

VILLAGE OF COBDEN
BY-LAW NO. 1988-13

Being a by-law to enter into an Agency agreement with GASpurchase Direct ltd.


WHEREAS it is deemed desirable and expedient to enter into an Agency Agreement to authorize the obtaining of one or more offers to sell natural gas;


AND WHEREAS it is deemed desirable and expedient to enter into such an Agency Agreement with Gaspurchase Direct ltd.;

NOW THEREFORE the Council of the Corporation of the Village of Cobden hereby enacts as follows:

1. THAT the Reeve and Clerk are hereby instructed and authorized to sign the Agreement with Gaspurchase Direct ltd. marked as Schedule "A" attached to and made a part of this by-law and to attach the corporate seal thereto.
2. THAT the Reeve and Clerk are hereby authorized to sign and seal all things, papers and documents necessary or incidental to the execution of this by-law.
3. THAT this by-law shall come into force and take effect upon the passing thereof.

READ a first, second and passed on the third reading this 20th day of June 1988.


REEVE


CLERK TREASURER

AGENCY AGREEMENT

THIS AGREEMENT made in duplicate dated as of 20th
day of JUNE, 1988 is made

BETWEEN

GASPURCHASE DIRECT LTD.
a corporation incorporated under
the laws of Canada
(hereinafter called "GasPurchase")

AND

CORPORATION OF THE VILLAGE OF CORDEN
a municipality incorporated under
the laws of the Province of Ontario
(hereinafter called "the Municipality").

WHEREAS

The parties, in consideration of the mutual
promises made herein, agree as follows:

1. Appointment of Agent

The Municipality hereby appoints GasPurchase as its
exclusive agent to perform the services described in this
Agreement.

2. Delivery of Offer

(a) GasPurchase agrees to obtain for the
Municipality one or more offers to sell natural gas in
accordance with the Municipality's requirements within 180
days of the time this agreement is signed.

(b) An offer to sell natural gas to the
Municipality shall be deemed to be received if a copy of an

- 2 -

offer to sell, from a third party, either a producer or broker, to either GasPurchase as agent for the Municipality or the Municipality at a point of sale east of the Alberta/Saskatchewan border, volumes of natural gas at a price which results in a lower effective unit cost of natural gas to the Municipality as a result either of revenues received by the Municipality from the operation of a Buy-Sell Agreement entered into between the Municipality and the distributor, or as a result of a T-Service arrangement between the Municipality and the distributor, is presented to the Company within the 180 day period.

3. Extension and Termination

If GasPurchase has not delivered an offer to sell within 180 days of signing this Agreement, GasPurchase may ask in writing to extend the time period within which it must submit an offer for a further 90 days beyond the 180 day period. If the Municipality has not refused the extension in writing within 7 days, the time period shall be deemed to be extended a further 90 days. If the request for extension is refused, this Agreement shall be considered terminated and both parties shall be released from all obligations hereunder without any liability to each other.

4. Services to be Performed

GasPurchase will be responsible for assisting the Municipality in the implementation of a direct gas purchase arrangement. Specifically, GasPurchase will be responsible for the following:

(a) Assistance to the Municipality in the assessment of the natural gas requirements of the Municipality.

(b) The solicitation of Offers to Sell Natural Gas from selected producers and/or brokers.

(c) The analysis of bids, taking into account all relevant factors, including price, security of supply and

- 3 -

current regulatory requirements. The analysis shall include a recommendation of the preferred supplier.

(d) The negotiation and finalization of all agreements related to the purchase, transportation and distribution of natural gas, as required in order to enable the Company to consume the quantities of gas acquired under the terms of the accepted Offer to Sell Natural Gas. GasPurchase shall provide the legal services necessary to complete the negotiation and finalization of such agreements.

(e) The administration of the direct purchase arrangements.

5. When Commission Payable

The Commission shall be considered earned and payable by the Municipality to GasPurchase if:

(a) GasPurchase delivers an offer to sell gas to the Municipality within the time period set out in Section 2, which would result in the Municipality's unit cost of natural gas being less than the unit cost of natural gas from the current supplier for the volumes and class of service currently applicable to the Municipality (the delivered cost of natural gas shall be deemed lower if the Municipality's unit cost of gas is lower after crediting any revenue to the Municipality from a Buy/Sell Agreement); and

(b) The Municipality subsequently within 9 months of the date hereof enters into a contract to purchase natural gas from a producer, group of producers, natural gas marketing firm, broker, or from the current suppliers at rates below the current supplier's published OEB approved rates.

