



April 1, 2021

Sent via email/eFile

PNGNE 2019 FRANCHISE AGREEMENT BETWEEN FORT ST JOHN AND PNGNE EXHIBIT A-10
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Gordon Doyle
Vice President, Regulatory Affairs, Legal and Gas Supply
Pacific Northern Gas Ltd.
750 – 888 Dunsmuir Street
Vancouver, BC V6C 3K4
gdoyle@png.ca; regulatory@png.ca

Re: Pacific Northern Gas (N.E.) Ltd. – Application for Approval of the 2019 Franchise Agreement between Pacific Northern Gas (N.E.) Ltd. and the City of Fort St. John – Resubmission of Revised Agreement in Consideration of BCUC Order G-307-20

Dear Mr Otto:

On February 23, 2021, Pacific Northern Gas (N.E.) Ltd. (PNG (N.E.)) resubmitted a revised agreement between PNG (N.E.) and the City of Fort St. John (the City) (Application), in response to the British Columbia Utilities Commission (BCUC) Order G-307-20 whereby it did not approve the application by PNG (N.E.) for approval of the 2019 Franchise Agreement (Proposed 2019 Franchise Agreement). The Decision accompanying Order G-307-20 identified concerns with certain provisions contained in the Proposed 2019 Franchise Agreement, as identified by the Panel reviewing the Application.

Clause 8.1 of the original Proposed 2019 Franchise Agreement provides:

In the event the Company ceases to operate, on a permanent basis, any part of its works on the Public Lands and has received all required regulatory approvals in respect thereto, the Company shall, at its sole cost,

- a) restore the surface of the Public Lands affected to the same conditions, as far as may be practicable so to do, as the same were in prior to the entry thereon and use thereof by the Company; and
- b) at the request of the Municipality, and subject to the Company's ability to refer the matter to arbitration pursuant to Article X, remove any works that the Engineer may reasonably require the Company to remove. (*emphasis added*)

Page 22 of the Decision accompanying Order G-307-20 states:

For the foregoing reasons, the Panel finds there is no adequate justification for PNG (N.E.) to pay the City for the removal of any abandoned works removed at the City's request in addition to the Franchise Fee, and further finds these costs should not be recoverable from ratepayers if PNG (N.E.) incurred them. (*emphasis added*)

In response PNG (N.E.) states on page 2 of the Application:

Specifically, PNG and the City have agreed to the following revisions to the Proposed 2019 Franchise Agreement:

...

Removal of provisions around removal of works and related costs upon abandonment as may be requested by the City (clause 8.1). (*emphasis added*)

The BCUC's Order did not specify its disapproval of the requirement in clause 8.1 (b) of the Proposed 2019 Franchise Agreement that provides an obligation on PNG (N.E.) regarding removal of works at request of the Municipality. Rather, the BCUC Order was limited to disallowing the City from recovering the costs of such removal.

In light of the foregoing, please respond to the BCUC before the close of business on Wednesday, April 7, 2021 confirming either that:

- PNG (N.E.) and the City do not wish to make any further changes to the Proposed 2019 Franchise Agreement at this time; or
- PNG (N.E.) and the City wish to make further changes to the Proposed 2019 Franchise Agreement and, if so, please include the time required to make these changes.

Sincerely,

Original signed by:

Patrick Wruck
Commission Secretary

GS/cmV

cc: Verlon Otto
Director, Regulatory Affairs
Pacific Northern Gas Ltd.
votto@png.ca