

**Centra Gas Manitoba Inc.  
Franchise Agreement Application**

**Amendments to the Generic Franchise Agreement**

**Tab 4- Attachment Index**

<b><u>Attachment Number</u></b>	<b><u>Attachment Name</u></b>
1	Generic Agreement (Existing)
2	Proposed Generic Agreement (Black-lined)
3	Proposed Generic Agreement (Clean)

**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

BETWEEN:

\_\_\_\_\_,

(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**

(hereinafter called the "Company").

WHEREAS the Municipality is desirous of obtaining a supply of natural gas for the Municipality and the inhabitants thereof not currently receiving natural gas;

AND WHEREAS it is agreed between the Municipality and the Company that the Company supply natural gas to the Municipality and its inhabitants in the Rural Municipality of \_\_\_\_\_, in Manitoba and as set out in the map attached as Appendix 1 hereto (the "Territory"), upon the terms and conditions set out herein;

AND WHEREAS by by-law duly passed by the Council of the Municipality (the "By-law"), the Reeve and the Chief Administrative Officer have been authorized and directed to execute this Agreement on behalf of the Municipality;

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NOW THEREFORE pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of The Municipal Act (Manitoba), The Public Utilities Board Act (Manitoba) and The Gas Pipe Line Act (Manitoba), the Municipality hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions herein contained, the sole and exclusive franchise to supply natural gas to the Municipality and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. Provided always however, the Company agrees that with respect to all those portions of the Territory which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, and the Company refuses to do so, the Company shall relinquish that portion of the Territory from the franchise hereinbefore granted. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares,

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lanes, alleys, ditches and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may from time to time exist, as may be necessary or convenient for the purpose of transporting and supplying natural gas to the consumers thereof. The Company is hereby authorized for the purposes aforesaid to enter upon any or all of the said Highways and to break the surface and make the necessary excavations therein and, without limiting the generality of all of the foregoing, to do all things reasonably necessary or convenient for the supplying of natural gas and for laying down, taking up, relaying, connecting, disconnecting, repairing, removing, maintaining, replacing and operating the Gas Distribution System.

2. (a) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory;

(b) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas, or, in connection with extension of its mains, if such extension is not reasonable and would not furnish sufficient business to justify the construction and maintenance thereof; any such extension, including contributions toward the cost

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of construction which may be required from inhabitants, businesses and industries located in the Territory, shall be in accordance with policies approved from time to time by the Public Utilities Board of Manitoba (“the Board”);

(c) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected consumers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial consumers in that order of priority. The allocation of natural gas shall also be subject to the provisions of The Gas Allocation Act and Regulations thereto;

(d) In the event that either of the conditions referred to in subsections (b) and (c) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

3. The Company agrees:

(a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;

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- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;
  - (c) it shall, within a reasonable time after any construction work, restore the Highways to a state of repair as nearly as possible equal to their former state to the satisfaction of the Municipality acting reasonably, where such restoration is required by reason of the Company having installed or constructed the Gas Distribution System or part thereof;
  - (d) in the execution of the rights and powers granted hereby it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety.
4. Prior to the installation of any part of the Gas Distribution System, the Company shall file with the Municipality plans showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality shall have the right to designate to the Company the location of the Gas Distribution System in the Highways within the Municipality and the Gas Distribution System shall be located in alleys, lanes and boulevards rather than in streets when reasonably practicable and where the cost of so doing will not be unreasonably high; and the Company shall give

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notice in writing to the Municipality of its intention to break up any streets or lanes not less than seven (7) days before the beginning of such work except in cases of emergency when immediate notice shall suffice. The Company shall supply complete plans of its Gas Distribution System to the Municipality on as-built basis and will from time to time keep such plans up to date as and when alterations are made.

5. (a) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under The Gas Pipe Line Act (Manitoba), and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.
- (b) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.
6. (a) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to The Gas Pipe Line Act (Manitoba).

