50 versus \$1.10 for 2020 rates would result in customers paying a higher proportion of the Customer Cost<sup>1</sup> per customer in 2020. For each of 2021–2023 the customer would also be paying a higher proportion of the Customer Cost under the proposal in this Application rather than if the increase were \$1.10 in each year of the plan.

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<sup>1</sup> For reference to the analysis of the amount the proposed fixed monthly covers of the Customer Cost per month see Exhibit 7, Tab 2, Schedule 17, p. 28.



**8-VECC-31**

**Reference:**           **Exhibit 8/T1/S1**

**Request:**

- (a)     If ENGLP is seeking to reach a \$21 fixed charge for Rate 1 over the period of this rate plan why then is it not better to raise the charge by an equal amount (\$1.10) in each year of the plan?

**Response:**

- (a)     See ENGLP's response to 8-VECC-30.



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**8-VECC-32**

**Reference:** Exhibit 1 E3/T1/S1

**Request:**

- (a) ENGLP states that is proposing to set the NSF cheque return charge at the highest charge among the banks used by its customers. Which bank in ENGLP's service territory charges \$48 for a NSF cheque? How much is the next highest NSF bank charge?

**Response:**

- (a) The Table below lists the current NSF bank charge and the next highest NSF bank charges by Canadian Banking institutions.

**Table 8-VECC-32-1**  
**List of Bank NSF Fees**

	<b>Bank</b>	<b>A NSF Fee</b>
1	Bank of Montreal	\$48.00
2	TD Bank	\$48.00
3	Scotia Bank	\$48.00
4	RBC Royal Bank	\$45.00
5	National Bank	\$45.00
6	CIBC	\$45.00
7	PC Financial	\$45.00



**8-VECC-33**

**Reference:**           **Exhibit 8/T1/S1/pg. 7**

**Request:**

- (a)     How were the proposed miscellaneous service charge calculated (Table 8.0-5).

**Response:**

- (a)     See Table 8-VECC-33-1 below.



**Table 8-VECC-33-1**  
**Proposed Changes to Schedule of Miscellaneous and Service Charges**

Service		A Current Fee (2011)	B Proposed Fee	C Calculation of Proposed Service Charges
1	Service Work			The proposed rate for the customer service work was built-up to reflect the fully allocated cost of responding to customer service work. This considers the direct salary cost, burden, overhead, vehicle rate plus a 5% markup, rounded up to the nearest \$5
2	During normal working hours			
3	Minimum charge (up to 60 minutes)	\$90.00	\$100.00	
4	Each additional hour (or part thereof)	\$90.00	\$100.00	
5	Outside normal working hours			
6	Minimum charge (up to 60 minutes)	\$115.00	\$130.00	
7	Each additional hour (or part thereof)	\$95.00	\$105.00	
8	Miscellaneous Charges			Applied a 140% increase to the previously approved rate Applied a 10% increase to the previously approved rate, rounded up to the next \$5 Replacement of previous 'Reply to Lawyer's Letters' charge Replacement of previous 'Reply to Lawyer's Letters' charge Applied a 10% increase to the previously approved rate, rounded up to the next \$5
9	Returned Cheque / Payment	\$20.00	\$48.00	
10	Replies to a request for account information	\$20.00	\$25.00	
11	Bill Reprint / Statement Print Requests		\$20.00	
12	Consumption Summary Requests		\$20.00	
13	Customer Transfer / Connection Charge	\$30.00	\$35.00	
14	Disconnection and Reconnection Charge	\$78.00	\$85.00	Applied a 10% increase to the previously approved rate, rounded up to the next \$5
15	Inactive Account Charge		ENGLP cost to install service	
16	Late Payment Charge	1.5% /month, 19.56% /year (effective rate of 0.04896% compounded daily)	1.5% / month, 19.56% / year (effective rate of 0.04896% compounded daily)	
17	Meter Tested at Customer Request Found to be Accurate	Charge based on actual costs	Charge based on actual costs	
18	Installation of Service Lateral	\$100 first 20 meters. \$10/meter thereafter	\$100 (minimum). Additional if pipe length exceeds length used to set fee.	



