



2000 – 10423 101 St NW,
Edmonton, Alberta
T5H 0E8 Canada
epcor.com

April 11, 2019

DELIVERED VIA RESS & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
27th Floor, 2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: EB-2018-0264 EPCOR Natural Gas Limited Partnership (“EPCOR”)
Southern Bruce Rate Application**

EPCOR is providing an update to its application seeking approval of natural gas distribution rates for the Southern Bruce gas distribution system that was filed October 2, 2018. The updates in this document include the impact of the revised funding profile expected as a result of funding through Bill 32 versus Ontario’s Natural Gas Grant program, an updated cost allocation study that is consistent with the study EPCOR filed for its Alymer operation (EB-2019-01-31), as well as the impact of a revised construction schedule driven by the impact of the transition from certain common assumptions to actual milestones.

Enclosed please find two copies of the updated application.

This submission has been filed through the Board’s Regulatory Electronic Submission System and will be available on the Company’s website at epcor.com/southernbruce.

Please contact the undersigned if you have any questions in regards to the foregoing.

Sincerely,

[Original signed by]

Bruce Brandell
Director, Commercial Services
EPCOR Utilities Inc.
bbrandell@epcor.com
(780) 412-3720

CERTIFICATION OF EVIDENCE

The undersigned, being EPCOR Ontario Utilities Inc.'s Senior Vice-President, Commercial Services, Steve Stanley hereby certifies for and on behalf of EPCOR Natural Gas Limited Partnership ("**ENGLP**"), as general partner of ENGLP that:

1. I am a senior officer of EPCOR Ontario Utilities Inc., which is the general partner of ENGLP;
2. This certificate is given pursuant to Chapter 1 of the Ontario Energy Board's (the "**Board**")
Filing Requirements for Natural Gas Rate Applications dated February 16, 2017; and
3. The evidence submitted in support of ENGLP's Application for rates effective on January 1, 2019 for the gas distribution system to be constructed in the Municipality of Arran-Elderslie, the Municipality of Kincardine and the Township of Huron-Kinloss filed with the Board is accurate, consistent and complete to the best of my knowledge.

DATED this 11th day of April, 2019.

[original signed by]

Steve Stanley

Senior Vice-President, Commercial Services
EPCOR Ontario Utilities Inc.

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Sched. B), as amended (the “**OEB Act**”);

AND IN THE MATTER OF an application by EPCOR Natural Gas Limited Partnership pursuant to section 36(1) of the OEB Act for an order or orders approving or fixing just and reasonable rates and other charges for the sale and distribution of gas to be effective January 1, 2019 for the gas distribution system to be constructed by EPCOR Natural Gas Limited Partnership to serve the Municipality of Arran-Elderslie, the Municipality of Kincardine and the Township of Huron-Kinloss.

APPLICATION

1. The Applicant is EPCOR Natural Gas Limited Partnership (“**EPCOR**”), an Ontario limited partnership with its head office in the Town of Aylmer. It carries on the business of selling and distributing natural gas within the province of Ontario. EPCOR is a wholly owned indirect subsidiary of EPCOR Utilities Inc. (“**EUI**”). The general partner of EPCOR is EPCOR Ontario Utilities Inc., an Ontario corporation, which is a subsidiary of EUI and the sole limited partner is EPCOR Power Development Corporation, an Alberta corporation. EPCOR was formed pursuant to a limited partnership agreement which provides that EPCOR Ontario Utilities Inc., as general partner, will control and have the full and exclusive power, authority and responsibility for the management and day-to-day operations of EPCOR. In accordance with the limited partnership agreement, EPCOR Power Development Corporation, as limited partner, has an economic interest in the partnership but does not control or otherwise play a role in the day-to-day operations and management of EPCOR.
2. This Application is made in accordance with the decision of the Board in EB-2016-0137, EB-2016-0138 and EB-2016-139 issued on April 12, 2018 for the South Bruce Expansion Applications (the “**Southern Bruce Expansion Decision**”) whereby the Board selected an affiliate of EPCOR, EPCOR Southern Bruce Gas Inc. (“**ESBGI**”) as the successful proponent for the Southern Bruce gas distribution project. In the Southern Bruce Expansion Decision, the Board granted ESBGI Certificates of Public Convenience and Necessity (“**CPCN**”) for each of the Municipality of Arran-Elderslie (except for the geographic area of the former Township of Arran and the former Village of Tara), the Municipality of Kincardine and the Township of Huron-Kinloss (collectively, the “**Southern Bruce Municipalities**”), conditional on the approval of its subsequent leave to construct application.
3. In EB-2018-0263, EPCOR filed a leave-to-construct application with the Board for the approval to construct the gas distribution system.
4. In EB-2018-0247, EPCOR applied to the Board for approval to transfer the CPCNs granted to ESBGI in the Southern Bruce Expansion Decision to EPCOR. On November 29, 2018 the Board approved the request to transfer the CPCNs.

5. In the Southern Bruce Expansion Decision, the Board stated that: “Given the competitive nature of this process, the OEB will require EPCOR to demonstrate that forthcoming leave to construct and rate applications are consistent with its CIP proposal.”¹
6. This Application seeks approval of rates through a custom incentive rate setting plan for a ten year rate stability period that is expected to extend through fiscal years 2019 to 2028 for the Southern Bruce gas distribution project in accordance with EPCOR’s commitments from its common infrastructure plan in the Southern Bruce Expansion Decision and the Board’s Filing Requirements for Natural Gas Rate Applications dated February 16, 2017. EPCOR also seeks approval of deferral and variance accounts, as described in **Exhibit 9** to this Application.
7. EPCOR therefore applies to the Board, pursuant to section 36 of the Act, for such final, interim or other Orders and accounting orders as may be necessary or appropriate for the following:
 - (a) an order or orders approving or fixing just and reasonable rates based on a ten-year custom incentive rate setting plan and other charges for the distribution of natural gas effective January 1, 2019;
 - (b) the establishment of deferral and variance accounts, as more particularly set out in **Exhibit 9** to this Application;
 - (c) the approval of the proposed performance scorecard included at **Exhibit 1 Tab 2 Schedule 2**; and
 - (d) in all other respects to give effect to the proposals described in the evidence filed in support of this Application and such modifications to those proposals as may be brought forward by EPCOR and deemed appropriate by the Board.
8. EPCOR further applies to the Board, pursuant to the provisions of the Act and the Board’s *Rules of Practice and Procedure*, for such final, interim or other Orders and directions as may be appropriate in relation to the Application and the proper conduct of this proceeding.
9. The persons affected by this application are the future customers resident or located in the Southern Bruce Municipalities. It is impractical to set out in this application the names and addresses of such persons because they are not yet customers of EPCOR and they are too numerous.
10. EPCOR requests that this Application be dealt with in accordance with section 34 of the Board’s Rules of Practice and Procedure (the “**Rules**”) and requests that pursuant to Section 32.01 of the Rules, this proceeding be conducted by way of written hearing in English.

¹ EB-2016-0137/0138/0139, Decision and Order dated April 12, 2018, page 11

11. EPCOR requests that copies of all documents filed with the Board in connection with this proceeding be served on it and on its counsel, as follows:

The Applicant:

Bruce Brandell
Director, Commercial Services
EPCOR Utilities Inc.

Address for personal service and mailing address:

2000 – 10423 101 Street NW
Edmonton, Alberta T5H 0E8

Telephone: (780) 412-3720
Fax: (780) 441-7118
E-Mail: bbrandell@epcor.com

The Applicant's counsel:

Richard King
Osler, Hoskin & Harcourt LLP

Address for personal service and mailing address:

100 King Street West
1 First Canadian Place
Suite 6200, PO Box 50
Toronto, ON M5X 1B8

Telephone: (416) 862-6626
Fax: (416) 862-6666
E-Mail: rking@osler.com

Dana Bissoondatt
Associate General Counsel
EPCOR Utilities Inc.

Address for personal service and mailing address:

2000 – 10423 101 Street NW
Edmonton, Alberta T5H 0E8

Telephone: (780) 412-3998
Fax: (780) 441-7118
E-Mail: DBissoondatt@epcor.com

DATED at Edmonton, Alberta this 11th day of April, 2019.

EPCOR NATURAL GAS LIMITED PARTNERSHIP by its
general partner **EPCOR ONTARIO UTILITIES INC.**

[original signed by]

Bruce Brandell

Exhibit 1: Administrative Documents

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			1.3.1 Primary Contact for Application
			1.3.2 Legal Representation for the Application
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Exhibit	Tab	Schedule	Content	
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			2.2	Gross Fixed Assets and Accumulated Depreciation
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Exhibit	Tab	Schedule	Content
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Exhibit	Tab	Schedule	Content	
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1.2 Executive Summary

1. This rate application (“**Application**”) is consistent with the February 16, 2017 version of the Filing Requirements for Natural Gas Rate Applications and is further informed by the submissions and decision made in the Board’s Common Infrastructure Plan (“**CIP**”) process for Southern Bruce Expansion Applications² that resulted in the Board’s Southern Bruce Expansion Decision. The Board has indicated that it “... will require EPCOR to demonstrate that forthcoming leave to construct and rates applications are consistent with its CIP proposal.”³ As a result, EPCOR is required to ensure that this Application is consistent with the implications of those submissions and decision as they are the basis under which the OEB awarded CPCNs for the Municipality of Kincardine, Municipality of Arran-Elderslie, and the Township of Huron-Kinloss.
2. The annual bill for the average annual residential customer is forecast to be \$880.81.
3. EPCOR began working with the Southern Bruce Municipalities in 2015 with the goal of obtaining the right to deliver natural gas to the Southern Bruce area, completing the design and construction, and commencing operation, of the system in a safe, efficient, timely and sustainable manner that would enable the maximum number of customers to enjoy the economic and environmental benefits of natural gas.
4. EPCOR’s Southern Bruce business unit will build on the expertise of its Aylmer natural gas sister operation, and by drawing on the safety, project management, operational, asset management, regulatory and financial expertise resident in other EPCOR Utility Inc. (“**EUI**”) operations.
5. EPCOR’s initial Business Plan for the Southern Bruce utility is included in the CIP that was filed with the Board October 2017⁴. Further to that document, EPCOR will work to achieve the following goals to bring the Southern Bruce system on line, connect customers and operate the system in a safe and reliable manner:
 - i. Obtain required approvals
 - a. File leave to construct application

² EB-2016-0137/0138/0139 (collectively, the “CIP Proceedings”)

³ EB-2016-0137/0138/0139 - Decision and Order, April 12, 2018, page 11

⁴ EB-2016-0137/0138/0139

- i. Obtain decision on application in timely manner in order to allow construction to begin as scheduled
 - b. File rates application
 - i. Obtain approval of custom incentive rate-setting plan that establishes rates that are attractive enough to encourage customer conversion
 - c. Obtain Licenses and approvals from Technical Standards and Safety Authority (TSSA) Fuels Safety Division as necessary
- ii. Execute an interconnect agreement with Union, including incorporation of the appropriate tariff service
- iii. Confirm project funding contribution from government or other sources
 - a. Continue to work with government and other representatives to ensure funding is available as necessary to support project economics
- iv. Enter into municipal / landowner agreements as necessary, including
 - a. Model Franchise Agreements;
 - b. Temporary work space agreements; and
 - c. Encroachment permits.
- v. Meet capital cost commitments as included in the revenue requirement established in Southern Bruce Expansion Decision.
 - a. Manage the final system design and construction
 - b. Demonstrate safety leadership, proactivity and accountability at all levels
 - c. Achieve interim milestones and 2021 substantial completion date, including:
 - i. In 2019, complete installation of 8-inch line from Dornoch Meter and Regulator Station to Bruce Energy Center; and
 - ii. In 2020 complete installation of the 6 inch line from Bruce Energy Center to Kincardine, as well as service installation in Kincardine
 - d. Minimize and mitigate disruption caused by construction
 - e. Minimize and mitigate any environmental impacts resulting from construction
 - f. Implement environmental monitoring and reporting as outlined in Environmental Report and leave to construct application
- vi. Achieve customer conversion commitments by developing and implementing customer conversion strategy

- a. Confirm conversion strategy and methods
 - b. Develop communication plan
 - c. Initiate conversion strategy in a timely manner, including implementing mid course amendments as necessary
 - d. Work with companies that are potential partners in the installation of natural gas appliances
- vii. Effectively engage and consult with key stakeholders and First Nations and Metis communities
- viii. Continue to build a stable, skilled and engaged work force
 - a. Finalize work force plan and implement in a timely manner
 - b. Build on current Ontario-based work force
 - c. Continue to ensure strong focus on safety leadership, proactivity and accountability at all levels
 - d. Invest in employees through training and offering growth opportunities
 - e. Engage employees in giving back to the community
- ix. Continue focus on operational excellence
 - a. Achieve cost, capital, work efficiency and performance objectives
 - b. Ensure integration of capital, operating, resource financial and regulatory plans
- x. Develop an operations center
 - a. Confirm optimal location, size and services required
 - b. Ensure center is operational in a timely manner
- xi. Maximize the value received from shared service arrangements with EPCOR affiliates
 - a. Continue to draw on the expertise available including safety, project management, operational, asset management, regulatory, legal, financial, IT, HR, and procurement

1.2.1 Common Infrastructure Plan Framework

1. As detailed below, within the common assumption framework as confirmed by the Board, there are a number of components in EPCOR's CIP that were determinative factors in the selection of EPCOR as the successful proponent in the Board's Southern Bruce Expansion Decision. These components include controllable elements of the revenue requirement including capital expenditures and OM&A expenses, customer attachments and throughput volume of gas over the 10-year rate stability period established by the Board. An underlying principle of the competitive process was that, within the common assumption framework as established by the Board, the winning proponent would bear the risk of achieving commitments made related to these components. This treatment is symmetrical, if the utility exceeds the values of those components during the rate stability period this would be to the benefit, or in the case of expenses, detriment, of the utility. At the end of the rate stability period it is expected that the achieved values of certain of these components (e.g. customer connections) would form the basis of a cost of service rate case that will establish rates subsequent to the rate stability period.
2. As a result of the Board's Southern Bruce Expansion Decision there are three metrics that EPCOR has committed to for rate making purposes, eight parameters that form the economic basis on the CIP and will be acted on by the successful proponent e.g. the communities to be served, and a number of common assumptions (of which the eight referenced above are a subset) that were agreed on by the Board and further enabled the Board to compare revenue requirements on a set of common parameters. Table 1-1 summarizes the metrics, parameters and assumptions determined as a result of the Board's Southern Bruce Expansion Decision.

**Table 1-1 Summary of Metrics, Parameters and Assumptions
Determined by Southern Bruce Expansion Decision**

	Col. 1	Col. 2
	Item	Description
Row 1	CRITERIA EPCOR HELD TO	
Row 2	Cumulative 10-Year Revenue Requirement per Unit of Volume	\$/m ³
Row 3	Customer Years	Total Customer Years
Row 4	Cumulative 10-Year Throughput Volume	Total throughput volume in m ³ based on common assumptions on volumes
Row 5		
Row 6	PARAMETERS That Form Basis of CIP Economics	
Row 7	Communities To Be Served	Chesley, Inverhuron, Paisley, Tiverton, Kincardine, Lucknow, Lurgan Beach, Point Clark, Ripley, Bruce Energy Centre Industrial Park
Row 8	Construction Schedule	Gas mains to communities served to be constructed within two years from commencement of construction
Row 9	10-Year Forecast Horizon	10-year rate stability period
Row 10	Capital Costs	Any capital cost overruns incurred during first 10-years would not be permitted in rate base for year 11 and beyond
Row 11	Revenue Requirement	Gross revenue requirement over the rate stability period associated with the distribution system as detailed in EPCOR's CIP
Row 12	OM&A Costing Methodology	Base OM&A cost estimates on fully allocated costs
Row 13	Service Levels	Plan for operations and maintenance that would meet service levels identified in the Gas Distribution Access Rules
Row 14	Other CIP Parameters	Royalty payments to municipalities excluded if not recovered through revenue requirement
Row 15	Capital Structure	Use Union's approved deemed debt/equity ratio
Row 16		
Row 17	COMMON ASSUMPTIONS To Allow Board to Compare CIPs	
Row 18	Customer Consumption	Common consumption levels for each mass market segment, except for large commercial or industrial
Row 19	Construction Schedule	Timelines for OEB decisions
Row 20	Government Grants / Municipal Contributions and Aid to Construction	Excluded from CIP
Row 21	Demand Side Management	Excluded from CIP
Row 22	Cap and Trade Costs	Excluded from CIP
Row 23	Gas Commodity Costs	Excluded from CIP
Row 24	Depreciation Rates	Use depreciation rates based on Union's OEB approved rates
Row 25	Taxes	Use common tax rates. Exclude tax holidays from municipalities
Row 26	Interest During Construction	Use OEB prescribed rate
Row 27	Upstream Reinforcement	Excluded from CIP
Row 28	Inflation Costs	Use same inflation rate

3. To assist in the review of this Application the following provides additional details regarding the metrics, parameters and common assumptions included in the Application that were determined by the Board’s Procedural Orders and Southern Bruce Expansion Decision.
4. Comparison Criteria – For rate making purposes, EPCOR is held to the following three criteria⁵:
 - i. Cost to deliver gas – 10-year cumulative annual revenue requirement divided by 10-year cumulative throughput volumes (“**rate per m³**”). As detailed below, the gross revenue requirement is subject to certain adjustments and as a result the rate per m³ value used for rate making purposes has been adjusted;
 - ii. Customer years – The Board has indicated that for customer attachments “the successful proponent will be held to its forecast for rate-making purposes.”⁶ EPCOR determined it would connect a total of 5,278 customers by 2028. It was agreed as to the method used to determine the cumulative number of customers connected per year⁷; and
 - iii. Cumulative volume – the cumulative volume of throughput for the 10-year rate stability period.
5. Table 1-2 reproduces the values EPCOR has committed to for the three criteria.

Table 1-2: CIP Criteria

		Col. 1
	Metric	Value
Row 1	Cumulative 10-Year Revenue Requirement per Unit of Volume	\$0.2209/m ³
Row 2	Customer Years	42,569 Customer Years
Row 3	Cumulative 10-Year Throughput Volume	342,186,741m ³

6. Communities to be served – As detailed in EPCOR’s leave to construct application (EB-2018-0263) EPCOR will meet this parameter.

⁵ EB-2016-0137/0138/0139 – Decision on Preliminary Issues and Procedural Order No. 8, August 22, 2017, page 4

⁶ EB-2016-0137/0138/0139 – Decision and Order, April 12, 2018, page 8

⁷ OEB Staff Progress Update: Southern Bruce Expansion Applications, July 20, 2017, page 5, Example calculation for determining customer years - *One customer is added in year 1, and another customer is added in year 2. By the end of year two, the cumulative number of customers connected (or customer years) is 3. (Customer 1 x 2 years) + (Customer 2 x 1 year) = 3 Customer Years.*

7. Construction Schedule - This parameter has been revised in order to reflect the impact of the expected delay in timelines for OEB decisions. The construction schedule included in EPCOR's CIP, as well as the most recent schedules are in Exhibit 6, Tab 1, Schedule 3. In order to mitigate the impacts of the change from the common assumption regarding timelines for OEB decisions to the most recent schedule, EPCOR has worked to preserve its plan to commence construction in 2019. However, as a result of a loss of part of the 2019 season, the time to construct the mains to all the communities to be served has extended from October 2020 to October 2021. Additional detail on this is included in Exhibit 6.
8. Rate Stability Period – The Southern Bruce Expansion Decision determined that the rate stability period would be 10-years. This rate stability period matches the forecast period in EPCOR's CIP, and is proposed to extend from January 1, 2019 to December 31, 2028. As noted by the Board in its Partial Decision on the Issues List in the CIP Proceedings: "During this period customers can expect relative rate stability as the proponent's revenue related to its controllable costs will be capped at its proposed level. The rate stability period may include an allowance for consideration of externally driven, unforeseen events as well as annual financial allowance updates typically allowed by the OEB."⁸ *[Emphasis added.]* An objective of this Application is to seek approval for the proposed custom IR that will achieve that objective.
9. Treatment of Capital Costs – The capital costs used to support the revenue requirement in EPCOR's CIP have been identified in Exhibit 2. Additionally, the OEB determined that: "Any capital cost overruns incurred during the first 10-years above the forecasted costs reflected in the proposals will not be permitted into the successful proponent's rate base for year 11 and beyond (following the rate stability period). The treatment will be symmetrical: cost underruns will accrue to the utility's benefit."⁹
10. Revenue Requirement - \$75.583 million – This is the total gross revenue requirement over the rate stability period associated with the distribution system as detailed in EPCOR's CIP. Within the common assumptions as agreed to by the Board as a basis of developing the CIP, realizing the

⁸ EB-2016-0137/0138/0139 – Partial Decision on the Issues List and Procedural Order No. 6, June 27, 2017, page 4

⁹ EB-2016-0137/0138/0139 – Decision and Order, April 12, 2018, page 10

components of this revenue supported by capital expenditures, OM&A, customer connections and volume are at the risk of the utility.

11. The underlying details that support the revenue requirement (e.g. OM&A, capital expenditure, return on capital) were not quantified during the CIP proceedings but have been detailed in this Application. As the total gross distribution revenue requirement over the rate stability period was established in the Board's Southern Bruce Expansion Decision, the intent of providing additional details is to support cost allocation and rate design. As noted by the Board: "... the rate stability feature of the framework introduces a discipline that significantly reduces the need to scrutinize a proponent's projected revenues."¹⁰ In addition, this information will assist in establishing a rate base that will serve as an input when EPCOR files a cost of service rate application for the period subsequent to the rate stability period.
12. Customer Consumption – The Board has determined that: "Proponents were to use common consumption levels for each mass market segment, except for large commercial or industrial customers, which were to be left to competition."¹¹ As a result EPCOR and Union agreed on common consumption levels for mass market customers generally based on Union's current Normalized Annual Consumption values. Volumes for large commercial and industrial customers were deemed competitive and as included in this Application are as detailed in EPCOR's CIP.
13. There are a number of items that were not included in the total gross revenue requirement and as a result the revenue requirement included in the Board's Southern Bruce Expansion Decision is subject to certain adjustments. These include:¹²
 - i. Government Grants and Municipal Contributions and Aid to Construction;
 - ii. Demand-Side Management (DSM) Costs;
 - iii. Cap and Trade Costs;
 - iv. Tax holidays from the municipality;

¹⁰ EB -2016-0004 – Ontario Energy Board Generic Proceeding on Community Expansion, November 17, 2016, page 20

¹¹ EB-2016-0137/0138/0139 – Decision and Order, April 12, 2018, page 8

¹² Ibid, pages 9 and 10

- v. Gas Commodity Costs;
 - vi. Upstream Reinforcement Costs; and
 - vii. Royalty payments if not recovered through revenue requirement.
14. Depreciation Rates – Pursuant to the Board’s Southern Bruce Expansion Decision: “Proponents were to use depreciation rates based on Union’s OEB-approved depreciation rates.”¹³ The values included in this Application are consistent with these depreciation rates.
15. Capital Structure – Pursuant to the Board’s Southern Bruce Expansion Decision: “The capital structure for both proposals were to be based on Union’s approved deemed debt/equity ratio of 64%/36%.”¹⁴ The values included in this Application are consistent with that capital structure.
16. Taxes – Pursuant to the Board’s Southern Bruce Expansion Decision: “Both proponents were to use common tax rate and exclude any tax holidays from the municipality from their proposals.”¹⁵ As the tax holiday EPCOR is receiving from certain municipalities was not included in EPCOR’s CIP, their subsequent inclusion in the revenue requirement will reduce the cumulative revenue requirement recovered by EPCOR during the rate stability period.
17. Interest During Construction (IDC) – Pursuant to the Board’s Southern Bruce Expansion Decision: “Both proponents were to use the OEB-prescribed rate for IDC...”¹⁶ This rate is reflected in EPCOR’s revenue requirement.
18. Service Levels – EPCOR has planned for operations and maintenance that would meet the service levels that would meet the service levels identified in the Gas Distribution Access Rules.
19. Inflation Costs – Pursuant to the Board’s Southern Bruce Expansion Decision: “For the purposes of establishing the calculation of the 10-year gross revenue requirement, proponents were allowed to apply the rate of inflation to capital and OM&A costs during the rate stability period, with the same inflation rate applied to both proposals.”¹⁷ The inflation rate forecast used in EPCOR’s CIP was

¹³ Ibid

¹⁴ Ibid

¹⁵ Ibid

¹⁶ Ibid

¹⁷ Ibid – Page 10

1.27% which was based on the most recent four quarter average GDP IPI FDD methodology accepted by the OEB at that time. The Custom IR plan proposed in Exhibit 10 includes an Incentive Rate Adjustment proposal for truing forecasted inflation rates on OM&A expenses on an annual basis.

20. OM&A Costing Methodology – In developing its OM&A costing, costs allocated to EPCOR were done so on a fully cost allocated basis. As noted by the Board: “However, the OEB does not expect a full cost allocation study to be filed in proponents’ proposals.”¹⁸
21. Other CIP Parameters – EPCOR will not be paying a royalty to the municipalities and none was included in its revenue requirement.

1.2.2 External Funding

22. EPCOR requires external funding to make the Project economically feasible with rates that provide an attractive fuel conversion savings to ratepayers. In July 2017, EPCOR filed an application for the Ontario Ministry of Infrastructure’s Natural Gas Grant Program (“NGGP”). The Government of Ontario created the NGGP to support the construction of natural gas infrastructure in order to expand access to new communities and to accelerate projects with economic development potential. Through the NGGP, EPCOR was awarded up to \$22.0 million for development of the Southern Bruce natural gas distribution system. On September 26, 2018 EPCOR received notification from Ontario Infrastructure that the province will not be executing any new Transfer Payment Agreements under the NGGP and that consequently the province will not be providing funding for the South Bruce project through that mechanism.
23. On December 21, 2018 ENGLP received confirmation that the Southern Bruce expansion project is eligible for rate protection as available through Bill 32 which had received Royal Assent on December 6, 2018. On March 7, 2019 the Government of Ontario filed Ontario Regulation 24/19 *Expansion of Natural Gas Distribution Systems* which stated in Schedule 1 that the Southern Bruce Project was eligible for up to \$22.0 million. The Regulation is scheduled to come into force July 1,

¹⁸ Ibid

2019. Subject to approval of the Application, this level of external funding is adequate to make the Project economically feasible.

1.2.3 Tariff True Up Rate Rider

24. EPCOR is proposing a rate rider true up in its tariff of \$1.764 million in NPV over the 10-year rate stability period. This will address the \$1.640 million decrease in the NPV of distribution revenue requirement versus that included in EPCOR's CIP. This shortfall is driven by the transition from the common assumption on the timeline for OEB decisions to the revised timeline that reflects the current timeline for OEB decisions. An additional \$0.124 million in NPV is proposed to be included in the rate rider in order to collect deferred charges related to upstream costs. Exhibit 6 includes a detailed discussion on the proposed rate rider.

1.2.4 References to Union Gas Inc.

25. There are a number of references to Union Gas Inc. (Union) in this Application. As a result of the February 2018 merger of Union and Enbridge as well as the recent Board approval of their merger, these references include Enbridge where appropriate.

1.3 Administration

1.3.1 Primary Contact for Application

The Applicant's primary EPCOR contact for this Application is as follows:

Bruce Brandell
Director, Commercial Services
EPCOR Utilities Inc.

Address for personal service and mailing address:

2000 – 10423 101 Street NW
Edmonton, Alberta T5H 0E8

Telephone: (780) 412-3720
Fax: (780) 441-7118
E-Mail: bbrandell@epcor.com

1.3.2 Legal Representation for the Application

The Applicant's counsel is as follows:

Richard King
Osler, Hoskin & Harcourt LLP

Dana Bissoondatt
Associate General Counsel
EPCOR Utilities Inc.

Address for personal service and mailing address:

100 King Street West
1 First Canadian Place
Suite 6200, PO Box 50
Toronto, ON M5X 1B8

Telephone: (416) 862-6626
Fax: (416) 862-6666
E-Mail: rking@osler.com

Address for personal service and mailing address:

2000 – 10423 101 Street NW
Edmonton, Alberta T5H 0E8

Telephone: (780) 412-3998
Fax: (780) 441-7118
E-Mail: DBissoondatt@epcor.com

1.3.3 Applicant's Internet and Social Media Addresses

1. EPCOR will make a copy of this Application available at its website at www.epcorsouthernbruce.com.

1.3.4 Customer Email Addresses Retained by Applicant

2. The persons affected by this Application are the future customers resident or located in the Southern Bruce Municipalities. EPCOR does not have a database detailing the email addresses of those individuals.

1.3.5 Date Required for Bill Information

3. As EPCOR does not currently have an approved tariff under which it is billing customers it does not require a date in advance of applying any Rate Order by which it requires bill information to inform customers of the impact of such a Rate Order.

1.3.6 Proposed Location for Community Meetings

4. EPCOR proposes that a community meeting be held at the Davidson Centre Main Hall, located at 601 Durham Street, Kincardine, Ontario. If additional community meetings are held, other appropriate locations may include the Chesley Community Centre, Chesley Hall located at 129 4th Avenue South East, Chesley, Ontario, and Ripley-Huron Community Centre, Upstairs Auditorium located at 17 Queen Street, Ripley, Ontario.

1.3.7 Publication of Notice of Hearing

5. EPCOR proposes that the statement of notice for this application be published in the Kincardine Independent and the Kincardine News to notify residents in that area. For notice to other centers the following publications may be appropriate: Lucknow Sentinel, The Wingham Advance Times, The Grey Bruce This Week, The Post (Hanover, Ontario).

1.3.8 Bill Impacts

6. As the Southern Bruce system is a greenfield project that will be servicing residents who currently receive their energy from other suppliers, all system customers will be new and the impact on individual customers will be a function of the specifics of their existing arrangements. Table 1-3 details the forecast annual bill for the average customer connecting to the system.