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- (b) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.
7. (a) All costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality.
- (b) Where the Municipality requests the removal or relocation of any part of the Gas Distribution System and, in the opinion of the Company it is practicable and convenient to do so, the Company shall effect such removal or relocation as soon as is reasonably possible after such request is made; provided that all costs in connection with such removal or relocation shall be paid by the Municipality including, without limiting the generality of the foregoing:
- (i) the cost of repairs to any Highway; and
  - (ii) the net book value plus the cost of replacement, less salvage value, of any part of the removed or relocated Gas Distribution System that is rendered unusable by virtue of such removal or relocation.



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8. Natural gas shall be supplied to consumers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

10. The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 11 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, or along its Highways for the purpose of supplying natural gas; provided however that this paragraph shall not prevent the sale or delivery within the Municipality by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

11. (a) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System

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with respect to its operations within the Municipality that is used exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of The Arbitration Act (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the Board or of a majority of the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba. In the event of such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for

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the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

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- (b) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 11(a) hereof.

12. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, land slides, lightning, earth quakes, fires, storm, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

13. Subject to the provisions of The Public Utilities Board Act (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this

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Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in The Corporations Act (Manitoba) and the Income Tax Act (Canada).

14. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

15. This Agreement is subject to the approval of the Manitoba Public Utilities Board.

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the day and year first above written.

**RURAL MUNICIPALITY OR TOWN**

Per: \_\_\_\_\_  
Reeve or Mayor

Per: \_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer

**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

BETWEEN:

**THE \_\_\_\_\_ OF \_\_\_\_\_,**  
(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**  
(hereinafter called the "Company").

WHEREAS the Municipality is desirous of obtaining a supply of natural gas for the Municipality and the inhabitants thereof not currently receiving natural gas;

AND WHEREAS it is agreed between the Municipality and the Company that the Company supply and distribute natural gas to the Municipality and its inhabitants in the Rural Municipality of \_\_\_\_\_(NAME OF MUNICIPALITY)\_\_\_\_\_, in Manitoba and as set out in the map attached as Appendix 1 hereto (the "Territory"), upon the terms and conditions set out herein;

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AND WHEREAS by by-law duly passed by the Council of the Municipality (the "By-law"), the ~~(Reeve~~ REEVE OR MAYOR) and the Chief Administrative Officer ("CAO") have been authorized and directed to execute this Agreement on behalf of the Municipality;

NOW THEREFORE pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of The Municipal Act (Manitoba), The Public Utilities Board Act (Manitoba) and The Gas Pipe Line Act (Manitoba), the Municipality hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions herein contained, the sole and exclusive franchise to supply/distribute natural gas to the Municipality and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. ~~Provided always however, the Company agrees that with respect to all those portions of the Territory which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, and the Company refuses to do so, the Company shall relinquish that portion of the Territory from the franchise hereinbefore granted.~~ The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and make the necessary excavations to lay down,

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take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may from time to time exist, as may be necessary ~~or convenient~~ for the purpose of transporting, ~~and~~ supplying, and delivering natural gas to the consumers thereof. ~~The Company is hereby authorized for the purposes aforesaid to enter upon any or all of the said Highways and to break the surface and make the necessary excavations therein and, without limiting the generality of all of the foregoing, to do all things reasonably necessary or convenient for the supplying of natural gas and for laying down, taking up, relaying, connecting, disconnecting, repairing, removing, maintaining, replacing and operating the Gas Distribution System.~~

2.(a1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.



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2.(2) The Company agrees that with respect to any portion of the Municipality which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the Municipality with a view of developing a viable business model in relation to that portion of the Municipality.

2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Public Utilities Board of Manitoba (the Board) for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from time to time as the Board deems necessary or as may be requested by the Company.

{2.(b4)}\_\_\_\_\_ The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain

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delivery of natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas, ~~or, in connection with extension of its mains, if such extension is not reasonable and would not furnish sufficient business to justify the construction and maintenance thereof; any such extension, including contributions toward the cost of construction which may be required from inhabitants, businesses and industries located in the Territory, shall be in accordance with policies approved from time to time by the Public Utilities Board of Manitoba ("the Board");~~

~~2.(e5)~~ \_\_\_\_\_ In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected ~~consumers~~customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial ~~consumers~~ customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of The Gas Allocation Act and Regulations thereto and any orders made pursuant to The Emergency Measures Act;

~~2.(e6)~~ In the event that either of the conditions referred to in subsections ~~(b4)~~ and ~~(e5)~~ occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.

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~~3.3. 4.(1)~~ Prior to the installation of any part of the Gas Distribution System, the Company shall file ~~with the Municipality~~ plans with the municipal engineer, which shall mean a professional engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to have the right to designate to the Company the location of the Gas Distribution System and any changes thereto arising in course of construction in the Highways within the Municipality, which approval shall not be unreasonably withheld or unduly delayed. ~~and~~ the Gas Distribution System shall be placed in such located locations as agreed by the Municipal Engineer and the Company in ~~alleys, lanes and boulevards~~ and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance so doing will not be unreasonably high; ~~and the Company shall give notice in writing to the Municipality of its intention to break up any streets or lanes not less than seven (7) days before the beginning of such work except in cases of emergency when immediate notice shall suffice.~~ ~~The Company shall supply complete plans of its~~

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~~Gas Distribution System to the Municipality on as-built basis and will from time to time keep such plans up to date as and when alterations are made.~~

3.-(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution System within the Municipality on an as-built basis, as requested by the Municipality, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with The Gas Pipe Line Act (Manitoba) and the regulations thereunder.

4. Unless another process is established through municipal bylaw, the Company shall give notice ~~in writing~~ to the CAO or designate of the Municipality, of its intention to open or break up any ~~of the Highways in the Municipality, streets or lanes~~ not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of the pipe or other works, when immediate notice shall suffice. ~~;~~ and, subject to the same exception and as otherwise provided in this Agreement, the Company

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~~shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer. The Company shall supply complete plans of its Gas Distribution System to the Municipality on as-built basis and will from time to time keep such plans up to date as and when alterations are made.~~

5. The Company agrees:

\_\_\_\_\_ (a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;

\_\_\_\_\_ (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;

\_\_\_\_\_ (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected.

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The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work; to the satisfaction of the Municipality acting reasonably, where such restoration is required by reason of the Company having installed or constructed the Gas Distribution System or part thereof;

(d) in the execution of the ~~rights and powers~~ granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;

(e) any pipe line found not in accordance with the depth of cover requirements established by the Public Utilities Board pursuant to The Gas Pipe line Act (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;

~~7(a)~~ (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality; and,

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(g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs and expenses incurred in the removal and replacement or the relocation shall be apportioned between the Company and the Municipality in such a manner as they may agree upon, or in the absence of an agreement, shall be apportioned equally.

5.6.(a1) ——— The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under The Gas Pipe Line Act (Manitoba), and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

6.(b2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.

6.(7.(a1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of

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the Company's lines plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to The Gas Pipe Line Act (Manitoba).

7.(b2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.

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~~(b) Where the Municipality requests the removal or relocation of any part of the Gas Distribution System and, in the opinion of the Company it is practicable and convenient to do so, the Company shall effect such removal or relocation as soon as is reasonably possible after such request is made; provided that all costs in connection with such removal or relocation shall be paid by the Municipality including, without limiting the generality of the foregoing:~~

~~(i) the cost of repairs to any Highway; and~~

~~(ii) the net book value plus the cost of replacement, less salvage value, of any part of the removed or relocated Gas Distribution System that is rendered unusable by virtue of such removal or relocation.~~



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8. Natural gas shall be ~~supplied-distributed~~ to ~~customers consumers~~ in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.

9. This Agreement shall not prevent the sale or delivery within the Territory Municipality by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any taxes that may be legally and properly levied by the Municipality against the Company.

911. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.

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~~4012.~~ The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph ~~44-13~~ hereof, grant to any other person, firm or corporation the right to deliver natural gas within the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways for the purpose of supplying and distributing natural gas; ~~provided however that this paragraph shall not prevent the sale or delivery within the Municipality by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.~~

~~4413.(a1)~~ ) — It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System with respect to its operations within the Municipality that is used exclusively for the distribution of natural gas in the Territory, pursuant to this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and

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settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of The Arbitration Act (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the Board or of a majority of the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba. In the event of such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of

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notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

13.(b2) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 11(a) hereof.

1214. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots,

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blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storm, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.

[1415](#). Subject to the provisions of The Public Utilities Board Act (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in The Corporations Act (Manitoba) and The Income Tax Act (Canada).

[1416](#). This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

[1417](#). This Agreement is subject to the approval of the Manitoba Public Utilities Board.

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the day and year first above written.

**RURAL MUNICIPALITY OR TOWN**

Per: \_\_\_\_\_  
Reeve or Mayor

Per: \_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer

**MEMORANDUM OF AGREEMENT** made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

BETWEEN:

**THE \_\_\_\_\_ OF \_\_\_\_\_,**  
(hereinafter called the "Municipality"),

- and -

**CENTRA GAS MANITOBA INC.,**  
(hereinafter called the "Company").

WHEREAS the Municipality is desirous of obtaining a supply of natural gas for the Municipality and the inhabitants thereof not currently receiving natural gas;

AND WHEREAS it is agreed between the Municipality and the Company that the Company supply and distribute natural gas to the Municipality and its inhabitants in (NAME OF MUNICIPALITY), in Manitoba and as set out in the map attached as Appendix 1 hereto (the "Territory"), upon the terms and conditions set out herein;

AND WHEREAS by by-law duly passed by the Council of the Municipality (the "By-law"), the (REEVE OR MAYOR) and the Chief Administrative Officer ("CAO") have been authorized and directed to execute this Agreement on behalf of the Municipality;

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NOW THEREFORE pursuant to the premises and in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Company to the Municipality (the receipt of which is hereby acknowledged), and in further consideration of the mutual covenants hereinafter set forth it is mutually covenanted and agreed by the parties as follows:

1. Subject to compliance with the provisions of The Municipal Act (Manitoba), The Public Utilities Board Act (Manitoba) and The Gas Pipe Line Act (Manitoba), the Municipality hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions herein contained, the sole and exclusive franchise to distribute natural gas to the Municipality and its inhabitants in the Territory, for a term of thirty (30) years from the date hereof. The Municipality further grants to the Company the full power, right, licence and liberty to enter upon property of the Municipality and to break the surface and make the necessary excavations to lay down, take up, relay, connect, disconnect, repair, remove, maintain, replace and operate a gas distribution system and any and all necessary or convenient mains, pipes, services, and all other equipment and appliances as the Company may deem desirable for the supply, transmission and distribution of gas (collectively the "Gas Distribution System") in, upon, over, across, under and along the public highways, streets, roads, bridges, walkways, sidewalks, road allowances, squares, lanes, alleys, ditches, drainage systems and other public places (collectively the "Highways") within the boundaries of the Municipality as the same may from time to time exist, as may be necessary for the purpose of transporting, supplying, and delivering natural gas to the consumers thereof.



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- 2.(1) Subject to the provisions hereof, the Company agrees that during the term of this Agreement, it will install and maintain an adequate natural gas distribution system within the Territory and will provide such quantities of natural gas as will meet the requirements of the inhabitants, businesses and industries located in the Territory.
  
2. (2) The Company agrees that with respect to any portion of the Municipality which the Company does not supply natural gas to, in the event the Municipality, acting reasonably, requests the Company to supply natural gas upon the same terms and conditions as provided in this Agreement, the Company will work together with the Municipality with a view of developing a viable business model in relation to that portion of the Municipality.
  