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**8-VECC-34**

**Reference:**                **Exhibit 8/T1/S2/pg. 12**

**Request:**

- (a) Did ENGLP do any customer engagement with respect to its new provision to make paperless billing the default option for new accounts?
- (b) What is the billing discount provided to customers who use paperless billing?

**Response:**

- (a) ENGLP included questions related to paperless billing in its November 2018 customer survey. In Exhibit 1, Tab 3, Schedule 12, page 14, the customer survey measured 41.5% “very likely” and 28% “likely” that customers would manage their account online and go paperless when made available. Further, 78.3% of customers responded in the Survey (Exhibit 1, Tab 3, Schedule 12, page 12) that keeping rates/bills low should be the focus for ENGLP to improve service. Thus, ENGLP’s plan to develop, test and implement paperless technology aligns with customer’s expectations for improvement of service and as a method to reduce operational costs. Effective January 1, 2020, ENGLP will notify new customers whom apply for a new service that they will default to receive paperless bills with the option to change to paper copy.
- (b) No discount is proposed for customers who use paperless billing.



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**9-VECC-35**

**Reference:**                **Exhibit 9/T1/S1/**

**Request:**

- (a)     Why is ENGLP seeking disposition of the REDA when the balance (\$31,218) is below the Utility's materiality threshold of 50k?

**Response:**

- (a)     ENGLP is bringing this balance forward for disposition in accordance with common practice in a cost of service application. It is ENGLP's understanding that all approved deferral accounts are to be identified and brought forward for disposition in a cost of service proceeding, regardless of the account balance. The exception is, in cases where an account is not being brought forward for disposition, a utility is required to provide the reason why.

As noted in ENGLP's response to 9-STAFF-74, the audited December 31, 2018 REDA balance is \$65,598 plus forecasted interest of \$1,456 for a total proposed disposition amount of \$67,054.



**10-VECC-36**

**Reference:**            **Exhibit 10/T1/S1/pgs. 19-**

**Request:**

- (a)     Can ENGLP provide an Ontario precedent for the establishment of a deferral/variance account to collect future income tax differences (i.e. the RITDA)?

**Response:**

- (a)     ENGLP believes that the intended reference should be Exhibit 9, Tab 1, Schedule 1, pages 19-20.

See ENGLP's response to 9-STAFF-78(c). ENGLP is no longer requesting the establishment of the Recovery of Income Tax Deferral Account.



**10-VECC-37**

**Reference:**                **Exhibit 10/T1/S1**

**Request:**

- (a)     What is the basis for seeking pre-approval of an ICM factor? What capital risk factors are being contemplated in making this request?

**Response:**

- (a)     As noted on page 16 of the Utility System Plan (Exhibit 2, Tab 3, Schedule 1), the Lakeview project is contingent on the successful negotiation of a gas purchase agreement with the third-party that owns natural gas production in the south of the system. Accordingly, there is a risk that ENGLP is required to pursue other options suggested by Cornerstone such as the trailered compressed natural gas (CNG) on-system storage.

Further, as stated in paragraph 22 of Exhibit 10, Tab 1, Schedule 1, “ENGLP will continue to update its asset inventory and associated data, assess the infrastructure and refine its Asset Management Plan. These activities will likely result in further refinement of the Utility System Plan (“USP”) and associated projects and programs which may bring rise to the need for incremental capital during the Price Cap IR Term.”



**10-VECC-38**

**Reference:**                **Exhibit 10/T1/S1**

**Request:**

- (a)     What is the basis for believing the stretch factor approved for Enbridge in EB-2017-0306/0307 (0.30%) is equally suitable for ENGLP?
- (b)     Why has ENGLP adopted the Enbridge stretch factor but not the earning sharing mechanism dead band of 150 basis points?

**Response:**

- (a)     See ENGLP's response to 10-STAFF-79.
- (b)     See ENGLP's response to 10-STAFF-81.