

to be consistent with changes in the 1994 Manitoba Public Utilities Board ("PUB") approved generic franchise agreement;

AND WHEREAS the Council of the Municipality, pursuant to the power and authority contained in The Municipal Act, being Cap. M225 of the Revised Statutes of Manitoba, has passed a by-law authorizing the Municipality to enter into a new Agreement to replace the Existing Agreement, granting to the Company the continued right and privilege to lay the said pipe line;

NOW THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual covenants and conditions contained herein, the Company and the Municipality hereby mutually covenant and agree as follows:

1. The Company will duly construct, lay and maintain a pipe line for the conveying of natural gas across all those portions of the highways in Townships 8 and 9, in Range 7, WPM, as shown coloured pink on a map annexed to said Agreement and marked as Appendix 1, (with the exception of Sections 27 and 34, Township 9, Range 7, WPM; Sections NE ¼ 9, NW ¼ 10, NE ¼ 14, NW ¼ 14, NE ¼ 15, SE ¼ 22, SW ¼ 23 and SE ¼ 23, Township 8, Range 7, WPM, as shown coloured yellow on the aforementioned map, areas for which franchise agreements exist) for the purpose of distributing and selling natural gas to the Village of St. Claude and existing franchise areas in the Municipality.

2. The said pipe line shall be laid to a minimum depth of thirty-six inches (36") below the road surface of the said highways wherever the said pipe line runs across the said highways, and the said pipe line shall cross the said highways in the manner shown on the said plan.

3. The Company will promptly pay all taxes which may be lawfully assessed against its property.

4. In constructing, laying, operating and maintaining the said pipe line, the Company shall carry out and perform the work at all times with dispatch and in such manner as shall cause

the least damage to the said highways and the least inconvenience to the public. The Company shall take proper precautions for the protection of the public, and properly barricade all excavations and/or obstructions made by it in all places in and upon the said highways, and at night shall warn the public by lights of the presence and existence of such excavations and/or obstructions and the making of all repairs and maintenance of and to the said pipe line. The replacement of any and all parts and portions of the said pipe line shall be done with due dispatch at the expense of the Company, and on completion the surface of the said highways shall be placed by the Company in as good condition as it was at the time the work was commenced, and to the satisfaction of the Council of the Municipality and without default or undue delay by or on the part of the Company in the repair of the said highways. Upon completion of the work of constructing, laying, maintaining or replacing the said pipe line, the Company shall effectively remove any and all obstructions erected by it and fill all excavations made by the Company and repair the said highways so as to place them in as good condition as they were at the time the work was commenced by the Company, and in the event of its failure so to do, the Municipality may do the said work and all expenses incurred by the Municipality in so doing shall be charged to the Company and paid by it upon demand.

5. The Company will at all times keep and maintain the portion of the said highways excavated by it at any time in order to construct, lay or maintain the said pipe line, at the same level as the adjoining portions of the highways in each case, so that there will be no depression or hollow on the portion of the highways on which the said pipe line is situated.

6. The Company will indemnify and save harmless the Municipality from and against all claims for damages, causes of action, demands and judgments, whatsoever made, commenced, contained and obtained by any person or persons against the Municipality and arising out of work performed by the Municipality as the result of default, or undue delay by or on the part of the Company in the repair of the said road allowances as above provided, or out of the negligence, recklessness, carelessness, mismanagement, misfeasance or nonfeasance of the Company, its officers, servants, agents and employees in the operation of the said pipe line, or accidents or occurrences arising from or in the installation, maintenance or operation of the said pipe line.

7. (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 Act, 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 transmission 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.

8. (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 the regulations in effect at that time and made pursuant to The Gas Pipe Line Act.

(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.

9. (a) All costs in connection with the removal or relocation of any part of the gas transmission 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 transmission 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 transmission system that is rendered unusable by virtue of such removal or relocation.

10. The term of this Agreement shall be for thirty (30) years commencing November 16, 2006 and thereafter shall 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, this Agreement will be further automatically renewed and extended for additional terms of ten (10) years from time to time. Provided always that either party may, at the time of any such renewal and with the consent of the other party in writing, change or amend the terms of this Agreement.

11. This Agreement shall be binding upon the Company and the Municipality and their respective successors and assigns.

IN WITNESS WHEREOF the Company and the Municipality have caused this agreement to be executed as of the day and year first above written.

RURAL MUNICIPALITY OF GREY

Per: _____
Reeve

Per: _____
Chief Administrative Officer

CENTRA GAS MANITOBA INC.

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer