

City of West Kelowna – FortisBC Operating Agreement Overview

Interior Municipal Operating Agreements

- What is an Operating Agreement?
 - contract between municipality and FortisBC Energy Inc. (FEI)
 - terms & conditions set out for installation, operation & maintenance of natural gas distribution pipes and related facilities within public streets & roads
 - formerly referred to as *franchise agreements* due to exclusivity agreement with municipality
 - agreements now called Operating Agreements

Interior Municipal Operating Agreements

Background

- original agreements negotiated in 1957 under Inland Natural Gas
- 49 Interior Municipalities currently have operating agreements
- 20-year term
- negotiated master operating agreement with UBCM in 2005 and approved by BCUC

Municipal Operating Agreements

- Objective

- increase operating efficiencies
- reduce customer wait times
- improve construction scheduling
- consistent operating practices across the region
- create contractual certainty with operating issues
- improve relationship between FEI and City of West Kelowna



Operating Agreement – Definitions

- 1 (d): Company Facilities
- 1 (l): Municipal Facilities
- 1 (n): New Work
- 1 (p): Planned Facilities
- 1 (q): Public Places

Operating Agreement – Key Sections

- 4: FortisBC Rights to Access & Use Public Spaces
- 5.1: FortisBC Compliance with Standards for Use of Public Places
- 6.1: FortisBC Work Obligations
- 6.2: Notice of Service Lines
- 6.3: FortisBC to Obtain Locate Information
- 8: Facility Changes Required
- 9.2: Communication and Coordination of Activities
- 12: Other Permits, Approvals or Licences

Operating Agreement – Key Terms

4. FortisBC Rights to Access & Use Public Spaces

The Municipality acknowledges FortisBC's rights to:

- a) develop, construct, install, maintain or remove Company Facilities on, over, in and under Public Places
- b) enter on Public Places as may be reasonably necessary to maintain, repair, or operate the Facilities;
- c) place pipeline identification markers where a Transmission Pipeline or Distribution Pipeline crosses

Operating Agreement – Key Terms

5.1: Non-discriminatory Standards for FortisBC

- FortisBC shall comply with all Federal and Provincial laws, regulations and codes and Municipal bylaws, standards and policies
- Except:
 - where they may conflict with terms of the Operating Agreement
 - limit rights or concessions granted to FortisBC by the City of West Kelowna under the Agreement; or
 - where they conflict with other legislation governing FortisBC

Operating Agreement – Key Terms

6.1: Notices – General Requirements

6.1.1. Notice for New Work

For New Work, FortisBC shall give notice to the City of West Kelowna that it intends to perform New Work

6.1.3. Municipal Approval for New Work

The Municipality may object to the New Work on grounds set out in the Agreement within the timeline outlined

Operating Agreement – Key Terms

6.3: FortisBC to Obtain Locate Information

- Prior to conducting any New Work, FortisBC shall locate other Utilities and satisfy itself that it is clear to proceed



Operating Agreement – Key Terms

8.1: Facility Changes Required by FortisBC

FortisBC may provide Notice that it requires Municipal Facilities to be altered, changed, temporarily shut-down, temporarily by-passed, or relocated to accommodate its requirements.

- The Municipality will comply to the extent it is reasonably able to do so
- FortisBC agrees to pay for all costs for changes to the affected Municipal Facilities

Operating Agreement – Key Terms

8.2: Facility Changes Required by City of West Kelowna

The Municipality may provide Notice that it requires FortisBC Facilities to be altered, changed, temporarily shut-down, temporarily by-passed, or relocated to accommodate its requirements.

- FortisBC will comply to the extent it is reasonably able to do so
- City of West Kelowna agrees to pay for the costs for changes to the affected Facilities

Operating Agreement – Key Terms

12. Other Approvals, Permits or Licenses

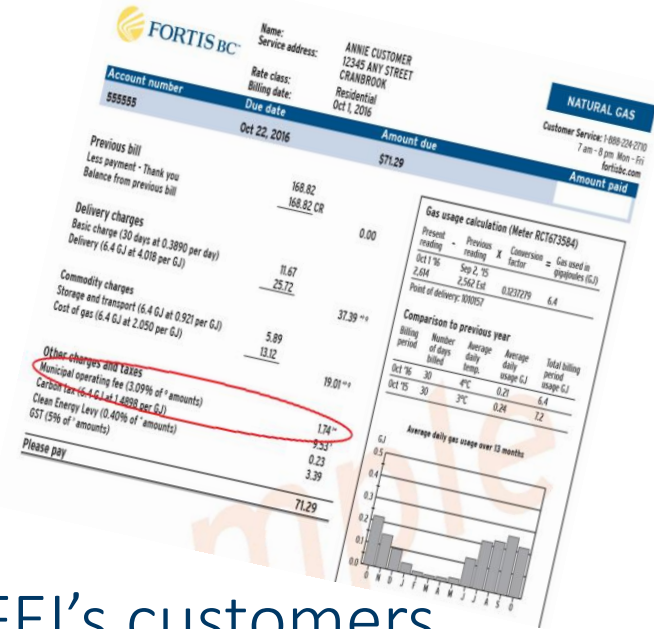
Except as specifically provided in this Agreement, City of West Kelowna

- will not require FortisBC to seek or obtain approvals, permits or licenses
- will not charge or levy against FortisBC any approval, license, inspection or permit fee, or charge of any other type associated with FortisBC constructing, installing, renewing, altering, repairing, maintaining or operating Facilities

Operating Fee

Based on 3% of gross revenue from the sale of natural gas in the municipality

- separate line item collected on FEI's customers bills
- fee is then transferred to the City
- doesn't result in additional revenue for FortisBC
- is in addition to existing 1% payment in lieu of property tax



Thank you



For further information, please contact:

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