Table 1-3 Average Annual Bill for Customers Connecting to System

		Col. 1	Col. 2
	-	-	-
	Customer Type	Rate Class	Typical Annual Distribution Charge (\$ / year)
Row 1	Existing Residential	Rate 1 - General Firm Service	880.81
Row 2	New Residential	Rate 1 - General Firm Service	858.69
Row 3	Small Commercial	Rate 1 - General Firm Service	1,550.57
Row 4	Small Agricultural	Rate 1 - General Firm Service	1,557.62
Row 5	Medium Commercial	Rate 6 - Large Volume General Firm Service	7,553.53
Row 6	Large Commercial	Rate 6 - Large Volume General Firm Service	18,323.19
Row 7	Sample Dryer 1	Rate 11 - Large Volume Seasonal Service	17,435.49
Row 8	Sample Dryer 2	Rate 11 - Large Volume Seasonal Service	54,261.95

1.3.9 Proposals that Constitute a Changed in Status Quo of Those that Have a Material Impact

7. As a greenfield project without existing customers, each element of the tariff under which customers will receive service from EPCOR will constitute a change from status quo for that customer as they currently receive their energy from an alternative source.

1.3.10 Hearing Request

8. EPCOR's preference is for a written hearing in order to expedite the establishment of rates. If the Board determines it will hold an oral hearing EPCOR will provide the names of appropriate witnesses (and their curriculum vitae) prior such oral hearing.

1.3.11 Proposed Components of Custom IR Plan

9. EPCOR is requesting approval of a custom incentive rate-setting ("IR") plan that is aligned with certain parameters as determined by the Southern Bruce Expansion Decision. Proposed components of the IR plan include:
 - i. A cumulative 10-year revenue requirement and a 10-year capital plan, each to support the distribution system as determined in EPCOR's CIP;
 - ii. Cost allocation methodology;

- iii. Setting of final rates for 2019 to be effective January 1, 2019;
 - iv. An annual IR process for setting final rates for 2020 – 2028;
 - v. Certain deferral and variance accounts;
10. A Y-Factor for costs associated with specific items that are subject to deferral account treatment and passed through to customers without any IR Adjustment;
- i. Z Factor mechanism;
 - ii. A scorecard with performance measurements;
 - iii. Potential for Incremental Cost Modules, and
 - iv. Tariff schedules for four rate classes, Conditions of Service, General Terms and Conditions for Rate 16.

1.3.12 Requested Effective Date

11. EPCOR is requesting that the Board make its Rate Order effective January 1, 2019. In the event that the OEB is not able to provide a Decision and Rate Order in time for EPCOR to implement its rates effective November 1, 2019, (the approximate timeline at which EPCOR expects to start connecting customers), EPCOR requests that the OEB declare the applied for rates interim effective January 1, 2019 and approve rate riders to recover any change between applied for and approved revenue between the implementation date of the OEB's 2019 Rate Order and November 1, 2019. .

1.3.13 Deviation Statements

12. EPCOR understands that a Custom IR application is by its very nature unique and no specific filing requirements have been established¹⁹. However, the contents of this Application have been informed by the cost of service filing requirements and the Rate Handbook regarding the evidence to support the Application. As a result, the order and the contents of evidence in this Application, have followed these requirements closely.

1.3.14 Methodology Changes

13. This is the first application for the Southern Bruce utility and as a result there is no definitive list of changes to methodologies.

¹⁹ Filing Requirements For Natural Gas Rate Applications, February 16, 2017, Section 2.0.1 Relevant Chapters, page 5

1.3.15 OEB Directions from Previous Decisions or Orders

14. This Application is consistent with the OEB decisions as per the Decision and Order included in EB-2016-0137/0138/0139.

1.3.16 Conditions of Service

15. A copy of EPCOR's Conditions of Service can be found in Exhibit 8 Tab 2 Schedules 1 and 2.

1.3.17 Conditions of Service Confirmation

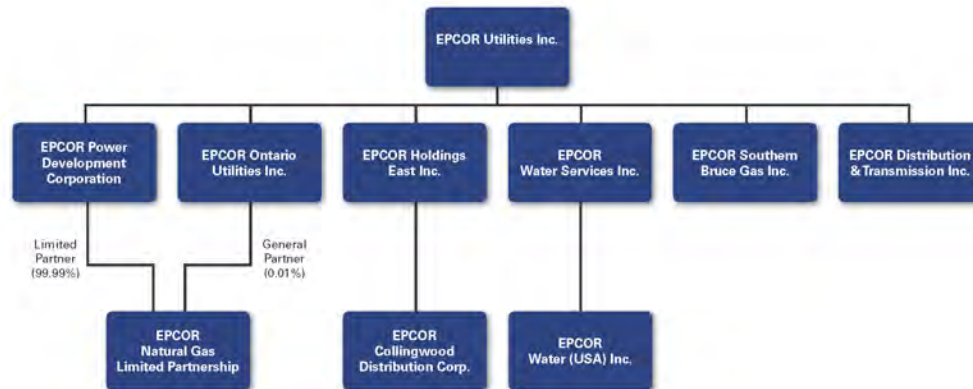
16. There are no rates or charges listed in the Conditions of Service or other policies and regulations of EPCOR that are not on EPCOR's rate schedules.

1.3.18 Organizational Structure

17. EPCOR is an Ontario limited partnership and is a wholly owned indirect subsidiary of EPCOR Utilities Inc. The general partner of EPCOR is EPCOR Ontario Utilities Inc. and the sole limited partner is EPCOR Power Development Corporation, which are both subsidiaries of EPCOR Utilities Inc. EPCOR was formed pursuant to a limited partnership agreement which provides that EPCOR Ontario Utilities Inc., as general partner, will control and have the full and exclusive power, authority and responsibility for the management and day-to-day operations of EPCOR. In accordance with the limited partnership agreement, EPCOR Power Development Corporation, as limited partner, has an economic interest in the partnership but will not control or otherwise play a role in the day-to-day operations and management of EPCOR. EPCOR will operate separate business units, one each for the former Natural Resource Gas Limited gas distribution system operated by EPCOR in the Aylmer region and the gas distribution system in the Southern Bruce area²⁰. These two gas distribution systems will operate under separate rate schedules and tariffs while sharing certain management and functions so as to increase the efficiencies. Any sharing of management and functions will be governed by a Service Level Agreement ("SLA"). Figure 1-1 includes an organizational chart which reflects a simplified organizational structure and indicates EPCOR Utilities Inc.'s ("EUI") material subsidiaries as of the date of this Application.

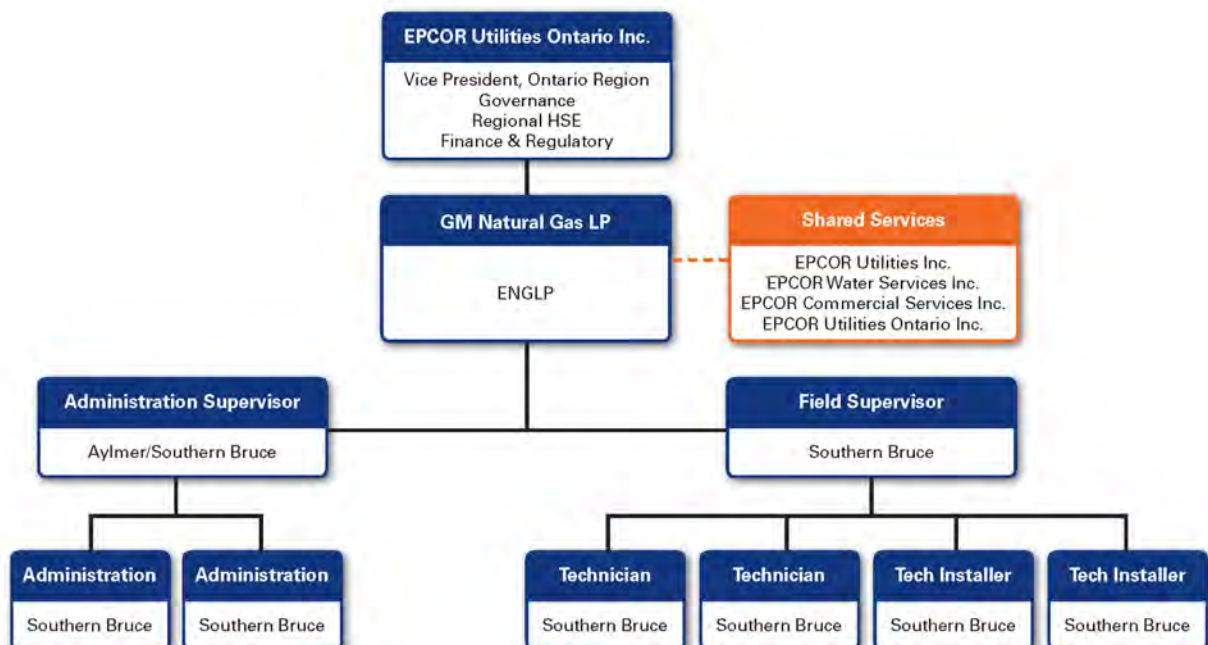
²⁰ EB-2018-0247 the Board approved transfer of the CPCNs granted to EPCOR Southern Bruce Gas Inc. to EPCOR.

Figure 1-1: Simplified EUI Organizational Chart



18. Figure 1-2 details the organizational chart for EPCOR that highlights the organization of the Southern Bruce business unit and shared services it will be accessing.

Figure 1-2: Organization Chart of EPCOR's Southern Bruce Business Unit



19. The Board of Directors for EPCOR includes three individuals of which one is independent. The general manager of EPCOR report to the Vice President of Ontario Region. The Vice President of

Ontario Region reports to the Senior Vice President of Commercial Services, who in turn reports to the CEO and President of EPCOR Utilities Inc. EPCOR's proposed workforce includes seven FTE staff. The staff are grouped into four categories

- a. Customer Service;
- b. Gas Fitter;
- c. Maintenance; and,
- d. Foreman/Manager.

1.3.19 Requested Approvals and Accounting Orders

20. EPCOR hereby applies to the Board for an order or orders made pursuant to section 36 of the OEB Act approving the following:

1. Confirmation of the application of the Metrics, Parameters and Assumptions determined by Southern Bruce Expansion Decision as included in this Application
2. A 10-year custom incentive rate setting plan including:
 - a. The methodology for determining final rates for 2019;
 - b. The methodology for determining final rates for 2020 to 2028.
 - c. The capital parameters for 2019 to 2028 (ROE, debt rates);
 - d. A Y-Factor for costs associated with specific items that are subject to deferral account treatment and passed through to customers without any IR Adjustment;
 - e. Z Factor mechanism; and
 - f. Ability to file an incremental capital module.
3. EPCOR's proposed rate design including:
 - a. the establishment of four rate classes;
 - b. 2019 rates and rate schedules;

- c. A rate rider to collect revenue shortfall during the 10-year rate stability period created as a result of the change in timeline for OEB decisions; and
 - d. General Terms and Conditions for Rate 16 Customers.
- 4. Establishment of the following deferral accounts:
 - i. Purchased Gas Commodity Variance Account (“PGCVA”);
 - ii. Storage and Transportation Deferral Account (“S&TDA”);
 - iii. Unaccounted for Gas Variance Account (“UFGVA”);
 - iv. Federal Carbon Charge – Customer Variance Account (“FCCCVA”);
 - v. Federal Carbon Charge – Facility Related Deferral Account (“FCCFVA”);
 - vi. Greenhouse Gas Emissions Administration Deferral Account (“GGEADA”);
 - vii. Regulatory Expense Deferral Account (“REDA”);
 - viii. Municipal Tax Variance Account (“MTVA”);
 - ix. Energy Content Variance Account (“ECVA”);
 - x. Contribution in Aid of Construction Variance Account (“CIACVA”);
 - xi. External Funding Variance Account (“EFVA”); and
 - xii. Regulatory Asset Deferral Account (“RADA”).
- 5. EPCOR’s initial Utility System Plan and proposal to file enhanced Utility System Plan in 2025
- 6. EPCOR’s proposed scorecard
- 7. EPCOR’s Gas Supply Plan and proposal to review after a 3-year period
- 21. EPCOR hereby applies to the Board for approval of the accounting orders as included in Exhibit 9 Tab 2 Schedule 1.

1.3.20 Draft Issues List

- 22. ECPOR is proposing the following Issues List for this proceeding:
 - A. Incorporation of the Board’s Southern Bruce Expansion Decision EB-2016-0137/0138/0139

A.1 Does the Application accurately reflect the determinations made in the Board's Southern Bruce Expansion Decision?

B. Mitigating Impact of Delay in Timelines for OEB Decisions

B.1 Is EPCOR's proposed methodology for determining the impact to the utility of the delay as proposed in Exhibit 6 in timelines for OEB decisions appropriate?

B.2 Is EPCOR's proposal to recover the cost of delay through a rate rider appropriate?

C. Custom Incentive-rate ("Custom IR") Plan

C.1 Is EPCOR's proposal for a Custom IR plan for a 10-year term covering its 2019 through 2028 fiscal years appropriate?

C.2 Is the methodology within EPCOR's Custom IR plan for determining final rates for 2019 appropriate?

C.3 Is the methodology within EPCOR's Custom IR plan for determining final rates for 2020 to 2028 appropriate?

C.4 Are the cost of capital parameters for 2019 to 2028 (ROE, debt rates) within EPCOR's Custom IR plan appropriate?

C.5 Are the following components within EPCOR's Custom IR plan appropriate?

C.5.1 Establishment of cumulative 10-year volume;

C.5.2 Establishment of cumulative customer years;

C.5.3 Establishment of proposed rate base;

C.5.4 Request for potential to file an incremental capital module; and

C.5.5 Z Factor mechanism.

C.6 Is the proposal to create the following deferral and variance accounts appropriate?

C.6.1 Purchased Gas Commodity Variance Account ("PGCVA");

C.6.2 Storage and Transportation Deferral Account ("S&TDA");

C.6.3 Unaccounted for Gas Variance Account ("UFGVA");

- C.6.4 Federal Carbon Charge – Customer Variance Account (“FCCCVA”);
- C.6.5 Federal Carbon Charge – Facility Related Deferral Account (“FCCFVA”);
- C.6.6 Greenhouse Gas Emissions Administration Deferral Account (“GGEADA”);
- C.6.7 Regulatory Expense Deferral Account (“REDA”);
- C.6.8 Municipal Tax Variance Account (“MTVA”);
- C.6.9 Energy Content Variance Account (“ECVA”);
- C.6.10 Contribution in Aid of Construction Variance Account (“CIACVA”);
- C.6.11 External Funding Variance Account (“EFVA”); and
- C.6.12 Regulatory Asset Deferral Account (“RADA”).

D. Allowed revenue

- D.1 Is the establishment of the cumulative 10-year revenue requirement appropriate?
 - D.1.1 Is the cumulative Distribution Revenue Requirement appropriate?
 - D.1.2 Is the cumulative Upstream Revenue Requirement appropriate?
 - D.1.3 Is the cumulative Other Revenue Requirement appropriate?

E. Cost allocation and Rate Design

- E.1 Are the proposed allocation methodology, allocations and revenue-to-cost ratios appropriate?
 - E.1.1 Are the proposals for rate design appropriate?
 - E.1.2 Is the proposal for four rate classes appropriate?
 - E.1.3 Is the applicability by rate class appropriate?
 - E.1.4 Are the services delivered by rate class appropriate?
 - E.1.5 Are the proposed rates appropriate?
 - E.1.6 Is the proposed rate rider appropriate?
 - E.1.7 Are the proposed service charges in the Terms and Conditions appropriate?

F. Customer agreements

F.1 Are the General Terms and Conditions for Rate 16 Customers appropriate?

G. Scorecard

G.1 Is the proposed Scorecard appropriate?

G.1.1 Are the proposed service quality performance and measurements appropriate?

H. Utility System Plan

H.1 Is the proposal to approve an initial Utility System plan in this Application and file an enhanced Utility System Plan in 2025 appropriate?

1.4 System Overview

1. The Southern Bruce system is a greenfield project with construction scheduled to begin in June 2019 and a targeted substantial completion date of October 31, 2021. EPCOR has filed a leave to construct application with the Board (EB-2018-0263) for this system. Aligned with the Board's Southern Bruce Expansion Decision on the CIP competitive process²¹, and subject to Board approval of EPCOR's leave to construct, the system will service the following communities within the Municipality of Arran-Elderslie, the Municipality of Kincardine and the Township of Huron-Kinloss:
 - i. Arran-Elderslie: Chesley and Paisley;
 - ii. Kincardine: Tiverton, Inverhuron, Kincardine and the Bruce Energy Centre; and
 - iii. Huron-Kinloss: Lurgan Beach, Point Clark, Ripley, and Lucknow.
2. An overview map of the proposed system is included in Exhibit 1, Tab 3, Schedule 5.
3. EPCOR's leave to construct application includes a request to approve model franchise agreements for the following areas:
 - i. Municipality of Arran-Elderslie
 - ii. Municipality of Kincardine
 - iii. Township of Huron-Kinloss
 - iv. Township of Chatsworth
 - v. Municipality of West Grey
 - vi. Municipality of Brockton
 - vii. Grey County
 - viii. Bruce County

²¹ EB-2016-0137/0138/0139 – Decision and Order, April 12, 2018, page 14

4. Overview maps of the upper and lower tier municipalities for which approval of franchise agreements in EB-2018-0263 have been requested is included in Exhibit 1, Tab 3, Schedules 4 and 5.
5. EPCOR intends to develop an operation/service center in Kincardine. This center will be operational in advance of EPCOR connecting its first customer.

1.5 Application Summary

1.5.1 Revenue Requirement

1. EPCOR confirms as its starting point the 10-year revenue requirement of \$75.583 million set out in the CIP (the “**Distribution Revenue Requirement**”). After adjustments for certain items that were excluded from the CIP revenue requirement, the 10-year Distribution Revenue Requirement is \$58.535 million. In addition to the Distribution Revenue Requirement, EPCOR is requesting a Non-distribution revenue requirement of \$27.058 million over 10-years. Table 1-4 includes an annual forecast of these revenue requirements.

Table 1-4: Ten Year Revenue Requirement

(Thousands of Dollars)

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
	Description	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Sum
Row 1	CIP Distribution Revenue Requirement	1,332	4,389	6,156	7,534	8,489	9,122	9,406	9,567	9,723	9,865	75,583
Row 2	less Grant Impact	(352)	(1,435)	(1,753)	(1,721)	(1,689)	(1,657)	(1,624)	(1,592)	(1,560)	(1,528)	(14,912)
Row 3	less Tax Holidays	(114)	(189)	(214)	(223)	(231)	(235)	(249)	(250)	(251)	(252)	(2,208)
Row 4	Rate Smoothing Adjustment	279	(281)	(427)	(221)	(69)	49	87	140	194	248	(0)
Row 5	add LEAP Funding	2	4	6	7	8	9	9	9	9	9	72
Row 6	Distribution Revenue Requirement	1,147	2,487	3,768	5,376	6,508	7,288	7,629	7,875	8,115	8,343	58,535
Row 7												
Row 8	add Upstream Recovery Charge	49	239	310	366	403	467	460	452	443	435	3,625
Row 9	add Transportation and Storage Charge	80	372	513	630	712	763	789	802	815	826	6,302
Row 10	add Gas Supply Charge	190	662	1,224	1,682	1,978	2,160	2,248	2,290	2,330	2,366	17,129
Row 11	Non-distribution Revenue Requirement	319	1,273	2,047	2,678	3,093	3,391	3,497	3,544	3,588	3,627	27,056
Row 12												
Row 13	Total EPCOR Revenue Requirement	1,466	3,760	5,814	8,053	9,601	10,679	11,126	11,418	11,703	11,970	85,591

2. The main drivers for the Distribution Revenue Requirement are the depreciation and return on capital based on the capital expenditures expected to be incurred to construct this greenfield system and as well as OM&A expenses necessary to service the system and growing customer base.
3. The main drivers for the Non-distribution Revenue Requirement are the contribution in aid of construction (“**CIAC**”) required by Union (for the Dornoch Meter and Regulator Station and its

Owen Sound Transmission Reinforcement project), and Union's proposed M17²² service that Union is indicating would apply to EPCOR for transportation services. If the conditions or rates included in any Board approved M17 service are different from those included in Union's application, or if EPCOR is able to access an alternative service, such as M9, EPCOR will update the relevant elements of this Application, as required.

4. The Other Revenue Requirement is driven by service and miscellaneous charges proposed in EPCOR's Terms of Service.

1.5.2 Budgeting and Accounting Assumptions

5. The inflation forecast used in determining the 10 year revenue requirement was 1.27% per annum. The forecast is as per the rate agreed to by the parties when developing the framework under which the CIPs would be developed. This inflation value was based on the most recent four quarter average GDP IPI FDD methodology accepted by the OEB at that time. The Custom IR plan proposed in Exhibit 10 includes an Incentive Rate Adjustment proposal for truing forecasted inflation rates on OM&A expenses on an annual basis.
6. Customer growth over the 10-year rate stability period is as included in EPCOR's CIP and recreated in Table 1-5 below.

Table 1-5 Customer Growth Included in CIP

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Rate Class	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Cumulative
Rate 1 - General Firm Service	962	2,544	3,611	4,246	4,792	5,038	5,094	5,134	5,172	5,179	41,772
Rate 6 - Large Volume General Firm Service	14	36	59	79	88	92	92	92	92	92	736
Rate 11 - Large Volume Seasonal Service	1	1	4	5	5	5	5	5	5	5	41
Rate 16 - Contracted Firm Service	2	2	2	2	2	2	2	2	2	2	20
Total	979	2,583	3,676	4,332	4,887	5,137	5,193	5,233	5,271	5,278	42,569

²² EB-2018-0244 Rate M17 Firm Transportation Service, August 30, 2018

7. As further discussed in Exhibit 6, customer growth has been updated to reflect the impact of delayed timeline for OEB decisions.
8. EPCOR reports under IFRS and these revenue requirements have been developed using Modified IFRS.
9. EPCOR's accounting policies are discussed in Exhibit 2 and include the following.
 - a. Capitalization policy – This policy functions as a guide in respect of what should be recognized as a tangible asset or intangible asset other than goodwill. The intent is to ensure that the fixed assets are properly reported in the financial statements in accordance with International Financial Reporting Standards (IFRS).
 - b. Capitalization for Regulatory Accounting Purposes - The capitalization policy functions as a guide in respect of what should be recognized as a tangible asset or intangible asset other than goodwill for regulatory accounting and reporting. The intent is to ensure that fixed assets are properly reported in accordance with applicable regulatory accounting pronouncements.
 - c. Capital Overhead Policy - The purpose of this policy is to identify the types of overhead costs that can be capitalized in the course of acquiring or constructing an item of property, plant and equipment (PP&E) in accordance with International Financial Reporting Standards (IFRS).
 - d. Project Development Costs Policy (including preliminary feasibility research, site inspections, permitting, etc.) – The intent is to properly classify such costs as either an asset or an expense, given the nature and tenure of the particular project.

1.5.3 Throughput Forecast

10. The forecasted demand used to develop the Gas Supply Plan that is discussed in Exhibit 4 is based on the annual delivery volumes developed during the CIP process. This demand forecast reflects

the expected customer profile, including attachment rates and throughput per customer over the 10-year rate stability period. Throughput for mass market customers was agreed to between EPCOR and Union, and was generally based on Union's Normalized Annual Consumption as well as the parties' experience with smaller commercial customers. Throughput for industrial and larger commercial customers was determined after consultation with those customers. Values for EPCOR's customer attachment rates are supported by two customer surveys, consultation with potential customers and industry experience.

11. The demand forecast for the Gas Supply Plan was used as an input in the supply options analysis which modeled three Supply Options under a normalized winter weather scenario:
 - a. Annual Baseload Supply Option: Baseload commodity procurement, adjusted annually, with optimized annual storage procurement,
 - b. Seasonal Baseload Supply Option: Baseload commodity procurement, adjusted upward in the winter period, with optimized annual storage procurement, and
 - c. Month-to-Month Supply Option: Baseload commodity procurement, adjusted monthly, with no storage procurement.
12. A sensitivity analysis was performed whereby the three Supply Options were endogenously shocked for above and below normal winter demand, five-year winter commodity and storage price volatility, and average commodity prices reflective of winter 2013-2014.
13. The results of the sensitivity analysis show that the Annual Baseload Supply Option performs the best in terms of balancing reliability, cost-effectiveness, and flexibility of procurement when stressed for storage and commodity price uplift, and above and below normal winter demand.
14. Table 1-6 includes a summary of annual customer counts and throughput volumes that were included in EPCOR's CIP.

Table 1-6: Annual Customer Attachments and Throughput Volumes

(Thousands m³)

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
	Description	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Cumulative
Row 1	Customer Attachments	979	2,583	3,676	4,332	4,887	5,137	5,193	5,233	5,271	5,278	42,569
Row 2	Throughput Volumes	5,414	28,651	32,946	36,338	38,428	39,614	40,101	40,174	40,237	40,283	342,187

1.5.4 Rate Base and Utility System Plan

15. EPCOR's proposed rate base is \$24.477 million in 2019 and increases to \$54.940 million in 2028. These values are net of the \$22.0 million in funding EPCOR is scheduled to receive for this project and are supportive of the net Distribution Revenue Requirement of \$58.535 million as discussed above. Table 1-7 details the proposed annual rate base during the rate stability period.

Table 1-7: Summary of Projected Utility Rate Base

(Thousands of Dollars)

Description	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Fixed Assets										
Gross Book Value	24,730	55,334	62,740	65,183	66,891	68,133	68,785	69,169	69,769	70,294
Accumulated Depreciation	-346	-1,355	-2,873	-4,617	-6,419	-8,262	-10,132	-12,015	-13,922	-15,852
Net Book Value	24,385	53,979	59,868	60,566	60,472	59,871	58,653	57,154	55,847	54,442
Allowance for Working Capital										
Working Capital	93	244	326	381	419	454	467	473	479	504
Rate Base										
Rate Base	24,477	54,223	60,193	60,947	60,891	60,325	59,120	57,627	56,326	54,946

16. The capital expenditures necessary to construct and maintain the distribution system included in EPCOR's CIP during the rate stability period total \$71.832 million. This value is net of the \$22.0 million in external funding EPCOR expects to receive for this project.

17. The primary driver of capital expenditures during the 10-year rate stability period is the construction of the greenfield Southern Bruce distribution system as included in EPCOR's CIP and further detailed in its leave to construct application (EB-2018-0263). During the initial years of the rate stability period EPCOR does not expect to incur material maintenance capital. Table 1-8 details the proposed capital expenditures by year during the rate stability period.

Table 1-8: Summary of Capital Budget

(Thousands of Dollars)

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10
	Asset Group	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Row 1	CIAC to Enbridge - Owen Sound Reinforcement	2,363	0	0	0	0	0	0	0	0	0
Row 2	CIAC to Enbridge - Station	2,935	0	0	0	0	0	0	0	0	0
Row 3	Distribution Mains - Metallic	36,824	0	0	0	0	0	0	0	0	0
Row 4	Distribution Land Rights	26	26	0	0	0	0	0	0	0	0
Row 5	Distribution Mains - Plastic	11,144	19,878	124	126	130	147	194	162	160	93
Row 6	Distribution Services Plastic	1,804	2,966	2,116	1,248	1,085	543	164	137	135	78
Row 7	Distribution Meters	573	941	677	416	361	181	55	46	45	26
Row 8	Distribution Measuring and Regulating Equip.	1,209	895	106	0	0	0	0	0	0	0
Row 9	Vehicles	468	0	0	0	0	0	0	0	499	0
Row 10	Machinery and Equipment	0	323	0	0	0	0	0	0	0	0
Row 11	Sum	57,346	25,030	3,023	1,791	1,576	872	413	344	838	197

18. EPCOR has developed an initial Utility System Plan ("USP") and included it in Exhibit 2 of this Application. The initial USP details the utility's asset management policy, strategy and objectives as well as customer engagement activities and a description of its investment planning process. As a greenfield project, the majority of EPCOR's capital spending activities over the 10-year rate stability period are focused on constructing the distribution system as outlined in its CIP and leave to construct application (EB-2018-0263) as well as connecting customers to that system. The communities to be covered by the system are as determined by the Board's Southern Bruce Expansion Decision and the customer connections are as described in EPCOR's CIP. See Exhibit 3 for additional details.
19. EPCOR is proposing that it file an enhanced USP in 2025 that would be supported by five years of data, including several years after system commissioning. This would allow EPCOR to augment

sections of this initial USP. Enhancements would include an engineering plan that would highlight potential system enhancements, how additional investments would be selected and prioritized, address potential customer concerns and areas that might require strengthening as well as linkages and trade-offs between capital projects and ongoing OM&A spending.

1.5.5 Operations, Maintenance and Administration (OM&A) Expense

20. The OM&A costs that support the revenue requirement as included in EPCOR's CIP total \$18.360 million over the 10-year rate stability period. The primary cost driver for OM&A costs are Salaries, Wages, and Benefits which total 52% of the budget. A secondary cost driver is Shared Services which total 24% of the budget over the rate stability period.
21. The forecasted inflation rate used for OM&A costs in the CIP and this Application is 1.27%. This is aligned with the agreement to use the methodology accepted by the OEB at that time which was to forecast inflation rate based on the most recent four quarter average GDP IPI FDD. In Exhibit 4, EPCOR has also provided its OM&A budget in 2018 real dollars in order to form a basis to recover actual inflation on OM&A expenses as detailed in its Custom IR plan in Exhibit 10.
22. A summary of the OM&A costs are detailed in Table 1-6.

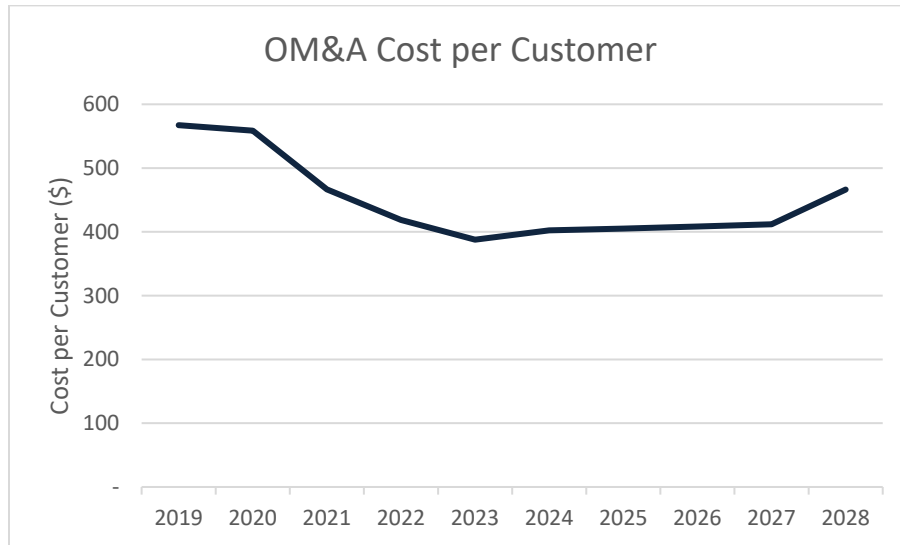
Table 1-9: 2019-2028 OM&A Forecast

(Thousands)

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
	Operating Expense	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Cumulative
Row 1	Salaries & Wages & Benefits	615	1,246	1,185	1,200	1,215	1,231	1,246	1,262	1,278	1,294	11,772
Row 2	Utilities	9	18	18	18	19	19	19	19	19	20	178
Row 3	Billing & Collection	15	62	74	88	101	107	110	112	114	116	901
Row 4	Insurance	12	41	53	59	59	60	61	62	62	63	532
Row 5	Repairs & Maintenance	5	28	40	48	55	58	60	61	62	63	481
Row 6	Vehicle & Travel	27	55	55	56	57	57	58	59	60	60	543
Row 7	Office & Administrative	54	110	111	112	114	115	117	118	120	121	1,093
Row 8	Contractors & Emergency Services	52	119	131	139	146	150	152	155	157	159	1,359
Row 9	Shared Services	92	423	495	546	589	615	631	644	657	669	5,361
Row 10	Marketing	13	26	26	27	27	27	28	28	28	29	259
Row 11	Capitalization	-338	-685	-474	-480	-486	-373	-378	-383	-388	-134	-4,119
Row 12												
Row 13	Grand Total	555	1,443	1,715	1,813	1,895	2,067	2,103	2,137	2,171	2,461	18,360

23. As detailed in Figure 1-3, there is a downward trend for OM&A costs per customer during the rate stability period. This reflects the fact that certain OM&A costs, including salaries, have a fixed element that has limited sensitivity to the number of customers served. This downward trend also reflects the efficiencies that EPCOR incorporated into its revenue requirement due to the competitive pressures brought to bear as a result of the Board's competitive process.

Figure 1-3: OM&A Cost Trend



24. EPCOR has prepared a Gas Supply Plan for the 3-year period from 2019 – 2021. This plan has been used to prepare a forecast of the cost to manage gas supply and storage charges. Transportation charges have been forecast using Union’s proposed M17 service. Table 1-10 details the annual forecast for these costs.

Table 1-10: Forecasted Upstream Costs
(Thousands of Dollars)

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
	Operating Expense	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Cumulative
Row 1	Gas Supply Commodity Cost	187	646	1,179	1,599	1,857	2,003	2,058	2,070	2,080	2,085	15,763
Row 2	Transportation	83	492	495	498	499	500	500	500	500	500	4,567
Row 3	Storage	51	92	128	152	168	177	180	182	185	185	1,500
Row 4	Load Balancing Administration	6	31	35	39	41	42	43	43	43	43	366
Row 5												
Row 6	Grand Total	327	1,261	1,837	2,288	2,565	2,722	2,780	2,795	2,808	2,814	22,196

25. Pursuant to the Board’s Southern Bruce Expansion Decision EPCOR has incorporated Union’s depreciation rates in this Application. Exhibit 4 includes additional details regarding depreciation rates.

1.5.6 Cost of Capital

26. Pursuant to the Board’s Southern Bruce Expansion Decision: “The capital structure for both proposals were to be based on Union’s approved deemed debt/equity ratio of 64%/36%.”²³, that capital structure has been used in the Application.
27. Consistent with the determination of its revenue requirement EPCOR proposes to adopt the OEB’s deemed cost of equity, long-term debt and short-term debt during the rate stability period. For the purpose of forecasting the cost of capital from 2019 to 2028, the deemed cost of capital released by the OEB on October 27, 2016 have been incorporated. Table 1-11 summarizes the cost of capital from 2019 to 2028.

Table 1-11: Cost of Capital

	Col. 1	Col. 2
	Capital Component	Annual Cost
Row 1	Equity	8.78%
Row 2	Long-term Debt	3.72%
Row 3	Short-term Debt	1.76%
Row 4	WACC	5.46%

1.5.7 Cost Allocation and Rate Design

28. In arriving at the revenue requirement that was established in the Board’s Southern Bruce Expansion Decision, EPCOR understood that, as a new gas distribution utility with no existing customers, the utility’s viability depends on attracting customers that are currently obtaining their energy needs from other sources. Conversion of customers must also take place in a timely manner as before the end of 2021 the utility faces a level of fixed and operational costs which reflect a fully constructed system.
29. The CIP process did not establish rates for individual rate classes but in building up its revenue requirement, EPCOR worked to confirm the expected level of revenue from each rate class based on expected conversion rates. This level of conversion was based on a targeted level of savings (a minimum of 20%) by the customer. Should any approved rates vary from those proposed in this

²³ EB-2016-0137/0138/0139 – Decision and Order, April 12, 2018, page 9

Application, there could be impacts to customers' savings which in turn would directly effect conversion rates. Impacting conversion rates in one rate class has implications for rates in all rate classes (and thus, the conversion rates in those rate classes) since the total revenue requirement has been determined as part of the CIP process and rates would have to increase/decrease in other rate classes to compensate. In order to remain economic, the utility needs to realize the expected conversion rates in all classes (i.e., neither residential, commercial or industrial customers on their own can generate sufficient revenue to make the utility viable). If the established revenue requirement is not realized then the ability of all customer classes to take advantage of the lower fuel costs and environmental benefits of converting to natural gas may be lost as the long term sustainability of the utility would be at risk.

30. EPCOR has completed a cost allocation study (the "**Study**") that has applied accepted cost allocation principles and used a three-step methodology of functionalization, classification and allocation of the costs to provide service that apportions the forecasted 2028 revenue requirement to each of the four proposed customer rate classes. EPCOR is proposing to use its forecasted 2028 revenue requirement and customer count as the "test" year for cost allocation as by that year construction and any necessary refinements of the system will be complete and the period of rapid customer growth will have tapered off. As a result, the Southern Bruce system is expected to be a stable and sustainable operation in which there are sufficient customers to support its long term economics. This Study is further detailed in Exhibit 7.
31. EPCOR notes that this Study is useful as it serves as a comparison and a reasonableness check of the rates and resulting revenue proposed to be recovered from each rate class. However, caution should be exercised in attempting to rely on it to directly establish rates for the utility. In completing this Study EPCOR is using its current best view of what the Southern Bruce System will look like in 2028. As the system has yet to be built, has no customers, and no operating history, this view is based on its CIP, its Aylmer natural gas system and management judgement. Therefore, the results of the Study must be interpreted with caution as, even to one decimal place, they reflect current best estimates. This is in comparison to a typical utility's cost allocation study which is based on the operating history of a mature system and can be reasonably used directly as a basis on which to establish rates.

32. The results of the Study are summarized in the tables below including the forecasted revenues, cost of service allocation and revenue to cost ratio for each proposed customer class. Table 1-13 presents the results before external funding (applying the proposed rate schedule), and Table 1-12 presents the results after external funding has been applied. As shown in Table 1-12 below, the revenue to cost ratios for each customer class range from 0.78 to 1.37 indicating that the proposed revenue to be recovered from each rate class is within a range of plus or minus 37%.

Table 1-12: 2028 Distribution Revenue to Cost Comparison with External Funding

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Description	Total	Rate 1 - General Firm Service	Rate 6 - Large Volume General Firm Service	Rate 11 - Large Volume Seasonal Service	Rate 16 - Contracted Firm Service
Row 1	Revenue	7,846.23	5,298.99	1,030.98	241.93	1,274.32
Row 2	Cost of Service	7,683.94	5,246.98	1,324.26	179.81	932.89
Row 3	Over / Under Contributions	162.29	52.01	-293.28	62.12	341.44
Row 4	Revenue to Cost Ratio	1.02	1.01	0.78	1.35	1.37

33. Table 1-13 highlights that all rate classes are benefiting from the application of external funding as the cost of service for each class is reduced.

Table 1-13: 2028 Distribution Revenue to Cost Comparison without External Funding

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Description	Total	Rate 1 - General Firm Service	Rate 6 - Large Volume General Firm Service	Rate 11 - Large Volume Seasonal Service	Rate 16 - Contracted Firm Service
Row 1	Revenue	7,846.23	5,298.99	1,030.98	241.93	1,274.32
Row 2	Cost of Service	9,211.68	6,053.06	1,691.67	225.42	1,241.53
Row 3	Over / Under Contributions	-1,365.45	-754.07	-660.69	16.52	32.79
Row 4	Revenue to Cost Ratio	0.85	0.88	0.61	1.07	1.03

34. The revenue to cost ratios before funding is applied ranges from 0.61 to 1.03 and is 0.85 in total across all customer classes indicating there is a revenue deficiency when applying the proposed rate schedule. With the external funding applied that revenue deficiency is eliminated (i.e. total revenue to cost ratio of 1.01 in 2028) and the revenue to cost ratios for each customer class increase.
35. The revenue to cost ratios are calculated based on 2028, the year with the largest number of customers during the rate stability period. Prior to achieving this customer base in 2028 this ratio to be less than one (i.e. the utility's costs are greater than revenue generated).
36. As further detailed in Exhibit 7, EPCOR is proposing to establish the following four rate classes for its Southern Bruce operations:

Rate 1 – General Firm Service

37. This rate class is designed to apply to residential, small commercial, and agricultural market segments with year-round gas requirements equal to or less than 10,000m³ per annum. Customers in this rate class are provided with upstream and delivery services. It is expected approximately 5,179 of the total 5,278 forecasted connections will qualify for this rate class.

Rate 6 – Large Volume General Firm Service

38. This rate class is designed to apply to medium and large commercial and agricultural market segments with year-round gas requirements whose gas requirements are greater than 10,000m³

per annum. Customers under this rate class are provided upstream and delivery services. This rate class is forecast to account for 92 of the 5,278 total connections.

Rate 11 – Large Volume Seasonal Service

39. This rate class is designed to apply to customers requiring seasonal loads requiring gas from May 1 through December 15 inclusive whose gas requirements are greater than 10,000m³ per annum, and do not require gas from December 16 through April 30 inclusive. Customers obtaining service under this rate class are offered upstream and delivery services. It is expected 5 of the 5,278 total connections will make up this rate class.

Rate 16 – Contracted Firm Service

40. This rate class is designed for very large volume customers directly connected to EPCOR's high-pressure steel mainline that enter into a contract with EPCOR for firm contract daily demand of at least 2,739m³. Customers in this rate class are provided delivery, transportation, and daily and cumulative load balancing services. It is expected 2 of the 5,278 total connections will qualify for rate class.

1.5.8 Performance and Reporting

41. EPCOR is proposing a new scorecard for the Southern Bruce operations. In alignment with the Renewed Regulatory Framework as detailed in the Handbook for Utility Rate Applications dated October 13, 2016, the proposed scorecard includes a total of 20 measures related to customer focus, operational effectiveness, public policy responsiveness and financial performance. The proposed scorecard explicitly includes the Service Quality Requirements outlined in the OEB's Gas Distribution Access Rule as amended January 1, 2017. An example of the proposed scorecard is included in Exhibit 1, Tab 2, Schedule 2. See Section 1.7 (Performance Measurement and Scorecard) of this Exhibit for details on the proposed scorecard and measurements.

1.5.9 Bill Impacts

42. Following are examples of the average annual bill for customers in the four rate classes as proposed in this Application. The bill examples are for 2020, the first year that all classes of customers are expected to receive service. The following bill samples have been provided:

43. Rate 1: Average residential, small commercial, and small agricultural market segments with volumes as per common assumptions determined during the CIP process.
44. Rate 6: Average medium commercial and large commercial market segments with volumes as per common assumptions determined during the CIP process.
45. Rate 11: Two sample seasonal customers with estimated volumes used by EPCOR during the CIP process.
46. Rate 16: One example Industrial customer assuming 50,000m³/day contract demand and a load factor of 70%. This is provided as an example only, actual bills may vary materially as the contracted demand varies by customer based on their contract.

Table 1-14 Table 1-12: Customer Bill Impact 2020
Rate 1 - General Firm Service, Existing Residential

(Dollars unless Otherwise Specified)

	Col. 1	Col. 2	Col. 3	Col. 4
Description				
Row 1				
Row 2		<u>Months</u>	<u>Effective Cx (Cx)</u>	<u>Charge (\$/Cx/month)</u>
Row 3	Monthly Fixed Charge	12	1	25.32
Row 4				304
Row 5		<u>Rate Block (m3)</u>	<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 6	Delivery Charge	First 100 m3	1,001	27.1351
Row 7		Next 400 m3	1,148	26.6006
Row 8		Over 500 m3	0	25.8148
Row 9	Total Distribution Charge		2,149	881
Row 10	Fixed Charge Ratio of Distribution Charge			34.49%
Row 11			<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 12	Upstream Charges	Upstream Recovery Charge	2,149	1.4779
Row 13		Transportation and Storage Charge	2,149	2.7398
Row 14	Gas Supply Charge		2,149	12.6433
Row 15	Total Non-Distribution Charges			362
Row 16				
Row 17	Total Revenue			1,243

Table 1-15 Customer Bill Impact 2020
Rate 1 - General Firm Service, New Residential

(Dollars unless Otherwise Specified)

	Col. 1	Col. 2	Col. 3	Col. 4
	Description			
Row 1				
Row 2		<u>Months</u>	<u>Effective Cx (Cx)</u>	<u>Charge (\$/Cx/month)</u>
Row 3	Monthly Fixed Charge	12	1	25.32
Row 4				
Row 5		<u>Rate Block (m3)</u>	<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 6	Delivery Charge	First 100 m3	993	27.1351
Row 7		Next 400 m3	1,073	26.6006
Row 8		Over 500 m3	0	25.8148
Row 9	Total Distribution Charge		2,066	859
Row 10	Fixed Charge Ratio of Distribution Charge			35.38%
Row 11			<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 12	Upstream Charges	Upstream Recovery Charge	2,066	1.4779
Row 13		Transportation and Storage Charge	2,066	2.7398
Row 14	Gas Supply Charge		2,066	12.6433
Row 15	Total Non-Distribution Charges			348
Row 16				
Row 17	Total Revenue			1,207

Table 1-16 Customer Bill Impact 2020
Rate 1 - General Firm Service, Small Commercial

(Dollars unless Otherwise Specified)

	Col. 1	Col. 2	Col. 3	Col. 4
Description				
Row 1				
Row 2		<u>Months</u>	<u>Effective Cx (Cx)</u>	<u>Charge (\$/Cx/month)</u>
Row 3	Monthly Fixed Charge	12	1	25.32
Row 4				
Row 5		<u>Rate Block (m3)</u>	<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 6	Delivery Charge	First 100 m3	1,198	27.1351
Row 7		Next 400 m3	2,475	26.6006
Row 8		Over 500 m3	1,020	25.8148
Row 9	Total Distribution Charge		4,693	1,551
Row 10	Fixed Charge Ratio of Distribution Charge			19.59%
Row 11			<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 12	Upstream Charges	Upstream Recovery Charge	4,693	1.4779
Row 13		Transportation and Storage Charge	4,693	2.7398
Row 14	Gas Supply Charge		4,693	12.6433
Row 15	Total Non-Distribution Charges			791
Row 16				
Row 17	Total Revenue			2,342

Table 1-17 Customer Bill Impact 2020
Rate 1 - General Firm Service, Small Agricultural

(Dollars unless Otherwise Specified)

	Col. 1	Col. 2	Col. 3	Col. 4
Description				
Row 1				
Row 2		<u>Months</u>	<u>Effective Cx (Cx)</u>	<u>Charge (\$/Cx/month)</u>
Row 3	Monthly Fixed Charge	12	1	25.32
Row 4				
Row 5		<u>Rate Block (m3)</u>	<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 6	Delivery Charge	First 100 m3	1,199	27.1351
Row 7		Next 400 m3	2,484	26.6006
Row 8		Over 500 m3	1,037	25.8148
Row 9	Total Distribution Charge		4,720	1,558
Row 10	Fixed Charge Ratio of Distribution Charge			19.50%
Row 11			<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 12	Upstream Charges	Upstream Recovery Charge	4,720	1.4779
Row 13		Transportation and Storage Charge	4,720	2.7398
Row 14	Gas Supply Charge		4,720	12.6433
Row 15	Total Non-Distribution Charges			796
Row 16				
Row 17	Total Revenue			2,353

Table 1-18 Customer Bill Impact 2020
Rate 6 - Large Volume General Firm Service, Medium Commercial

(Dollars unless Otherwise Specified)

	Col. 1	Col. 2	Col. 3	Col. 4
Description				
Row 1				
Row 2		<u>Months</u>	<u>Effective Cx (Cx)</u>	<u>Charge (\$/Cx/month)</u>
Row 3	Monthly Fixed Charge	12	1	103.30
Row 4				
Row 5		<u>Rate Block (m3)</u>	<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 6	Delivery Charge	First 1000 m3	9,832	25.0328
Row 7		Next 6000 m3	17,101	22.5295
Row 8		Over 7000 m3	0	21.4030
Row 9	Total Distribution Charge		26,933	7,554
Row 10	Fixed Charge Ratio of Distribution Charge			16.41%
Row 11			<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 12	Upstream Charges	Upstream Recovery Charge	26,933	2.9279
Row 13		Transportation and Storage Charge	26,933	5.7283
Row 14	Gas Supply Charge		26,933	12.6433
Row 15	Total Non-Distribution Charges			5,737
Row 16				
Row 17	Total Revenue			13,290

Table 1-19 Customer Bill Impact 2020
Rate 6 - Large Volume General Firm Service, Large Commercial

(Dollars unless Otherwise Specified)

	Col. 1	Col. 2	Col. 3	Col. 4
Description				
Row 1				
Row 2		<u>Months</u>	<u>Effective Cx (Cx)</u>	<u>Charge (\$/Cx/month)</u>
Row 3	Monthly Fixed Charge	12	1	103.30
Row 4				1,240
Row 5		<u>Rate Block (m3)</u>	<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 6	Delivery Charge	First 1000 m3	11,715	25.0328
Row 7		Next 6000 m3	40,793	22.5295
Row 8		Over 7000 m3	23,177	21.4030
Row 9	Total Distribution Charge		0	18,323
Row 10	Fixed Charge Ratio of Distribution Charge			6.76%
Row 11		<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>	
Row 12	Upstream Charges	Upstream Recovery Charge	75,685	2.9279
Row 13		Transportation and Storage Charge	75,685	5.7283
Row 14	Gas Supply Charge		75,685	12.6433
Row 15	Total Non-Distribution Charges			16,120
Row 16				
Row 17	Total Revenue			34,444

Table 1-20 Customer Bill Impact 2020
Rate 11 - Large Volume Seasonal Service, Sample Dryer 1

(Dollars unless Otherwise Specified)

	Col. 1	Col. 2	Col. 3	Col. 4
Description				
Row 1				
Row 2		<u>Months</u>	<u>Effective Cx (Cx)</u>	<u>Charge (\$/Cx/month)</u>
Row 3	Monthly Fixed Charge	8	1	206.59
Row 4				1,653
Row 5		<u>Rate Block (m3)</u>	<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 6	Delivery Charge	Over 0 m3	101,499	15.5496
Row 7	Total Distribution Charge		101,499	17,435
Row 8	Fixed Charge Ratio of Distribution Charge			9.48%
Row 9			<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 10	Upstream Charges	Upstream Recovery Charge	101,499	0.0353
Row 11		Transportation and Storage Charge	101,499	1.8446
Row 12	Gas Supply Charge		101,499	12.6433
Row 13	Total Non-Distribution Charges			14,741
Row 14				
Row 15	Total Revenue			32,176

Table 1-21 Table 1-19: Customer Bill Impact 2020
Rate 11 - Large Volume Seasonal Service, Sample Dryer 2

(Dollars unless Otherwise Specified)

	Col. 1	Col. 2	Col. 3	Col. 4
Description				
Row 1				
Row 2		<u>Months</u>	<u>Effective Cx (Cx)</u>	<u>Charge (\$/Cx/month)</u>
Row 3	Monthly Fixed Charge	8	1	206.59
Row 4				1,653
Row 5		<u>Rate Block (m3)</u>	<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>
Row 6	Delivery Charge	Over 0 m3	338,332	15.5496
Row 7	Total Distribution Charge		0	54,262
Row 8	Fixed Charge Ratio of Distribution Charge			3.05%
Row 9		<u>Volumes (m3)</u>	<u>Charge (¢/m3)</u>	
Row 10	Upstream Charges	Upstream Recovery Charge	338,332	0.0353
Row 11		Transportation and Storage Charge	338,332	1.8446
Row 12	Gas Supply Charge		338,332	12.6433
Row 13	Total Non-Distribution Charges			49,136
Row 14				
Row 15	Total Revenue			103,398

Table 1-22 Customer Bill Impact 2020
Rate 16 - Contracted Firm Service

(Dollars unless Otherwise Specified)

	Col. 1	Col. 2	Col. 3	Col. 4
Description				
Row 1				
Row 2	<u>Months</u>	<u>Effective Cx (Cx)</u>	<u>Charge (\$/Cx/month)</u>	<u>Revenue</u>
Row 3	Monthly Fixed Charge	12	1	1,519.05
Row 4		-	-	-
Row 5		<u>Contracted Demand (m3/day)</u>	<u>Charge (¢/m3/month)</u>	
Row 6	Delivery Charge	50,000	103.6132	621,679
Row 7	Total Distribution Charge			639,908
Row 8	Fixed Charge Ratio of Distribution Charge			2.85%
Row 9		<u>Contracted Demand (m3/day)</u>	<u>Charge (¢/m3/month)</u>	
Row 10	Upstream Charges	Upstream Recovery Charge	50,000	14.2815
Row 11		Transportation Charge - Contracted Demand	50,000	18.9954
Row 12				
Row 13	Total Non-Distribution Charges			199,661
Row 14				
Row 15	Total Revenue			839,569

1.5.10 Deferral and Variance Accounts

47. EPCOR requests that the following accounts be established for use during the period covered by this Application.
- i. Purchased Gas Commodity Variance Account (“**PGCVA**”);
 - ii. Storage and Transportation Deferral Account (“**S&TDA**”);
 - iii. Unaccounted for Gas Variance Account (“**UAFVA**”);
 - iv. Federal Carbon Charge – Customer Variance Account (“**FCCCVA**”);
 - v. Federal Carbon Charge – Facility Related Deferral Account (“**FCCFVA**”);
 - vi. Greenhouse Gas Emissions Administration Deferral Account (“**GGEADA**”);
 - vii. Regulatory Expense Deferral Account (“**REDA**”);
 - viii. Municipal Tax Variance Account (“**MTVA**”);
 - ix. Energy Content Variance Account (“**ECVA**”);
 - x. Contribution in Aid of Construction Variance Account (“**CIACVA**”);
 - xi. External Funding Variance Account (“**EFVA**”); and
 - xii. Regulatory Asset Deferral Account (“**RADA**”)
48. The criteria used by EPCOR in determining to propose the establishment of the deferral accounts noted above includes:
- i. the materiality of the amount at risk (revenue or expense);
 - ii. protection of the ratepayer or the shareholder from benefitting at the expense of the other party related to a variance in the forecast amount;
 - iii. the level of uncertainty associated with a forecast of the amount at risk; and
 - iv. the factors which influence the variance amount are beyond EPCOR’s control and are not factors which EPCOR agreed would be at its risk as part of the competitive process.
49. On an appropriate basis, including as part of an annual IR application or QRAM filing, EPCOR may file proposing disposal of any or all of the balances of the proposed deferral and variance accounts.

1.5.11 Rate Schedules

50. As Southern Bruce does not yet have any rate schedules approved by the OEB, the proposed schedules are new in their entirety. The proposed rate schedules are included and discussed in Exhibit 8 Tab 1 Schedule 2.

1.5.12 Incentive Rate-setting

51. EPCOR is proposing a Custom IR plan in this Application. Key components of the proposed plan include:
- i. Establishment of a 10-year revenue requirement that is consistent with the Board's Southern Bruce Expansion Decision;
 - ii. Proposed rate design and schedules for four rates classes;
 - iii. Proposed cost allocation methodology, allocations and revenue-to-cost ratios;
 - iv. Proposed final rates for 2019;
 - v. Proposed IR Mechanism to establish final rates for 2020 to 2028;
 - vi. Establishment of a rate base which reflects the fixed cost that EPCOR has committed to in order to construct and maintain the distribution system as included in its CIP;
 - vii. A Y-Factor for costs associated with specific items that are subject to deferral account treatment and passed through to customers without any IR Adjustment;
 - viii. Proposed Z-Factor mechanism; and
 - ix. Proposal to make provision for an incremental capital module ("ICM"), as necessary.
52. Additional detail of the proposed Customer IR method is included in Exhibit 10.

1.6 Customer Engagement

1. EPCOR engaged in consultation with representatives of the Municipality of Arran-Elderslie, the Municipality of Kincardine, and the Township of Huron-Kinloss and residents of those communities starting in 2015. The intent of this ongoing consultation is to introduce EPCOR, understand the needs and expectations of potential customers and their representative's, obtain feedback as to certain project parameters and to update them as to the status of the project. Customer engagement has taken place using a number of channels, including the following.

1.6.1 Project Webpage

2. Project information has been provided on the EPCOR website: www.epcorsouthernbruce.com. The website includes an overview of the project, community and environmental impacts, the environmental study process, the OEB regulatory process and Ontario Energy Board applications. As consultation events and activities occurred, documents were posted to the website, including Project notices, updates and information session display boards. This Application and evidence will be available for viewing at the above email address.

1.6.2 Information Sessions

3. EPCOR conducted six information sessions starting in October 2015. The intent of these sessions was to introduce EPCOR to the communities and provide the general public and potential customers with details regarding the project, how it might impact them and determine their level of interest in converting to natural gas. A summary of the details of the information sessions is provided Table 1-23.

Table 1-23: Information Summary Table

Information Session	Location	Date	Time	# of Attendees ²⁴	# of Exit Questionnaires Submitted
Chesley	Chesley Community Centre	October 15, 2015	6:30 pm to 9:00 pm	89 people	105
Ripley	Ripley-Huron Community Centre	October 16, 2015	5:00 pm to 8:00 pm	125 people	
Kincardine	Kincardine Municipal Administration Centre	October 17, 2015	1:00 pm to 4:00 pm	76 people	
Kincardine	Davidson Centre Main Hall	May 23, 2018	5:00 pm to 8:00 pm	114 people	88
Chesley	Chesley Community Centre	May 24, 2018	5:00 pm to 8:00 pm	50 people	
Ripley	Ripley-Huron Community Centre	May 25, 2018	5:00 pm to 8:00 pm	35 people	

4. In advance of information sessions, notices were published in the Kincardine Independent, Lucknow Sentinel, the Wingham Advance Times and the Grey Bruce This Week, The Post, and the Kincardine News. The notice described the Project, its timing, and the environmental study process, provided contact information and a map showing the preliminary routing. It also provided information on the information sessions. Information on the project was also provided in the form of a press release to the media.
5. Notices were also delivered through Canada Post unaddressed ad mail (11,368 flyers) in 2015 and 9,428 flyers in 2018.
6. Notices are available in Exhibit 1 Tab 3 Schedule 2.

1.6.3 Display Boards & Exit Questionnaire

7. Display boards were developed for the Information Sessions. The display boards provided:
 - i. Project information and schedule;

²⁴ Based on Sign-In Forms

- ii. Information on the OEB regulatory process;
 - iii. The pipeline route selection process and the locations of the route options (2015), preliminary preferred route (2018) and alternative routes;
 - iv. Information at the 2018 meetings on how the Project had changed from 2015;
 - v. The environmental study process;
 - vi. Existing natural and socio-economic environmental features;
 - vii. Potential impacts and mitigation measures;
 - viii. EPCOR's pipeline construction procedures and information on safety; and
 - ix. Benefits and economics of converting to natural gas.
8. Displays related to the benefits and economics of converting to natural gas were provided. These displays forecast potential annual savings to average residential customers converting from a specific source of energy to natural gas. The level of savings was based on indicative rates at the time. EPCOR forecasts that the average annual cost for a residential customer as proposed in its Rate Schedules in Exhibit 8 Tab 1 Schedule 2 are below the level that was proposed during the information session.
9. An exit questionnaire was provided to attendees. The exit questionnaire requested feedback on:
- i. Whether questions were adequately addressed by the project team regarding the Project and the OEB review and approval process;
 - ii. Environmental or socio-economic features within the project study area that were either incorrectly mapped, omitted or important to consider during the study;
 - iii. Potential effects to residents and businesses during construction and operation;
 - iv. The most important factors to consider when evaluating route options;
 - v. Their interest in converting to natural gas; and
 - vi. Any other questions/concerns about the project.
10. Copies of the display boards and the exit questionnaire are located in Exhibit 1 Tab 3 Schedule 2.

1.6.4 Customer Surveys

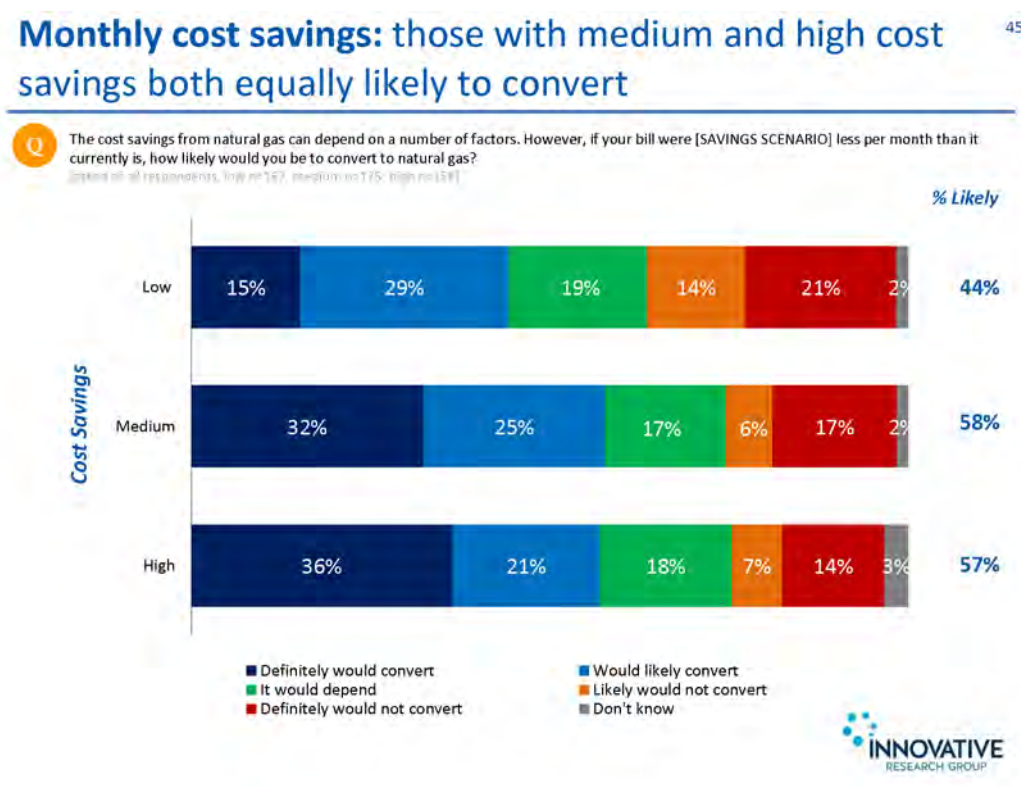
11. In addition to other analysis, EPCOR considered the results of two surveys to inform the customer and demand profiles for this project.

- i. **Border Ladner Gervais LLP (BLG)** - Business Case for Expansion of Natural Gas Distribution in Southern Bruce County. Surveys were conducted by telephone among residents and small-medium sized business establishments most likely to be in the service area. This survey was conducted from July 31, 2014 to August 6, 2014, and is available at:

http://huronkinloss.com/public_docs/documents/2-South_Bruce_Gas_Business_Case_Final.pdf

- ii. **EPCOR Survey.** To assess the likelihood of residential customers converting to natural gas, EPCOR retained Innovative Research in July 2017 to conduct a telephone survey targeting the municipalities of Arran-Elderslie, Kincardine and Huron Kinloss. As highlighted in Figure 1-4 this survey concluded that 58% of these residents “Definitely Would Convert” or “Would Likely Convert”. The study results can be found in Exhibit 1 Tab 3 Schedule 1.

Figure 1-4: EPCOR Household Customer Survey Results on Likelihood of Conversion



1.6.5 Local Presence

12. On June 23, 2017, EPCOR opened a customer care center at 735 Queen Street, Kincardine, Ontario. This centre allowed community members to learn about, and provide feedback on, the project. EPCOR has been available to address questions in person, as well as through its customer care e-mail address (southernbruce@epcor.com). Through this local office, and through attending local events including Fall Fairs at Chesley, Ripley and Paisley, EPCOR engaged directly with potential customers, informing them of EPCOR's plans, proposed routing, and benefits of conversion. EPCOR also consulted directly with potential industrial and large agricultural customers to determine their level of interest in connecting to the system.
13. EPCOR has also been engaging communities through the sponsorship of local events since 2016. These sponsorships have supported EPCOR's engagement of residents and businesses by

introducing it to the wider community and increasing awareness that they will soon have the option of converting to natural gas.

14. Customer engagement activities generated feedback including comments related to current energy prices paid by potential customers. This feedback has informed EPCOR's rate making as a confirmation as to whether proposed rates are competitive enough to encourage the level of customer conversions necessary to ensure long-term viability of the natural gas system.

1.7 Performance Measurement and Scoreboard

1. EPCOR is proposing a new scorecard to measure and monitor performance over the 10-year rate stability period. The proposed Scorecard is informed by the electricity distributors' scorecard, the scorecard proposed by Enbridge Gas Distribution Inc. and Union Gas Limited in their application to amalgamate (EB-2017-0307), customer benefit measures as determined in the CIP process and is supported by the goals and objectives of EPCOR's business plan. This scorecard is also compliant with the Board's Gas Distribution Access Rule as amended January 1, 2017.
2. In alignment with the Renewed Regulatory Framework as detailed in the Handbook for Utility Rate Applications dated October 13, 2016, the proposed scorecard includes measures for customer focus, operational effectiveness, public policy responsiveness and financial performance. The proposed Scorecard is provided at Exhibit 1, Tab 2, Schedule 2. The Scorecard metrics include service quality requirements ("SQR") and best practice metrics; and aims to align customer and utility interests, while continuing to achieve public policy objectives and reinforcing fiscal prudence. The categories of measures included in the scorecard are as follows:
 - i. **Customer Focus:** This performance measure is focused on service quality and customer satisfaction. The metrics included in this measure are the Board's customer care related SQRs. These include:
 - a. Reconnection response time
 - b. Scheduled appointments met on time
 - c. Telephone calls answered on time
 - d. Customer complaint written response
 - e. Billing accuracy
 - f. Abandon rate
 - g. Time to reschedule missed appointments
 - ii. **Operational Effectiveness:** This performance measure is focused on safety, system reliability and asset management. The metrics included in this measure include the Board's operations related SQRs and damages:

- a. Meter reading performance
 - b. Percent of emergency calls responded to within one hour
 - c. Damages
 - iii. **Public Policy Responsiveness:** This performance measure includes metrics that align with the extension of natural gas distribution to new communities.
 - a. Number of new communities that have access to natural gas distribution system
 - b. \$/m3 cost to deliver natural gas
 - c. Customer years
 - d. Cumulative volume
 - iv. **Financial Performance:** This performance measure includes metrics that align with the OEB Yearbook that is published annually. These include:
 - a. Current ratio
 - b. Debt ratio
 - c. Debt to equity ratio
 - d. Interest coverage
 - e. Financial statement return on assets
 - f. Financial statement return on equity
3. The proposed Scorecard will demonstrate EPCOR's focus on providing safe and reliable service to customers. The Scorecard is provided at Exhibit 1 Tab 2 Schedule 2.

1.8 Financial Information

1. As the Southern Bruce system is not expected to be in operation until November 2019 there are no audited financial statements available.
2. Exhibit 1 Tab 4 Schedule 1 contains the pro forma statements for this utility. The accounting standard used for EPCOR's general purpose statements is IFRS. EPCOR's parent company, EUI adopted this standard in 2011.
3. EPCOR does not have any public debt and is therefore not been rated by any agency. As included in Exhibit 5, EPCOR's parent company, EUI will be providing the capital necessary to fund EPCOR. EUI is rated by DBRS (A low) stable and Standard & Poor's (A-). The most recent reports by these two agencies are included in Exhibit 5 Tab 2 Schedule 2.
4. EPCOR does not currently have any approved Account Orders.
5. EPCOR has incorporated the main categories of accounts as stated in the Uniform System of Accounts for Class A Gas Utilities in the preparation of this Application.
6. EPCOR does not conduct any non-utility businesses.

South Bruce Performance Scorecard

Performance Outcomes	Performance Categories	Measures
Customer Focus	Service Quality	Reconnection response time (# of days to reconnect a customer)
		Scheduled appointments met on time (appointments met within designated time period)
		Telephone calls answered on time (call answering service level)
	Customer Satisfaction	Customer Complaint Written Response (# of days to provide a written response)
		Billing accuracy
		Abandon Rate (# of calls abandon rate)
		Time to reschedule missed appointments
Operational Effectiveness	Safety, system reliability and asset management	Meter Reading Performance
		% of Emergency Calls Responded within One Hour
		Damages

of reconnections completed within 2 business days/# of reconnections completed

of appointments met within 4hrs of the scheduled date / # of appointments scheduled in the month

of calls answered within 30 seconds / # of calls received

of complaints requiring response within 10 days / # of complaints requiring a written response

Number of manual checks done as per quality assurance program, for excessively high or low usage.

of calls abandoned while waiting for a live agent / # of calls requesting to speak to a live agent

% of rescheduled work within 2 hours of the end of the original appointment time

of meters with no read for 4 consecutive months / # of active meters to be read

of emergency calls responded within 60 minutes / # of emergency calls

Third party line breaks per 1,000 locate requests

Public Policy Responsiveness	Extending natural gas distribution to new communities	New communities that have access to natural gas distribution system	<i>(# of communities serviced by system/# of communities committed to in CIP)</i>
		\$/m3 cost to deliver natural gas	<i>Average \$/m3 determined in CIP (as adjusted) – Actual average \$/m3</i>
		Customer years	<i>Average customer years / Customer years as determined in CIP</i>
		Cumulative volume	<i>Actual cumulative volume / Cumulative volume as determined in CIP</i>
Financial Performance	Financial Ratios	Current Ratio	
		Debt Ratio	
		Debt to Equity Ratio	
		Interest Coverage	
		Financial Statement Return on Assets	
		Financial Statement Return on Equity	



Southern Brice County NG Line Load Forecasting Survey

Prepared by:

Innovative Research Group
Toronto | Vancouver
innovativeresearch.ca



EPCOR Utilities Inc.
2000-10423 101 Street NW
Edmonton, Alberta

July 19, 2017

:: **REVIEW DRAFT** ::

STRICTLY PRIVILEGED AND CONFIDENTIAL

Methodology & Demographics



Methodology

- These are the results of a telephone survey among owners of residential properties in the municipalities of Kincardine, Huron-Kinloss, and Arran-Elderslie to determine the level of interest in converting to natural gas.
- Only households in areas of these municipalities that are eligible for gas service were included in the sample. The eligible areas, with the corresponding *municipality* in brackets, consist of:
 - Kincardine excluding outlying rural areas (*Kincardine*)
 - Tiverton (*Kincardine*)
 - The lakeshore from Kincardine to Point Clark (*Huron-Kinloss*)
 - Ripley (*Huron-Kinloss*)
 - Lucknow (*Huron-Kinloss*)
 - Chesley (*Arran-Elderslie*)
 - Paisley (*Arran-Elderslie*)
- Inclusion in the sample was based on the 6 digit postal code of each household address with additional filtering by geo-coding addresses where necessary. See the *technical appendix* for more detail.

Methodology

- Sampling was conducted with a stratified sample of permanent residents and non-permanent residents with properties in the service area from each municipality.
- The main sample was listed landlines in the service area. Additional sample of non-permanent residents were identified based on households who use a mailing address outside of the sample region to receive their property tax bills. See the technical appendix for more details
- The strata of permanent residents was weighted by municipality and household size according to Statistics Canada data
- The survey was conducted by telephone among 554 randomly-selected households within the sample area, between July 6th 2017 and July 17th 2017. The results were weighted to 500.
- Respondents were screened to ensure they were 18 years or older and the owner of the property in question.
- The overall results are considered accurate to within $\pm 4.4\%$, 19 times out of 20. The margin of error will be larger within each sub-grouping of the sample.
- Tracking results come from a study conducted by the municipalities in 2014. The total n-size for the 2014 sample was 753 respondents. These results are considered accurate to within $\pm 3.6\%$, 19 times out of 20.

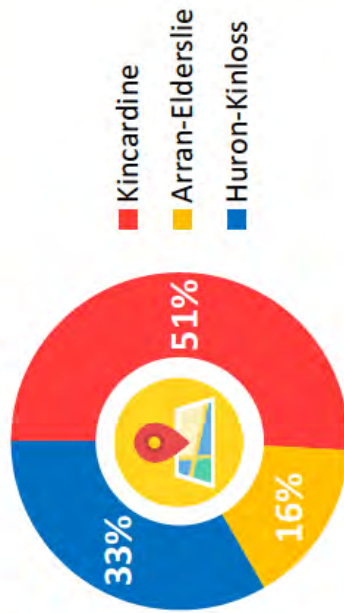
Note: Graphs and tables may not always total 100% due to rounding values rather than any error in data. Sums are added before rounding numbers.

Sample Breakdown

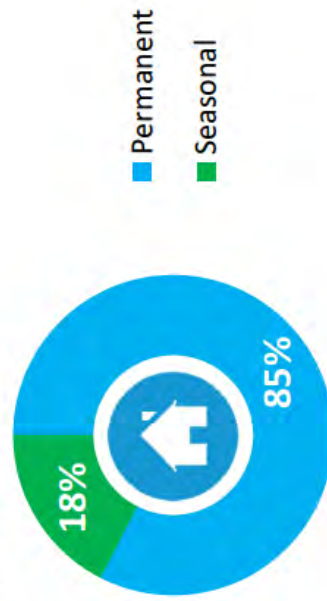
Sample Sizes

	Unweighted N	Weighted N
Total	554	500
Kincardine	251	254
Huron-Kinloss	176	166
Arran-Elderslie	127	79
Permanent	439	408
Non-permanent	115	92

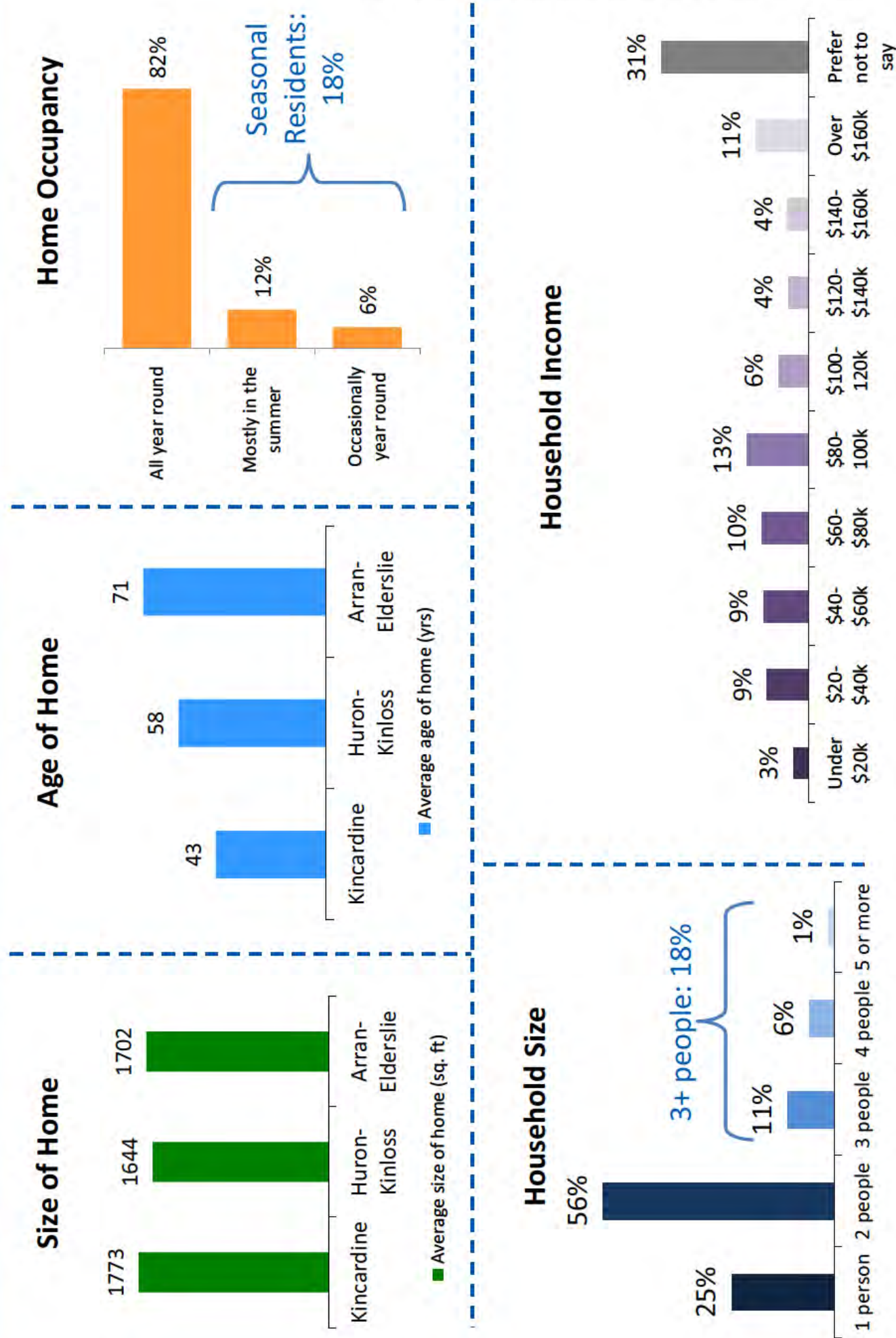
Municipality



Residency



Demographics: Households Profile



Demographics: Average annual heating costs

2014

Average annual home/water heating costs



Quartiles	Frequency
\$0-\$1,500	23%
\$1,500-\$2,399	19%
\$2,400-\$3,099	17%
\$3,100+	17%
Don't know	24%

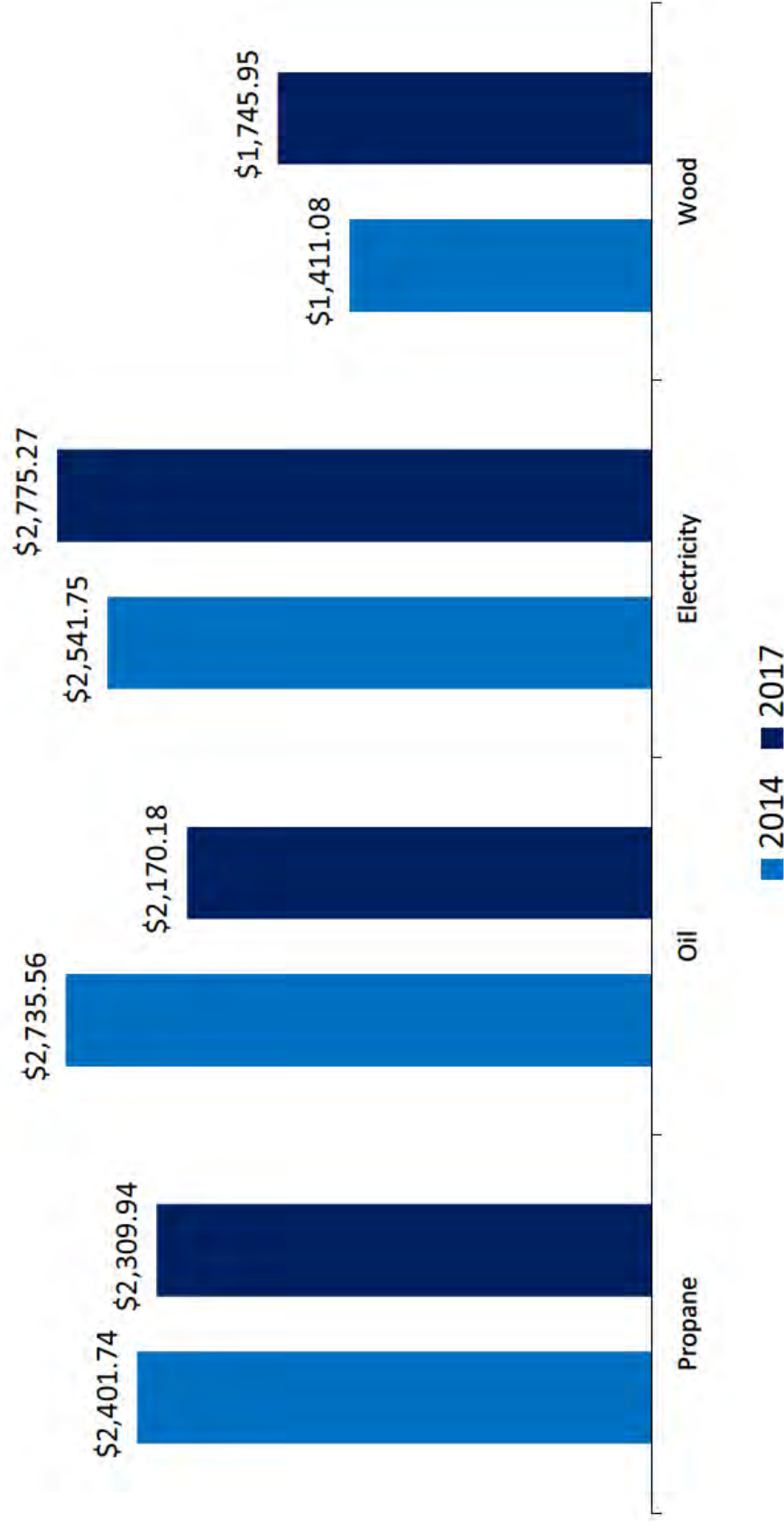
2017

Average annual home/water heating costs



Quartiles	Frequency
\$0-\$1,400	21%
\$1,400-\$2,299	20%
\$2,300-\$3,199	21%
\$3,200+	20%
Don't know	19%

Demographics: Average annual heating costs by fuel type





Home Heating

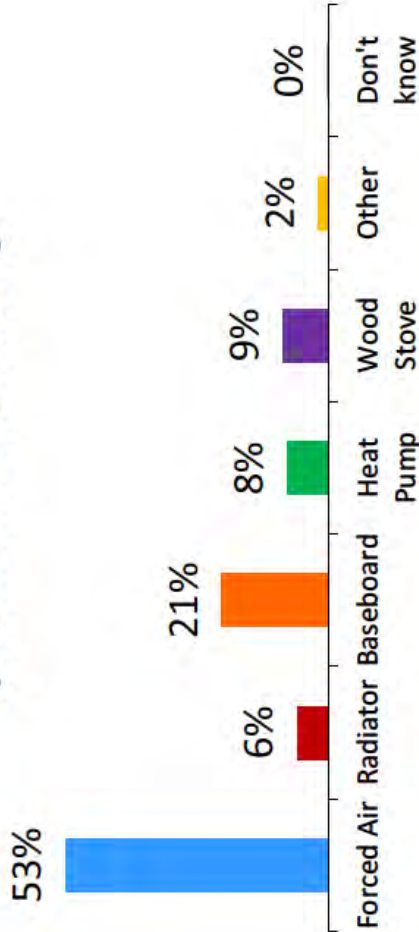


Home heating systems: 31% have propane forced air; 21% have electric baseboards



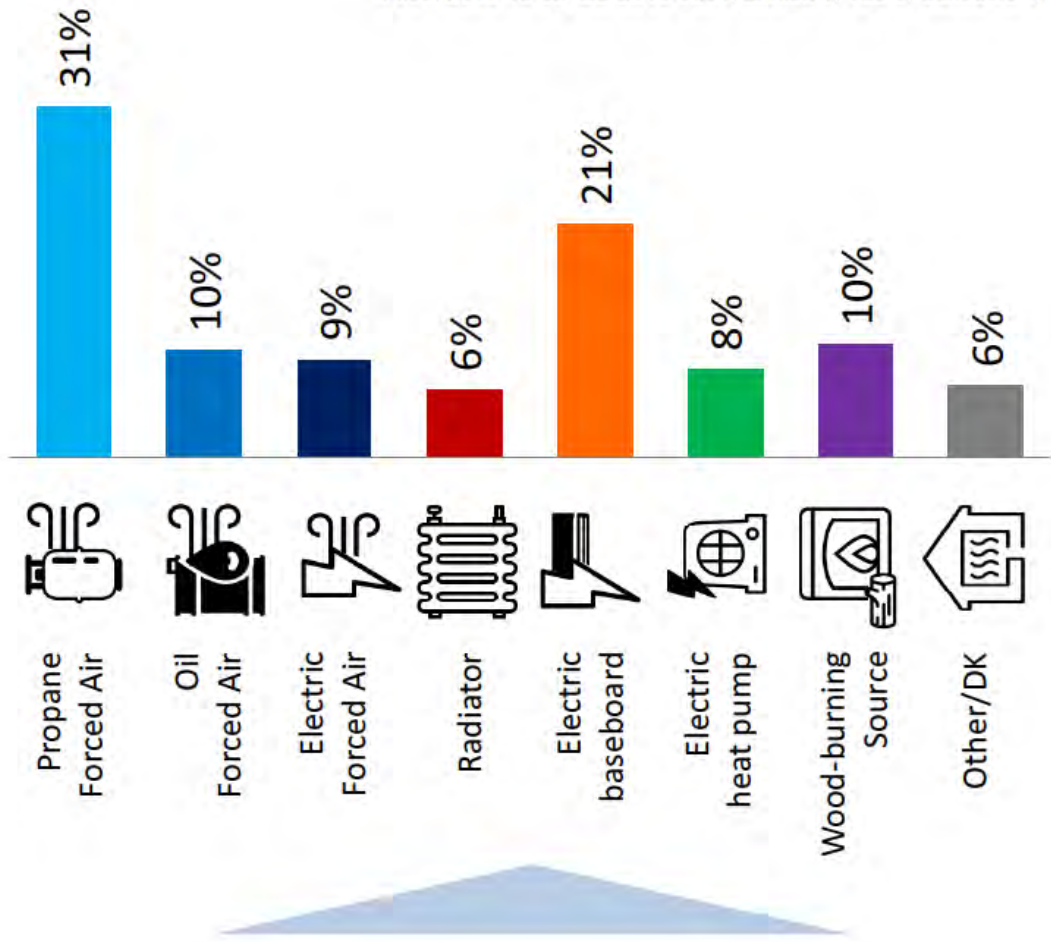
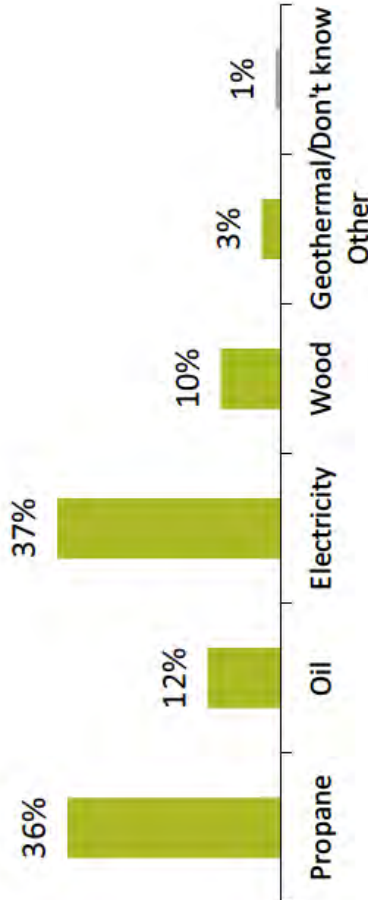
What type of system provides the primary source of heat for your home?
[asked of all respondents]

System of Home Heating



What is the primary energy source for heat in your home?
[asked of all respondents]

Fuel Type

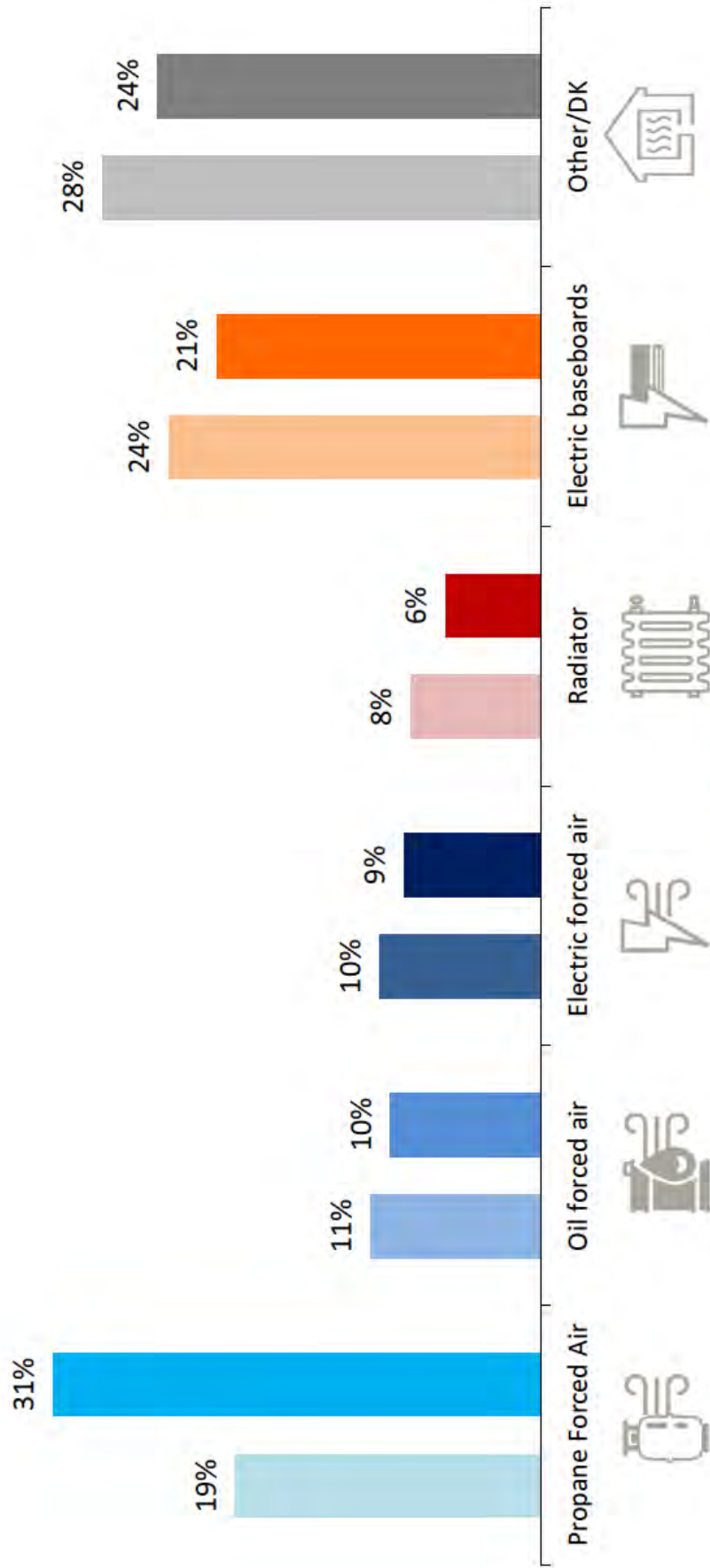


Heating system tracking: 12 point increase in respondents with propane forced air since 2014