- 2.(3) For the purpose of implementing a distribution system expansion for the attachment of new customers pursuant to clause 2(1), the Company shall, whenever a request is made for gas service by any inhabitant or industry of the Municipality in a location not served by the existing system of the Company, comply with the request provided the request meets criteria filed with and approved by the Public Utilities Board of Manitoba (the Board) for expansion of the distribution system and does not unduly affect customers on the existing system. Such criteria may include but not be limited to estimates of customers, sales, volumes, revenues, costs, and return on investment, the effect upon existing customers and any customer contribution in aid of construction. The criteria shall be reviewed by the Board from

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time to time as the Board deems necessary or as may be requested by the Company.

2. (4) The Company shall not be bound to construct or extend its mains or provide natural gas or gas service if the Company is, for any reason, unable to obtain delivery of natural gas at or near the limits of the Territory, or an adequate supply thereof to warrant the construction or extension of its mains for the provision of natural gas.
2. (5) In the event the amount of natural gas supplied to the Company at or near the limits of the Territory is insufficient to meet the requirements of connected customers, the Company shall have the right to prescribe reasonable rules and regulations for allocating the available supply of natural gas to domestic, commercial and industrial customers in that order of priority. The allocation of natural gas shall also be subject to the provisions of The Gas Allocation Act and Regulations thereto and any orders made pursuant to The Emergency Measures Act;
- 2.(6) In the event that either of the conditions referred to in subsections (4) and (5) occur or are likely to occur, the Company will advise the Municipality thereof as soon as the conditions become apparent to the Company.
3. (1) Prior to the installation of any part of the Gas Distribution System, the Company shall file plans with the municipal engineer, which shall mean a professional

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engineer employed directly or indirectly by the Municipality or such other person as may be designated by the council of the Municipality to carry out the functions and duties of the Municipal Engineer as herein described ("Municipal Engineer"), showing the location, depth and size of all mains, pipes or conduits and any other equipment or structures (but not including geodetic information) intended to be installed or constructed and shall comply with all by-laws of the Municipality relating to the construction of such works. The Municipality, by its Municipal Engineer, shall approve the plans as to the location of the Gas Distribution System and any changes thereto arising in course of construction within the Municipality, which approval shall not be unreasonably withheld or unduly delayed. The Gas Distribution System shall be placed in such locations as agreed by the Municipal Engineer and the Company in boulevards and under other unpaved surfaces rather than in streets when reasonably practicable and where the cost of installation and maintenance will not be unreasonably high.

- 3.(2) The Company shall supply to the Municipality plans showing the location of its Gas Distribution System within the Municipality on an as-built basis, as requested by the Municipality, but in no event shall such plans be provided more than twice in any 12-month period. Such plans shall be provided either on paper or in a mutually agreeable format. All of the conditions for the supply of as-builts are to be mutually agreed upon.

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3.(3) The pipe, materials and other equipment to be used in the distribution system shall be of the kinds and qualities satisfactory to the Board, and shall be in compliance with The Gas Pipe Line Act (Manitoba) and the regulations thereunder.

4. Unless another process is established through municipal bylaw, the Company shall give notice to the CAO or designate of the Municipality, of its intention to open or break up any of the Highways in the Municipality, not less than seven (7) days before the beginning of such work, except in cases of emergency arising from defects or breaking of the pipe or other works, when immediate notice shall suffice; and, subject to the same exception and as otherwise provided in this Agreement, the Company shall not begin any such work unless it has obtained approval therefore in writing from the Municipal Engineer.

