

INFORMATION ITEMS

Week Ending September 28, 2018

REPORTS

1. Litigation Status Report
2. 2018 S&P Global Rating Credit Rating

INTERGOVERNMENTAL CONSULTATIONS

1. Bill 4, Cap and Trade Cancellation Act

CORRESPONDENCE

1. Crime Stoppers Guelph Wellington, *The Informant*, Fall 2018
2. Crime Stoppers Guelph Wellington Community Shredding Event
3. Ontario Energy Board Notice to Customers of Union Gas Limited
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2. Guelph Police Services Board Meeting Minutes – July 19, 2018
3. Wellington-Dufferin-Guelph Board of Health Highlights – September 2018

ITEMS AVAILABLE IN THE CLERK'S OFFICE

1. None

Information Report



Service Area Office of the Chief Administrative Officer

Date Friday, September 28, 2018

Subject **Litigation Status Report**

Report Number CAO-2018-29

Executive Summary

Purpose of Report

To provide information regarding the current status of litigation involving the City.

Key Findings

The amount of litigation, excluding Planning and insured matters, that the City is involved in has remained static, more or less, throughout 2018. The number of matters, excluding insured matters, being handled by external counsel remained the same throughout 2018.

Financial Implications

N/A

Report

The attached chart sets out the details of the litigation the City is involved in and the resolutions which have occurred since the last report in March, 2018.

Legal Services continues to seek resolution of the litigation and OMB matters in a timely fashion and has been successful in resolving a number of matters in the last six (6) months.

Financial Implications

N/A

Consultations

N/A

Corporate Administrative Plan

Overarching Goals

Service Excellence

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Attachments

ATT-1 Litigation Status Report as of September 26, 2018



Recommended By

Christopher C. Cooper

City Solicitor

Legal, Realty and Risk Services

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ATT - 1
LITIGATION STATUS REPORT
As of September 26, 2018

COURT ACTIONS

Matter	Description	History	Current Status	Counsel
Whiteley et al v. City of Guelph (Superior Court of Justice Court File No. CV 18-344)	<ul style="list-style-type: none"> • Notice of Application for Judicial Review 	<ul style="list-style-type: none"> • September 25, 2018 – City served with Notice of Application • October 9, 2018 – hearing scheduled 	<ul style="list-style-type: none"> • City to serve and file Notice of Appearance 	Legal Services
Runstedler v. City of Guelph (Superior Court of Justice Court File No. 159/18 SR)	<ul style="list-style-type: none"> • Flood Damage 	<ul style="list-style-type: none"> • April 13, 2018 – City served with Notice of Action • May 25, 2018 – City served Defence 	<ul style="list-style-type: none"> • Examinations for Discovery to be scheduled 	Legal Services
Marfisi v. City of Guelph et al. (Superior Court of Justice Court File No. 408/17 SR)	<ul style="list-style-type: none"> • Bicycle Accident – October 13, 2015 	<ul style="list-style-type: none"> • October 5, 2017 – City served with Statement of Claim • November 28, 2017 – Statement of Defence and Crossclaim Filed 	<ul style="list-style-type: none"> • Currently awaiting the closing of pleadings 	Legal Services
642762 Ontario Inc. v. City of Guelph et al. (Superior Court of Justice Court File No. 85/17)	<ul style="list-style-type: none"> • Alleged environmental contamination 	<ul style="list-style-type: none"> • August 23, 2017 – City served with Notice of Action and Statement of Claim 	<ul style="list-style-type: none"> • Ongoing discussions 	Legal Services
Evering v. City of Guelph (Superior Court of Justice Court File No. 227/17)	<ul style="list-style-type: none"> • Slip and Fall - February 2013 	<ul style="list-style-type: none"> • May 23, 2017 – City served with Statement of Claim • June 29, 2017 – City filed Defence • November 23, 2017 – City requested scheduling of Examinations 	<ul style="list-style-type: none"> • Examinations for Discovery to be scheduled 	Legal Services
Evering v. City of Guelph (Superior Court of Justice Court File No. 228/17)	<ul style="list-style-type: none"> • Slip and Fall – February 2017 	<ul style="list-style-type: none"> • May 23, 2017 – City served with Statement of Claim • June 29, 2017 – City filed Defence • November 23, 2017 – City requested scheduling of Examinations 	<ul style="list-style-type: none"> • Examinations for Discovery to be scheduled 	Legal Services
Jakel v. City of Guelph (Superior Court of Justice Court File No. 670/16)	<ul style="list-style-type: none"> • Slip and Fall 	<ul style="list-style-type: none"> • November 2, 2016 – City served with Notice of Action and Statement of Claim • December 1, 2016 – City filed and served Statement of Defence • November 8, 2017 – City requested scheduling of Examinations 	<ul style="list-style-type: none"> • Examinations for Discovery to be scheduled 	Legal Services
Smith v. City of Guelph (Superior Court of Justice Court File No. 18/16)	<ul style="list-style-type: none"> • Claim for an order to remove and realign certain public utilities located under the plaintiffs' property at 16 Summerfield 	<ul style="list-style-type: none"> • January 14, 2016 – Statement of Claim served on City • March 2, 2016 – City served Statement of Defence 	<ul style="list-style-type: none"> • Examinations for Discovery to be scheduled 	Legal Services Rodrigues Paiva LLP

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LITIGATION STATUS REPORT
As of September 26, 2018

COURT ACTIONS

Matter	Description	History	Current Status	Counsel
Westminster Woods v. City of Guelph (Superior Court of Justice Court File No. 707/13)	<ul style="list-style-type: none"> Claim re: Stage III Services pursuant to Subdivision Agreement 	<ul style="list-style-type: none"> October 4, 2013 – Statement of Claim served on City November 12, 2013 - City filed Statement of Defence November 25, 2013 – Reply served on City March 2014 – Discovery Agreement prepared May 30, 2014 - City filed Affidavit of Documents November 27, 2014 - Plaintiff served Affidavit of Documents 	<ul style="list-style-type: none"> Motion to be scheduled in 2018 	Legal Services Aird & Berlis LLP

COURT ACTIONS RESOLVED SINCE March 29, 2018

Matter	Description	History	Current Status	Counsel
Fava v. City of Guelph (Superior Court of Justice Court File No. 407/17)	<ul style="list-style-type: none"> Appeal of decision of the Property Standards Committee 	<ul style="list-style-type: none"> October 4, 2017 – City served with Notice of Application October 19, 2017 – Notice of Appearance served and filed September 21, 2018 – Order issued and entered 	<ul style="list-style-type: none"> This matter is complete 	Legal Services
Konesavarathan v. City of Guelph et al. (Divisional Court File No. 579/16)	<ul style="list-style-type: none"> Application to Divisional Court for Judicial Review of HRTO decision 	<ul style="list-style-type: none"> December 1, 2016 – City served with Notice of Application December 19, 2016 – City served and filed Notice of Appearance March 13, 2017 – City served with Factum, Application Record and Exhibit Book of Applicant October 16, 2017 – hearing held. Application dismissed 	<ul style="list-style-type: none"> This matter is complete 	Legal Services
City of Guelph v. Drexler Construction Limited (Small Claims Court File No. 18-246-D1)	<ul style="list-style-type: none"> Property damage at 17 Macdonell Street 	<ul style="list-style-type: none"> June 27, 2018 – City served Defendant's Claim Drexler agreed to indemnify the City and assume the defence 	<ul style="list-style-type: none"> This matter is complete 	Legal Services
LTS Property Services Ltd. v. City of Guelph (Small Claims Court File No. 18-246)	<ul style="list-style-type: none"> Property damage at 17 Macdonell Street 	<ul style="list-style-type: none"> May 29, 2018 – City served with Plaintiff's Claim June 21, 2018 – City served Defence 	<ul style="list-style-type: none"> This matter is complete 	Legal Services

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LITIGATION STATUS REPORT
As of September 26, 2018

COURT ACTIONS RESOLVED SINCE March 29, 2018

Matter	Description	History	Current Status	Counsel
		<ul style="list-style-type: none"> August 17, 2018 – Settlement conference held 		

LPAT MATTERS

Matter	Description	History	Current Status	Counsel
585 Hanlon Creek Boulevard (Case No. TBD)	<ul style="list-style-type: none"> Appeal by Tom Seaman 	<ul style="list-style-type: none"> August 29, 2018 – appeal received 	<ul style="list-style-type: none"> City preparing response 	Legal Services
75 Dublin Street North (Case No. PL180546)	<ul style="list-style-type: none"> Appeal by Rykur Holdings Inc. from the refusal of a privately initiated Official Plan Amendment. 	<ul style="list-style-type: none"> May 22, 2018 – Appeal Received 	<ul style="list-style-type: none"> November 8, 2018 – Case management conference scheduled 	Legal Services
92 Clough Crescent (Case No. PL180128)	<ul style="list-style-type: none"> Appeal by Alexandra and Antony Savich 	<ul style="list-style-type: none"> January 25, 2018 – appeal received 	<ul style="list-style-type: none"> January 15, 2019 – hearing scheduled 	Legal Services
132 Clair Road West (Case No. PL171454)	<ul style="list-style-type: none"> Appeals by Herbert Neumann, Frank Cerniuk, Sieben Holdings Limited, H and J Produce Limited, and McEnery Industries Limited 	<ul style="list-style-type: none"> December 4, 2017 – 2 appeals received 	<ul style="list-style-type: none"> Awaiting hearing date 	Legal Services
Downtown Zoning By-law (2017) - 20187 (Case No. PL170951)	<ul style="list-style-type: none"> Appeal by Tom Lammer (Rykur Holdings Inc.) 	<ul style="list-style-type: none"> August 23, 2017 – Appeal received 	<ul style="list-style-type: none"> February 25, 2019 – hearing scheduled (5 days) 	Legal Services
144 Watson Road North (Case No. PL170803)	<ul style="list-style-type: none"> Appeal by CP REIT Ontario Properties and Loblaw Properties Limited 	<ul style="list-style-type: none"> July 12, 2017 – Appeal received January 31, 2018 – hearing date adjourned 	<ul style="list-style-type: none"> Awaiting new hearing date 	Legal Services
75 Dublin Street North (Case No. PL161294)	<ul style="list-style-type: none"> Appeals by Upper Grand District School Board, Old Guelph Neighborhood Association Inc., and Rykur Holdings Inc. 	<ul style="list-style-type: none"> December 21, 2016 – appeal received August 14, 2017 – pre-hearing held November 17, 2017 – Motion hearing held May 11, 2018 – Interim decision on motions issued. 	<ul style="list-style-type: none"> No hearings scheduled at this time 	Legal Services
OPA 48 (7 Appeals) (Case No. PL 140042)	<ul style="list-style-type: none"> Seven (7) Appeals received relating to Official Plan Amendment 48 (Envision Guelph) as approved by the Minister of Municipal Affairs and Housing. 	<ul style="list-style-type: none"> December, 2013 – OPA 48 Approved by Minister of Municipal Affairs and Housing December, 2013 – Appeals received September 15, 2015 – Phase 1 hearing scheduled for 10 days - adjourned November 20, 2015 – phase 1 decision issued resolving part of one (1) appeal 	<ul style="list-style-type: none"> March 23, 2018 – decision issued confirming settlement of Niska Road Lands Phase No further hearings scheduled at this time 	Legal Services

ATT - 1
LITIGATION STATUS REPORT
As of September 26, 2018

LPAT MATTERS

Matter	Description	History	Current Status	Counsel
		<ul style="list-style-type: none"> September 25, 2017 – Housekeeping phase hearing completed 		
1159 Victoria Road South (Case No. PL121406)	<ul style="list-style-type: none"> Appeals by Victoria Park Village Ltd. regarding failure to make a decision within the prescribed time 	<ul style="list-style-type: none"> November 29, 2012 – Appeal received May 14, June 28, September 18 & November 15, 2013 – Prehearings held June 16, 2014 – hearing held by teleconference April 29 & August 18, 2015 – hearings held by teleconference November 5, 2015 - Status hearing held (TCC) May 3, 2016 – TCC held 	<ul style="list-style-type: none"> No further hearings scheduled at this time 	Legal Services Garrod Pickfield
580 Paisley Road – Armel Corporation (Case No. MM080050)	<ul style="list-style-type: none"> Appeal by the owner, Armel Corporation, of a decision not to approve a site plan application for a proposed gas bar, car wash and kiosk. The main issue relates to site access. 	<ul style="list-style-type: none"> October 1, 2008 – Appeal received Matter in abeyance pending the completion of the Environmental Assessment of Silvercreek Parkway S. 	<ul style="list-style-type: none"> No hearings scheduled at this time 	Legal Services

LPAT MATTERS RESOLVED SINCE March 29, 2018

Matter	Description	History	Current Status	Counsel
132 Harts Lane West (Case No. PL180072)	<ul style="list-style-type: none"> Appeal by Terra View Custom Homes Ltd. and Terra View Construction Ltd. 	<ul style="list-style-type: none"> January 5, 2018 – appeal received July 27, 2018 – appeal withdrawn 	<ul style="list-style-type: none"> This matter is complete 	Legal Services
1 & 15 Stevenson St. N. and 8 William St. (Case No. PL180091)	<ul style="list-style-type: none"> Appeal by Rodney Kubis 	<ul style="list-style-type: none"> January 10, 2018 – appeal received July 6, 2018 – appeal withdrawn 	<ul style="list-style-type: none"> This matter is complete 	Legal Services
360 Woolwich Street & 15 Mont Street (Case No. PL151199)	<ul style="list-style-type: none"> Appeal by Ian Connolly 	<ul style="list-style-type: none"> November 30, 2015 – appeal received May 10, 2016 – prehearing held July 27, 2016 – status hearing held by teleconference September 5-22, 2017 – Hearing held May 14, 2018 – Received decision dismissing appeal. 	<ul style="list-style-type: none"> This matter is complete 	Legal Services

ATT - 1
LITIGATION STATUS REPORT
As of September 26, 2018

OTHER MATTERS

Matter	Description	History	Current Status	Counsel
Conservation Review Board 2162 Gordon Street	<ul style="list-style-type: none"> Appeals by Thomasfield Homes Limited and 1077955 Ontario Inc. 	<ul style="list-style-type: none"> April 3, 2018 – Notice of appeals received June 26, 2018 – Pre-hearing teleconference held 	<ul style="list-style-type: none"> No hearings scheduled at this time 	Legal Services
Lance Tyszka (Human Rights Tribunal of Ontario File No. 2018-31211-1)	<ul style="list-style-type: none"> Human Rights Application 	<ul style="list-style-type: none"> January 30, 2018 – Application submitted to HRTO March 1, 2018 – City served with Notice of Application March 26, 2018 – City filed Response and Request for Summary Hearing 	<ul style="list-style-type: none"> Summary Hearing to be Scheduled 	Legal Services
The Corporation of the City of Guelph v. Director, Ministry of the Environment (Case No. 13-013)	<ul style="list-style-type: none"> City is appealing to the Environmental Review Tribunal (ERT) the issuance of Permit to Take Water Number 5080-8TAKK2 to River Valley Developments Inc. 	<ul style="list-style-type: none"> February 12, 2013 – City filed an application for Leave to Appeal with the ERT May 2, 2014 – Leave to Appeal to ERT granted City filed Appeal November 4, 2014 - Status Update with ERT, held by teleconference. Third-party mediation session held November 28, 2014 	<ul style="list-style-type: none"> Mediation ongoing 	Garrod Pickfield Legal Services

OTHER MATTERS RESOLVED SINCE March 29, 2018

Matter	Description	History	Current Status	Counsel
	•	•	•	

MATTERS BEING HANDLED BY INSURERS' LEGAL COUNSEL *

Matter	Description	History	Current Status	Counsel
Clark v. City of Guelph et al (Superior Court of Justice Court File No. CV-18-329)	<ul style="list-style-type: none"> Trip and Fall – October 31, 2016 	<ul style="list-style-type: none"> September 6, 2018 – City served with Statement of Claim 	<ul style="list-style-type: none"> Insured's Legal Counsel in the process of being appointed 	Insurer's legal counsel
Smith v. City of Guelph (Superior Court of Justice Court File No. CV-18-304)	<ul style="list-style-type: none"> Slip and Fall – February 7, 2017 	<ul style="list-style-type: none"> August 28, 2018 – City served with Statement of Claim 	<ul style="list-style-type: none"> Insured's Legal Counsel in the process of being appointed 	Insurer's legal counsel
Brunet v. City of Guelph (Superior Court of Justice Court File No. CV-18-230)	<ul style="list-style-type: none"> Longboard accident – September 13, 2016 	<ul style="list-style-type: none"> June 12, 2018 – City served with Statement of Claim 	<ul style="list-style-type: none"> Insured's Legal Counsel in the process of being appointed 	Insurer's legal counsel

ATT - 1
LITIGATION STATUS REPORT
As of September 26, 2018

MATTERS BEING HANDLED BY INSURERS' LEGAL COUNSEL *				
Matter	Description	History	Current Status	Counsel
McLeod v. City of Guelph (Superior Court of Justice Court File No. 140/18)	• Trip and Fall – April 14, 2016	• May 11, 2018 – City served with Statement of Claim	• Insured's Legal Counsel in the process of being appointed	Insurer's legal counsel
Simpson v. City of Guelph (Superior Court of Justice Court File No. CV-18-192)	• Slip and Fall – February 14, 2018	• May 8, 2018 – City served with Statement of Claim	• Insured's Legal Counsel in the process of being appointed	Insurer's legal counsel
Barry v. City of Guelph (Superior Court of Justice Court File No. 144/18)	• Trip and Fall – November 14, 2016	• April 5, 2018 – City served with Statement of Claim	• Insured's Legal Counsel in the process of being appointed	Insurer's legal counsel
Szilvassy v. City of Guelph (Superior Court of Justice Court File No. 63/18)	• Slip and Fall – April 6, 2016	• February 20, 2018 – City served with Statement of Claim	• Matter being investigated • Pleadings not yet closed	Insurer's legal counsel
Peacock v. City of Guelph (Superior Court of Justice Court File No. 34/18)	• Slip and Fall – July 1, 2017	• January 25, 2018 – City served with Statement of Claim	• Matter being investigated • Pleadings not yet closed	Insurer's legal counsel
Cavanagh v. City of Guelph, Vinyl Jimmy Jazz, James Kritz and Jeffrey Bousfield (Superior Court of Justice Court File No. 379/17)	• Slip and Fall – November 17, 2015	• September 19, 2017 – City served with Statement of Claim • December 15, 2018 – Statement of Defence filed by City	• Examinations to be scheduled	Insurer's legal counsel
Neath v. City of Guelph (Superior Court of Justice Court File No. 370/17)	• Slip and Fall – January 19, 2017	• September 14, 2017 – City served with Statement of Claim • November 30, 2018 – Statement of Defence filed	• Examinations to be scheduled	Insurer's legal counsel
Sethupathi v. City of Guelph et al. (Superior Court of Justice Court File No. CV-17-576347)	• Motor vehicle accident – January 12, 2016	• June 15, 2017 – City served with Statement of Claim	• Pleadings not yet closed	Insurer's legal counsel
Livingston v. Guelph Transit et al. (Superior Court of Justice Court File No. 35/17)	• Transit incident – January 28, 2015	• May 29, 2017 – City served with Statement of Claim	• Examinations Complete/Parties fulfilling undertakings	Insurer's legal counsel
Cooper (Stewart) v. City of Guelph et al. (Superior Court of Justice	• Motor vehicle accident – October 25, 2016	• January 20, 2017 – Statement of Claim amended to include City as a party	• Examinations to be scheduled	Insurer's legal counsel

ATT - 1
LITIGATION STATUS REPORT
As of September 26, 2018

MATTERS BEING HANDLED BY INSURERS' LEGAL COUNSEL *				
Matter	Description	History	Current Status	Counsel
Court File No. 16-58756)				
Gascon v. City of Guelph et al. (Superior Court of Justice Court File No. 652/15)	<ul style="list-style-type: none"> • Accident – September 14, 2013 	<ul style="list-style-type: none"> • August 12, 2015 – City served with Statement of Claim • Insurer for co-defendant, Coco Paving, agreed to take over City's defence and indemnify as of October 21, 2015 	<ul style="list-style-type: none"> • Ongoing 	Insurer's legal counsel

* Does not include claims solely against Guelph Police Services (i.e., City not named as a party)

INSURED MATTERS COMPLETE SINCE March 29, 2018				
Matter	Description	History	Current Status	Counsel
Wellington Condominium Corporation No. 38 v. City of Guelph (Superior Court of Justice Court File No. 814/16)	<ul style="list-style-type: none"> • Property damage at 360 Waterloo Avenue 	<ul style="list-style-type: none"> • October 31, 2016 – City served with Statement of Claim • August 17, 2018 – matter settled 	<ul style="list-style-type: none"> • This matter is complete 	Insurer's legal counsel
Livermore et al. v. City of Guelph et al. (Superior Court of Justice Court File No. 474/16)	<ul style="list-style-type: none"> • Dog attack – June 19, 2014 	<ul style="list-style-type: none"> • June 17, 2016 – City served with Statement of Claim • March 23, 2018 – Claim dismissed 	<ul style="list-style-type: none"> • This matter is complete 	Insurer's legal counsel

Information Report



Service Area	Corporate Services
Date	Friday, September 28, 2018
Subject	2018 S&P Global Rating Credit Rating
Report Number	CS-2018-24

Executive Summary

Purpose of Report

To provide an overview of the credit rating process undertaken by S&P Global Ratings (S&P) and to highlight the findings of their review.

Key Findings

S&P's review affirmed the City's credit rating of AA+ with a stable outlook highlighting the Guelph's robust budgetary performance, dynamic economy and healthy liquidity position.

The stable outlook reflects the expectation that the City will continue to maintain strong liquidity and a manageable debt burden over the next two years.

Financial Implications

An AA+ rating with a stable outlook is between very strong and extremely strong, and signifies the City's ability to meet its financial commitments. This rating aids in securing favourable interest rates when issuing debt in the future.

Background

S&P evaluates local and regional governments in Canada and internationally to determine the risk to credit profiles arising from liquidity, financial management and contingent liabilities. S&P is a recognized leader of financial market intelligence and known by investors worldwide.

A strong credit rating demonstrates that the municipality is maintaining a predictable and well-balanced financial position in order to meet its long-term financial objectives. When rating local and regional government organizations, S&P uses a combined qualitative and quantitative framework of eight main factors to establish the ratings. The main factors consist of:

- Economy;
- Management and Governance;
- Budgetary flexibility and Performance;
- Liquidity;
- Debt burden; and
- Contingent liabilities.

Report

On August 15, 2018 S&P affirmed the City of Guelph's 'AA+' long-term issuer credit and senior unsecured debt ratings with a stable outlook. The rating reflects Guelph's solid economic base, strong liquidity level and notable budgetary performance resulting from excellent financial management.

Included in ATT-1 - S&P Global Ratings City of Guelph Full Report, is a complete description of the City's credit rating score. A summary of the eight criteria from this report as follows:

Economy

Guelph benefits from an advantageous location being close to the Greater Toronto Area and along the 401 corridor. The population has increased 3.5 per cent since 2016 compared with the provincial growth rate of 2.96 per cent over the same period, and the unemployment rate continues to be 1.3 per cent below the provincial average of 7.4 per cent. The large manufacturing sector in combination with a significant public sector consisting of; a large university; schools; hospitals; and municipal, county and provincial government offices, assists in stabilizing the employment base.

S&P noted that the City's economy is less diversified than some higher-rated peers and ongoing trade frictions with the United States are viewed as a risk to Guelph's significant manufacturing sector.

Management and Governance

S&P found that the City demonstrates strong financial management through:

- transparent, easy-to-access disclosure to pertinent information;
- experienced and qualified management team; and
- well-defined and prudent financial policies that guide debt and liquidity management.

Budgetary flexibility and Performance

S&P viewed the City's budgetary performance as strong. Moderate annual surpluses reflect the City's ability to budget appropriately and effectively manage expenditures and revenues.

The City of Guelph demonstrates budgetary flexibility due to the high level of modifiable revenues (revenues that the municipality has direct control over) which made up 88 per cent of all operating revenues in 2017. However, financial flexibility

over expenditures is considered moderately constrained, as is the case of all Canadian municipalities, due to the high degree of provincially mandated and legislated services, and proportionately high compensation expenses that are often subject to collective agreements with employees.

Liquidity

The City has a healthy level of liquidity which had a significant positive influence on the credit rating. Sufficient liquidity ensures the City can:

- meet debt servicing obligations;
- meet approved capital budget commitments;
- manage cash flow;
- address corporate liabilities; and
- provide financial contingency and rate stabilization.

Debt burden

The City's tax-supported debt burden dropped to 27 per cent of operating revenues in 2017 and is projected to remain below 30 per cent of operating revenues over the next two years.

Debt servicing obligations of one per cent of operating revenues remain well below the five per cent limit identified in the Corporate Debt Policy and the provincially mandated Annual Repayment Limit (ARL) of 25 per cent of own-source operating revenues.

Contingent liabilities

The City's contingent liabilities are modest, consisting of standard employee benefits, landfill post-closure costs and remediation costs relating to contaminated sites. Financial obligations carried by Guelph Junction Railway and Guelph Municipal Holdings Inc. have an impact on the City's rate, however both entities are considered to be self-sustaining and low risk. It was noted that contingent liabilities will improve once the planned hydro merger is complete.

Outlook

S&P noted that the rate could increase in the next two years if, all else equal, Guelph's economy diversified significantly, in line with that of some of our higher rated peers.

Conversely, the rate could decrease if aggressive capital spending resulted in:

- a debt burden of more than 30 per cent of operating revenue; and
- after capital deficits exceed five per cent of total revenues.

Financial Implications

An AA+ rating assists the City in securing lower interest rates when issuing debt to finance large capital expenditures, resulting in savings to the organization.

Consultations

Finance and Economic Development were consulted about the information requests from S&P Global Ratings for the review.

Communications regarding the City's credit rating and long-term debt position to City Council and members of the public was coordinated with the S&P Global Ratings media release on August 15, 2018.

Corporate Administrative Plan

Overarching Goals

Service Excellence
Financial Stability

Service Area Operational Work Plans

Our Services - Municipal services that make lives better
Our Resources - A solid foundation for a growing city

Attachments

ATT-1 S&P Global Ratings City of Guelph Full Report

Report Author

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RatingsDirect®

Research Update:

City of Guelph Ratings Affirmed At 'AA+'; Outlook Remains Stable

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City of Guelph Ratings Affirmed At 'AA+'; Outlook Remains Stable

Overview

- The City of Guelph's budgetary performance in 2017 was better than we had anticipated, with stronger operating margins and after-capital surpluses.
- A healthy liquidity cushion will allow the city to advance its capital needs while maintaining a minimal debt burden over 2018-2020.
- We are affirming our 'AA+' long-term issuer credit and senior unsecured debt ratings on Guelph.
- The stable outlook reflects our expectation that, in the next two years, the city's robust budgetary performance results will help it maintain a healthy liquidity position and its tax-supported debt will be less than 30% of operating revenues.

Rating Action

On Aug. 15, 2018, S&P Global Ratings affirmed its 'AA+' long-term issuer credit and senior unsecured debt ratings on the City of Guelph, in the Province of Ontario. The outlook is stable.

Outlook

The stable outlook reflects our expectation that, in the next two years, Guelph will post after-capital surpluses of about 5% of total revenues on average in 2018-2020. We also expect the city will maintain tax-supported debt well below 30% of operating revenues through 2020 while preserving a healthy liquidity position.

Downside scenario

Although unlikely, we could lower the ratings in the next two years if deteriorating financial management practices lead to aggressive capital spending that pushed Guelph's tax-supported debt to more than 30% of operating revenues, and combined with weaker operating performance result in sustained after-capital deficits of over 5% of total revenues.

Upside scenario

We could raise the ratings in the next two years if, all else equal, Guelph's economy diversified significantly in line with that of some of our

higher-rated peers and the city's exposure to its government-related entities (GREs) debt falls considerably.

Rationale

In our updated base-case scenario for 2018-2020, we estimate Guelph will maintain stable operating balances and positive after-capital balances. We expect the city will issue about C\$42 million of debt in 2018-2020, resulting in a debt burden of about 24% of operating revenues by 2020. We also expect that Guelph will continue to benefit from a supportive institutional framework, solid financial management, and healthy liquidity. Similar to many other Canadian municipalities, we believe that the city's constrained ability to cut expenditures materially mitigates these strengths somewhat.

Guelph continues to benefit from an economy that is wealthy and dynamic, although it is somewhat less diverse than that of higher-rated peers. Ongoing trade frictions with the U.S remain a risk to the city's significant manufacturing. Hence, Guelph is focusing on expanding its economy, particularly in the life science, agri-food, and biotechnology sectors.

A stable economy, grounded by a large public sector, and strong financial management practices bolster the ratings, while institutions remain broadly supportive.

Guelph benefits from its advantageous location close to the Greater Toronto Area and along the Highway 401 corridor. Although municipal GDP data are unavailable, we estimate that for 2016-2018, the city generated GDP per capita above the threshold of US\$38,000, as per our criteria. Guelph's population in 2018 is about 136,400, up 3.5% since 2016. The city has a large public sector, consisting of a university; schools; hospitals; and municipal, county, and provincial government offices, all of which helps stabilize employment.

In our view, Guelph benefits from a track record of strong and stable management practices. The city prepares robust operating and capital budgets, which we view as detailed and realistic. Well-defined, prudent financial policies also guide debt and liquidity management. In addition, the civil service is experienced and qualified to effectively enact fiscal policies.

We believe Guelph, like other Canadian municipalities, benefits from a very predictable and well-balanced institutional framework that has demonstrated a high degree of institutional stability. Although provincial governments mandate a significant proportion of municipal spending, they also provide operating fund transfers and impose fiscal restraint through legislative requirements to pass balanced operating budgets. Municipalities generally have the ability to match expenditures well with revenues, except for capital spending, which can be intensive. Any operating surpluses typically fund capital expenditures and future liabilities (such as postemployment obligations and landfill closure costs) through reserve contributions.