What type of system provides the primary source of heat for your home?
[asked of all respondents]

System of Home Heating

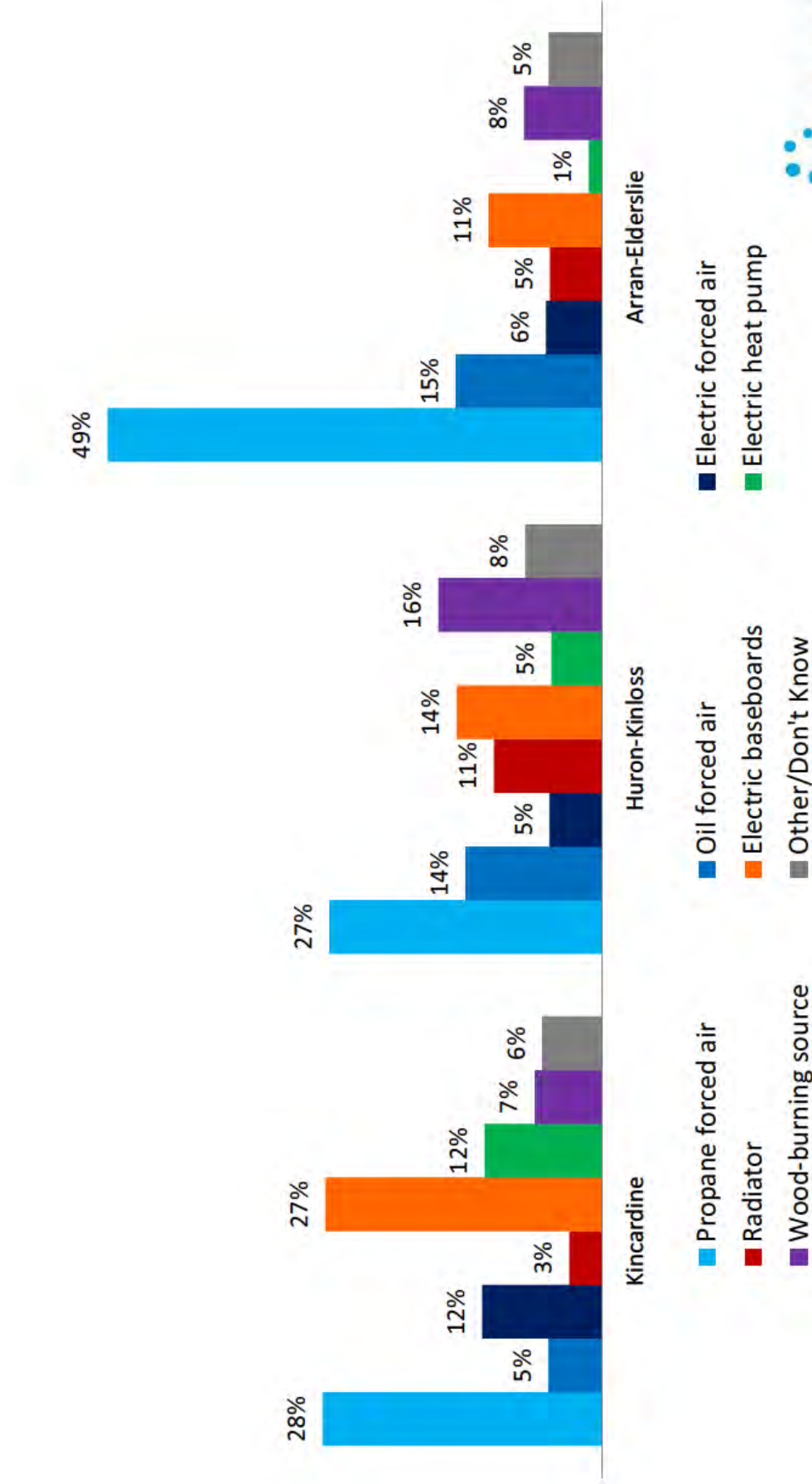


2014 2017

Type of heating by municipality: Almost half (49%) of respondents in Arran-Elderslie have propane forced air



What type of system provides the primary source of heat for your home? AND What is the primary energy source for heat in your home?
[asked of all respondents]



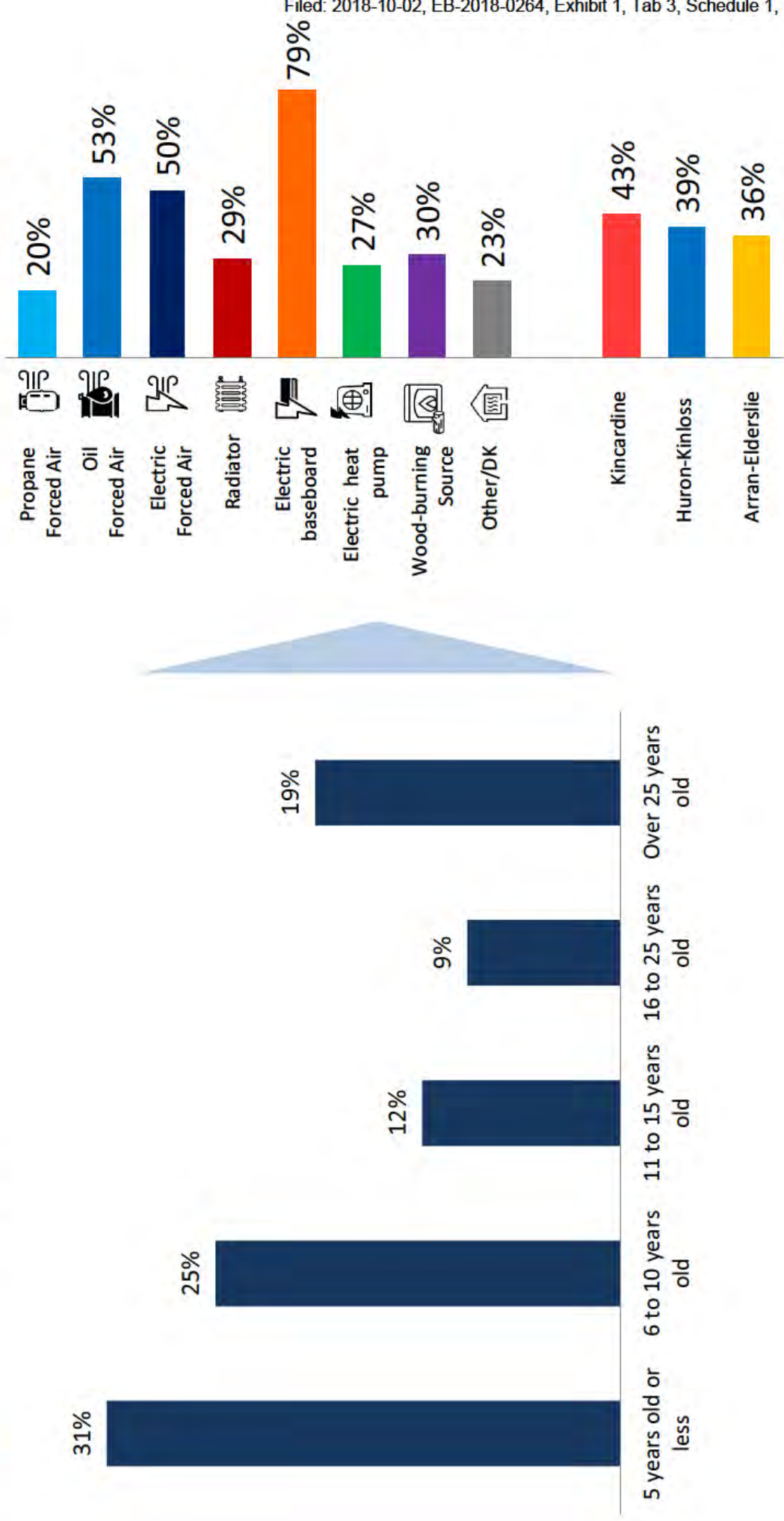
Age of systems: Those with electric baseboards (79%) and Kincardine residents (43%) most likely to have older systems



How old is your heating system? If you are not sure please provide your best guess.
[asked of all respondents]

Sample Breakdown ▶▶

Percentage older than 10 years.

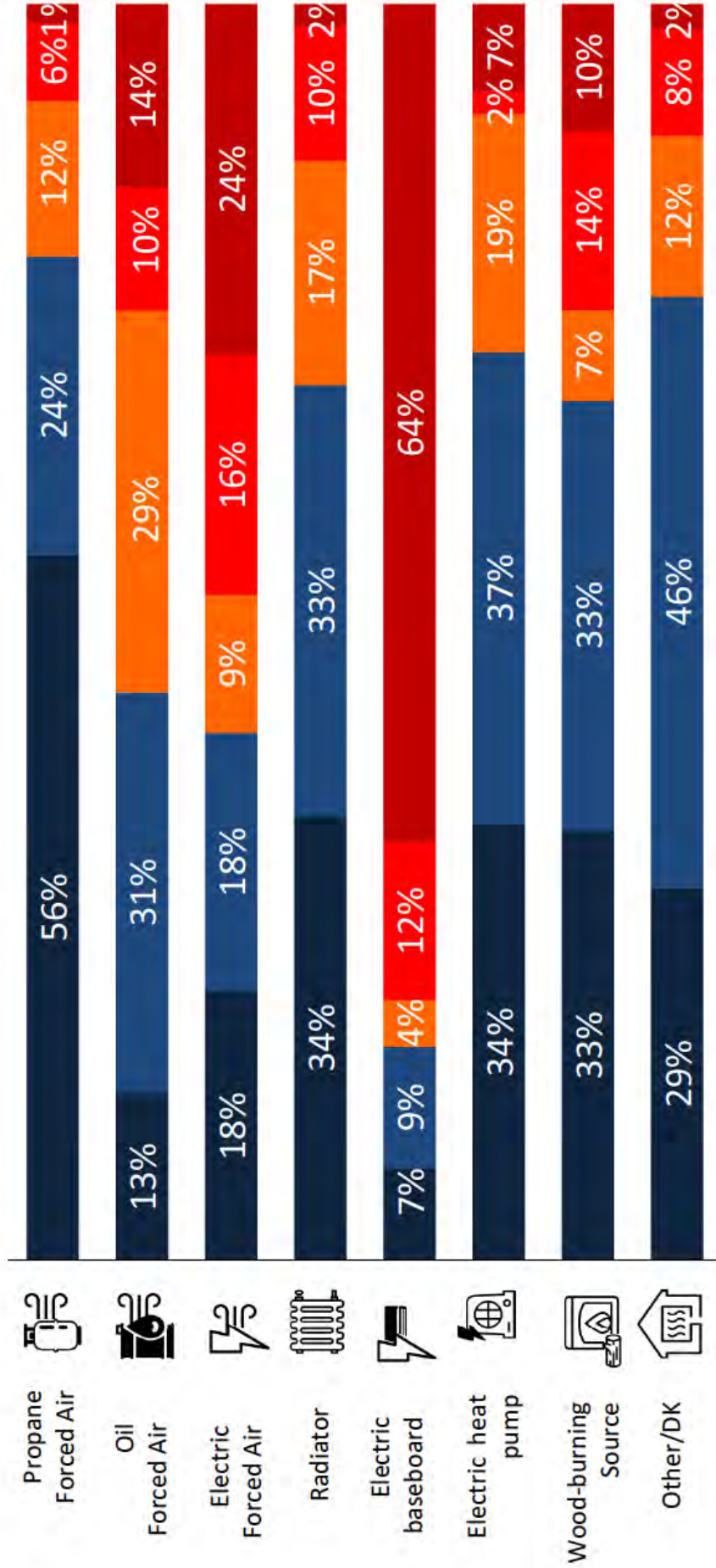


Note: 'Don't Know' (4%) not shown

Age of systems: Respondents with electric baseboards have oldest systems; propane forced air generally newest



How old is your heating system? If you are not sure please provide your best guess.
(asked of all respondents)



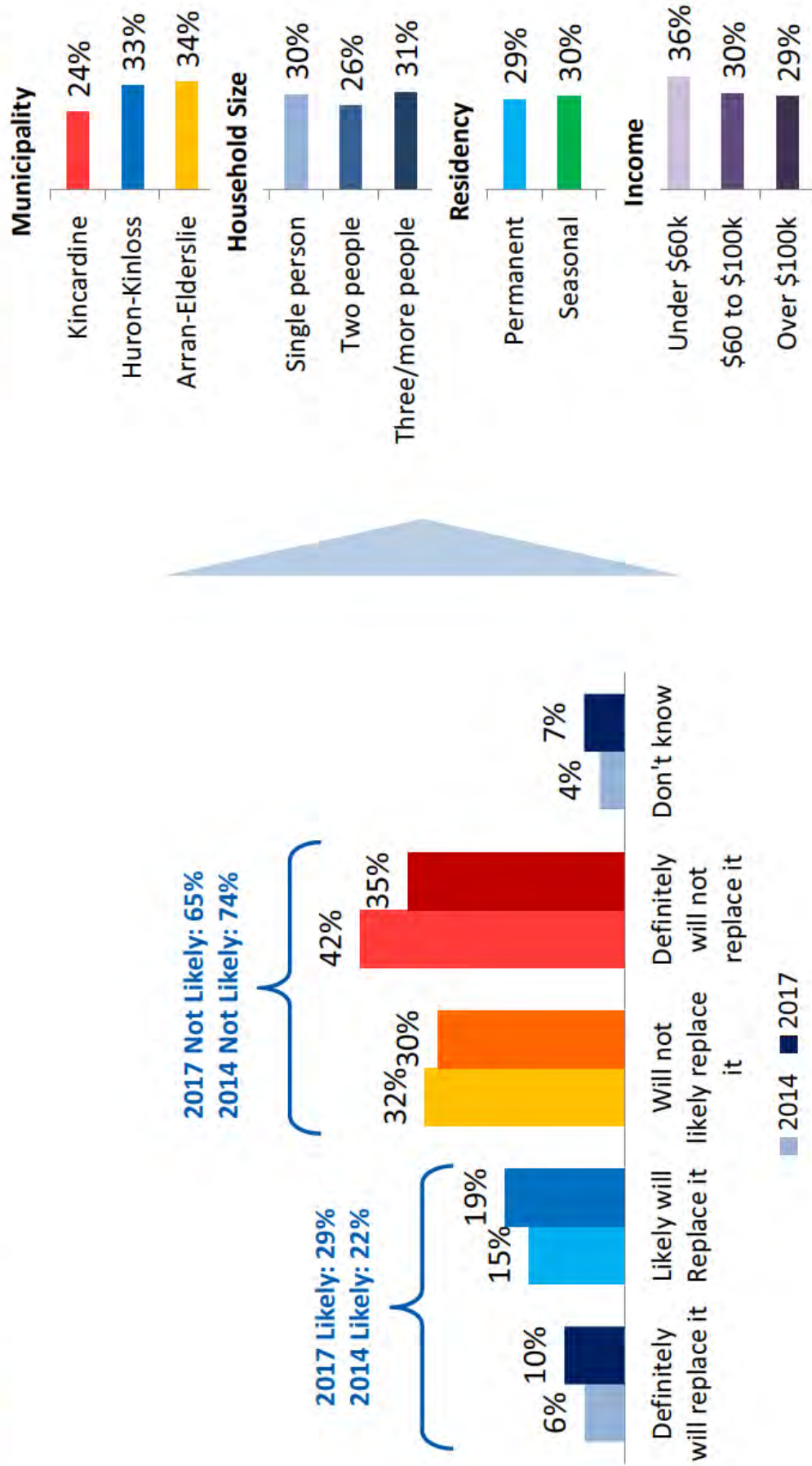
■ 5 years old or less ■ 6 to 10 years old ■ 11 to 15 years old ■ 16 to 25 years old ■ Over 25 years old

Replacing home heating: Households making under \$60k and those in Arran-Elderslie most likely to replace system



How likely are you to replace your home heating system in the next 5 years?
[asked of all respondents]

Sample Breakdown ▶▶
Those who will "likely" or "definitely"



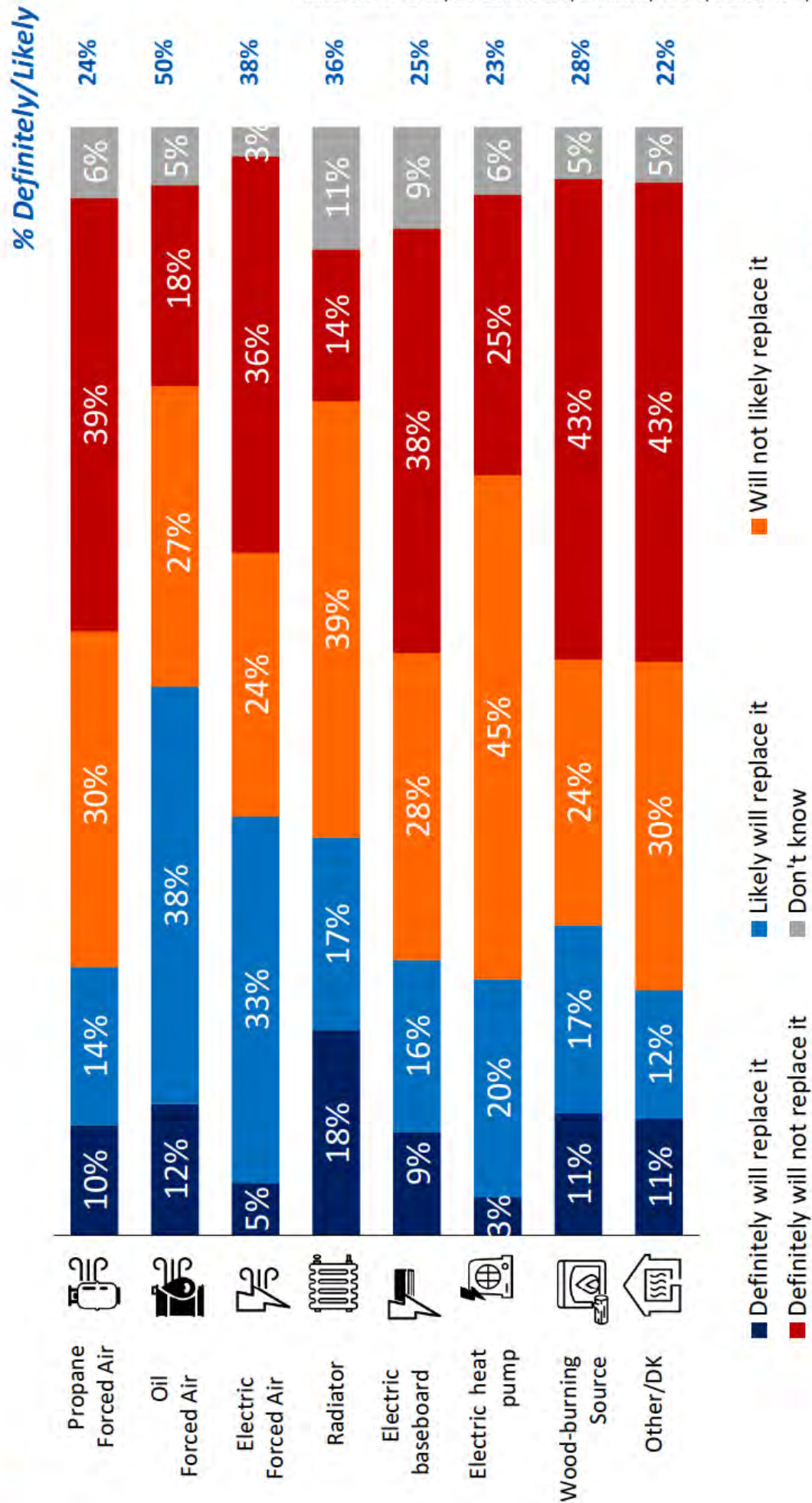
Notes: "Refused" not shown.

This question is asked before any discussion of natural gas conversion and is intended to gauge *existing* plans to replace systems, separate from any work related to a natural gas conversion.

Replacing home heating: Those with oil forced air most likely to replace their system (50% Definitely or Likely)



How likely are you to replace your home heating system in the next 5 years?
(asked of all respondents)



Notes: "Refused" not shown.

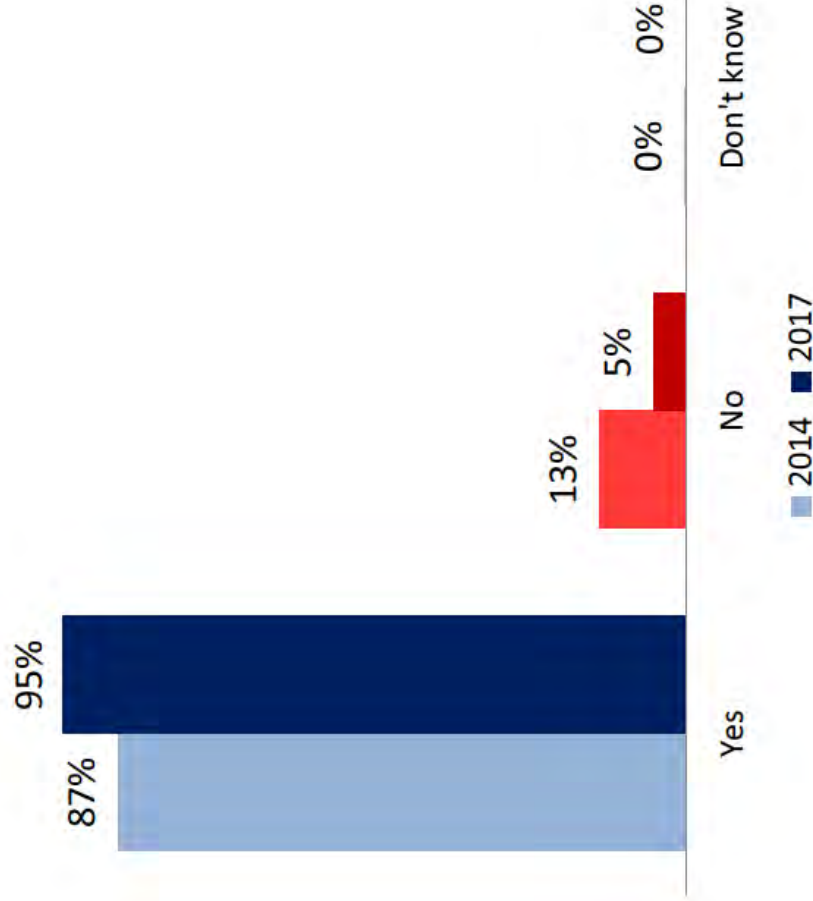
This question is asked before any discussion of natural gas conversion and is intended to gauge *existing* plans to replace systems, separate from any work related to a natural gas conversion.

Project Awareness: Awareness up 8 points compared to 2014 survey

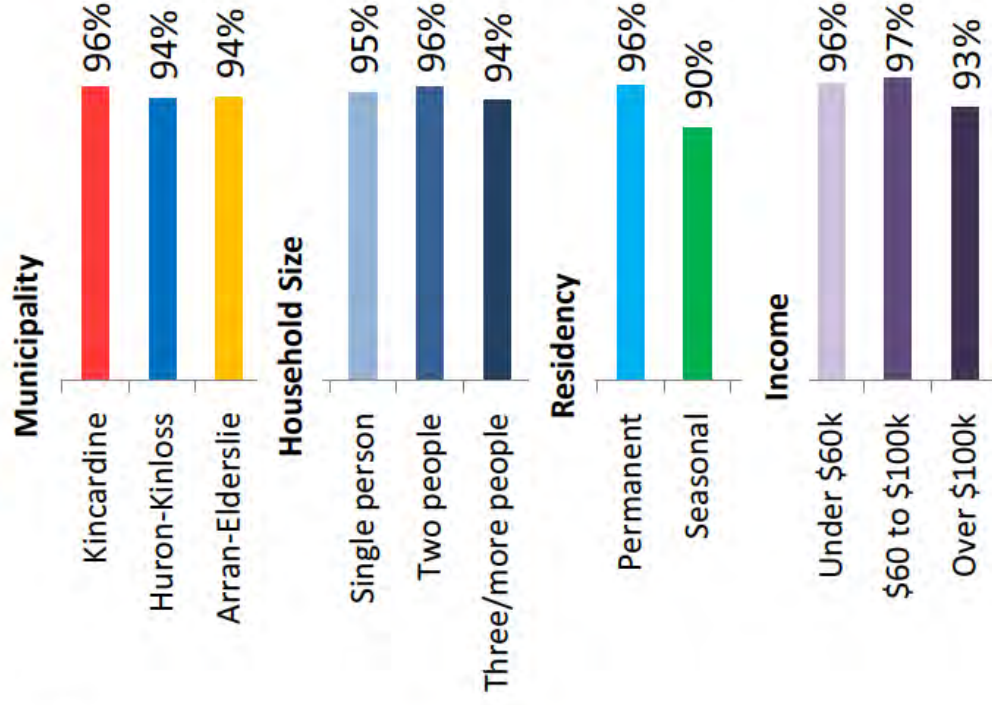


[2017 QUESTION] Are you aware that the municipalities in your area are working with EPCOR to bring natural gas service into your community?

[2014 QUESTION] Are you aware that that the municipalities in this area are considering a plan to build a distribution system to bring natural gas service into your community?
[asked of all respondents]



Sample Breakdown ▶▶
Those who say "yes"



Home heating conversion scenarios

Key Idea: Different conversion scenarios mean different costs and savings.

When respondents were asked about financing options and their interest in conversion they were given information about the estimated costs and savings they would face based on the type of heating system they used. They were told:

- Preamble to financing question:** “Thinking first about the conversion costs, there are two options. The upfront cost to convert a [SYSTEM NAME] heating system to natural gas would be approximately [UP FRONT COST]. Alternatively financing could be arranged, secured by a lien against your house, which would typically cost [FINANCED COST] per month for 10 years.”
- Preamble to conversion question:** “In addition to the conversion costs above, natural gas also means that you are paying a different amount for the energy you use in your home heating system. The cost of [FUEL SOURCE] is approximately [COST RATIO] the price of natural gas.”

This information is as follows:

	Forced Air	Hot Water Radiator	Heat Pump	Baseboard
Propane	UP FRONT: \$750-\$1000 FINANCED: \$8-\$10 PRICE RATIO: 1.25x		N/A	N/A
Oil	UP FRONT: \$4k-\$5k FINANCED: \$41-\$51 PRICE RATIO: 1.5x		N/A	N/A
Electricity	UP FRONT: \$4k-\$5k FINANCED: \$41-\$51 PRICE RATIO: 1.5x			UP FRONT: \$10k-\$12k FINANCED: \$101-\$121 PRICE RATIO: 1.5x
Other/DK	UP FRONT: As much as \$4k-\$5k FINANCED: \$41-\$51 PRICE RATIO: 1.5x		N/A	N/A

Best Case:
Lower cost
or higher
savings

Worst Case:
Higher cost
or lower
savings

“Typical”
Scenario

*UP FRONT: As much as \$10-\$12k
FINANCED: As much as \$121
PRICE RATIO: At least 1.5x

*Those whose heating scenario was not reflected in the above table were shown a “typical” cost scenario.

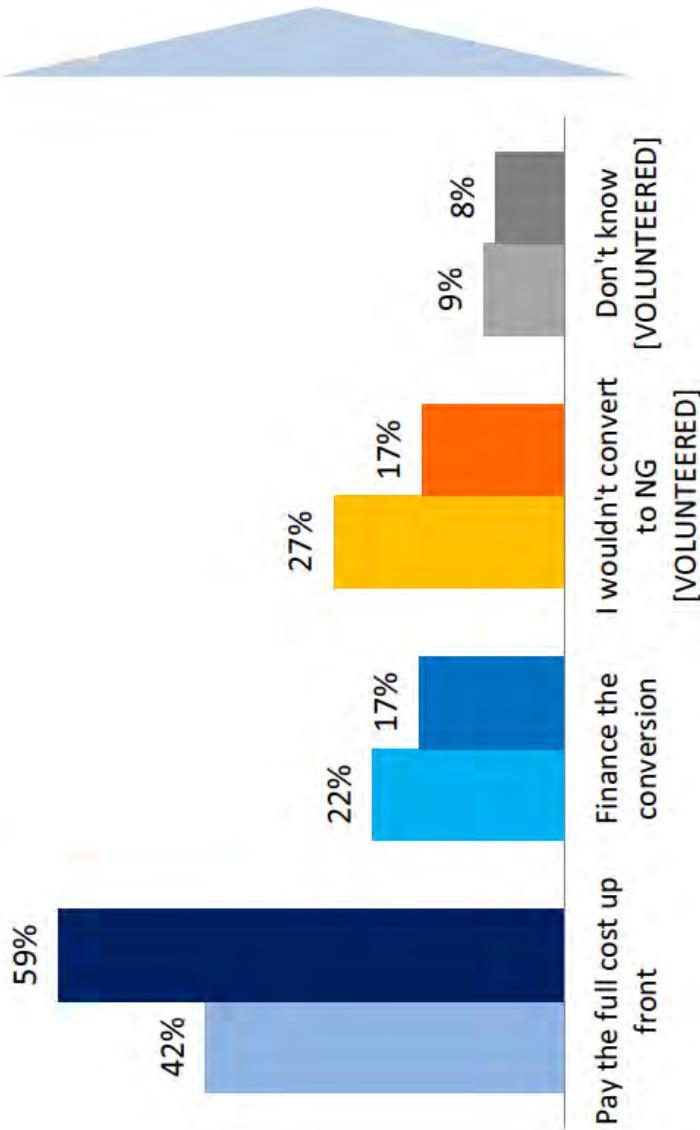
Note: The frequency of heating system types reported above includes responses of “other” from which the open-ended answer was later recoded as one of the main types. However in all cases the cost scenario faced by these respondents was the **Other/Don’t Know** cost scenario.

Financing: Large increase in those who say they would pay the full cost upfront; highest within highest income group

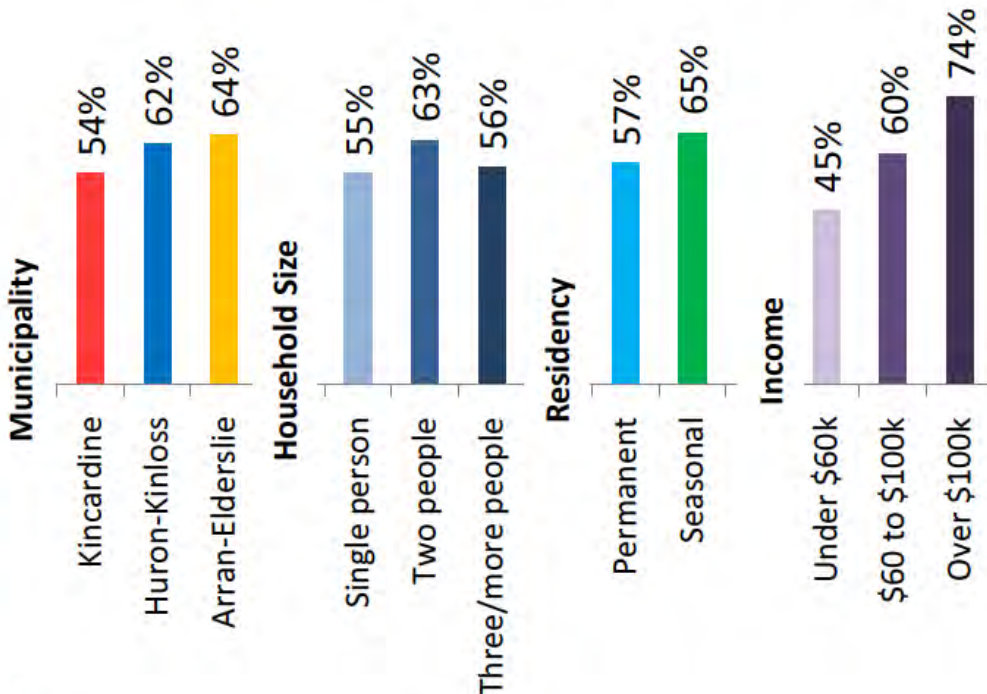


Thinking first about the conversion costs, there are two options. The upfront cost to convert a [SYSTEM NAME] heating system to natural gas would be approximately [UP FRONT COST]. Alternatively financing could be arranged, secured by a lien against your house, which would typically cost [FINANCED COST] per month for 10 years.

Given these options, if you chose to convert your home heating to natural gas, would you be more likely to...
[asked of all respondents]



Sample Breakdown ▶▶
Those who say "pay full upfront"

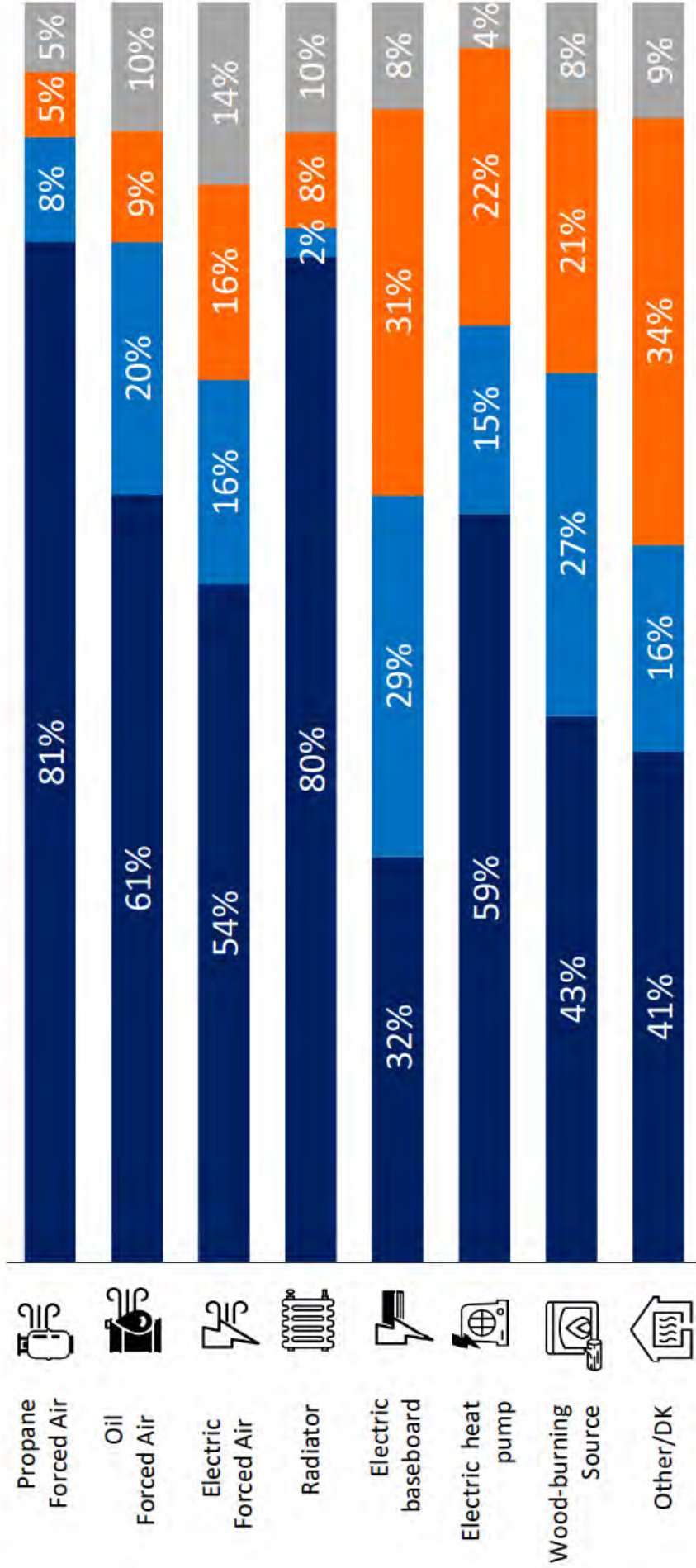


Payment strategy: 81% of those with propane forced air would pay cost upfront



Thinking first about the conversion costs, there are two options. The upfront cost to convert a [SYSTEM NAME] heating system to natural gas would be approximately [UP FRONT COST]. Alternatively financing could be arranged, secured by a lien against your house, which would typically cost [FINANCED COST] per month for 10 years.

Given these options, if you chose to convert your home heating to natural gas, would you be more likely to...
[asked of all respondents]



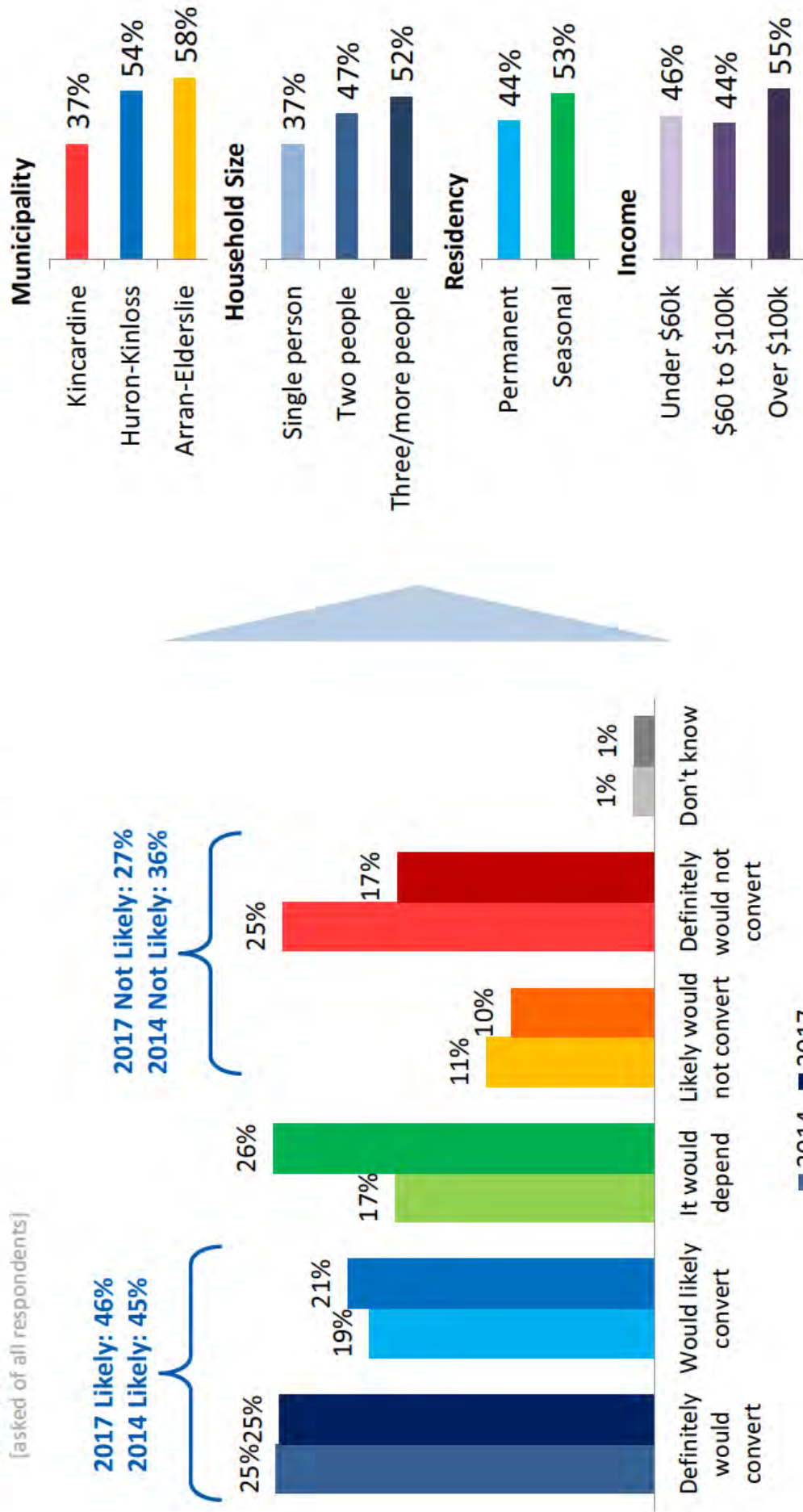
■ Pay the full cost up front ■ Finance the conversion ■ I wouldn't convert to NG ■ Don't know

Likelihood of Conversion: Majorities of respondents in Arran-Elderslie and Huron-Kinloss would convert



Thinking about both this price difference and the conversion costs, how likely would be to convert your home heating system to natural gas when it became available?
[asked of all respondents]

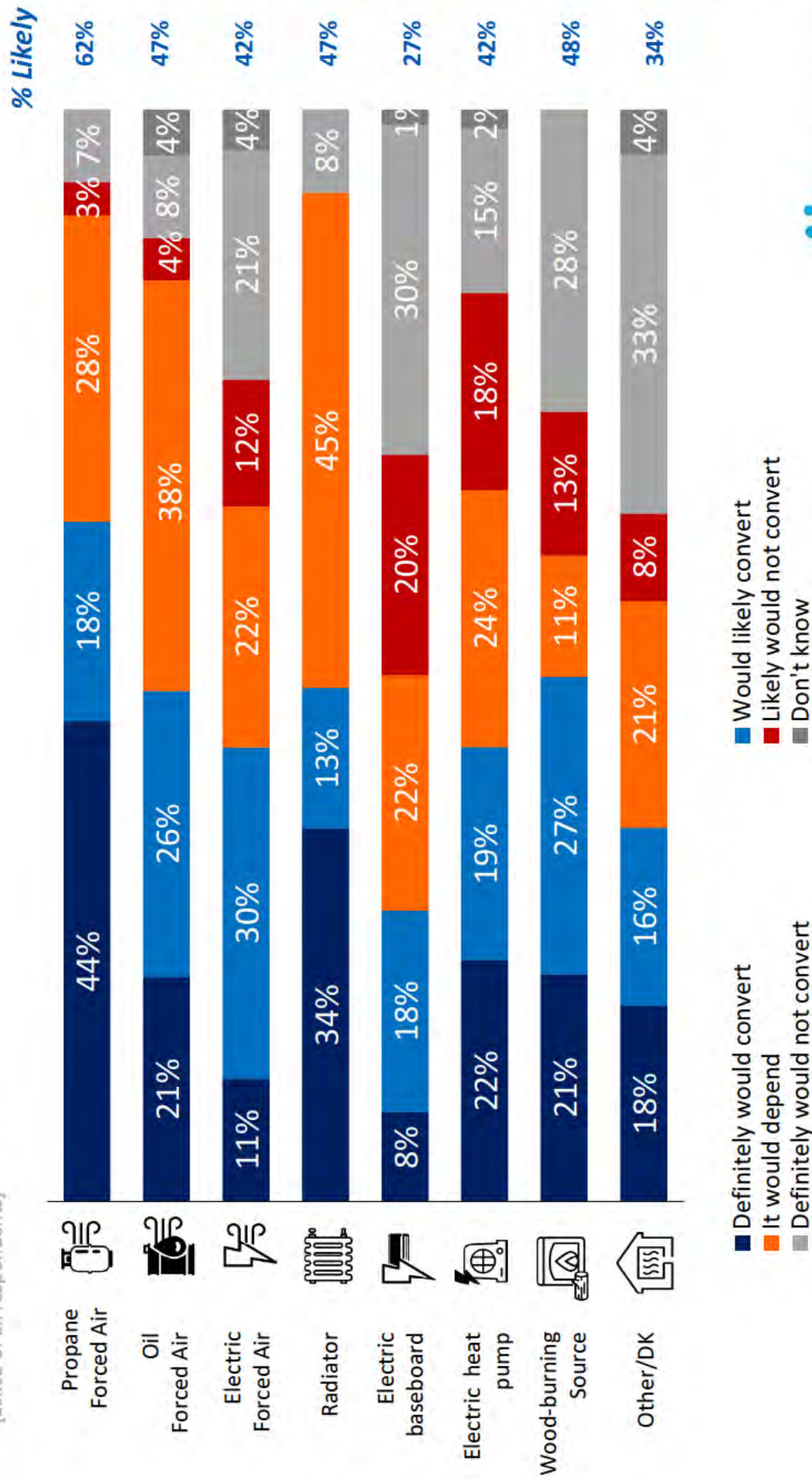
Sample Breakdown ▶▶
Those who say "likely"



Conversion breakdown: Respondents with propane forced air most likely to convert (62%)



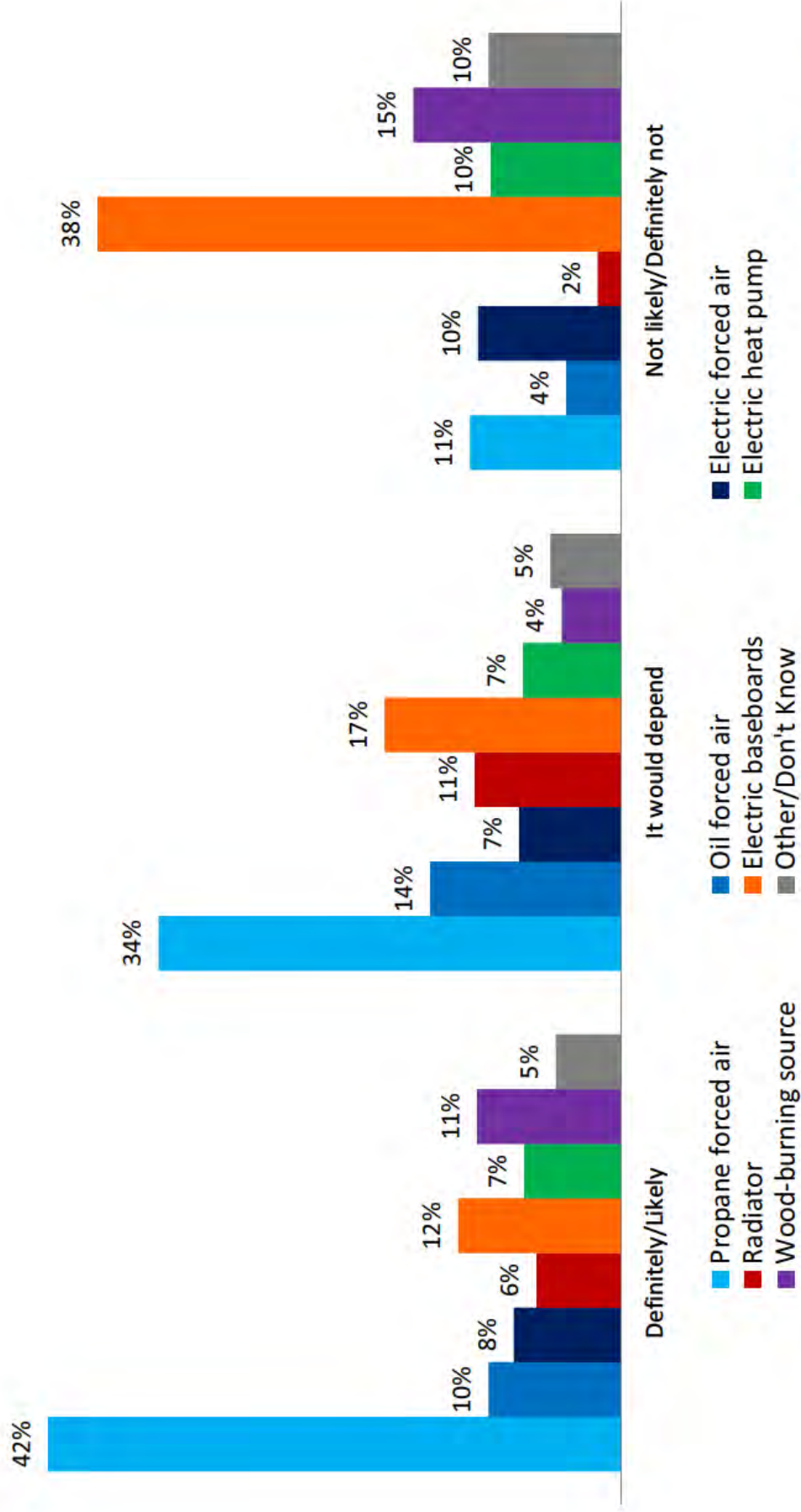
Thinking about both this price difference and the conversion costs, how likely would be to convert your home heating system to natural gas when it became available?
[asked of all respondents]



Type of heating by Conversion: Plurality (42%) of those who would convert have a propane forced air system



What type of system provides the primary source of heat for your home? AND What is the primary energy source for heat in your home?
[asked of all respondents]



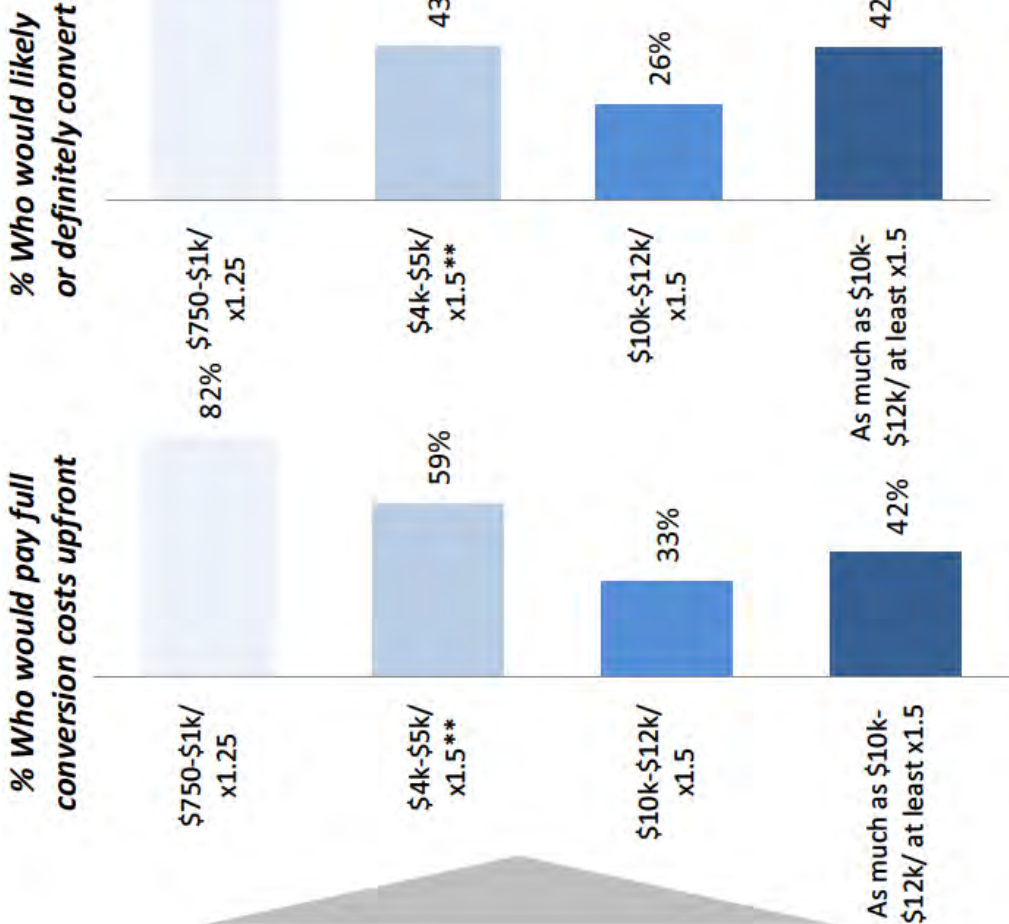
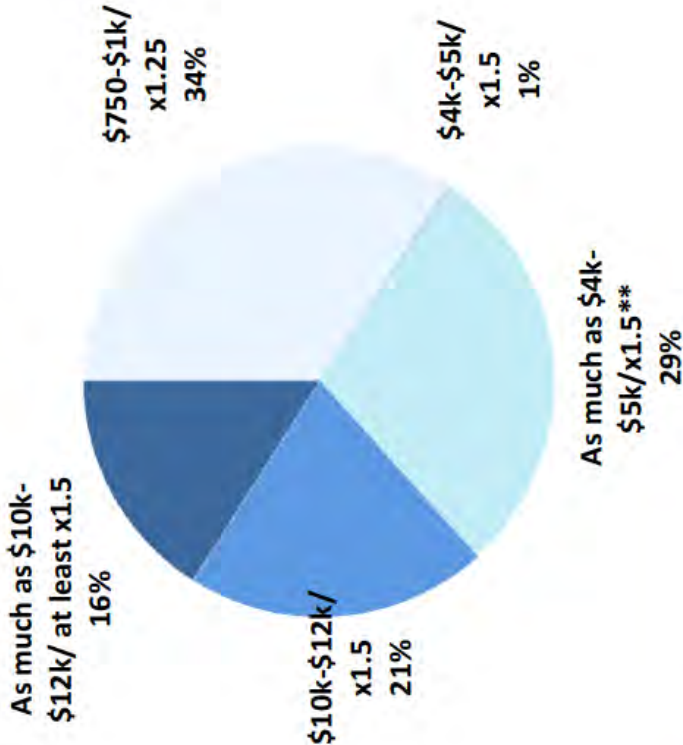
Note: "Don't know" not shown

Conversion breakdown: 62% of those who saw the lowest cost scenario would convert



Thinking about both this price difference and the conversion costs, how likely would be to convert your home heating system to natural gas when it became available?
[asked of all respondents]

Cost Scenario



Note: The conversion cost scenario assigned to respondents is dependent on their reported heating system type and fuel source, and includes responses of "other". The "other" respondents have been recoded to fit into one of the main types of heating if applicable, however in all cases the cost scenario shown to the "other" respondents was the other/Don't Know cost scenario (As much as \$10k-\$12k/< 1.5 times).

**Due to low n-sizes, the "As much as \$4k-\$5k/1.5x" category is combined with the "\$4-\$5k/1.5x" category for all analysis.

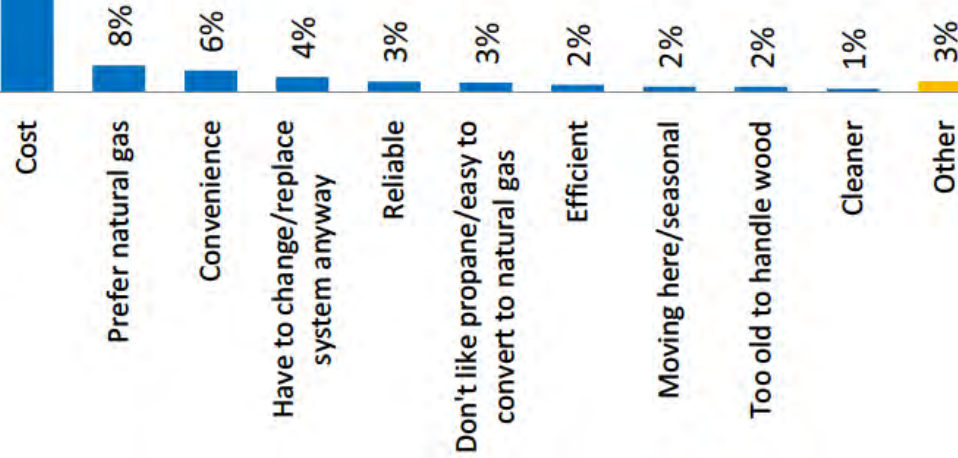
Motivators in converting heating/not: cost is the main factor for those converting or on the fence about it



And what's the main reason why you would/would not convert? OR What does it depend on?
[asked of all respondents, depending on their answer to likelihood of conversion to natural gas]

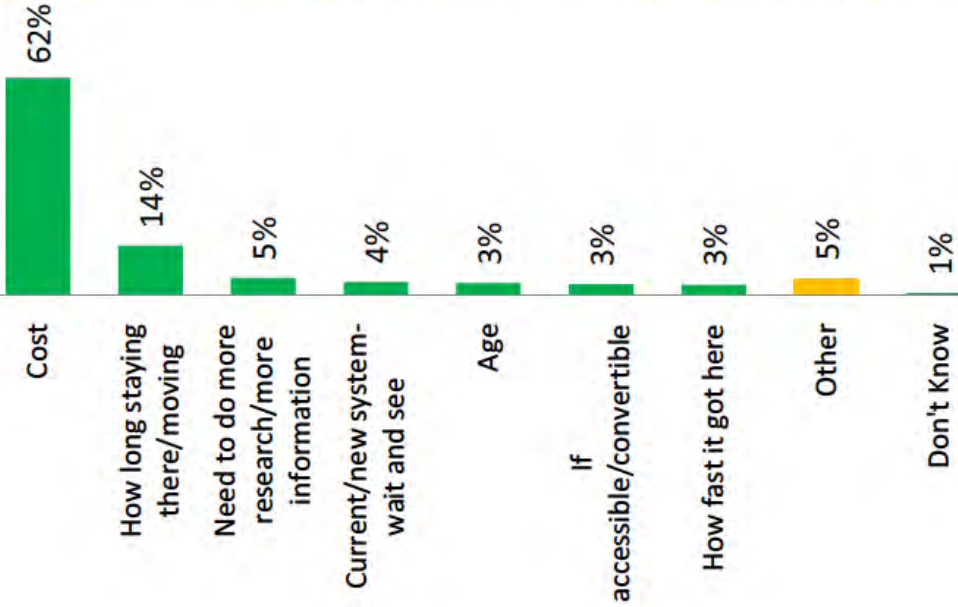
"Would convert"

[n=229]



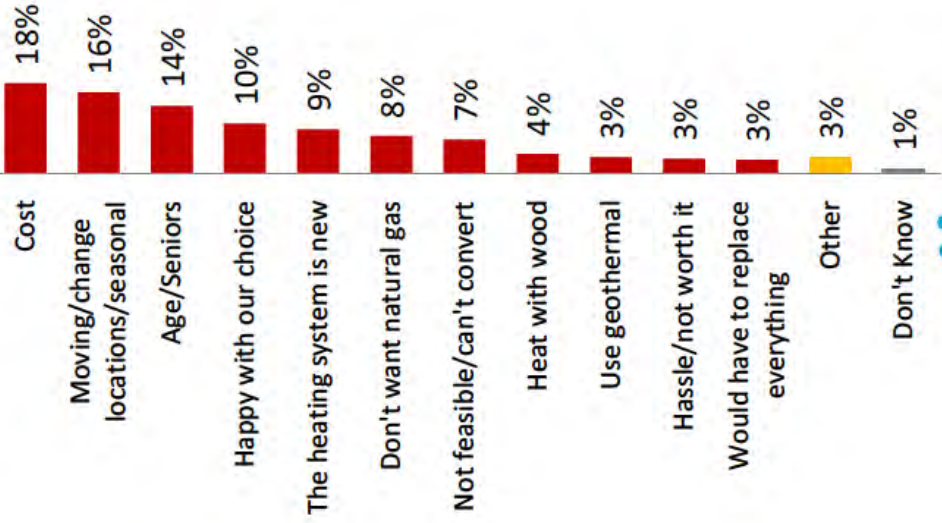
"It depends on..."