5. The Company agrees:

(a) in the execution of the rights and powers granted hereby and in the performance of the work in connection therewith, it shall do as little damage as possible and shall keep passage of the Highways as far as may be practicable free and uninterrupted;

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- (b) it shall not interfere with, disturb or damage any existing pipes or lines of other utilities, unless the express consent of such other utilities is first had and received;
- (c) it shall, within a reasonable time after any construction work, restore the Highways and other areas where construction has occurred to a state of repair as nearly as possible equal to their former state, unless another process is established by municipal bylaw. Within thirty (30) days of completion of the restoration work the Company shall give notice in writing to the Municipal Engineer that the work and restoration have been completed and inspected. The Municipal Engineer acting reasonably shall advise the Company in writing of any deficiencies in connection with the construction work or restoration. If the Municipality fails to provide such advice within six (6) months of the Company's notice to the Municipality and unless an extension of time has been mutually agreed, the Municipality will be deemed to have accepted the restoration work;
- (d) in the execution of the power granted hereby, it shall construct, locate and operate its Gas Distribution System in such manner as will not endanger the public health or safety;

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- (e) any pipe line found not in accordance with the depth of cover requirements established by the Public Utilities Board pursuant to The Gas Pipe line Act (Manitoba) as a result of improper installation shall be lowered, relocated or suitably protected by, and at the expense of the Company;
  - (f) all costs in connection with the removal or relocation of any part of the Gas Distribution System, including the cost of repairs to any Highways, shall be the Company's responsibility except where such removal or relocation is required by the Municipality; and,
  - (g) notwithstanding paragraph (f) above, where the removal or relocation of any part of the Gas Distribution System is required by the Municipality, the costs and expenses incurred in the removal and replacement or the relocation shall be apportioned between the Company and the Municipality in such a manner as they may agree upon, or in the absence of an agreement, shall be apportioned equally.
6. (1) The Company shall protect and indemnify the Municipality against any damages or expenses in connection with the execution of the powers granted hereby and under The Gas Pipe Line Act (Manitoba), and from and against all claims, demands, and actions by third persons in respect of damages sustained by reason of any operations of the Company and in relation to its distribution system.

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- 6.(2) The Company shall satisfy the Board that it has in place at all times liability insurance coverage sufficient to satisfy any potential claim, demand or action against the Company or the Municipality for such damages.
7. (1) Before the Municipality makes any repairs of, or alterations to, any of its public services which will involve excavations or which may in any way affect any of the Company's lines plant or equipment, the Municipality shall give notice as set forth in the regulations in effect at that time and made pursuant to The Gas Pipe Line Act (Manitoba).
- 7.(2) Where practicable, the Municipality shall have regard to the reasonable directions of the Company concerning any such repairs and alterations, but, in any event, the Municipality is free of all liability in connection with any damage done by reason of any such repairs or alterations.
8. Natural gas shall be distributed to customers in the Territory at the rates and on the terms and conditions approved or fixed from time to time by the Board or other regulatory authority having jurisdiction.
9. This Agreement shall not prevent the sale or delivery within the Territory by any other person, firm or corporation of liquefied petroleum gas, propane or other product delivered in tanks or containers and not transmitted by pipeline.

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10. Subject to any applicable legislation now or hereafter enacted in that regard, the Company shall pay to the Municipality any taxes that may be legally and properly levied by the Municipality against the Company.
  
11. The Company shall maintain in force during the currency hereof, a policy of insurance provided by an insurance company licensed to do business in the Province of Manitoba, insuring against public liability and property damage in connection with the operations of the Gas Distribution System within the Territory.
  
12. The Municipality agrees that it will not, for a period of thirty (30) years or longer, if this Agreement is renewed in accordance with the provision of paragraph 13 hereof, grant to any other person, firm or corporation the right to deliver natural gas within the Municipality or to erect or maintain a Gas Distribution System in, upon, over, across, under, or along its Highways for the purpose of supplying and distributing natural gas.
  