Exceptionally high operating balances will lead to a minimal debt burden.

In our base-case scenario for 2016-2020, we expect modifiable revenues and operating balances to average about 88% and 16% of operating revenues, respectively, which are in line with those of similarly rated peers. We also estimate that the city will post an after-capital surplus of just over 4% of total revenues, despite fairly high capital expenditures of about C\$81 million, or 19% of total expenditures, on average in 2016-2020. While the significant capital spending suggests some ability to defer unessential capital projects, we believe the city's operating expenditure flexibility is limited, similar to that of many Canadian municipalities, primarily due to provincially mandated service levels and collective agreements with employees.

We expect Guelph's tax-supported debt burden to remain at about 24% of operating revenues by 2020. The city plans to issue debt to fund part of its capital projects, which include combating aging infrastructure. At the same time, we expect interest costs to remain very modest, at less than 1% of operating revenues in the outlook horizon.

In addition to the modest debt burden, Guelph has exceptional liquidity. By our calculations, the city's average free cash and liquid assets will total about C\$259 million in the next 12 months and represent more than 13x the estimated debt service for the same period. Guelph also benefits from strong internal cash flow generation, which boosts our assessments of its liquidity profile. Similar to that of its domestic peers, the city's access to external liquidity is satisfactory, in our view.

Guelph's contingent liabilities are modest, in our opinion. The city owns two companies, Guelph Junction Railway Co. and Guelph Municipal Holding Inc. (GMHI). We view both as self-supporting and our assessment of the likelihood of extraordinary support from the city is low. GMHI is by far the largest entity, and its primary holding is a local electrical distribution company, Guelph Hydro Inc. (GHI). In December 2017, city council voted to merge Guelph Hydro Electric Systems Inc. (a 100%-owned subsidiary of GHI) and Alectra Inc. The merged company, once it receives all necessary approvals, could begin operating in January 2019. We estimate that the city's current exposure to its GREs' combined debt of about 24% of adjusted operating revenues will decrease considerably, if the merger goes through. Other contingent liabilities consist mainly of standard employee benefits and landfill postclosure liabilities. They represented just over 6% of operating revenues in 2017.

Key Statistics

Table 1

City of Guelph -- Selected Indicators						
	--Fiscal year ended Dec. 31--					
(Mil. C\$)	2015	2016	2017	2018bc	2019bc	2020bc
Operating revenues	375.94	389.18	410.63	418.59	430.93	443.81

Table 1

City of Guelph -- Selected Indicators (cont.)						
	--Fiscal year ended Dec. 31--					
(Mil. C\$)	2015	2016	2017	2018bc	2019bc	2020bc
Operating expenditures	325.45	335.62	343.41	352.66	362.45	373.82
Operating balance	50.48	53.56	67.22	65.93	68.48	70.00
Operating balance (% of operating revenues)	13.43	13.76	16.37	15.75	15.89	15.77
Capital revenues	36.19	37.09	34.41	38.21	35.96	33.71
Capital expenditures	58.78	78.84	88.12	85.00	80.00	75.00
Balance after capital accounts	27.89	11.81	13.51	19.14	24.44	28.71
Balance after capital accounts (% of total revenues)	6.77	2.77	3.04	4.19	5.23	6.01
Debt repaid	10.55	11.03	24.55	16.69	15.65	14.77
Gross borrowings	0.00	62.50	0.00	4.45	0.00	37.57
Balance after borrowings	17.33	63.28	(11.04)	6.89	8.79	51.51
Modifiable revenues (% of operating revenues)	88.11	87.86	87.88	88.11	88.45	88.78
Capital expenditures (% of total expenditures)	15.30	19.02	20.42	19.42	18.08	16.71
Direct debt (outstanding at year-end)	81.62	136.26	111.50	99.26	83.61	106.41
Direct debt (% of operating revenues)	21.71	35.01	27.15	23.71	19.40	23.98
Tax-supported debt (outstanding at year-end)	81.62	136.26	111.50	99.26	83.61	106.41
Tax-supported debt (% of consolidated operating revenues)	21.71	35.01	27.15	23.71	19.40	23.98
Interest (% of operating revenues)	0.93	1.07	0.96	0.79	0.66	0.81
National GDP per capita (single units)	55,673	56,129	58,440	59,985	61,845	63,611

Note: The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case. Base case reflects S&P Global Ratings' expectations of the most likely scenario. Downside case represents some but not all aspects of S&P Global Ratings' scenarios that could be consistent with a downgrade. Upside case represents some but not all aspects of S&P Global Ratings' scenarios that could be consistent with an upgrade. bc--Base case.

Ratings Score Snapshot

Table 2

City of Guelph -- Ratings Score Snapshot	
Key Rating Factors	Assessment
Institutional Framework	Very predictable and well-balanced
Economy	Very strong
Financial Management	Strong
Budgetary Flexibility	Strong
Budgetary Performance	Very strong
Liquidity	Exceptional
Debt Burden	Very low
Contingent Liabilities	Low

Note: S&P Global Ratings bases its ratings on local and regional governments on eight main rating factors listed in the table. Section A of S&P Global Ratings' "Methodology For Rating Non-U.S. Local And Regional Governments" summarizes how the eight factors are combined to derive the foreign currency rating on the government.

Key Sovereign Statistics

Sovereign Risk Indicators, July 5, 2018. Interactive version available at <http://www.spratings.com/sri>

Related Criteria

- Criteria - Governments - International Public Finance: Methodology For Rating Non-U.S. Local And Regional Governments, June 30, 2014
- Criteria - Governments - International Public Finance: Methodology And Assumptions For Analyzing The Liquidity Of Non-U.S. Local And Regional Governments And Related Entities And For Rating Their Commercial Paper Programs, Oct. 15, 2009
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision. After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts. The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above. The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

Ratings List

Ratings Affirmed

Guelph (City of)

Issuer credit rating	AA+/Stable/--
Senior unsecured	AA+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed

to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Provincial/Federal Consultation Alert							
Title	Ministry	Consultation Deadline	Summary	Proposed Form of Input	Rationale	Lead	Link to Ministry Website
Bill 4, Cap and Trade Cancellation Act	Ministry of Environment and Climate Change	October 11, 2018	<p>The Ministry of Environment and Climate Change have posted the proposed Cap and Trade Cancellation Act on the Environmental Regulatory Registry for comment.</p> <p>The cancellation of the Cap and Trade program may impact a number of funding streams for projects at the City of Guelph. Additionally, given that Phase 2 of the federal government's Investing in Canada Infrastructure Plan requires provinces to have climate change plans in place in order to receive funding, the cancellation of Cap and Trade may impact the distribution of Phase 2 funds to municipalities.</p> <p>The response will focus on the following messaging 1) Total financial impact resulting from cancelled programs under Cap and Trade, 2) Need for funding dollars to support climate change initiatives which support the community and economy, 3) Need for a commitment to preparing a climate change action plan to ensure millions in Phase 2 funding flows from the federal government to municipalities.</p>	Staff comments will be submitted on the online Environmental Registry (EBR) and provided to Council via the Information Package following the consultation deadline.	Staff can provide comments to the ministry that do not conflict with existing or previously approved council positioning. The focus of the comments are subject to the impact to funding to be received for council approved projects and programs.	Intergovernmental Relations and Policy	https://ero.ontario.ca/notice/013-3738

It's
YOUR
Community
... MAKE THE CALL!



CRIME 
STOPPERS
GUELPH WELLINGTON
1-800-222-TIPS (8477)

THE INFORMANT

FALL 2018



YOUR TIP could be the missing piece of the puzzle!



IN THE NEWS

CELEBRATING 30 YEARS



CSGW celebrated 30 years on August 3rd in Mount Forest. Community members were invited to a flag raising downtown, followed by presentations and a free BBQ at Murphy's Park. There were also pictures and balloons for the kids. We **THANK** each and every one of you who attended and to all our **community members** for supporting Crime Stoppers over the years!



Three founding members of the Crime Stoppers Program were presented with a token of appreciation by Board Director John Svensson. Pictured above from the left: Paul Truex, Dick Stewart and Mike Blythe.

BOARD MEMBERS WANTED

Crime Stoppers Guelph Wellington (CSGW) is looking for citizens from Guelph and Wellington County to join the volunteer Board of Directors.

We are looking for individuals who want to get involved in their community and have some spare time to give. Individuals with fundraising experience and connections within the community would be an asset to the Board, as CSGW is a charity which relies on fundraising dollars and donations to not only pay for rewards to anonymous Tipsters, but also for program education and awareness. Volunteering can be rewarding, knowing your efforts are going to a good cause.

Visit www.csgw.tips to learn more and to apply.

PROGRAM STATISTICS

*Stats since 1988 through August 2018 for
Guelph and Wellington County*

Total # of Tips	20,000+
Arrests	1,547
Charges Laid	4,282
Narcotics Seized	\$27,308,087
Property Recovered	\$10,181,196
Authorized Rewards	\$167,435

**The numbers speak for themselves...
Crime Stoppers works!**

FUNDRAISING AND AWARENESS

SHREDDING EVENTS



Thank you to everyone who attended our event in Guelph on September 15th. **We raised \$1,515.00 plus an additional \$191.50 in donations and \$60.00 in CSGW t-shirt sales!**

If you missed it, there is a second event taking place – Saturday October 27th— 10am-12noon

Wellington North Fire Service parking lot, 381 Main Street North, MOUNT FOREST



Help prevent identity theft!

A drive through operation. \$5 donation per banker's box size.

PAPER ONLY ACCEPTED.

CSGW CONTEST WINNERS

The winners of the "Where in Wellington Is Crime Stoppers" social media contest, were announced on August 3rd at the Crime Stoppers 30th Anniversary celebration event in Mount Forest.



Congratulations!

Sherry Campbell
Adam Olivero
Cari Greulich Whitelaw



IT TAKES A VILLAGE Crimes Against Youth

Saturday October 13th—8:30 am until 1:30 pm

**Centre Wellington District High School
905 Scotland Street, Fergus**

A one-day workshop to generate awareness of Crimes Against Youth.

Human Trafficking, Child Pornography, Child Exploitation, Cyber Safety, At Risk Youth and Crime Stoppers.



Pre online registration required :

2018ittakesavillage.eventbrite.ca

Admission is \$20.00—refreshments included

Adults and Youths 14+ welcome!

CSGW HH BUCKET SALE



Join us **Saturday December 1st from 8am until 5pm** at **YOUNGS HOME HARDWARE** located at **525 Main Street north in Mount Forest.**

For \$5 you can purchase a Home Hardware bucket from one of our CSGW representatives. The money raised from the bucket sales is donated by Home Hardware to CSGW.

In addition, HH will give you up to 20% off of most regular ticketed items that you can fit inside the bucket. Now that's a deal!

We **thank Marty Young** for his continued support of our program.



**2018
MOUNT
FOREST**

SHREDDING EVENT



Saturday Oct 27, 2018

10 a.m. - noon

Wellington North Fire Service - parking lot

Main Street, Mount Forest

\$5 per box

Protect yourself from
Identity Theft!

Shredding by FileBank

For more information go to
www.csgw.tips

All proceeds to

CRIME  STOPPERS
GUELPH WELLINGTON
1-800-222-TIPS (8477)

ONTARIO ENERGY BOARD NOTICE TO CUSTOMERS OF UNION GAS LIMITED

Union Gas Limited has applied to introduce a new firm transportation service under Rate M17 for gas distributors and to modify the applicability of existing bundled delivery service and semi-unbundled storage and transportation service under Rate M9 and Rate T3 rate schedules respectively.

Learn more. Have your say.

Union Gas Limited has applied to the Ontario Energy Board to introduce firm transportation services for gas distributors that will have competitive storage and gas supply options under a new M17 rate class effective January 1, 2019. Union Gas Limited has proposed the new M17 service in response to a request by EPCOR Southern Bruce Gas Inc. for gas transportation services to the South Bruce expansion area.

Union Gas Limited is also seeking approval to limit the applicability of its Rate M9 and Rate T3 rate schedules to existing gas distributors.

THE ONTARIO ENERGY BOARD IS HOLDING A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing to consider the application filed by Union Gas. We will question Union Gas on the case. We will also hear questions and arguments from individual customers and from groups that represent the customers of Union Gas. At the end of this hearing, the OEB will decide whether the proposed new transportation services and changes to existing rate schedules will be approved.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding this application and to be involved in the process.

- You can review the application filed by Union Gas on the OEB's website now.
- You can file a letter with your comments, which will be considered during the hearing.
- You can become an active participant (called an intervenor). Apply by **October 1, 2018** or the hearing will go ahead without you and you will not receive any further notice of the proceeding.
- At the end of the process, you can review the OEB's decision and its reasons on our website.

LEARN MORE

Our file number for this case is **EB-2018-0244**. To learn more about this hearing, find instructions on how to file letters or become an intervenor, or to access any document related to this case, please enter the file number **EB-2018-0244** on the OEB website: www.oeb.ca/participate. You can also phone our Public Information Office at 1-877-632-2727 with any questions.

ORAL VS. WRITTEN HEARINGS

There are two types of OEB hearings – oral and written. The OEB will determine at a later date whether to proceed by way of a written or oral hearing. If you think an oral hearing is needed, you can write to the OEB to explain why by **October 1, 2018**.

PRIVACY

If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. However, your personal telephone number, home address and e-mail address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all information will be public.

This rate hearing will be held under section 36 of the Ontario Energy Board Act, S.O. 1998 c.15 (Schedule B).



August 30, 2018

BY COURIER & RESS

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

Dear Ms. Walli:

RE: EB-2018-0244 – Union Gas Limited (“Union”) - Rate M17 Firm Transportation Service

Please find attached Union’s application and evidence seeking approval of a new firm transportation service for gas distributors under the Rate M17 rate class, effective January 1, 2019. This application is made pursuant to Section 36 of the *Ontario Energy Board Act, 1998*. Union is also seeking approval to modify the applicability of its approved Rate M9 and Rate T3 rate schedules for existing gas distributors.

The application and evidence have been filed through the Ontario Energy Board’s (“the Board”) RESS and will be available on Union’s website at: www.uniongas.com.

Should you have any questions on the above or would like to discuss in more detail, please contact me at 519-436-5473.

Yours truly,

[original signed by]

Karen Hockin
Specialist, Regulatory Initiatives

Encl.

cc: Charles Keizer, Torys

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an Application by Union Gas Limited for an order or orders approving a new firm transportation service for gas distributors under the Rate M17 rate class, effective January 1, 2019;

AND IN THE MATTER OF an Application by Union Gas Limited for an order or orders modifying the applicability of the existing Rate M9 and Rate T3 rate schedules for existing gas distributors.