[n=128]



"Would not convert"

[n=263]



INNOVATIVE
RESEARCH GROUP

Note: "Refused"/"Bad respondent" not shown

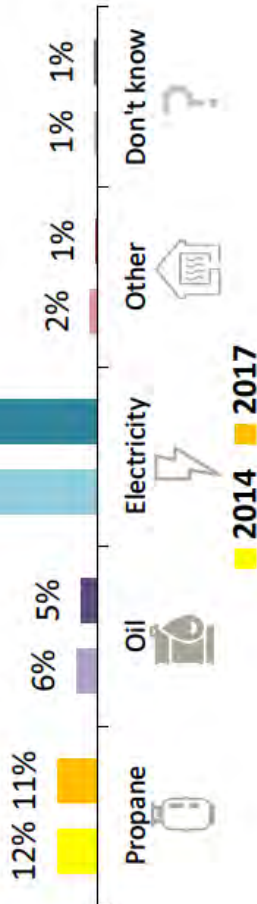


Water Heating

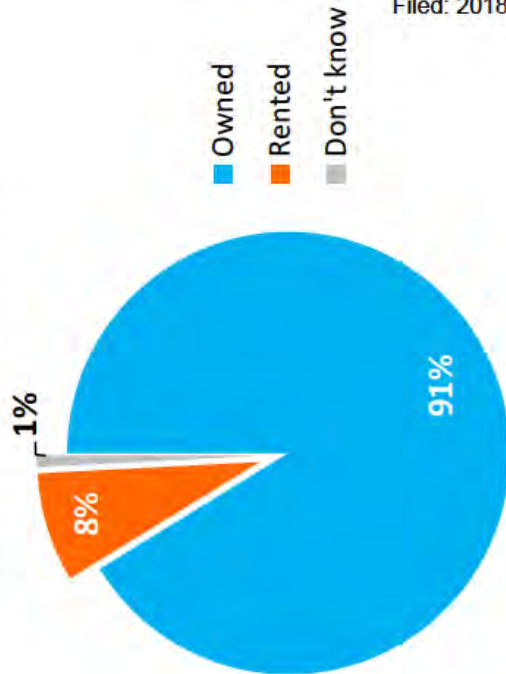


Demographics: Water Heating Profile

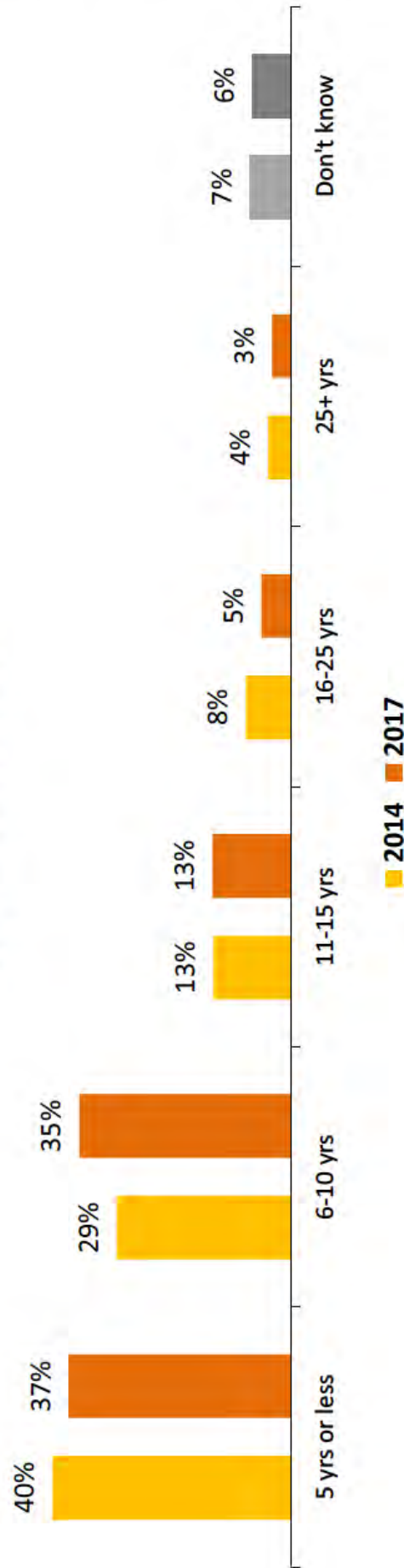
Water Heater Fuel Source



Water Heater Ownership



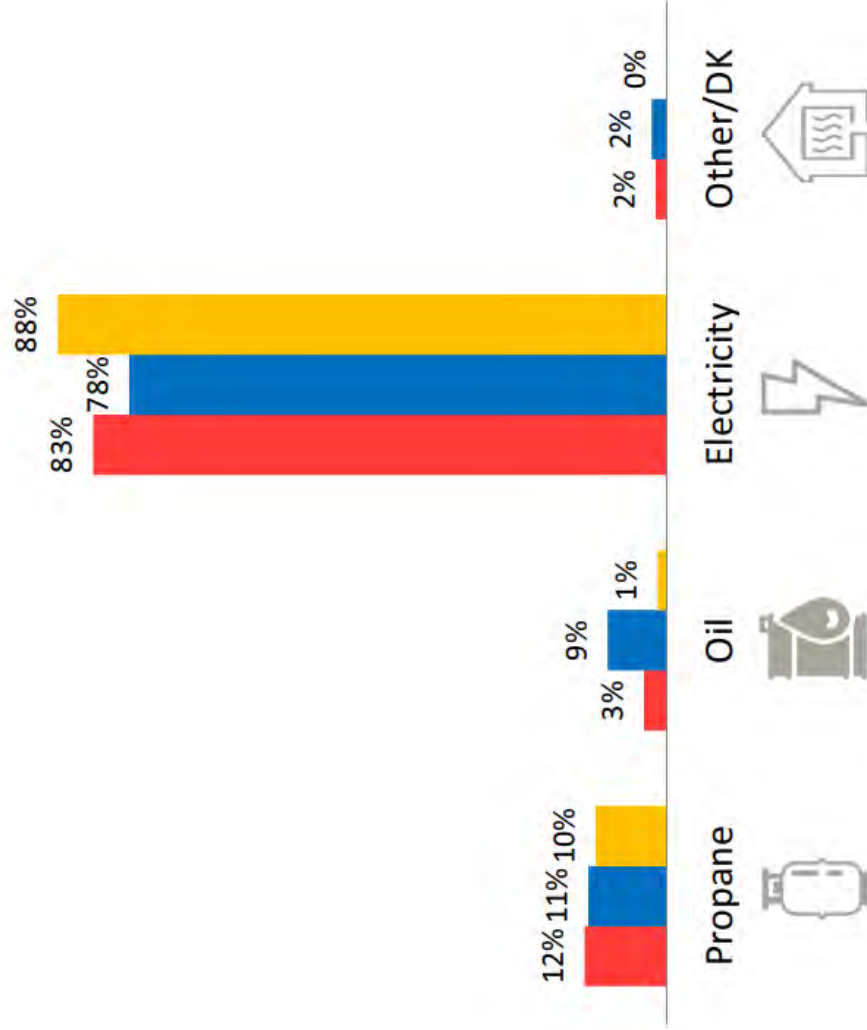
Age of Water heater



Type of water heating by municipality: strong majority uses electricity to power water heater and own their own heater



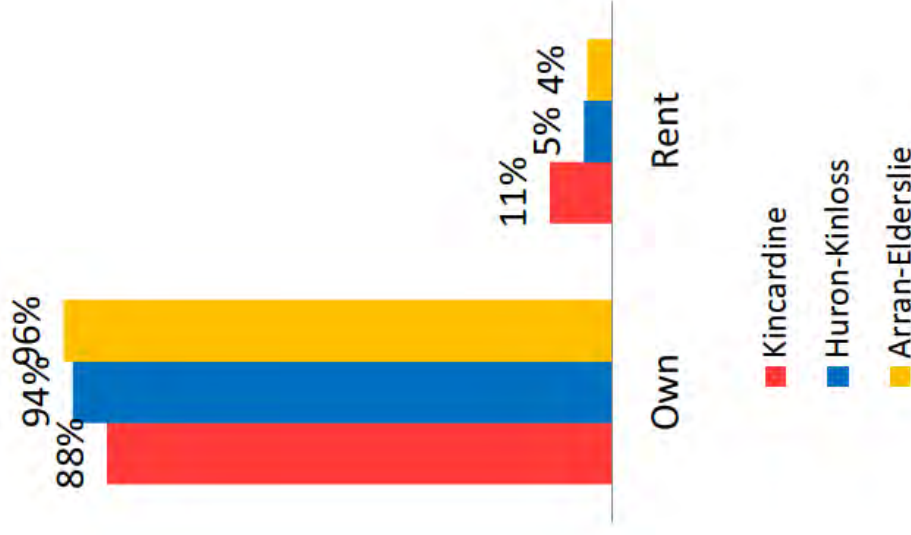
What is the main fuel source for your water heater?
[asked of all respondents]



Kincardine Huron-Kinloss Arran-Elderslie



Is your water heater owned or rented?
[asked of all respondents]



Kincardine

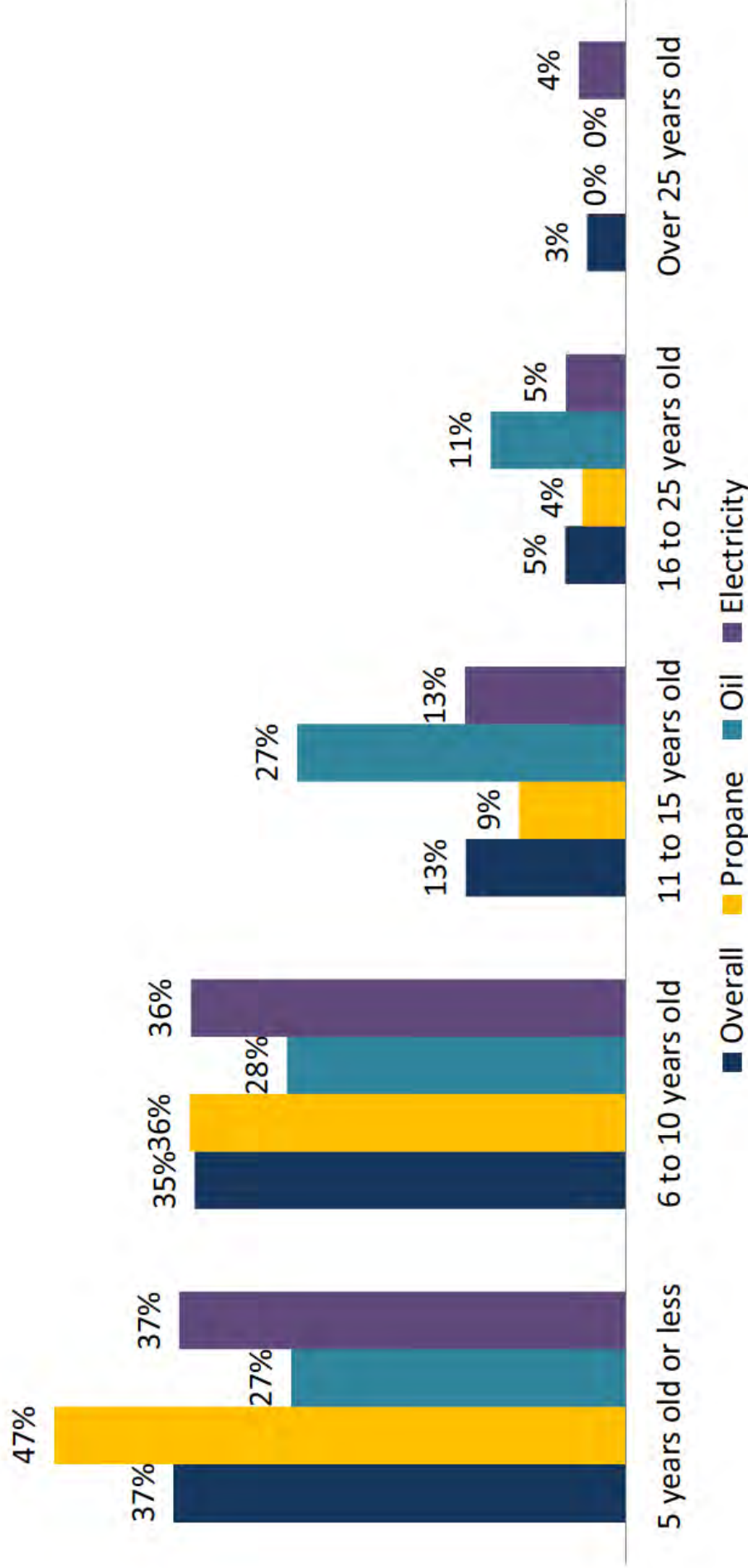
Huron-Kinloss

Arran-Elderslie

Age of water heater *by* fuel source: close to half (47%) of propane water heaters are 5 years old or less



And how old is your water heater?
[asked of all respondents]



Note: 'Don't Know' not shown

Water Heater Conversion Scenarios

Key Idea: Different conversion scenarios mean different costs and savings.

When respondents were asked about their interest in converting their water heaters they were given information about the estimated costs and savings they would face based on the type of water heater they used. They were told:

- **If they own a propane water heater:** *“Most propane water heaters can be readily converted to natural gas but, if a liner is needed, the conversion may cost up to \$1000.”*
- **If they own a different kind of water heater:** *“The purchase and installation of a typical natural gas water heater costs about \$1,700 depending on the complexity of the installation.”*
- **If they rent a water heater:** *“Natural Gas water heaters can be rented. Typical monthly rental rates range from \$13 per month to \$24 per month. Depending on your home, there may be additional expenses for the conversion.”*

And then everyone was informed that: *“Over the past few years the price of [FUEL SOURCE] has tended to be [PRICE RATIO] the price of natural gas.”*

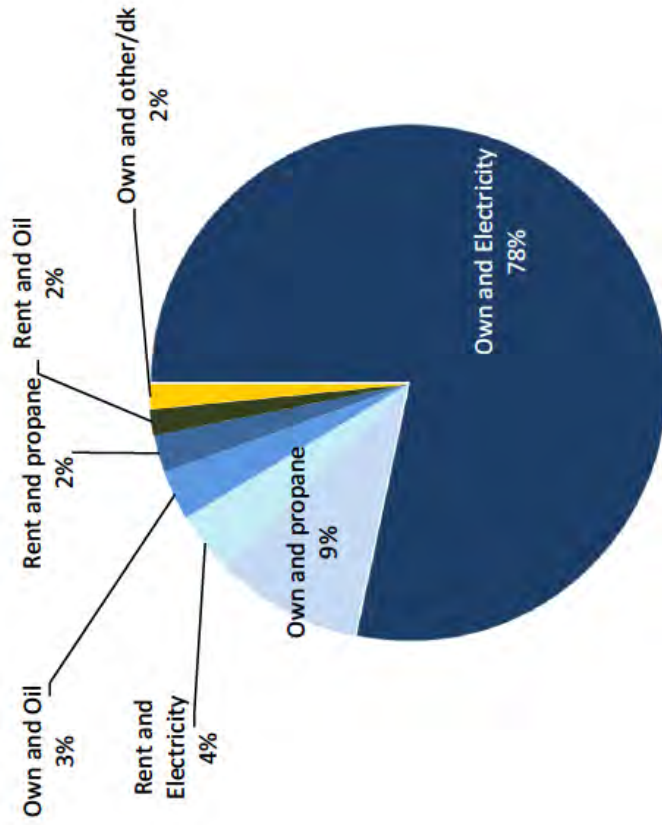
- **The scenarios can be summarized as follows:**

This information is as follows:

	Propane	Electricity	Oil	Other/Don't Know
Own	COST: up to \$1000 PRICE RATIO: 1.25x	COST: \$1700 PRICE RATIO: 1.5x	COST: \$1700 PRICE RATIO: 2x	COST: \$1700 PRICE RATIO: approx. 1.5x
Rent	COST: \$13-\$24/month PRICE RATIO: 1.25x	COST: \$13-\$24/month PRICE RATIO: 1.5x	COST: \$13-\$24/month PRICE RATIO: 2x	COST: \$13-\$24/month PRICE RATIO: approx. 1.5x

Water Heater Conversion Breakdown

Water Heater Scenarios



Note: The conversion cost scenario assigned to respondents is dependent on their reported water heating fuel source, and includes responses of “other”. The “other” respondents have been assigned the cost scenario of \$1700/1.5x.

Fuel Type/ Ownership	Conversion Costs
Own and electricity	COST: \$1700 PRICE RATIO: 1.5x
Own and propane	COST: up to \$1000 PRICE RATIO: 1.25x
Rent and electricity	COST: \$13-\$24/month PRICE RATIO: 1.5x
Own and oil	COST: \$1700 PRICE RATIO: 2x
Rent and propane	COST: \$13-\$24/month PRICE RATIO: 1.25x
Rent and oil	COST: \$13-\$24/month PRICE RATIO: 2x
Own and other/DK	COST: \$1700 PRICE RATIO: approx. 1.5x

Likelihood to convert water: 'not likely' down 10 points since 2014; large households and high earners most likely

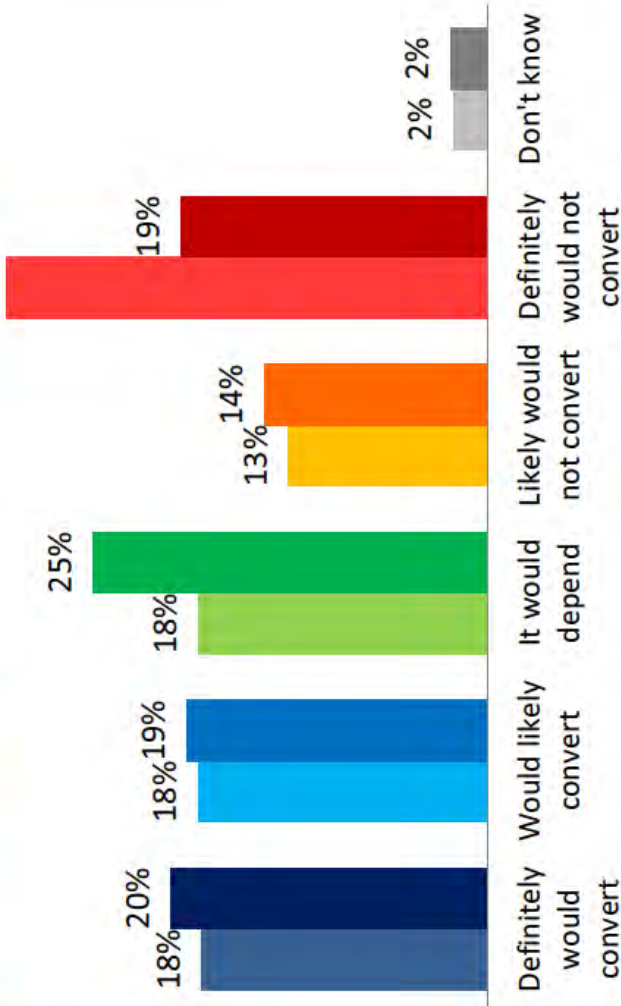
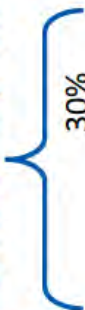


Considering this, how likely would you be to convert your water heater to natural gas if it became available?
[asked of all respondents]

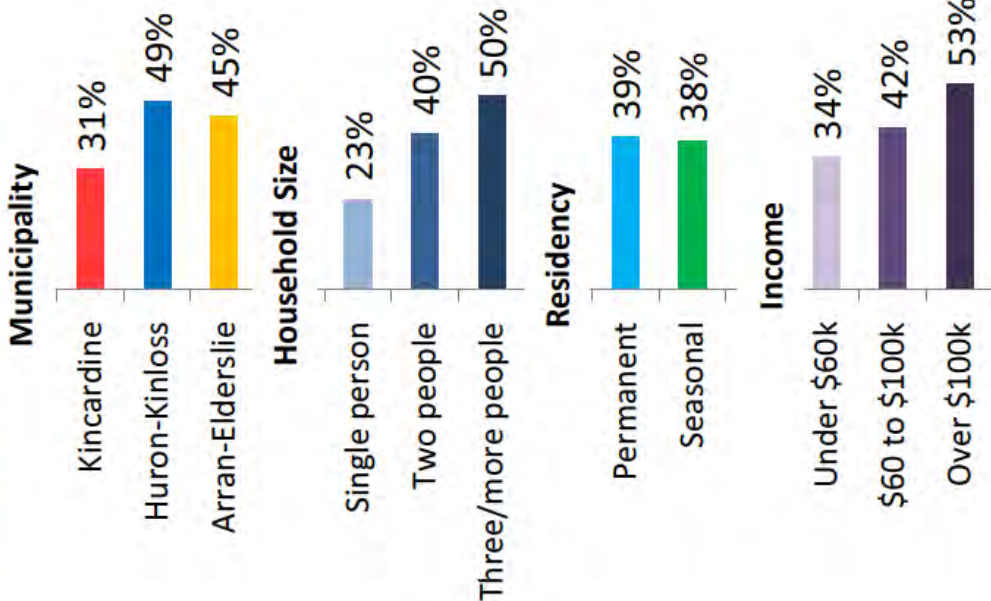
Sample Breakdown ▶▶
Those who say "definitely" or "likely"

2017 Likely: 39%
2014 Likely: 36%

2017 Not Likely: 34%
2014 Not Likely: 43%



■ 2014 ■ 2017

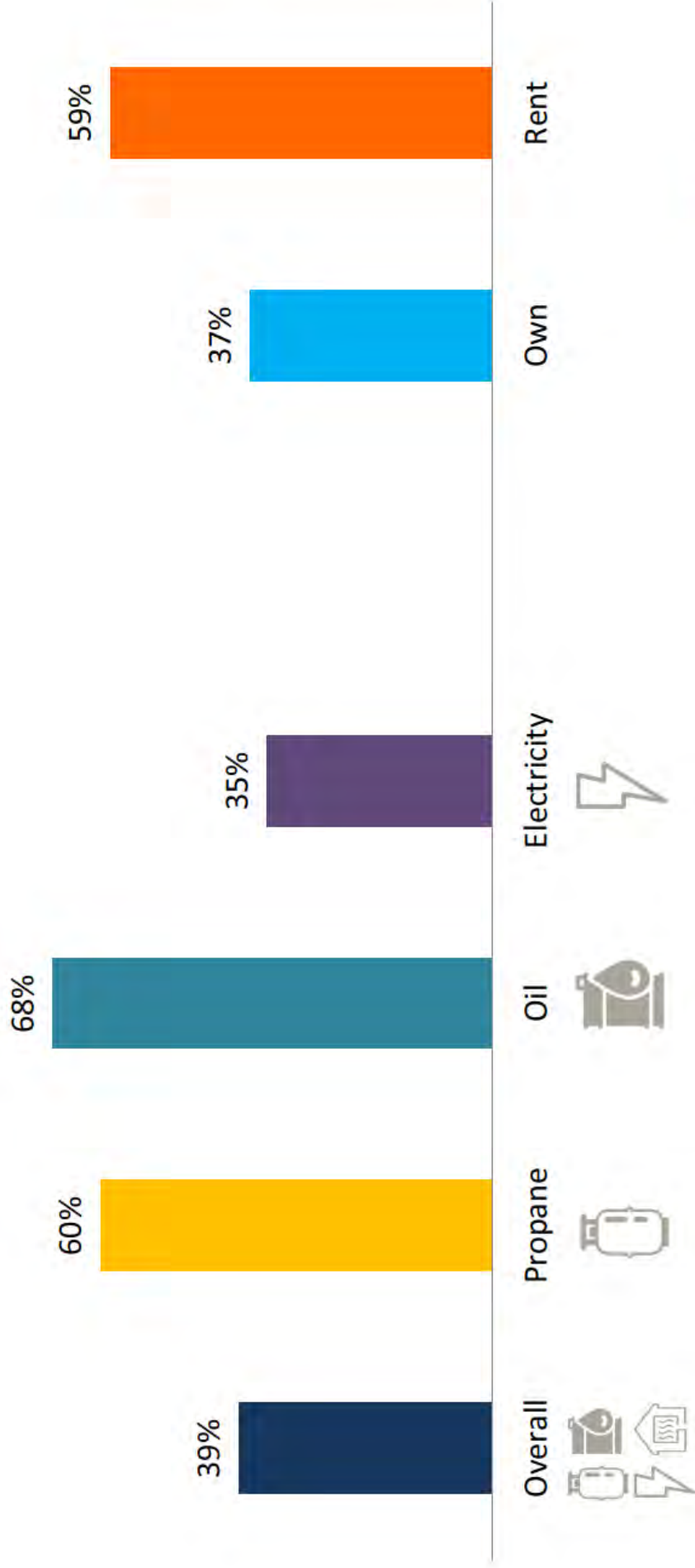


Conversion breakdown: 2-in-3 (68%) of those with oil water heaters would likely convert; 59% of those who rent



Considering this, how likely would you be to convert your water heater to natural gas if it became available?
[asked of all respondents]

% Who would likely or definitely convert



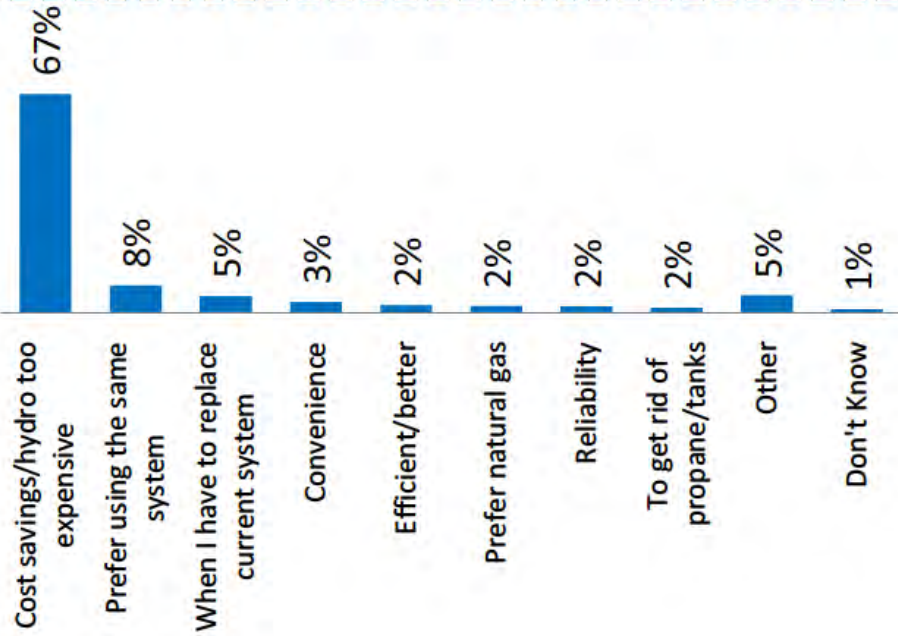
Motivators in converting water/not: xx



And what's the main reason why you would/would not convert? OR What does it depend on?
[asked of all respondents, depending on their answer to likelihood of converting their water heating system]

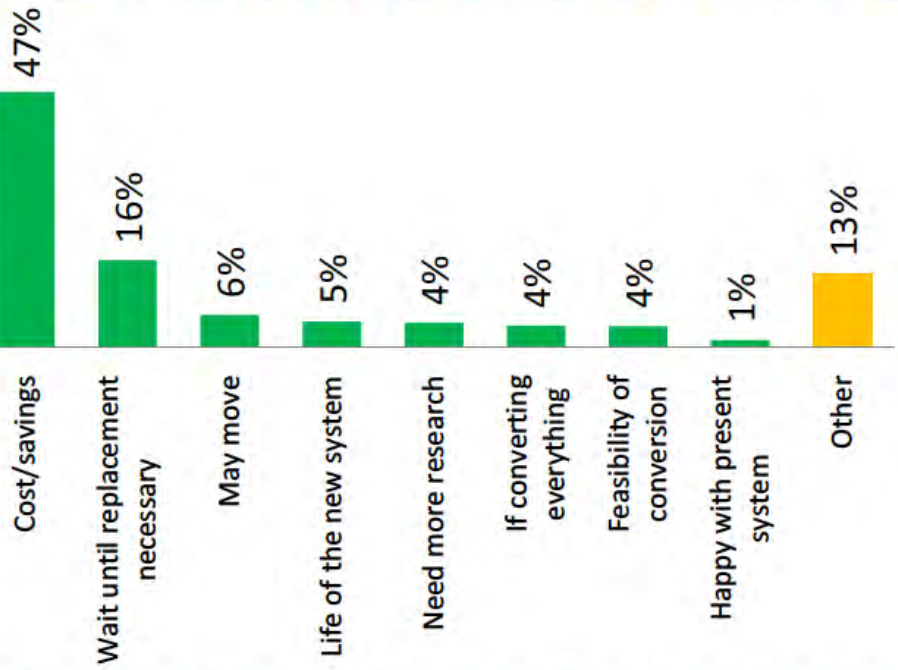
"Would convert"

[n=193]



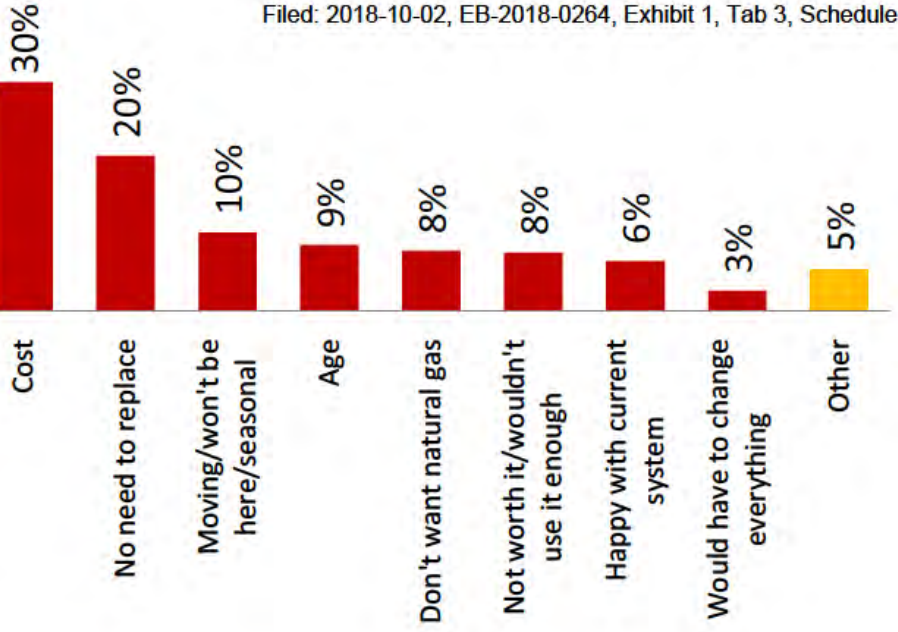
"It depends on..."