(c) In the event the Municipality enters into the direct purchase transaction recommended by GasPurchase, GasPurchase performs the services outlined in Section 4 above.

- 4 -

6. Payment of Commission

(a) In consideration for GasPurchase's effort to deliver an offer to sell on a direct-purchase basis and the competitive element thereby introduced into the Municipality's gas purchase environment the Municipality agrees to pay GasPurchase a fee of 10% of projected savings in the first year of the contract. The projected savings are defined as the projected annual utilization of gas during the first year of the contract (as set out in the Buy-Sell Agreement) x the difference between the Purchase Price under which the distributor agrees to purchase gas from the Municipality (as set out in the Buy-Sell Agreement) and the price the Municipality pays for the gas (as set out in the Gas Purchase Contract). Volumes should be expressed in cubic metres and gas costs in cents/cubic metre. Where the local distributor does not offer the Buy-Sell Agreement, the savings per cubic metre are the difference between the current "burner-tip" price to the Municipality and the price under the Gas Purchase Agreement plus applicable transportation service charges on TransCanada Pipelines Ltd. and the local distributor.

(b) The commission for year one will be payable on closing of the Gas Purchase Agreement and the Buy-Sell Agreement, or on the consummation of another transaction by the Municipality as set out in Section 5(b) above and shall be paid in the following manner. GasPurchase shall deduct the fee from monies it accumulates on behalf of the municipalities and institutions prior to making any distributions thereof. In the event the municipality does not enter into a direct purchase transaction but instead enters into a system gas discount transaction with a utility, the fee shall become payable, and be paid, on closing of that transaction.

(c) In year 2 and each subsequent year of the program, GasPurchase shall be entitled to a renewal and administration fee of one half the commission charged in year one. This fee shall be paid in the manner outlined in paragraph 6(b) above.

(d) In addition to the fees outlined in paragraph 6(a) and 6(c) above, 25% interest on monies GasPurchase accumulates on behalf of the municipality representing the difference between payments it receives from the utility and payment it makes to the producer on a monthly basis, prior to distributing these monies on a quarterly basis to the municipalities, shall be shared on the following basis: the municipality - 50%, the Association of Municipalities of Ontario - 25%, and GasPurchase - 25%.

IN WITNESS WHEREOF the parties have executed this Agreement.

GASPURCHASE DIRECT LTD.

By: _____

Title: _____

MUNICIPALITY

By: _____

Title: _____

GASAMO NATURAL GAS CONSUMPTION FORM

CONTACT PERSON:

INSTITUTION NAME:

ADDRESS:

UTILITY:

TELEPHONE:

FAX:

Facility Address	Account #	Rate	Gas Consumption (cubic meters)												TOTAL CUBIC METERS
			January	February	March	April	May	June	July	August	Sept.	Octob.	Novem.	Decem.	
44 Main St.	056580840502	6	2011	1433	960	221	96	0	0	0	255	1006	1564	1703	8849
TOTAL CUBIC METERS →															

****PLEASE PRINT****

PLEASE RETURN TO: GASAMO c/o ASSOCIATION OF MUNICIPALITIES OF ONTARIO
 100 University Avenue, Toronto, Ontario. M5J 1V6
 (416) 593-1441 or collect at (416) 591-1200

****PLEASE PRINT****

INSTRUCTIONS

- return completed form as soon as possible.
- please print.
- report the data as accurately as possible.
- indicate consumption data in cubic meters only.
- conversions are as follows:
 - 1 MCF (1,000 cubic feet) = 28.31 cu. mtrs.
 - 1 cubic foot = .02831 cu. mtrs.
 - 1 GJ = .03760 cu. mtrs.
- if you have any problems please call Mr. Peter Kozlowski of GASPURCHASE DIRECT LTD. at (613) 727-5382

RECEIVED
JUN 19 1988
L. J. CAMPBELL