APPLICATION

1. Union Gas Limited (“Union”) is a business corporation, incorporated under the laws of Ontario, with its head office in the Municipality of Chatham-Kent.
2. Union conducts an integrated natural gas utility business that combines the operations of selling, distributing, transmitting and storing gas within the meaning of the *Ontario Energy Board Act, 1998* (the “Act”).
3. Union is applying to the Ontario Energy Board (“OEB” or “the Board”) pursuant to section 36 of the *Ontario Energy Board Act* (“the Act”) for an order or orders granting approval of a new M17 firm transportation service for gas distributors. This application is in response to changes in the competition for natural gas distribution in Ontario as a result of the OEB’s Decision with Reasons in its Generic Community Expansion proceeding (EB-2016-0004).¹ Union is proposing the M17 service to EPCOR Southern Bruce Gas Inc. (“EPCOR”) in response to a request to provide transportation to the South

¹ EB-2016-0004 Decision with Reasons dated November 17, 2016

Bruce expansion area. In addition to making this service available to other potential new entrants, existing gas distributors will have the option to take the M17 service. As proposed, the M17 service is to be effective January 1, 2019.

4. To accommodate the new service, Union is seeking OEB approval of the proposed M17 rate design and rate schedule, Schedule “A” (General Terms and Conditions), Schedule “B” (Nominations) and Schedule “C” (Receipt Locations).
5. Union is also seeking OEB approval pursuant to Section 36 of the *Act* to modify the applicability of the existing Rate M9 and Rate T3 rate schedules for existing gas distributors. Union is proposing to grandfather its existing Rate M9 and Rate T1 rate schedules and limit the applicability of the rate schedules to existing gas distributors.
6. Union also applies to the Board for such interim order or orders approving interim rates or other charges and accounting orders as may from time to time appear appropriate or necessary.
7. Union further applies to the Board for all necessary orders and directions concerning pre-hearing and hearing procedures for the determination of this application.
8. This application will be supported by written evidence. This evidence will be pre-filed and will be amended from time to time as required by the Board, or as circumstances may require.
9. The persons affected by this application are the customers resident or located in the municipalities, police villages and Indian reserves served by Union, together with those to whom Union sells gas, or on whose behalf Union distributes, transmits or stores gas. It

is impractical to set out in this application the names and addresses of such persons because they are too numerous.

10. The address of service for Union is:

Union Gas Limited
P.O. Box 2001
50 Keil Drive North
Chatham, Ontario
N7M 5M1

Attention: Karen Hockin
Specialist, Regulatory Initiatives
Telephone: (519) 436-5473
Fax: (519) 436-4641
email: khockin@uniongas.com

- and -

Torys LLP
Suite 3000, Maritime Life Tower
P.O. Box 270
Toronto-Dominion Centre
Toronto, Ontario
M5K 1N2

Attention: Charles Keizer
Telephone: (416) 865-7512
Fax: (416) 865-7380
email: ckeizer@torys.com

DATED: August 30, 2018.

UNION GAS LIMITED

[original signed by]

Karen Hockin
Specialist, Regulatory Initiatives

1 RATE M17 – TRANSPORTATION SERVICE

2 Union is proposing to introduce a new firm transportation service for gas distributors under the
3 Rate M17 rate class, effective January 1, 2019. To accommodate the new service, Union is
4 seeking Ontario Energy Board (“OEB” or “the Board”) approval of the proposed Rate M17 rate
5 design and rate schedule, Schedule “A” (General Terms and Conditions), Schedule “B”
6 (Nominations) and Schedule “C” (Receipt Locations). Union is also seeking OEB approval to
7 modify the applicability of the existing Rate M9 and Rate T3 rate schedules for gas distributors.

8
9 Union’s proposed Rate M17 transportation service for gas distributors includes transportation
10 from Dawn, Kirkwall or Parkway (the points of receipt) to the customer’s custody transfer
11 point(s) with Union (the delivery area). The service offers transportation within Union South to
12 transport gas east of Dawn on the Dawn Parkway system in combination with transportation on
13 other Union South transmission lines to the delivery area. The proposed Rate M17 transportation
14 service also includes the ability to balance scheduled deliveries and measured quantities at the
15 delivery area through a Limited Balancing Agreement (“LBA”)¹.

16

17 This evidence is organized as follows:

18 A. Drivers of the Proposed Service

19 B. Current Approved Services

¹ A Limited Balancing Agreement (LBA) is an agreement for a balancing service established between Union and a gas distributor connected to Union’s system in which the gas distributor is responsible for clearing any daily and cumulative imbalances (subject to a variance threshold) created at the custody transfer point due to differences in daily scheduled nominated quantities and measured quantities.

1 C. Proposed Service

2 i) Firm Point-to-Point Transportation Service

3 ii) Balancing Service

4 D. Proposed Pricing of Rate M17

5 i) Monthly Charge

6 ii) Firm Monthly Transportation Demand Charge

7 iii) Commodity Charges

8 iv) Authorized Overrun Charges

9 v) Balancing Service Fees

10 E. Proposed Modification to Rate M9 and Rate T3 Rate Schedules

11
12 A. Drivers of the Proposed Service

13 Union developed the Rate M17 transportation service for gas distributors in response to changes
14 in the competition for natural gas distribution in Ontario.² Union is proposing the M17 service to
15 EPCOR Southern Bruce Gas Inc. (“EPCOR”) in response to EPCOR’s request to provide
16 transportation to the South Bruce expansion area. In addition to making this service available to
17 other potential new entrants, existing customers who are gas distributors will also have the
18 option to take transportation service under Rate M17.

19
20 In the EB-2016-0004 Decision with Reasons, the OEB reviewed a variety of measures that could
21 lead to expanded natural gas service including facilitating competition amongst new and existing

² EB-2016-0004 Generic Community Expansion OEB Decision with Reasons dated November 17, 2016.

1 natural gas distributors through changes to its processes specific to the granting of Municipal
2 Franchise Agreements and Certificates of Public Convenience and Necessity.

3 *“A framework that employs new rate zones would also facilitate the entry of new participants*
4 *and allow for competition. This would be accomplished by considering the proposed rates for*
5 *a potential service area in a leave to construct hearing. Alternative competing bids could be*
6 *considered by the OEB at the same time. The awarding of Franchise rights and Certificates*
7 *can be considered in conjunction with the Leave to Construct application putting all on a level*
8 *playing field.³”*
9

10 Changes which facilitate competition for natural gas distribution to new communities have
11 created more opportunity for new entrants that have the financial and technical expertise to offer
12 gas distribution services in Ontario. These new entrants may require transportation services from
13 Union in order to provide gas distribution services to their respective franchise areas, as has been
14 requested by EPCOR.

15
16 On April 12, 2018, the OEB issued a Decision and Order granting the Certificates of Public
17 Convenience and Necessity for the South Bruce expansion area to EPCOR conditional on the
18 approval of its subsequent leave to construct application. The South Bruce expansion area
19 includes the Municipality of Arran-Elderslie (EB-2016-0137), the Municipality of Kincardine
20 (EB-2016-0138), and the Township of Huron-Kinloss (EB-2016-0139). Please see Schedule 1
21 for a map illustrating the South Bruce expansion area. This Decision and Order was the outcome
22 of the OEB’s first competitive process for provision of natural gas distribution service in

³ EB-2016-0004 Generic Community Expansion Decision with Reasons, p.19.

1 presently unserved communities following its EB-2016-0004 Decision with Reasons.

2

3 In addition, the granting of Certificates of Public Convenience and Necessity to EPCOR allows
4 them to construct works and supply gas within specific parts of the South Bruce service
5 expansion area. This represents the first granting of such rights within a previously un-served
6 area since the Natural Gas Electricity Interface Review (“NGEIR”) (EB-2005-0551) proceeding,
7 in which access to competitive storage services was reviewed. Accordingly, Union has
8 developed the Rate M17 service offering to meet transportation service needs of new entrants
9 post-NGEIR.

10

11 In the NGEIR Decision⁴, the OEB determined access to cost-based storage was based on whether
12 or not a utility has sufficient access to competitive storage options. Specifically, the OEB found
13 “that a decision to refrain from regulating storage rates should not be based on an in-Ontario, ex-
14 Ontario approach, but rather on the competitive position of the customer. The appropriate
15 consideration is whether [the utility] has access to alternatives.” As part of the Decision, the
16 OEB established that:

- 17 • Existing utilities taking bundled or semi-unbundled service from another utility
18 (Kitchener Utilities, EPCOR Natural Gas Limited Partnership (formerly NRG), Six
19 Nations Natural Gas, and Gazifère) do not have sufficient access to competitive storage
20 options under these service offerings to protect the public interest and will continue to
21 receive access to cost-based storage services; and

⁴ EB-2005-0551 Natural Gas Electricity Interface Review Decision with Reasons November 7, 2006, p.p. 61-66.

- 1 • Existing utilities that buy storage services on behalf of their customers had access to
2 competitive storage options and do not require the protection of regulation for the
3 acquisition of storage from Union (Enbridge Gas Distribution, Gaz Métro (now Énergir),
4 and Utilities Kingston).

5
6 At the time of NGEIR, utilities that took bundled or semi-unbundled service from Union or
7 Enbridge Gas Distribution did not have access to competitive storage options and as a result,
8 these utilities were ‘grandfathered’ under the existing bundled or semi-unbundled service
9 offerings and continued to receive cost-based storage rates under these services.

10
11 This is not the same circumstance for new gas distributors. In response to new gas distributors in
12 Ontario, Union is introducing the Rate M17 transportation service. The new service provides gas
13 distributors with a transportation service similar to existing utilities that have competitive storage
14 options, as identified in the NGEIR proceeding (Enbridge Gas Distribution, Gaz Métro (now
15 Énergir), and Utilities Kingston). With the introduction of the Rate M17 transportation service,
16 new distributors will have access to competitive storage options, are able to buy storage services
17 on behalf of their customers and do not require the protection of regulation for the acquisition of
18 storage. This treatment of storage for new gas distributors is consistent with the NGEIR
19 Decision. These distributors also have access to competitive gas supply markets and do not
20 require Union’s utility sales service. As was noted earlier, the M17 service will be an option for
21 existing utilities identified above. In the event an existing utility switches to M17 service, they

1 would no longer be grandfathered under their current service rate and meet applicability
2 requirements of that service.

3

4 As stated in the EB-2016-0004 Decision with Reasons, given the Board’s desire to facilitate
5 competition for gas distribution for new communities, Union’s position is that new entrants need
6 to be held to the same standards as existing distributors.⁵ As stated in Union’s pre-filed evidence
7 in EB-2016-0004, it is important that the Board apply the same criteria and have the same
8 performance expectations of new entrants.⁶ These expectations include the ability to manage
9 storage and gas supply procurement.

10

11 Accordingly, Union is proposing a regulated transportation service under Rate M17 for new gas
12 distributors, similar to the ex-franchise service offerings available to gas distributors that have
13 competitive storage and gas supply options, as described further in Section C. Consistent with
14 other ex-franchise transportation services, such as Rate M12 and Rate C1, these gas distributors
15 will transport gas on Union’s system under regulated transportation services and will be
16 responsible for securing their own market-based gas supply, upstream transportation
17 arrangements and storage services.

18

19 B. Current Approved Services

20 Union currently offers three service options for gas distributors. The first two service options

⁵ EB-2016-0004 – Decision with Reasons, p.25

⁶ EB-2016-0004 – Exhibit A, Tab 1, pp.27-28

1 available are similar to Union's existing in-franchise services, which offer a bundled delivery
2 service (Rate M9) or a semi-unbundled storage and transportation service (Rate T3). In addition
3 to delivery and transportation, Rate M9 customers have a utility sales service option in which
4 Union sources gas supply on behalf of the customer. Both Rate M9 and Rate T3 services also
5 include regulated storage at cost-based rates. The NGEIR Decision provided for the continuation
6 of regulated cost-based storage rates to these utilities because there were no unbundled service
7 options available at the time, as described in Section A. Gas distributors that have contracted for
8 Union's bundled delivery and semi-unbundled storage and transportation services include
9 Kitchener Utilities, EPCOR Natural Gas Limited Partnership (formerly NRG), and Six Nations
10 Natural Gas.

11
12 The third service option available to gas distributors is under Union's ex-franchise services. Gas
13 distributors may contract for transportation service under Rate M12 or Rate C1 on the Dawn
14 Parkway System. Union also offers an LBA under the Rate M12 service to manage daily
15 operational balancing needs between Union and gas distributors, if required. The Rate M12 and
16 Rate C1 transportation services are limited to receipt and delivery points along the Dawn
17 Parkway System and are not designed for gas distributors with a custody transfer point(s) at any
18 other location on Union's system. Under the ex-franchise service offerings, gas distributors
19 manage their own gas supply arrangements and competitive market-based storage services are
20 available at market-based rates, as described in Section A. Gas distributors that have contracted
21 with Union for ex-franchise services include Enbridge Gas Distribution, Gaz Métro (now
22 Énergir), and the Utilities Kingston.

1 C. Proposed Service

2 The proposed service under the Rate M17 rate schedule is comprised of a firm point-to-point
3 transportation service and a balancing service at the delivery area.

4

5 i) *Firm Point-to-Point Transportation Service*

6 Union is proposing to offer a firm point-to-point transportation service between an applicable
7 receipt point and the delivery area. Similar to Union's ex-franchise transportation services under
8 Rate M12 and Rate C1, the M17 shipper may contract with Union to transport gas from Dawn,
9 Kirkwall or Parkway to the delivery area. The ability to choose a path provides added flexibility
10 and choice for the shipper. The shipper will be required to nominate the quantity of gas from the
11 applicable receipt point to the delivery area on a daily basis.

12

13 ii) *Balancing Service*

14 Union is also proposing to offer a balancing service consistent with the existing LBA offered
15 under Rate M12 for gas distributors. The LBA captures the difference between the shipper's
16 scheduled deliveries and measured quantities at the delivery area and tracks both daily and
17 cumulative balances. At the end of each gas day, any difference between the shipper's scheduled
18 deliveries and measured quantities will be balanced by an allocation of gas to or from the LBA
19 account by Union. If the amount of gas measured is greater than the scheduled delivery, then
20 there would be a negative entry into the LBA. If the amount of gas measured is less than the
21 amount of gas scheduled, then there would be a positive entry into the LBA. To manage the
22 imbalance, the shipper can nominate to inject into or withdraw gas from the LBA.

1 D. Proposed Pricing of Rate M17

2 As indicated above, Union is proposing to introduce a new Rate M17 rate schedule to
3 accommodate firm transportation service from Dawn, Kirkwall or Parkway to the delivery area.

4 Union's proposed rates are consistent with the rate design principles that underpin Union's
5 existing ex-franchise rates (Rate M12, Rate C1, Rate M13 and Rate M16), when applicable.

6 Union's proposed rate design consists of the following components:

- 7 i) A monthly charge to recover fixed customer-related costs associated with having the gas
8 distributor attached to Union's system;
- 9 ii) Firm monthly transportation demand charges for each of the transportation paths to the
10 delivery area;
- 11 iii) Commodity charges to recover incremental Dawn-Parkway compressor fuel and UFG
12 associated with providing the transportation service;
- 13 iv) Authorized overrun charges for quantities that exceed the M17 shipper's contract
14 demand; and
- 15 v) Balancing service fees associated with the LBA.

16

17 Each component of the proposed rate is discussed in more detail below. The proposed rates are
18 based on current approved 2018 rates and will be subject to changes in accordance with Union's
19 Rates proceedings once approved. The proposed Rate M17 rate schedule, Schedule "A" (General
20 Terms and Conditions), Schedule "B" (Nominations) and Schedule "C" (Receipt Locations) are
21 provided at Schedule 2. The LBA charges are consistent with TransCanada approved tariff
22 charges.

1

2 *i) Monthly Charge*

3 Union is proposing a fixed monthly customer charge to recover the costs associated with having
4 the gas distributor attached to Union's system. The customer-related costs primarily include the
5 revenue requirement for the rate base (net of aid to construct) and O&M associated with the
6 customer station. Offering a monthly customer charge is consistent with Union's rate design for
7 other in-franchise and ex-franchise services with customer-specific stations and ensures recovery
8 of fixed costs irrespective of variations in firm transportation demands and annual throughput
9 volumes. To set the monthly charge, Union is proposing a unique charge for each customer that
10 takes service under Rate M17, specific to the delivery area. This approach ensures that the
11 appropriate customer charge is recovered from each customer. This unique charge also
12 recognizes that cost differences can exist amongst different customers based on the facilities
13 required to serve a customer and whether the customer-related costs are paid in part or in whole
14 by an aid to construct. The proposed monthly charge for EPCOR to serve the South Bruce
15 expansion area is \$1,998.71, based on estimated annual customer-related O&M costs of
16 approximately \$24,000. The proposed monthly charge assumes that EPCOR has paid for the
17 required customer station facilities in whole by an aid to construct.

18

19 *ii) Firm Monthly Transportation Demand Charge*

20 Union is proposing a firm monthly transportation demand charge for easterly service from Dawn
21 to the delivery area and westerly service from Parkway or Kirkwall to the delivery area. The
22 proposed demand charges provide a contribution toward the recovery of demand-related costs

1 associated with the pipeline assets that will be used to transport gas on behalf of the M17
2 shipper.

3
4 The rate design for each of the transportation options includes two parts. The first part of the
5 charge provides a contribution towards the recovery of Dawn-Parkway demand costs. The
6 Dawn-Parkway demand cost component of the rate is different if gas is transported a) easterly
7 from Dawn to Delivery Area or b) westerly from Kirkwall or Parkway to Delivery Area.
8 The second part of the charge provides a contribution to the recovery of Other Transmission
9 demand costs.

10
11 *a) Dawn to Delivery Area*

12 To calculate the easterly demand charge from Dawn to the delivery area, Union adjusted the
13 current approved Rate M12/C1 Dawn-Parkway demand rate based on the distance from Dawn to
14 the Owen Sound lateral. This proration recognizes the distance gas would be required to travel
15 on the Dawn Parkway System on design day to serve the South Bruce expansion area. Of the
16 total 229 km distance of the Dawn Parkway System, the Owen Sound lateral is located
17 approximately 159 km from Dawn (or 70%). Based on current approved 2018 rates, Union
18 applied the distance-weighting of 70% to the \$3.716/GJ Dawn-Parkway demand charge to set the
19 first part of the proposed Rate M17 Dawn to delivery area demand charge at \$2.587/GJ. This
20 proposed pricing is consistent with Union's OEB-approved cost allocation methodology of
21 Dawn-Parkway demand costs, which is based on easterly peaking distance weighted Design Day
22 demands on the Dawn Parkway System. The rate design is also consistent with the methodology

1 used to set Union's Rate M16 east of Dawn demand charge.

2

3 The second part of the proposed transportation demand charge includes a contribution to the
4 recovery of Other Transmission demand costs. In Union's OEB-approved cost allocation study,
5 the Owen Sound line is categorized as Other Transmission demand and is allocated to Union
6 South in-franchise rate classes in proportion to Design Day demands. Union's Other
7 Transmission assets include all transmission assets other than those specifically identified as the
8 Dawn Parkway System, the Panhandle system or the St. Clair system. Union calculated this part
9 of the proposed transportation demand charge as the Other Transmission demand average unit
10 rate of \$1.844/GJ based on Union's current approved rates. This component of Union's
11 proposed rate design provides for a reasonable contribution to the recovery of fixed costs
12 associated with the assets used to provide the transportation service from the Dawn Parkway
13 System to the delivery area.

14

15 The total proposed Rate M17 Dawn to Delivery Area firm transportation demand rate of
16 \$4.431/GJ, based on current approved 2018 rates, is the sum of the Dawn-Parkway and Other
17 Transmission components described above. The detailed calculation of the proposed Rate M17
18 Dawn to Delivery Area firm transportation demand charge is provided in Table 1.

19

20

Table 1
Derivation of Rate M17 Dawn to Delivery Area Firm Transmission Demand Charge
(\$/GJ/day/month)

Line No.	Particulars	
	<u>Dawn-Parkway Demand</u>	
1	Rate M12/C1 Dawn to Parkway firm demand charge with Dawn compression (1)	3.716
2	Distance - Dawn to Owen Sound lateral (km)	159.39
3	Distance - Dawn to Parkway (km)	<u>228.94</u>
	Distance weighted Dawn to Parkway demand charge	
4	(line 1 * line 2 / line 3)	<u>2.587</u>
	<u>Other Transmission Demand</u>	
5	Other Transmission Demand costs (\$000's) (2)	56,582
6	Other Transmission Design Day demand (TJ) (3)	<u>30,688</u>
	Other Transmission Demand average unit rate	
7	(line 6 / line 7)	<u>1.844</u>
8	Total Dawn to Delivery Area Demand Charge (line 4 + line 7)	<u><u>4.431</u></u>

Notes:

- (1) EB-2017-0087, Rate Order, Appendix A, p.14, line 2, column (c).
- (2) EB-2011-0210, Exhibit G3, Tab 2, Schedule 17, Updated for OEB Decision. Total Union South in-franchise Other Transmission demand costs, updated for 2014-2018 OEB-Approved IRM adjustments.
- (3) EB-2011-0210, Exhibit G3, Tab 5, Schedule 21, pp. 10-12, Updated for OEB Decision. 2013 OEB-Approved Other Transmission Design Day demand of 67,745 10³m³ x 12, converted based on the 2013 OEB-Approved Union South heat value of 37.75 GJ/10³m³.

1 *b) Parkway or Kirkwall to Delivery Area*

2 Union is proposing a common westerly Parkway or Kirkwall to delivery area demand charge. To
3 calculate the proposed demand charge, Union combined the current approved Rate C1 westerly
4 Dawn-Parkway demand charge for transportation from Parkway to Dawn of \$0.874/GJ⁷ to the
5 average Other Transmission demand charge of \$1.844/GJ, described in part a) above. The total
6 proposed westerly Rate M17 transportation demand charge from Parkway or Kirkwall to the
7 delivery area is \$2.719/GJ, based on current approved 2018 rates.

8
9 *iii) Commodity Charges*

10 Rate M17 fuel ratios will be set to recover the costs associated with the compressor fuel that
11 Union will incur to transport the gas on behalf of the shipper. Rate M17 fuel ratios will be set
12 based on the current approved Rate C1 seasonal fuel ratios. For service from Dawn to the
13 delivery area, Union is proposing to set the fuel ratios to be the same as Rate C1 Dawn-Kirkwall
14 to provide a contribution to the recovery of UFG and the applicable compressor fuel
15 requirements of the Dawn Parkway transmission system (at Dawn, Lobo and Bright
16 compressors). The proposed Rate M17 fuel ratio for winter and summer transportation is
17 0.764% and 0.319%, respectively, based on current approved 2018 rates.

18
19 For transportation from Parkway or Kirkwall to the delivery area, fuel ratios will be set at the
20 current approved Rate C1 Parkway to Dawn and Rate C1 Kirkwall to Dawn fuel ratios. The
21 proposed Rate M17 fuel ratios for Parkway to the delivery area for winter and summer are

⁷ EB-2017-0087, Rate Order, Appendix A, p.15, line 28, column (c).

1 0.158% and 0.301%, respectively. The proposed Rate M17 fuel ratio for Kirkwall to the
2 delivery area for both winter and summer is 0.158%, based on current approved 2018 rates.

3

4 *iv) Authorized Overrun Charges*

5 Union is proposing to permit authorized overrun at its discretion. The authorized overrun rates
6 will include the commoditized demand charge for each of the respective Rate M17 transportation
7 paths. The proposed authorized overrun fuel ratios will be set at the current Rate C1 authorized
8 overrun fuel ratios for Dawn-Kirkwall, Parkway-Dawn and Kirkwall-Dawn. This rate design is
9 consistent with the Rate C1 authorized overrun rates.

10

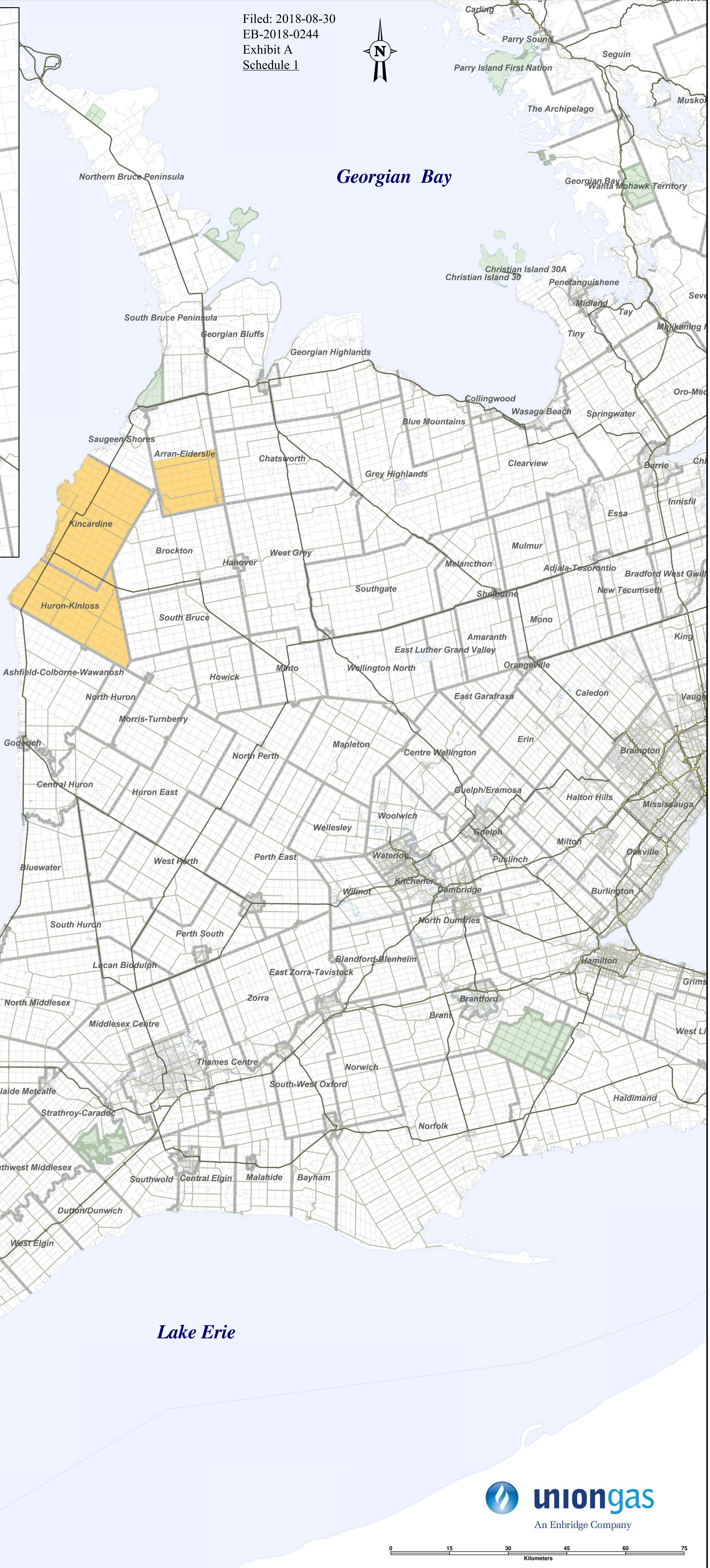
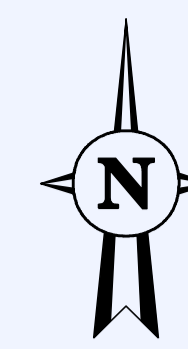
11 *v) Balancing Service Fees*

12 Balancing service fees will be set consistent with Union's LBA service option available to gas
13 distributors under Rate M12. The LBA service fees are consistent with TransCanada's tariff for
14 balancing services. The LBA fees are structured to provide financial incentive for a shipper to
15 actively manage daily and cumulative imbalances resulting from variances between the shippers'
16 scheduled deliveries and measured quantities at the delivery area, in a timely manner. Provided
17 the daily and cumulative imbalances fall within the minimum tolerances specified in the LBA,
18 no charges are incurred by the shippers. However, should either the daily or the cumulative
19 minimum tolerance be exceeded, shippers will be subject to the tiered daily and/or cumulative
20 charges as outlined in the LBA. Balancing service fee net revenues flow through the Short Term
21 Storage and Other Balancing Services deferral account (179-070).

22

1 E. Proposed Modification to Rate M9 and Rate T3 Rate Schedules

2 As described in Section A, Union's proposed Rate M17 service offering provides gas distributors
3 with access to competitive storage options by allowing transportation to the delivery area from
4 Dawn, Kirkwall or Parkway, which is similar to services offered to other gas distributors that
5 utilize ex-franchise transportation services. The Rate M17 service offering is different than the
6 existing bundled and semi-unbundled services under Rate M9 and Rate T3 that were available to
7 gas distributors at the time of the NGEIR Decision. In accordance with the NGEIR Decision,
8 Union proposes to grandfather the existing gas distributors taking service under the Rate M9 and
9 Rate T3 rate schedules and limit the applicability of the rate schedules to existing gas
10 distributors. Although Union is proposing to limit Rate M9 and Rate T3 to existing customers,
11 those customers are eligible to take service under Rate M17. A blackline version of the Rate M9
12 and Rate T3 rate schedules is provided at Schedule 3.



South Bruce Expansion Area

Legend

- Major Roads and Highways
- A** Municipality of Arran- Elderslie (EB-2016-0137)
- B** Municipality of Kincardine (EB-2016-0138)
- C** Township of Huron-Kinloss (EB-2016-0139)
- Municipal and Township Boundaries
- First Nation Areas



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 Rate M17
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TRANSPORTATION RATES

(A) Applicability

The charges under this rate schedule shall be applicable to a distributor in Union South who is located east of Dawn and who enters into a contract with Union for the transportation of gas for distribution to its customers. Transportation Services under this rate schedule is transportation on Union's pipeline facilities from any Applicable Receipt Point to the distributor's delivery area.