- 13.(1) It is further agreed that at the expiration of the term hereof and at the expiration of each renewal hereof, the Municipality may, after giving one (1) year's written notice prior to the date of the termination of this Agreement or of any renewal hereof, at its option (to be expressed by by-law of the Municipality), elect to purchase that portion of the Gas Distribution System with respect to its operations within the Municipality that is used exclusively for the distribution of natural gas in the Territory, pursuant to



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this Agreement, but not any portion of the Gas Distribution System that is used for transmission of natural gas through the Municipality, for such price and on such terms as may be agreed upon between the parties hereto, or failing such agreement then at such price and on such terms including that portion of the Gas Distribution System the Municipality is entitled to purchase as may be fixed and settled by the Board, or if the Board shall refuse to so fix and settle the price then the said price and terms shall be such as may be fixed and determined by arbitration under the provisions of The Arbitration Act (Manitoba) and each of the parties shall appoint an arbitrator and the arbitrators so appointed shall appoint a third arbitrator to act as chairman who shall be versed in this special branch of engineering economics, and in the event the arbitrators appointed by each party are unable to appoint a third arbitrator, the third arbitrator shall be appointed by the Chief Justice of the Court of Queen's Bench of the Province of Manitoba. The decision of the Board or of a majority of the said arbitrators shall be binding upon the parties in arriving at the price. The Board or the said arbitrators shall make allowance for severance of the property and operation from other properties and operations of the Company in Manitoba. In the event of such purchase, the Company and the Municipality will enter into an agreement respecting the use of and payment for such use by the Municipality of Company-owned facilities which are not being purchased hereunder and for the sale of natural gas to the Municipality for resale by the Municipality to the inhabitants of the Municipality, at such rates as may be agreed upon between the Company and the Municipality and

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approved by the Board. If the Municipality does not notify the Company in writing of its intention to purchase the property of the Company as aforesaid at least one (1) year before the expiration of this Agreement or any renewal thereof, this Agreement will be deemed to be automatically renewed for an additional term of ten (10) years, and at the end of the said ten (10) year renewal term, the said Agreement will be further automatically extended in absence of notice aforesaid for additional terms of ten (10) years from time to time. Provided further that at the time of any such renewal, changes in the terms of this Agreement may be made at the request of either party with the approval of the other, and in the absence of such approval such changes may be made by reference to, under the authority of, and with the approval of the Board. Notwithstanding anything contained elsewhere in this Agreement, it is understood and agreed that if the Municipality exercises its option to purchase the property of the Company with respect to its distribution operations within the area designated in this Agreement, such exercise shall not affect the right of the Company to continue to operate its transmission facilities in such area for so long as the same may be required by the Company.

13. (2) The Company agrees that it shall provide written notice to the Municipality at least two (2) years prior to the expiration of the term hereof and of each renewal hereof, of the Municipality's election as set forth in paragraph 11(a) hereof.

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14. Notwithstanding any other term or condition contained herein, neither party shall be liable to the other for failure to carry out its obligations hereunder when such failure is caused by force majeure as hereinafter defined. The term force majeure means civil disturbances, industrial disturbances (including strikes and lock-outs), interruptions by government or Court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blockades, insurrections, failure or inability to secure materials, permits or labourers by reason of priority regulations or orders of government, landslides, lightning, earthquakes, fires, storm, floods, wash-outs, explosions, breakage or accident to machinery or the Gas Distribution System, temporary or permanent failure of gas supply, an act or omission (including failure to deliver gas) reducing supply of gas to the Company's supplier, or any other causes or circumstances to the extent such cause or circumstances was beyond the control of the party prevented from carrying out its obligations by the act of force majeure.
15. Subject to the provisions of The Public Utilities Board Act (Manitoba), the Company shall not without the consent of the Municipality, such consent not to be unreasonably withheld, assign this Agreement or the rights, franchises, powers and privileges granted hereby or any of them; provided however the Company may assign this Agreement to any corporation with which the Company may then be associated or affiliated, as those terms are used in The Corporations Act (Manitoba) and The Income Tax Act (Canada).

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16. This Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.
17. This Agreement is subject to the approval of the Manitoba Public Utilities Board.

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the day and year first above written.

**RURAL MUNICIPALITY OR TOWN**

Per: \_\_\_\_\_  
Reeve or Mayor

Per: \_\_\_\_\_  
Chief Administrative Officer

**CENTRA GAS MANITOBA INC.**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer