

FOLLOWING THE EMAIL BELOW, PLEASE FIND THE RESPONSE FROM THE MUNICIPALITY OF KINCARDINE, TOWNSHIP OF HURON-KINLOSS AND THE MUNICIPALITY OF ARRAN-ELDERSLIE

From: Gent, Pam [<mailto:PGent@uniongas.com>]
Sent: February-26-16 7:42 AM
Subject: FW: Southern Bruce Councillors Communication
Importance: High

Good morning,

My name is Murray Costello and I am the District Manager for the Waterloo/Brantford District here at Union Gas. As part of my responsibilities I oversee Union Gas operations in Bruce County which is an important part of my district. You are likely aware we are hosting three open houses next week and I wanted to personally invite you to join us to discuss our proposal. I realize that your municipality is working with EPCOR to investigate the potential of providing service and we are simply using our open houses as an opportunity to inform residents that there are options available in terms of providing service. Union Gas is one of those options and we bring with us over 100 years' experience in building and operating natural gas infrastructure in the more than 220 municipalities we serve in Ontario.

In fact, Union Gas has been working hard for the past three years to build support with the provincial government and the Ontario Energy Board (OEB) for new regulatory and funding approaches to expand infrastructure into rural Ontario. Our proposal, if approved by the OEB, would see natural gas expanded to 29 rural and First Nation communities including the Southern Bruce communities. Providing natural gas service to Southern Bruce has always been a priority for Union Gas and a great deal of work has gone into building the support of government and subsequently putting forward the only community expansion proposal to this point to the OEB.

Attached is a copy of the advertisement circulated which includes the details of the times and locations for the open houses. I truly hope that I have the opportunity to meet you next week and please feel free to contact me should you have any questions.

Sincerely,

*Murray D. Costello P. Eng
District Manager Waterloo/Brantford
(519) 885-7425*

*Pam Gent sent on behalf of Murray Costello
(519)885-7427*

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Phone: 519-396-3468

Township of Huron-Kinloss
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Ripley, ON, NOG 2R0
519-395-3735

Municipality of Arran-Elderslie
Bruce Road #10
Chesley, ON, NOG 1L0
519-363-3039

February 26, 2016

Murray D. Costello P. Eng
District Manager Waterloo/Brantford
Union Gas

Dear Mr. Costello,

Thank you for your email and for acknowledging that Kincardine, Arran-Elderslie and Huron-Kinloss continue to work with EPCOR to bring natural gas distribution to our three Municipalities. No doubt you are aware that our Councils have already approved and signed Franchise Agreements with EPCOR. For your information we attach the Press Release on this matter which was issued on Monday.

We are puzzled why Union would proceed to hold the open houses in our communities in light of all these developments. We are very concerned that our citizens will be confused by Union's activities. We do not view Union's approach to its public information sessions as responsible or appropriate in the circumstances.

To be open and transparent with our citizens, we kindly ask that Union commit to convey to the public at each open house, in writing, the fact that EPCOR now holds the franchise rights to distribute natural gas in our three municipalities and our expectation that EPCOR will file its Leave to Construct application in a timely fashion after the OEB Generic Hearing has been decided, which we expect will occur by this summer.

Yours truly,

Anne Eadie, Mayor
Mun. of Kincardine
(519) 396 3018

Mitch Twolan, Mayor
Twp. of Huron-Kinloss
519-395-3959

Paul Eagleson, Mayor
Mun. of Arran-Elderslie
519-270-9299



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For Immediate Release (V2)

February 22, 2016

Kincardine, Arran-Elderslie & Huron-Kinloss approve Natural Gas Franchise Agreement with EPCOR

The Municipalities of Kincardine and Arran-Elderslie and the Township of Huron-Kinloss (the Municipalities) have approved and signed a Municipal Franchise Agreement which provides EPCOR Utilities Inc. with the right to distribute natural gas within the three Municipalities. In September, 2015 the Municipalities selected EPCOR as the preferred proponent to bring natural gas to their three Southern Bruce communities. The selection of EPCOR followed a 6 month competitive Request for Information process which identified multiple potential developers to construct, own and operate a new natural gas distribution utility.

Kincardine Mayor Eadie said “Council’s approval of the Franchise Agreement is the next important step in allowing EPCOR to start implementing its plan to create a new gas utility for our area. We are very pleased that EPCOR continues to make progress and move forward on this critical community initiative.” The Ontario Energy Board must approve the Franchise Agreement and EPCOR’s plans to construct and operate a new gas utility.

Last month the Ontario Energy Board announced that it will hold a public hearing in April, 2016 to consider the common issues across Ontario regarding natural gas expansions. Arran-Elderslie Mayor Paul Eagleson said “we take the recently announced hearing as a positive sign that the Energy Board recognizes that new entrants like EPCOR want to participate and invest in our communities to provide new gas service. Fairness demands that whatever new rules the Energy Board establishes for gas expansion must apply in the same way to everyone regardless of whether they are existing utilities or a new major player like EPCOR”.

Once the OEB makes its decision on the new gas expansion rules, which is expected by the fall of this year, EPCOR intends to make a Leave to Construct application to the Energy Board for approval to build the new gas distribution network.

Huron-Kinloss Mayor Twolan said “ our three municipalities began exploring the topic of gas expansion a few years ago with one simple goal in mind: to bring natural gas to as many of our residents, farms and businesses as possible. We did not expect to change the entire provincial regulatory landscape in the process, but this is exactly what appears to be happening. If our efforts can help other municipalities in achieving gas service as well, then we are very pleased to have done so”.

Mayor Eadie said “to access natural gas in our area will be a significant economic boost for the entire region. EPCOR continues to be an excellent, supportive partner in helping us achieve this outcome”.

EPCOR considers the Municipal Franchise Agreement as an important milestone.

“We are pleased that the agreements have been approved by each of the municipalities,” said Stephen Stanley, EPCOR Senior Vice-President, Commercial Services. “It will ultimately bring natural gas to these communities. We can now proceed to the next phase, which is preparing and submitting our applications to the Ontario Energy Board.”

About EPCOR

EPCOR’s wholly owned subsidiaries build, own and operate electrical transmission and distribution networks, water and wastewater treatment facilities and infrastructure in Canada and the United States. The company’s subsidiaries also provide electricity, water and natural gas services and products to residential and commercial customers. EPCOR, headquartered in Edmonton, is an Alberta Top 70 Employer and one of Canada’s Top Employers for Young People.

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