Applicable Receipt Points

- Dawn*
- Kirkwall
- Parkway (TCPL)

* Dawn as a receipt point: Dawn (TCPL), Dawn (Facilities) and Dawn (Vector).

(B) Rates

The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

1. Monthly Charge

A Monthly Charge shall be applied to each distributor and is applicable to such distributor's delivery area. Should a new delivery area be served under this rate schedule, a distributor specific charge would be established at that time.

	<u>Monthly Charge</u>
South Bruce	\$ 1,998.71

2. Firm Transportation

	<u>Monthly Demand Charge(s)</u> (applied to daily contract demand) <u>Rate/GJ</u>	<u>Fuel and Commodity Charges</u>			
		<u>Union Supplied Fuel</u>		<u>Shipper Supplied Fuel</u>	
		<u>Fuel and Commodity Charge</u>		<u>Fuel Ratio</u>	
		Apr.1-Oct.31 <u>Rate/GJ</u>	Nov.1-Mar.31 <u>Rate/GJ</u>	Apr.1-Oct.31 <u>%</u>	Nov.1-Mar.31 <u>%</u>
Dawn to Delivery Area	\$4.431	\$0.010	\$0.024	0.319%	0.764%
Kirkwall to Delivery Area	\$2.718	\$0.005	\$0.005	0.158%	0.158%
Parkway (TCPL) to Delivery Area	\$2.718	\$0.010	\$0.005	0.301%	0.158%

3. Authorized Overrun

The Authorized Overrun rates are applied to any quantities transported in excess of the Contract parameters. Overrun will be authorized at Union's sole discretion.

	<u>Fuel and Commodity Charges</u>				
	<u>Union Supplied Fuel</u>		<u>Shipper Supplied Fuel</u>		<u>Commodity Charge</u> <u>Rate/GJ</u>
	<u>Fuel and Commodity Charge</u>		<u>Fuel Ratio</u>		
	Apr.1-Oct.31 <u>Rate/GJ</u>	Nov.1-Mar.31 <u>Rate/GJ</u>	Apr.1-Oct.31 <u>%</u>	Nov.1-Mar.31 <u>%</u>	
<u>AND</u>					
Dawn to Delivery Area	\$0.176	\$0.190	0.939%	1.384%	\$0.146
Kirkwall to Delivery Area	\$0.114	\$0.114	0.778%	0.778%	\$0.089
Parkway (TCPL) to Delivery Area	\$0.119	\$0.114	0.921%	0.778%	\$0.089



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4. Nomination Variances

Nomination variances shall be handled in accordance with the Shipper's Limited Balancing Agreement.

(C) Terms of Service

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A".

(D) Nominations

Nominations under this rate schedule shall be in accordance with the attached Schedule "B".

(E) Receipt and Delivery Points and Pressures

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "C".

Effective January 1, 2019
Implemented January 1, 2019
O.E.B. Order # EB-2018-0244

Chatham, Ontario

**RATE M17
GENERAL TERMS & CONDITIONS**

I. DEFINITIONS

Capitalized terms not defined herein shall have the meaning given to them in the associated M17 Transportation Agreement or M17 Rate Schedule, as applicable, and except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

"**Authorized Overrun**" shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand;

"**Available Capacity**" shall mean at any time, Union's remaining available capacity to provide Transportation Services;

"**Average Heat Value**" means the average forecasted heating value of all gas to be received by Union for the applicable Delivery Area for the applicable period.

"**Business Day**" shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

"**Contract**" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

"**Contract Year**" shall mean a period of three hundred and sixty-five (365) consecutive days; provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days, commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

"**cricondentherm hydrocarbon dewpoint**" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

"**cubic metre**" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"**Day**" shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

"**delivery**" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;

"**Delivery Area**" shall mean the area in which the applicable Shipper Delivery Point(s) is/are located;

"**Eastern Clock Time**" shall mean the local clock time in the Eastern Time Zone on any Day;

"**Expansion Facilities**" shall mean any new facilities to be constructed by Union in order to provide Transportation Services;

"**firm**" shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

"**Firm Hourly Quantity**" means the maximum quantity of gas that may flow during any hourly period;

"**gas**" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

"**gross heating value**" shall mean the total heat expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the

SCHEDULE "A"

temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

"**hydrocarbon dewpoint**" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

"**Interconnect Operating Agreement**" shall mean the interconnect operating agreement between Shipper and Union required to facilitate the Transportation Services;

"**Interconnecting Pipeline**" shall mean a transportation pipeline that directly connects to the Union pipeline system; provided however, that an interconnection to Union's pipeline system for the purposes of receiving Transportation Services shall not classify Shipper as having an Interconnecting Pipeline.

"**Interruptible Service HUB Contract**" shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

"**interruptible service**" or "**Interruptible**" shall mean service subject to curtailment or interruption, after notice, at any time;

"**joule**" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

"**Limited Balancing Agreement**" shall mean the limited balancing agreement between Shipper and Union required to facilitate the Transportation Services;

"**m³**" shall mean cubic metre of gas and "**10³m³**" shall mean 1,000 cubic metres of gas;

"**Month**" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

"**NAESB**" shall mean North American Energy Standards Board;

"**OEB**" means the Ontario Energy Board;

"**Open Season**" or "**open season**" shall mean an open access auction or bidding process held by Union as a method of allocating capacity;

"**pascal**" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "**kilopascal**" (kPa) shall mean 1,000 pascals;

"**receipt**" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;

"**Shipper**" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

"**specific gravity**" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"**Taxes**" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

"**TCPL**" means TransCanada PipeLines Limited;

"**Wobbe Number**" shall mean gross heating value of the gas divided by the square root of its specific gravity.

SCHEDULE "A"

II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
 - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
 - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas,
 - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
 - d. shall not contain more than two point zero (2.0) mole percent of carbon dioxide in the gas,
 - e. shall not contain more than zero point four (0.4) mole percent of oxygen in the gas,
 - f. shall not contain more than zero point five (0.5) mole percent of carbon monoxide in the gas,
 - g. shall not contain more than four point zero (4.0) mole percent of hydrogen in the gas,
 - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
 - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
 - j. shall have Wobbe Number from forty seven point five (47.5) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. Quality of Gas Received: The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in herein.

III. MEASUREMENTS

1. Transportation, and/or Unit: The unit of the gas delivered to Union shall be a gigajoule. The unit of gas transported by Union shall be a gigajoule. The unit of gas delivered by Union shall be a gigajoule or a cubic metre (m³) or one thousand cubic metres (10³m³), at Union's discretion.
2. Determination of Volume and Energy:

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- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
- b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
- d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.
- e. Where there is no site specific energy measurement, Union's Average heat Value will be used to convert volumes to energy.

IV. RECEIPT POINT AND DELIVERY POINT

1. Unless otherwise specified in the Contract, the point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where possession of the gas changes from one party to the other as per Schedule "C".

V. POSSESSION OF AND RESPONSIBILITY FOR GAS

1. Possession of Gas: Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Liability: Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

VI. FACILITIES ON SHIPPER'S PROPERTY

1. Construction and Maintenance: Union may construct, maintain and operate on Shipper's property at the Delivery Point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas delivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may remove it upon termination of the Contract and will do so if so requested by Shipper.

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VII. MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Delivery Point such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the Delivery Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of its owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure at Delivery Point

In the event Union's meter is out of service, or registered inaccurately, the volume or quantity of gas shall be determined by Union as follows:

- a. by using the registration of any check meter or meter, if installed and accurately registering; or, in the absence of a. then;
- b. by correcting the error if the percentage of error is ascertainable by calibration, tests or mathematical calculation; or in the absence of both a. and b., then;
- c. by estimating the quantity of gas delivered during periods under similar conditions when the meter was registering accurately.

VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the tenth (10th) day of each month for all Transportation Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are

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unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10th) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.

2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

IX. PAYMENTS

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20th) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20th) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
 - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,
 - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

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4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off: If Shipper shall, at any time, be in arrears under any of its payment obligations to Union under the Contract, then Union shall be entitled to reduce the amount payable by it to Shipper under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to Union. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas in Union's possession, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union. Such gas shall be valued at the Day price for gas at Dawn as listed in Canadian Gas Price Reporter (or equivalent) for the Day of set off.

X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

XI. FORCE MAJEURE

1. Definition: The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. Notice: In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Exclusions: Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. Notice of Remedy: The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.

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5. Obligation to Perform: An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly Demand Charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "Daily Demand Rate" shall mean the Monthly Demand Charge or equivalent pursuant to the M17 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. Proration of Firm Transportation Services: If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This prorating shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

XII. DEFAULT AND TERMINATION

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

XIII. AMENDMENT

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

XIV. NON-WAIVER AND FUTURE DEFAULT

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing

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with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

XV. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

XVI. *intentionally blank*

XVII. RENEWALS

Contracts with an Initial Term of five (5) years or greater will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter. Shipper may reduce the Contract Demand or terminate the Contract with notice in writing by Shipper at least two (2) years prior to the expiration thereof.

XVIII. SERVICE CURTAILMENT

1. Right to Curtail: Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of force majeure or when, in Union sole discretion, acting reasonably, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability. Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in-franchise consumption.

The Priority ranking for all services utilizing Union Gas' storage, transmission and distribution system as applied to both in-franchise and ex-franchise services are as follows; with number 1 having the highest priority and the last interrupted.

1. Firm In-franchise Transportation and Distribution services and firm Ex-franchise services (Note 1)
2. In-franchise Interruptible Distribution services
3. C1/M12 IT Transport and IT Exchanges with Take or Pay rates
4. Balancing (Hub Activity) ≤ 100 GJ/d; Balancing (Direct Purchase) ≤ 500 GJ/d; In-franchise distribution authorized overrun (Note 3)
5. C1/M12 IT Transport and IT Exchanges at premium rates
6. C1/M12/M17 Overrun $\leq 20\%$ of CD (Note 4)
7. Balancing (Direct Purchase) > 500 GJ/d
8. Balancing (Hub Activity) > 100 GJ/d; C1/M12 IT Transport and IT Exchanges
9. C1/M12/M17 Overrun $> 20\%$ of CD
10. C1/M12 IT Transport and IT Exchanges at a discount
11. Late Nominations

Notes:

1. Nominated services must be nominated on the NAESB Timely Nomination Cycle otherwise they are considered to be late nomination and are therefore interruptible.
2. Higher value or more reliable IT is contemplated in the service and contract, when purchase at market competitive prices.
3. Captures the majority of customers that use Direct Purchase balancing transactions.

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4. Captures the majority of customers that use overrun.
2. Capacity Procedures: Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.
3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the Monthly Demand Charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.

XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreement, Interconnect Operating Agreement and Limited Balancing Agreement.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract as a result of one of the following events ("**Material Event**");
 - a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,
 - b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,
 - c. Shipper ceases to be rated by a nationally recognized agency; or,
 - d. Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of Monthly Demand Charges (in accordance with Article IX herein) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

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XX. MISCELLANEOUS PROVISIONS

1. Permanent Assignment: Shipper may assign the Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Such assignment shall not be unreasonably withheld and shall be conditional upon the Assignee executing a Facilitating Agreement. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.
3. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.
4. Limited Balancing Agreement and Interconnect Operating Agreement: Shipper shall be required to have a Limited Balancing Agreement and Interconnect Operating Agreement with Union to enable the provision of Transportation Services, such agreements to expire no earlier than the day the Contract expires.

XXI. PRECONDITIONS TO TRANSPORTATION SERVICES

This Article XXI is only applicable if Union is not required to build Expansion Facilities.

1. Union Conditions: The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:
 - a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Transportation Services; and,
 - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the transportation Services; and,
 - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
 - d. Shipper and Union shall have entered into the Interruptible Service HUB Contract or equivalent (the "**Facilitating Agreement**"), a Limited Balancing Agreement and an Interconnect Operating Agreement.
2. Shipper Conditions: The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
 - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement, Interconnect Operating Agreement and Limited Balancing Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,

SCHEDULE "A"

- b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
 - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Satisfaction of Conditions: Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, and d and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. Non-Satisfaction of Conditions: If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

SCHEDULE "B"

**RATE M17
NOMINATIONS**

1. For Transportation Services required on any Day under the Contract, Shipper shall provide Union with details regarding the quantity of Gas it desires to be handled at the applicable Receipt Point(s) and/or Delivery Point(s), and such additional information as Union determines to be necessary (a "**Nomination**").
2. All Nominations shall be submitted by electronic means via *Unionline*. Union, in its sole discretion, may amend or modify the nominating procedures or *Unionline* at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept all Nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. The nomination cycle timelines are posted on Union's website and the nomination deadlines are provided in *Unionline*.
3. Union shall determine whether or not all or any portion of the Nomination will be scheduled at each nomination cycle. With respect to each nomination cycle, in the event Union determines that it will not schedule such Nomination, Union shall advise Shipper of the reduced quantity (the "**Quantities Available**") for Transportation Services at the applicable points as outlined in each nomination cycle. After receiving such advice from Union, but no later than one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a revised nomination ("**Revised Nomination**") to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantities Available, then the Revised Nomination shall be deemed to be the Quantities Available. If the Revised Nomination (delivered with the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
4. For Transportation Services requiring Shipper to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.
5. All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are both within the term of the Transportation Agreement.
6. Nominations received after the nomination deadline shall, if accepted by Union, be scheduled after Nominations received before the nomination deadline.
7. All Services are required to be nominated in whole Gigajoules (GJ).
8. To the extent Union is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an Interconnecting Pipeline entity, Union shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, or until such time that Union determines that the Nomination is invalid at which time the Union shall reject the Nomination.
9. That portion of a Shipper's Nomination or Revised Nomination, as set out in paragraphs 1 and 3 above, which Union shall schedule for Transportation Services hereunder, shall be known as Shipper's "**Authorized Quantity**".
10. The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20th) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20th) of the quantity

SCHEDULE "B"

handled for that day, for each applicable Transportation Service.

11. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to Limited Balancing Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
12. Shipper may designate via *Unionline* access request form, a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and Union shall only accept nominations from the agent. Any such designation, if acceptable to Union, shall be effective following the receipt and processing of the written notice and will remain in effect until revoked in writing by Shipper.

SCHEDULE "C"

**RATE M17
RECEIPT AND DELIVERY POINTS AND PRESSURES**

1. Receipt Points

The following defines each Receipt Point:

- DAWN (FACILITIES):** Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton.
- DAWN (TCPL):** At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).
- DAWN (VECTOR):** At the junction of Union's and Vector Pipeline Limited Partnership's ("**Vector**") facilities, at or adjacent to Dawn (Facilities)
- PARKWAY (TCPL):** At the junction of Union's and TCPL's facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)
- KIRKWALL:** At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamborough.

2. Delivery Points:

Delivery Points will be as set out in Schedule 1 of the Contract.

3. Receipt and Delivery Pressures:

(a) All gas tendered by or on behalf of Shipper to Union shall be tendered at the Receipt Point at Union's prevailing pressure at that Receipt Point, or at such pressure as per operating agreements between Union and the applicable Interconnecting Pipeline, as amended or restated from time to time.

(b) All gas tendered by or on behalf of Union to Shipper shall be tendered at the Delivery Point at such pressure as per the Interconnect Agreement between Union and Shipper, as amended or restated from time to time.

(c) Under no circumstances shall Union be obligated to receive gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.

LARGE WHOLESALE SERVICE RATE

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a Distributor:

- a) who enters into a contract to purchase and/or receive delivery of a firm supply of gas for distribution to its customers; and
- b) who agrees to take or pay for an annual quantity of at least two million cubic metres; and
- c) who commenced and continued service under Rate M9 prior to January 1, 2019.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated which may be higher than the identified rates.

- (i) A Monthly Demand Charge of established daily demand determined in accordance with the service contract, such demand charge to be computed on a calendar month basis and a pro-rata charge to be made for the fraction of a calendar month which will occur if the day of first regular delivery does not fall on the first day of a month. 23.5428 ¢ per m³
- (ii) A Delivery Commodity Charge for gas delivered of 0.1544 ¢ per m³
 and a Delivery - Price Adjustment of - ¢ per m³
- Cap-and-Trade Charges (in addition to Delivery Commodity Charge)
 Cap-and-Trade Facility-Related Charge 0.0240 ¢ per m³
- (iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

(D) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

(E) Direct Purchase

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.



Effective
2019-01-01
Rate M9
Page 2 of 2

Filed 2018-08-30
EB-2018-0244
Exhibit A
Schedule 3

(F) Overrun Charge

Authorized:

For all quantities on any day in excess of 103% of the customer's contractual rights, for which authorization has been received, the customer will be charged at the identified authorized overrun delivery charge. Overrun will be authorized by Union at its sole discretion.

Unauthorized:

For all quantities on any day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged at the identified unauthorized overrun delivery charge.

Authorized Overrun Delivery Charge	0.9284 ¢ per m ³
Unauthorized Overrun Delivery Charge	36.0000 ¢ per m ³
<u>Cap-and-Trade Charges (in addition to Delivery Charge)</u>	
Cap-and-Trade Facility-Related Charge	0.0240 ¢ per m ³

(G) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

Effective January 1, 2019
Implemented January 1, 2019
O.E.B. Order # EB-2018-0244

Chatham, Ontario

Supersedes EB-2018-0104 Rate Schedule effective April 1, 2018.

STORAGE AND TRANSPORTATION RATES FOR CONTRACT CARRIAGE CUSTOMERS

(A) Availability

Available to customers in Union's Southern Delivery Zone.

(B) Applicability

To a Distributor:

- a) whose minimum annual transportation of natural gas is 700 000 m³ or greater; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for distribution to its customers; and
- c) who has meters with electronic recording at each Point of Redelivery; and
- d) for whom Union has determined transportation and/or storage capacity is available; and
- e) who commenced and continued service under Rate T3 prior to January 1, 2019.

(C) Rates

The following rates shall be charged for all quantities contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

STORAGE SERVICE:

	Demand Charge <u>Rate/GJ/mo</u>	Commodity Charge <u>Rate/GJ</u>	For Customers Providing <u>Their Own Compressor Fuel</u>	
			<u>Fuel Ratio</u>	<u>Commodity Charge Rate/GJ</u>
a) Annual Firm Storage Space Applied to contracted Maximum Annual Storage Space	\$0.011			
b) Annual Firm Injection/Withdrawal Right: Applied to the contracted Maximum Annual Firm Injection/Withdrawal Right Union provides deliverability Inventory	\$1.429			
Customer provides deliverability Inventory (4)	\$1.184			
c) Incremental Firm Injection Right: Applied to the contracted Maximum Incremental Firm Injection Right	\$1.184			
d) Annual Interruptible Withdrawal Right: Applied to the contracted Maximum Annual Interruptible Withdrawal Right	\$1.184			
e) Withdrawal Commodity Paid on all quantities withdrawn from storage up to the Maximum Daily Storage Withdrawal Quantity		\$0.021	0.408%	\$0.008
f) Injection Commodity Paid on all quantities injected into storage up to the Maximum Daily Storage Injection Quantity		\$0.021	0.408%	\$0.008
g) Short Term Storage / Balancing Service Maximum		\$6.000		

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

3.1 Aggregate Excess

Aggregate excess is the difference between the customer's total 151-day winter consumption (November 1 through March 31) and the customer's average daily consumption (Daily Contract Quantity) for the contract year multiplied by 151 days of winter. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

3.2 Obligated daily contract quantity multiple of 15

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

Customers may contract for less than their maximum entitlement of firm storage space.

4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined to be the greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.

5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.
6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.
7. Deliverability Inventory being defined as 20% of annual storage space.
8. Short Term Storage / Balancing Service is:
 - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
 - ii) short-term firm deliverability, OR
 - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for this service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition.

TRANSPORTATION CHARGES:

	Demand Charge	Union Providing Compressor Fuel Commodity Charge	For Customers Providing Their Own Compressor Fuel	
	<u>Rate/m³/mo</u>	<u>Rate/m³</u>	Fuel Ratio	Commodity Charge
a) Annual Firm Transportation Demand Applied to the Firm Daily Contract Demand	17.9898 ¢			
b) Firm Transportation Commodity Paid on all firm quantities redelivered to the Customer's Point(s) of Redelivery		0.1178 ¢	0.412%	0.0667 ¢
<u>Cap-and-Trade Charges (in addition to Transportation Commodity Charge)</u> Cap-and-Trade Facility-Related Charge		0.0240 ¢		0.0240 ¢

Notes:

- All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.

SUPPLEMENTAL CHARGES

Rates for supplemental services are provided in Schedule "A".

Notes:

- All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

OVERRUN SERVICE
1. Annual Storage Space
Authorized

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day, the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.

2. Injection, Withdrawals and Transportation

Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

	Union Providing Compressor Fuel	For Customers Providing Their Own Compressor Fuel	
	Commodity Charge	Fuel Ratio	Commodity Charge
Storage Injections	\$0.083/GJ	0.881%	\$0.055/GJ
Storage Withdrawals	\$0.083/GJ	0.881%	\$0.055/GJ
Transportation	0.7092 ¢/m ³	0.412%	0.6581 ¢/m ³
<u>Cap-and-Trade Charges (in addition to Transportation Charge)</u>			
Cap-and-Trade Facility-Related Charge	0.0240 ¢/m ³		0.0240 ¢/m ³

Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged the identified unauthorized overrun charge, as appropriate.

Unauthorized Overrun Storage Injections and Withdrawals Charge	\$9.257	per GJ
Unauthorized Overrun Transportation Charge	36.0000	¢ per m ³
<u>Cap-and-Trade Charges (in addition to Transportation Charge)</u>		
Cap-and-Trade Facility-Related Charge	0.0240	¢ per m ³

3. Short Term Storage Services

Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

	Firm Service Rate/GJ
Space	\$6.000
Injection / Withdrawal Maximum	\$6.000



OTHER SERVICES & CHARGES

1. Monthly Charge

In addition to the rates and charges described previously for each Point of redelivery a Monthly Charge shall be applied to each specific customer as follows:

	<u>Monthly Charge</u>
City of Kitchener	\$ 19,843.96
NRG	\$ 3,046.25
Six Nations	\$ 1,015.42

If a customer combines Sales Service with Contract Carriage Service, the monthly charge will be prorated such that the customer will under both services pay no more than the above monthly charge.

2. Diversion of Gas

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

3. Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

4. Parkway Delivery Commitment Incentive ("PDCI")

For all Parkway Delivery Obligation ("PDO") volumes delivered to Union.	<u>Rate/GJ</u>
PDCI	\$(0.156)

(D) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

Please be advised that Town Council for the Town of Georgina passed the following motion endorsing the position of the Town of Aurora respecting Greenbelt Protection and white belt lands:

RESOLUTION NO. C-2018-0450

That Council endorse the position of the Town of Aurora urging the Province to extend Greenbelt protection to include the appropriate white belt lands within the inner ring, lands that are the most immediately vulnerable to development in the Province.

The Town of Aurora's initial resolution has been attached for your reference.



Carolyn Lance

Council Services Coordinator
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Legislative Services
Michael de Rond
905-726-4771
clerks@aurora.ca

Town of Aurora
100 John West Way, Box 1000
Aurora, ON L4G 6J1

August 10, 2018

Delivered by email
doug.ford@pc.ola.org

The Honorable Doug Ford
Premier of Ontario
Room 281, Legislative Building, Queen's Park
Toronto, ON M7A 1A1

Dear Premier:

Re: Town of Aurora Council Resolution of June 12, 2018
Re: Motion (b) Greenbelt Protection

Please be advised that this matter was considered by Council at its meeting held on June 12, 2018, and in this regard Council adopted the following resolution:

Whereas the Town of Oakville has passed a similar resolution; and

Whereas the Greenbelt is an integral component of land use planning that complements the Growth Plan to encourage smart planning, the reduction of sprawl, protection of natural and hydrological features and agricultural lands; and

Whereas the Greenbelt has protected 1.8 million acres of farmland, local food supplies, the headwaters of our rivers and important forests and wildlife habitat for more than 12 years; and

Whereas a permanent Greenbelt is an important part of the planning for sustainable communities; and

Whereas there is a tremendous amount of land already planned and available in excess of the development needs of the Greater Toronto Area (GTA) without weakening the protections provided by the Greenbelt; and

Whereas efforts to open the Greenbelt to create the opportunity for land speculators to build expansive homes, at immense profits, in remote areas; and

Whereas opening the Greenbelt would move the urban boundary thus creating more sprawl and increased traffic; and

Whereas the costs of sprawl result in increased taxes, because 25% of the costs of sprawl are downloaded to existing property tax payers; and

Whereas programs like the proposed inclusionary zoning regulations will assist municipalities in advancing the supply of affordable housing stock without the need to expand the built boundary;

- 1. Now Therefore Be It Hereby Resolved That the Town of Aurora stands with its municipal neighbours to undertake continued action to maintain and grow the current Greenbelt, of which the Oak Ridges Moraine is a part; and**
- 2. Be It Further Resolved That the Province be strongly urged to extend Greenbelt protection to include the appropriate white belt lands within the inner ring, lands that are the most immediately vulnerable to development in the province; and**
- 3. Be It Further Resolved That this resolution be distributed to the Premier of Ontario, the Minister of Municipal Affairs, the Minister of the Environment and Climate Change, all Greater Golden Horseshoe (GGH) municipalities, the Association of Municipalities of Ontario, Environmental Defence, Friends of the Greenbelt Foundation, STORM Coalition (Save The Oak Ridges Moraine), Oak Ridges Moraine Foundation, The Regional Municipality of York, and members of Municipal Leaders for the Greenbelt, and leaders of the various Ontario political parties.**

The above is for your consideration and any attention deemed necessary.

Yours sincerely,



Michael de Rond

Town Clerk

The Corporation of the Town of Aurora

MdR/lb

Re: Town of Aurora Motion (b) Greenbelt Protection

August 10, 2018

Page 3 of 3

Copy: Andrea Horwath, Leader, New Democratic Party of Ontario
John Fraser, Interim Leader, Ontario Liberal Party
Mike Schreiner, Leader, Green Party of Ontario
Hon. Steve Clark, Minister of Municipal Affairs and Housing
Hon. Rod Phillips, Minister of the Environment, Conservation and Parks
Association of Municipalities of Ontario
Environmental Defence
Friends of the Greenbelt Foundation
Municipal Leaders for the Greenbelt
STORM Coalition (Save The Oak Ridges Moraine)
Oak Ridges Moraine Foundation
Greater Golden Horseshoe (GGH) Municipalities
The Regional Municipality of York



Guelph Police Services Board

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OPEN MEETING

MINUTES – JULY 19, 2018

An Open meeting of the Guelph Police Services Board was held on July 19, 2018.

- Present:**
- | | |
|-------------------------------------|---------------------------------------|
| D. Drone, Chair | J. DeRuyter, Chief of Police |
| J. Sorbara, Vice-Chair, Vice- Chair | P. Martin, Deputy Chief of Police |
| L. Griffiths, Member | J. Sidlofsky Stoffman, Legal Services |
| C. Guthrie, Member | S. Purton, Financial Services |
| C. Billings, Member | |
| C. Polonenko, Executive Assistant | |
- Guests:** Guelph Police Service: Inspector Scott Green, Staff Sergeant Michael Davis, Sergeant Philip Perrins, Sergeant Christopher Probst, Lisa Rintoul, Chaplain John Borthwick

1. **WELCOME AND INTRODUCTIONS**

2. **MEETING CALLED TO ORDER**

Chair Drone called the meeting to order at 1:03 p.m. in Meeting Room C, Guelph City Hall, 1 Carden Street, Guelph.

3. **MOTION TO GO INTO CLOSED SESSION**

Moved by L. Griffiths

Seconded by J. Sorbara

THAT the Guelph Police Services Board convene in closed session to discuss matters that it is of the opinion falls under Section 35(4) (a) or (b) of the *Police Services Act*.

-CARRIED-

4. **MOTION TO RECONVENE IN OPEN SESSISON**

Moved by J. Sorbara

Seconded by L. Griffiths

THAT the Guelph Police Services Board reconvene at 2:33 p.m. in Open Session.

-CARRIED-

5. **DECLARATION OF CONFLICT OR PECUNIARY INTEREST**

There were no declarations of conflict or pecuniary interest.

6. **CLOSED SESSION RESOLUTIONS**

There were no Closed session resolutions reported in open session.

7. **PRESENTATIONS/DELEGATIONS**

Guelph Police Service Promotions: Chief DeRuyter introduced the following officers to the Board:

Staff Sergeant Michael Davis

Staff Sergeant Davis has been in policing since 1997, spending many years in the Identification Unit, as both a Constable and as a Sergeant. He is now using his leadership abilities in Platoon C.

Sergeant Philip Perrins

Sergeant Perrins has been in policing since 1996, previously in Toronto. In Guelph, he has served in Patrol and in the Fraud Unit, and will use his skills on Platoon D.

Sergeant Christopher Probst

Sergeant Probst has been in policing since 2000, in Patrol, General Investigations, Special Projects, and most recently served as the Public Information Officer. He was the lead person for the Special Olympics Spring Games hosted by Guelph in 2016. He is now Sergeant on Platoon C.

D. Drone stated that people at the ranks attained are pivotal in determining the success of the organization. He wished them continued success in their new positions. Board members offered their congratulations.

S/Sgt. Davis, Sgt. Perrins, and Sgt. Probst left the meeting at 2:43 p.m.

8. **APPROVAL OF MINUTES**

Moved by L. Griffiths

Seconded by C. Guthrie

THAT the Minutes of the Open Meeting held Thursday, June 21, 2018 be approved as presented.

- CARRIED -

9. **APPROVAL OF AGENDA**

C. Billings requested that agenda item 9.13 - Provincial and Municipal Appointments to the Police Services Board, be moved up in the agenda. It was moved to be discussed after 9.10 - Financial Variance Report – 2017 Audited Year-End Results.

Moved by J. Sorbara

Seconded by C. Guthrie

THAT the Guelph Police Services Board approve the Open Meeting agenda as amended.

- **CARRIED** -

Item 9.5, Grant Summary Report, was extracted from the Consent Agenda.

Moved by L. Griffiths

Seconded by C. Billings

THAT the Guelph Police Services Board adopt the balance of **Part 1 – Consent Agenda** as identified below.

- **CARRIED** -

9.1 Headquarter Renovation and Expansion

That the Report titled “Police Headquarters Renovation and Expansion Project” and dated July 19, 2018, be received for information.

9.2 Board Correspondence Report

That the report titled “Open Meeting – July 19, 2018 Board Correspondence Report” be received for information.

9.3 Community Account Quarterly Report

That the report titled “Community Account Quarterly Report (April 1 – June 30, 2018)” be received for information.

9.4 Use of Force Quarterly Report

That the report titled “Use of Force Quarterly Report (April 1 – June 30, 2018)” be received for information.

9.6 Suspect Apprehension Semi-Annual Report

That the report titled “Suspect Apprehension Pursuits (January 1 – June 30, 2018)” and dated July 19, 2018, be received for information.

9.7 Human Resources Report

THAT Adam Spadafora be appointed as a full-time civilian member of this Service effective May 28, 2018; and

THAT Scott Tracey be appointed as a temporary civilian member of this Service effective June 20, 2018; and

THAT Aidyn Kane be appointed as a temporary civilian member of this Service effective June 27, 2018; and

THAT McKenna Hilpert, Larissa Johnson, and Braeden Nodwell be appointed as temporary civilian members of this Service effective July 3, 2018.

Part 2 – Discussion Agenda

9.5 Grant Summary Report

The question was raised as to what the Guelph Police Service was doing to meet the stated purpose of each grant. S. Purton explained that there are project-based

grants with a start and end date versus grants that offset salaries, benefits and costs to a particular ongoing program.

Moved by C. Billings

Seconded by J. Sorbara

THAT the report titled “Guelph Police Service Grant Summary” be received for information.

- CARRIED –

9.8 Professional Standards Quarterly Report

From April 1 to July 1, 2018, seven new public complaints were received from the Office of the Independent Review Director. Two were screened out and five were sent to Professional Standards to be investigated. There was one new Special Investigations Unit investigation initiated and one case closed and two ongoing from the first quarter. There were four new internal investigations. There have been two requests to the OIPRD to review incidents investigated by the Professional Standards Branch.

Moved by C. Billings

Seconded by C. Guthrie

THAT the report titled “Professional Standards Quarterly Report” be received for information.

- CARRIED –

9.9 2016 – 2018 Strategic Business Plan Semi-Annual Report

Chief DeRuyter noted that this is the final year of the 2016 – 2018 Business Plan, and within the eleven objectives plus the Information Technology plan, 80.9% of the objectives were accomplished (green), 18.1% were yellow (in progress), and 1.0% were in the red. He highlighted several areas of the Business Plan for January to June, 2018:

- Mental Health – The Impact Team has provided cost savings and a tremendous benefit to the community. Waterloo Regional Police Service has just instituted the program based in part on the success of Guelph Police and the OPP.
- Sexual Assault – There has been an increase necessitating some changes to bring about more control in this area.
- Drugs – Despite the challenges in this area, the Service is working hard on positive messaging and prevention through the school-based program and involvement with Drug Strategy program. Drugs drive some of the other crimes in the City. There are two projects funded by grants around the downtown to reduce calls for service and also a new 5-month project launching soon with the Downtown Business Association. This will fund the work of a peer support worker to direct individuals to resources, alleviate concerns of downtown business owners, and take some burden off the police. Waterloo had some success with this kind of program.

- Bicycle Registry – The registry, 529 Garage, has launched, shields are now available and the program should help with stolen bike recovery.
- Traffic – Inspector S. Green leads a joint city/traffic management and working group. Although there was a reduction in personal injury accidents, there were five fatalities in 2017.
- Diversity – There is a lot of positive interaction with the community, but the challenge is measurement; however, police attended the multicultural festival to conduct surveys and received good community input.

Moved by C. Billings

Seconded by J. Sorbara

THAT the report titled “2016-2018 Strategic Business Plan Semi-Annual Report” be received for information.

- CARRIED –

9.10 Financial Variance Report – 2017 Audited Year-End Results

S. Purton presented the final Guelph Police Service 2017 Operating Budget variance results. The City of Guelph City Council reviewed and approved the 2017 audited consolidated financial statements on June 27, 2018. The final Guelph Police Service surplus is \$296,559, which represents a positive 0.8% variance to the full year operating budget, mainly due to surpluses in purchased goods and services and internal charges related to fuel and maintenance of Service vehicles. The Board’s request to allocate \$150,000 to a police reserve fund was approved by City Council. The Service will be working on a reserve policy to bring forward.

Moved by C. Guthrie

Seconded by C. Billings

THAT the Guelph Police Services Board receive the 2017 Financial Variance report, Audited Year End Results.

-CARRIED-

9.13 Provincial and Municipal Appointments to the Police Services Board

This item was moved up in the agenda order. D. Drone reported that a letter was sent to the Ministry requesting the Vice Chair’s reappointment to the Board as a provincial appointee upon the expiry of her term in October 2018. Also, due to residency requirements for board members, the municipally appointed citizen position will be vacant at year-end. The matter of Board input into the selection process was clarified. After some discussion, it was determined that the Chair would take the skill sets for applicants suggested by Board members, and would send it to the City Clerk’s office for inclusion in the advertisement posted. The Board would also strike a Nominating Committee with Terms of Reference, allowing the Board to be able to review the applications received, interview candidates, and send a recommendation to City Council regarding a candidate to appoint.

Moved by C. Billings

Seconded by C. Guthrie

THAT the Guelph Police Services Board constitute a Nominating Committee of three Board members, that will develop Terms of Reference to be approved at the next meeting.

- **CARRIED** -

9.11 Capital Budget Presentation – Ten Year Capital Forecast: 2019 – 2028

S. Purton presented the Ten-Year Capital Budget Forecast for 2019 to 2028 for review and approval. She reviewed the internal budget process, stating the main focus was to ensure that they were aligning requests with the phases and timing of the Headquarter project. The budget increased by \$1.8M compared with last year's forecast, mainly due to the move from a pooled radio system to individually issued radios.

At the capital budget kickoff on April 11, 2018, a new funding allocation methodology was introduced by the City, which allocates funds across programs of work including the capital projects of multiple departments. The City hosts bi-weekly meetings, and the focus is on asset management, ensuring all known projects at this time are reflected in the capital forecast.

The 10-year capital budget totals \$20.7M, with a request of \$1,970,000 for 2019, including 43% for IT hardware, 34% for vehicle replacement, 11% for vehicle equipment, new capital requests of \$287,700 and lifecycle replacement requests of \$1,682,300. Pre-approval to purchase 10 uniform and traffic vehicles was also sought due to an announcement by Ford that the current vehicles used, the Taurus, is being discontinued in 2019 and the design of the SUV is changing drastically, which will prevent the Service from reusing vehicle-based equipment. Ford has provided a deadline of September 30th to place orders for the current model of sedan and SUV, thus the need for pre-approval. Other known options were researched and this option was the least expensive.

In 2019, 25 vehicles will be replaced, and consideration is being given to greening the fleet. Ford advised police services that there is a pursuit-rated SUV hybrid available. Prior year surpluses are being used to offset the cost of vehicle replacement. Mayor Guthrie commented that, since the City of Guelph as a corporation has accepted the new community energy initiative to try to be net zero by the year 2050, other city organizations should make decisions that will align with these community goals. The purchase of hybrid vehicles is an excellent example. He suggested that a discussion item be placed on the September agenda to discuss ways that the Service can collaboratively join the City in these goals.

There was discussion regarding the need for purchasing a storage unit for video systems, given the cloud technology today. Deputy Chief Martin noted that the Service uses cloud storage but CPIC, video of the cells, NG911 video calls require protective storage. Chief DeRuyter commented that the Guelph Police Service is ahead of many other services regarding usage of the Cloud.

City Council dates for the 2019 budget process include:

- January 16, 2019 – Capital presentation & delegation to City Council
- January 30, 2019 – City Council capital budget approval
- February 13, 2019 – Local Boards operating budget presentation to City Council
- February 20, 2019 – Public Delegation to City Council
- March 5 & 7, 2019 – City Council operating budget approval

Moved by C. Guthrie

Seconded by L. Griffiths

WHEREAS the Guelph Police Services Board is committed to the corporate goals from the 2016-2018 Strategic Business Plan and to its responsibility for the provision of adequate and effective policing for the City of Guelph; and

WHEREAS the Guelph Police Services Board has conducted a comprehensive review of the 2019-2028 Capital forecast prepared by the Chief and Guelph Police Service staff; and

BE IT RESOLVED that the Guelph Police Services Board approves the Guelph Police Service 2019 Capital Budget in the amount of \$1,970,000; and

THAT the Guelph Police Services Board receives the Guelph Police Service Capital Forecast in the amount of \$1,673,000 in 2020, \$1,226,700 in 2021, \$1,316,200 in 2022, \$3,827,100 in 2023, \$1,622,400 in 2024, \$1,613,400 in 2025, \$1,544,600 in 2026, \$4,066,400 in 2027 and \$1,846,400 in 2028 for information and planning purposes; and

THAT the Guelph Police Services Board approve the pre-purchase of 10 fleet vehicles in the amount of \$332,500 to be funded from the Police Services Capital Reserve Fund #158;

THAT the request to pre-purchase 10 fleet vehicles in the amount of \$332,500 be referred to the July 23, 2018 Council Meeting for Council approval; and

THAT the Board forward this information to the City of Guelph Council.

- **CARRIED UNANIMOUSLY** -

9.12 Minutes of the Progress Review Committee dated June 26, 2018

J. Sorbara presented the Minutes of the June 26, 2018 Progress Review Committee meeting and highlighted key areas. The Board Reporting Schedule had two minor amendments. J. Sidlofsky Stoffman will spearhead the review and update of the Retention By-law [By-law 118 (2004)], bringing it back to the Progress Review Committee in 2019. The Secondhand Goods By-law [By-law 146 (2011)] will not be rescinded until the City has their By-law in place. The current format of the meeting agendas and minutes is satisfactory.

The recommendation of the Committee to amend the Governance By-law [By-law 136 (2009)] to allow participation in Board meetings from remote locations and electronic voting outside regular Board meetings, was discussed.

Two changes to the section of the Committee's recommendation entitled, "Voting When Not Physically Present at a Board Meeting" will be made:

- Section 2: The phrase, "(iv) or at the discretion of the Chair." will be added to the end of this section.

- Section 3: The sentence, “Reasonable notice will be at the discretion of the Chair.” shall be added to the end of this section.

Moved by J. Sorbara

Seconded by C. Billings

THAT the Minutes of the Progress Review Committee Meeting held June 26, 2018 be approved as amended.

-CARRIED-

9.14 Chief’s Monthly Report

Chief DeRuyter provided his schedule of upcoming internal and external community events and meetings. He invited the Board to join him at any events.

- Enhanced and increased bike patrol has resulted in several arrests as bicycles can go to areas that cruisers cannot.
- There have been approximately 20 incidents of indecent acts and 4 arrests, but these acts continue.

9.15 New Business – There was no new business noted.

10 INFORMATION ITEMS

- Next Open Meeting: Thursday, **September 20, 2018**, 2:30 p.m., Guelph City Hall, Room 112 (behind Council Chambers) ***Please note there is no August meeting.**
- Canadian Association of Police Governance Annual Conference: **August 7-11, 2018**, Winnipeg, MB
- Ontario Association of Police Services Boards Zone 5 meeting: **Tuesday, September 18, 2018**, 9:00 a.m. Waterloo Regional Police Service, location to be announced.
- Ontario Association of Police Services Boards Fall Labour Conference: **September 20-21, 2018**, Four Points Sheraton, Toronto, ON

11 ADJOURNMENT

Moved by L. Griffiths

Seconded by C. Guthrie

THAT the Open meeting of the Guelph Police Services Board adjourn as at 3:47 p.m.

- CARRIED –

The minutes of this meeting were adopted this 20th day of September, 2018.

“Don Drone”

D. Drone , Chair

“Cheryl Polonenko”

C. Polonenko, Executive Assistant

WDG Board of Health

Highlights

Board of Health Members

Nancy Sullivan
*Chair
City of Guelph*

Allen Taylor
*Vice-Chair
County of Dufferin*

Dennis Lever
*Secretary – Treasurer
Warden, County of Wellington
Mayor, Township of Puslinch*

Dr. Nicola Mercer
*Ex-Officio Member
Medical Officer of Health & CEO,
WDG Public Health*

Margaret Abbink
City of Guelph

William Baxter
County of Wellington

Christine Billings
Councillor, City of Guelph

George Bridge
*Warden, County of Wellington
Mayor, Town of Minto*

Cam Guthrie
Mayor, City of Guelph

Guy Gardhouse
*Councillor, County of Dufferin
Mayor, Township of East Garafraxa*

June Hofland
Councillor, City of Guelph

Lambert Otten
County of Wellington

Nancy MacDonald,
County of Wellington

Ken McGhee
*Councillor, County of Dufferin
Deputy Mayor, Town of Mono*

Chris White
*Councillor, County of Wellington
Mayor, Township of Guelph-Eramosa*

Wellington-Dufferin-Guelph Public Health is governed by a Board of Health consisting of local municipal councillors, mayors and community members and is mandated to support the well-being of individuals and communities.

Dr. Nicola Mercer, Medical Officer of Health, updated the Board on:

Sex Ed: This fall, Ontario schools will be teaching a Sexual Health Curriculum that was in place in 2014 prior to the revised curriculum. The Ontario government is committed to engaging parents in a consultation on how to update the curriculum that respects parents and cultures across the province. Public Health, with its long experience working in schools and knowledge of sexual health, could be an important source of information during the planned government consultation process for the new curriculum. A letter from the Board of Health to the Minister of Education will request that Public Health participate in the upcoming consultation. View the full Board Report <https://bit.ly/2CUL3w3>.

Data Driven Decisions: Public Health provides quality data, surveillance and analysis to help make decisions about program planning, service delivery, resource allocation and policy development. Public Health is now publically sharing this information using online interactive reports. These interactive reports showcase local data used to build healthy communities, strengthen collaboration and support local health system planning. You can access these reports at wdgpublichealth.ca.

Cannabis in the Community: On October 17 it will be legal in Canada to purchase, possess, and consume cannabis for non-medical reasons. 22% of Grade 10 students in Wellington and Dufferin counties and the City of Guelph have used cannabis in the past year. Cannabis-related Emergency Department (ED) visits among local residents is higher among youth than adults over the age of 25. Public Health is involved in data collection activities to increase our understanding of cannabis use and outcomes, public education to support youth and adults to make informed decisions, and policy support to local municipalities. Public Health's education and awareness campaign will increase knowledge and awareness around the risks associated with cannabis use and support informed decision making. The education campaign will be based upon survey data about local cannabis use and build on federal and provincial campaigns. View the full Board Report at <https://bit.ly/2QxdC58>.