[n=123]



"Would not convert"

[n=165]



Urgency of Conversion



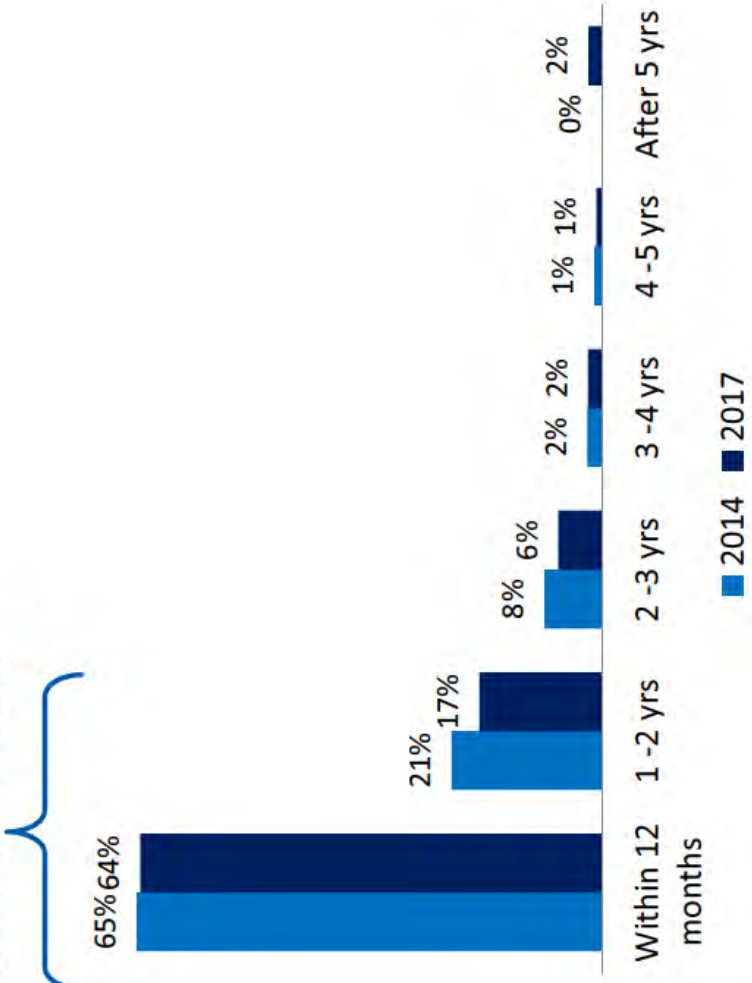
Timeline of conversion: over 4-in-5 (82%) are likely to convert within 2 years; especially high earners and large households



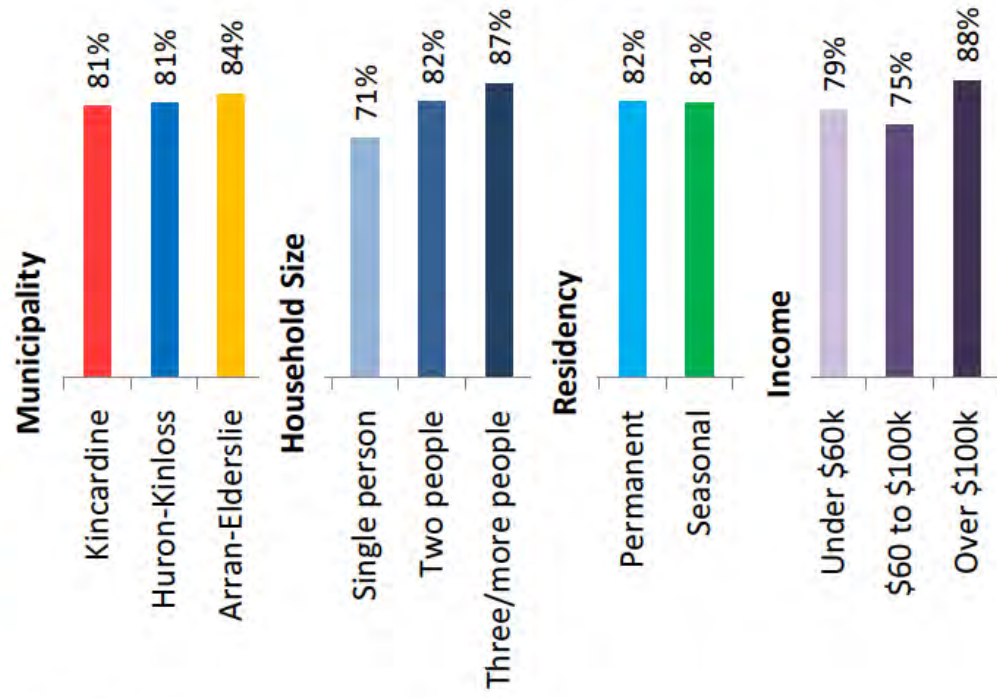
[2017 Question] Given your interest in converting at least part of your home to natural gas, assuming gas service is available *January 2018*, when would you likely convert?
[only asked of those at least “likely” to convert one or both of home and water heating, n=262]

[2014 Question] Given your interest in converting at least part of your home to natural gas, assuming gas service is available *after January 2016*, when would you likely convert?
[only asked of those at least “likely” to convert one or both of home and water heating]

2017 Within 2 yrs.: 82%
2014 Within 2 yrs.: 86%



Sample Breakdown ▶▶
Those who say “Within 2 years”



Note: ‘Don’t Know’ 2014 (3%), 2017 (8%) not shown

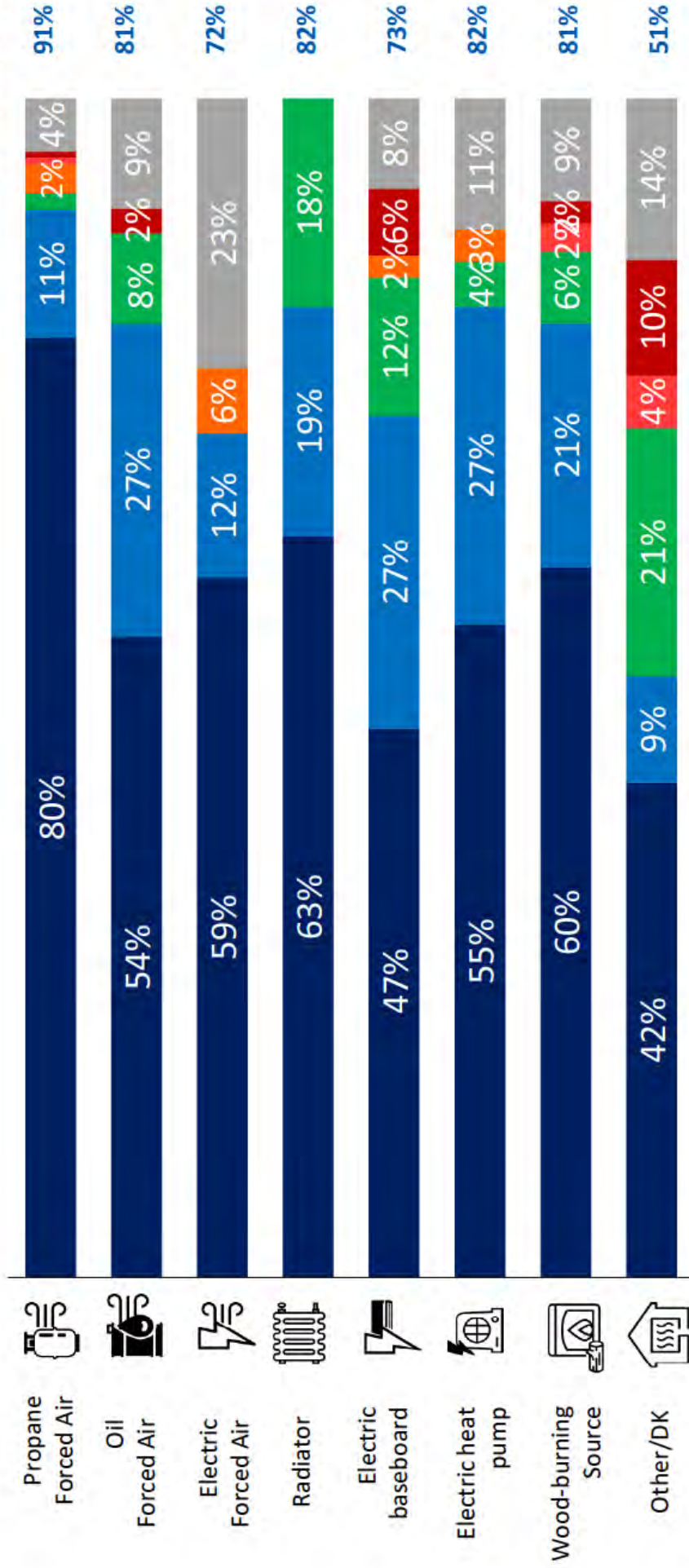
Conversion breakdown: 91% of those with a propane forced air system would likely convert within 2 years



Given your interest in converting at least part of your home to natural gas, assuming gas service is available January 2018, when would you likely convert?

[only asked of those at least "likely" to convert one or both of home and water heating, n=262]

% Within 2 yrs.



■ Within 12 months ■ 1 - 2 yrs ■ 2 - 3 yrs ■ 3 - 4 yrs ■ 4 - 5 yrs ■ After 5 yrs ■ Don't know

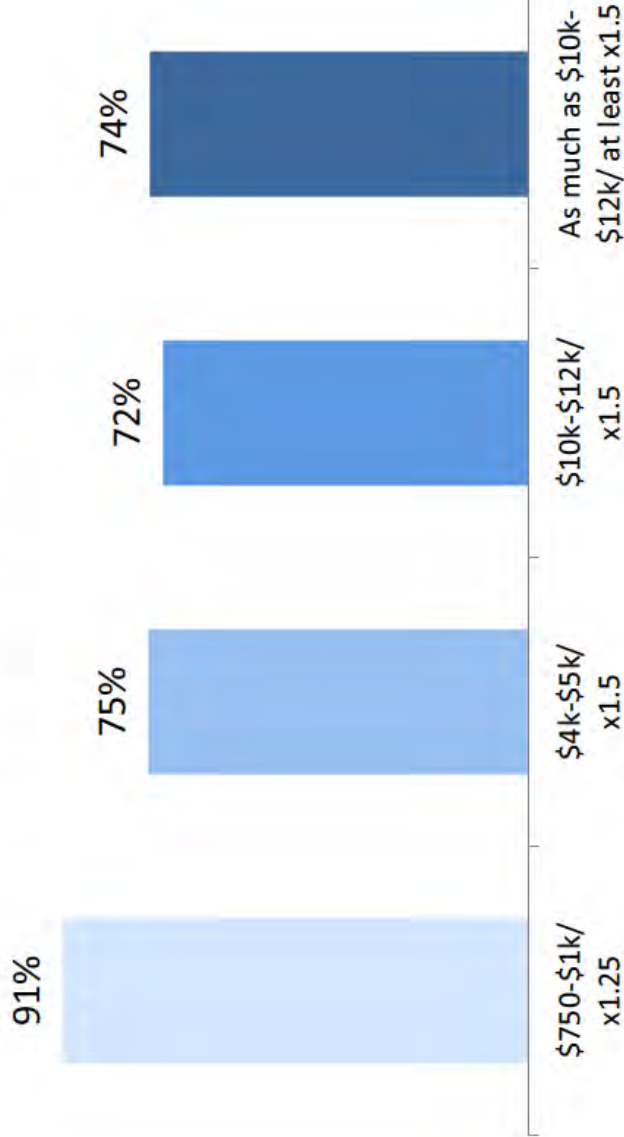
Urgency by costs & water heater conversion: 91% of those with the lowest conversion cost likely to convert within 2 yrs.



Given your interest in converting at least part of your home to natural gas, assuming gas service is available *January 2018*, when would you likely convert?
[only asked of those at least "likely" to convert one or both of home and water heating, n=262]

% Convert *within two years*

Home Heating Conversion Scenario (cost to convert & fuel price ratio)



Water Heating Conversion Only [n=33]



Conversion grant: 87% would likely convert within the first year if given a grant with 32% saying ‘very likely’



If a grant of between \$400 and \$500 were available to help with conversion costs for those who converted within the first year of natural gas service, how likely would you be to convert within the first year?

[asked only of respondents who would likely convert between 1-4 years after natural gas availability, n=66]

Likely: 87%



54%

32%

9%

4%

Very likely

Somewhat likely

Not very likely

Not at all likely

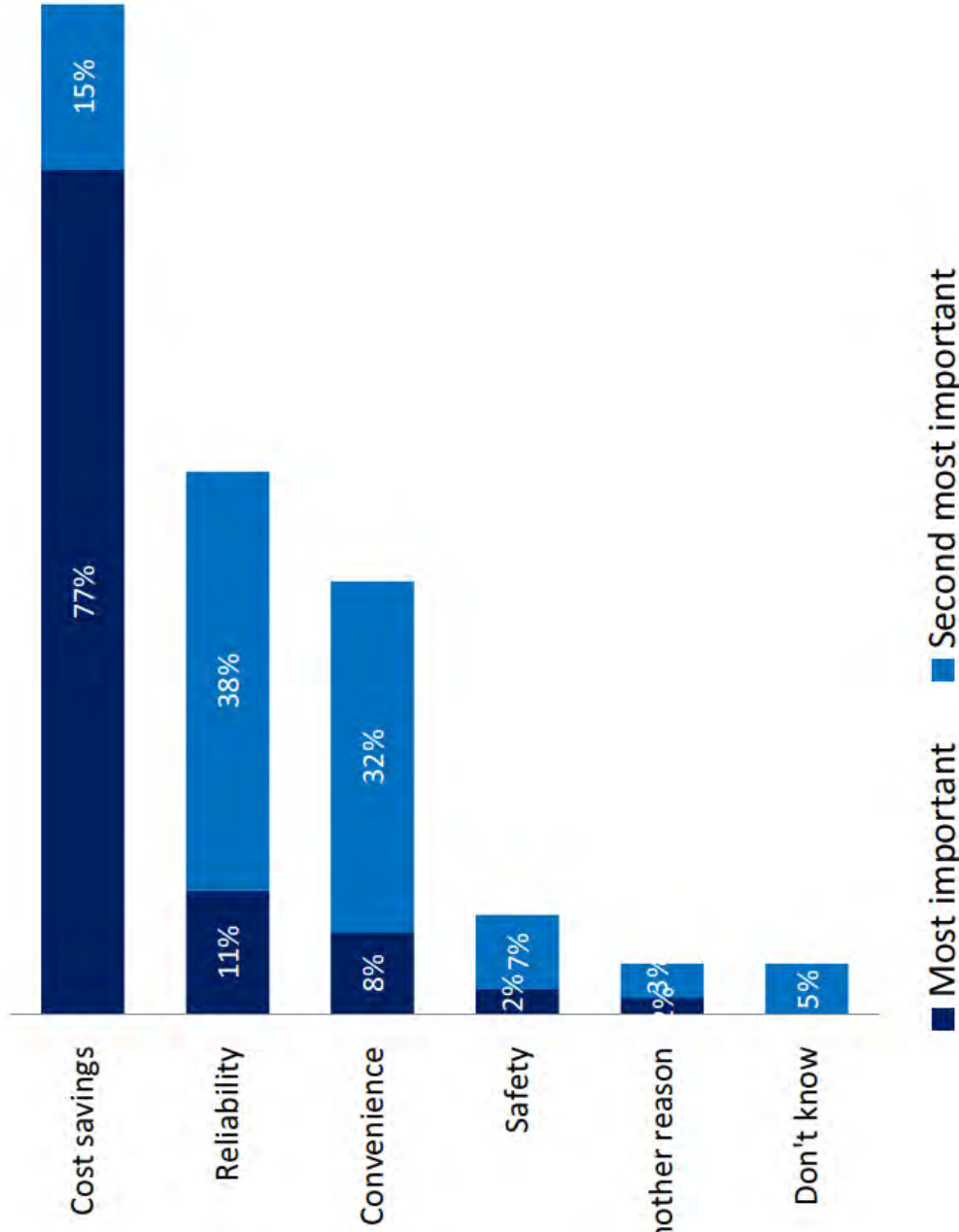
Considerations when Converting



Reasons for converting: cost savings are the top issue among a majority (77%) of respondents



There are a number of reasons why homeowners would consider converting to natural gas. For you, which of the following reasons is the most important? **AND** which reason is the second most important?
[asked of all respondents, depending on their answer to likelihood of converting their water heating system, n=262]



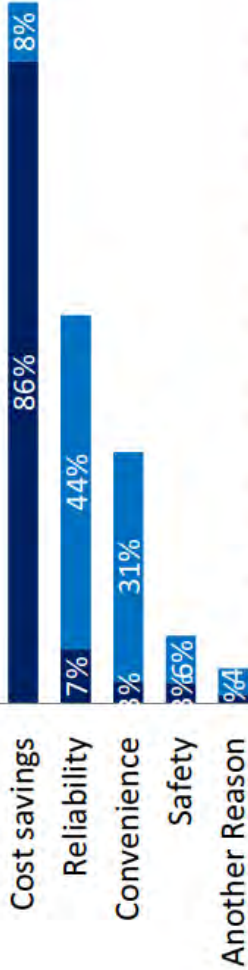
Note: "Refused" not shown

Reasons for converting *by municipality*: cost savings are cited as most important issue in all municipalities



There are a number of reasons why homeowners would consider converting to natural gas. For you, which of the following reasons is the most important? **AND** which reason is the second most important?
[asked of all respondents, depending on their answer to likelihood of converting their water heating system]

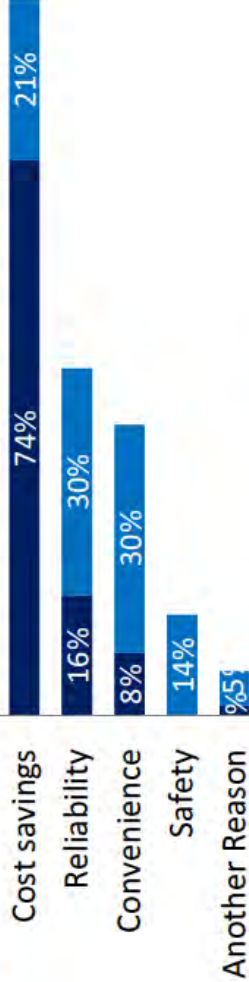
Kincardine



Huron-Kinloss



Arran-Elderslie











■ Most important ■ Second most important

Reason for converting *by* home heating type: those with electric forced air most likely to say cost savings



There are a number of reasons why homeowners would consider converting to natural gas. For you, which of the following reasons is the most important? *AND* which reason is the second most important?
[TABLE RESULTS DISPLAY MOST IMPORTANT ISSUE]
[asked of all respondents, depending on their answer to likelihood of converting their water heating system]

Reason to Convert

		Cost Savings	Reliability	Convenience	Safety	Another reason
	Propane forced air	73%	15%	8%	4%	-
	Oil forced air	86%	8%	6%	-	-
	Electric forced air	92%	8%	-	-	-
	Radiator	72%	3%	17%	4%	4%
	Electric baseboard	90%	5%	2%	3%	-
	Electric heat pump	79%	16%	-	-	5%
	Wood-burning source	76%	7%	12%	-	5%
	Other/Don't know	49%	21%	19%	4%	7%

Home heating type

Monthly Cost Saving Scenarios

Key Idea: Different conversion scenarios mean different costs and savings.

Respondents were randomly assigned either a low, medium, or high monthly cost savings scenario. The estimated savings for their scenario were based on home heating system type.

Respondents were then asked whether or not they would convert based on these specific, hypothetical cost savings.

The estimated savings for each heating system type were as follows:

		Forced Air	Hot Water Radiator	Heat Pump	Baseboard
Best Case: higher savings	Propane	Low: \$20 Medium: \$35 High: \$45		N/A	N/A
	Oil	Low: \$55 Medium: \$85 High: \$110		N/A	N/A
Worst Case: lower savings	Electricity	Low: \$70 Medium: \$105 High: \$140			
	Other/DK	Low: \$70 Medium: \$105 High: \$140		N/A	N/A

Typical Scenario

*Those whose heating scenario was not reflected in the above table were shown a "typical" cost scenario with the following costs and figures.

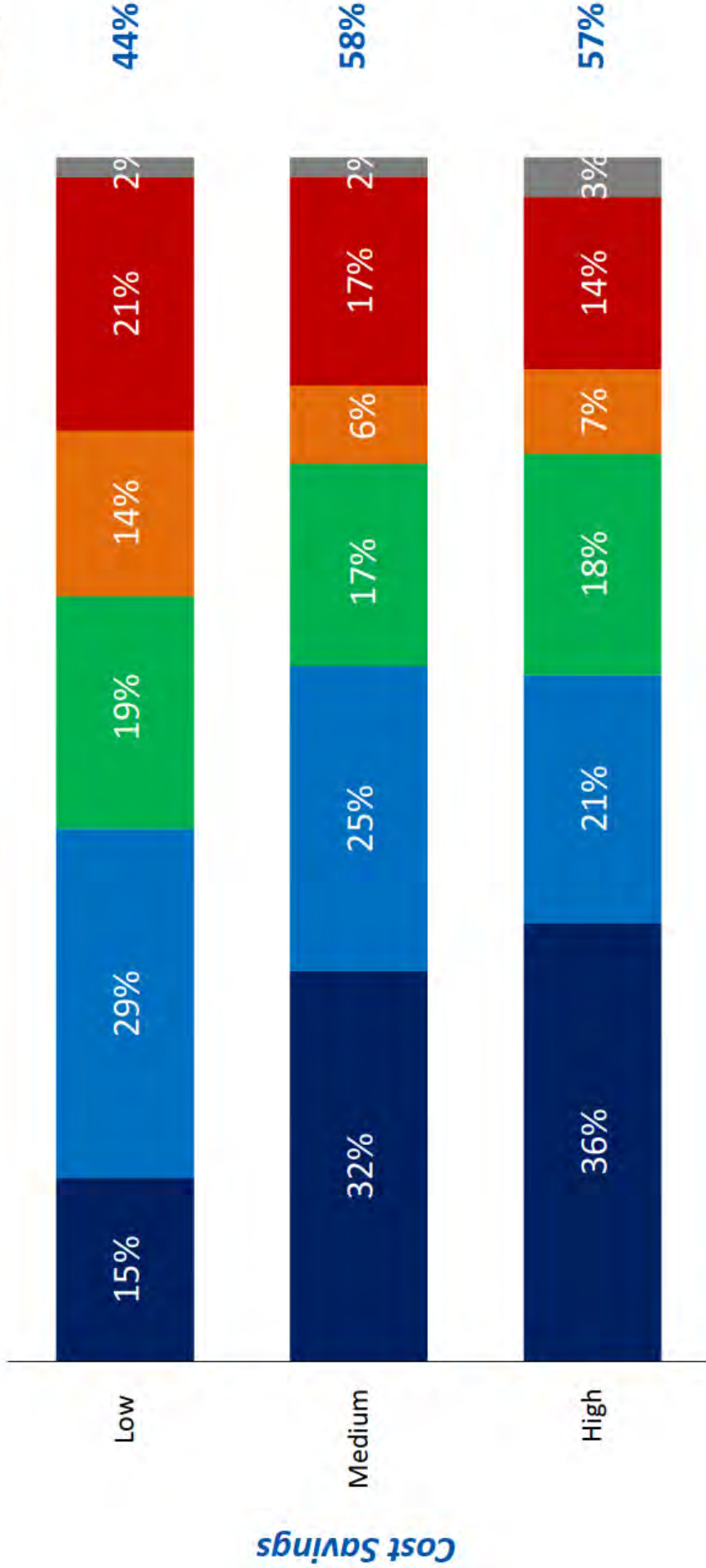
Note: The frequency of heating system types reported above includes responses of "other" from which the open-ended answer was later recoded as one of the main types. However in all cases the cost scenario faced by these respondents was the **other/Don't Know** cost scenario.

Monthly cost savings: those with medium and high cost savings both equally likely to convert



The cost savings from natural gas can depend on a number of factors. However, if your bill were [SAVINGS SCENARIO] less per month than it currently is, how likely would you be to convert to natural gas?
[asked of all respondents, low n=167, medium n=175, high n=158]

% Likely

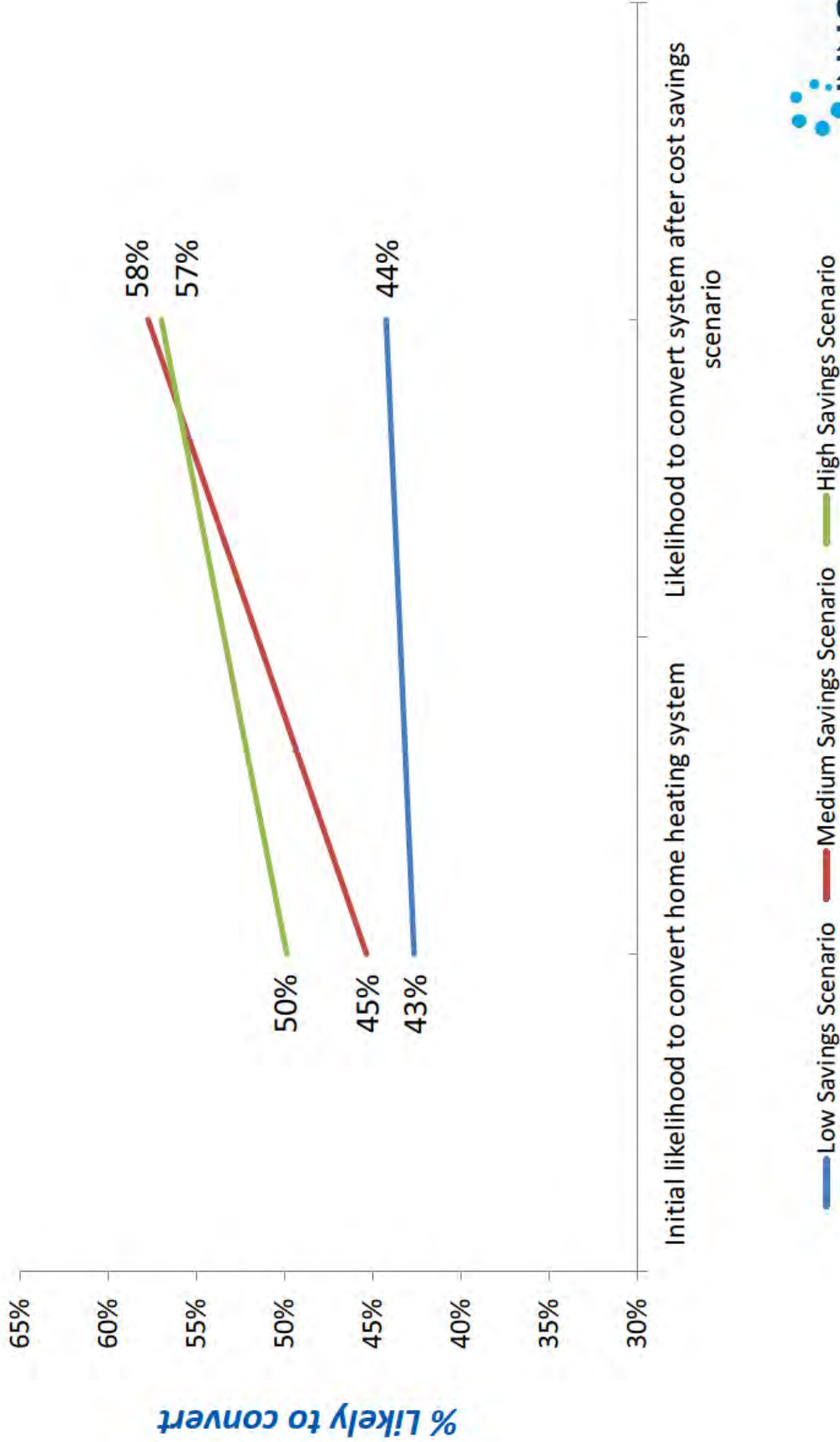


- Definitely would convert
- It would depend
- Definitely would not convert
- Would likely convert
- Likely would not convert
- Don't know

Monthly cost savings: medium and high savings scenarios both increase conversion to near 6-in-10 households



Likelihood to convert home heating system and likelihood to convert system after introduction of specific cost savings scenario **BY** Specific cost saving scenario
[asked of all respondents]





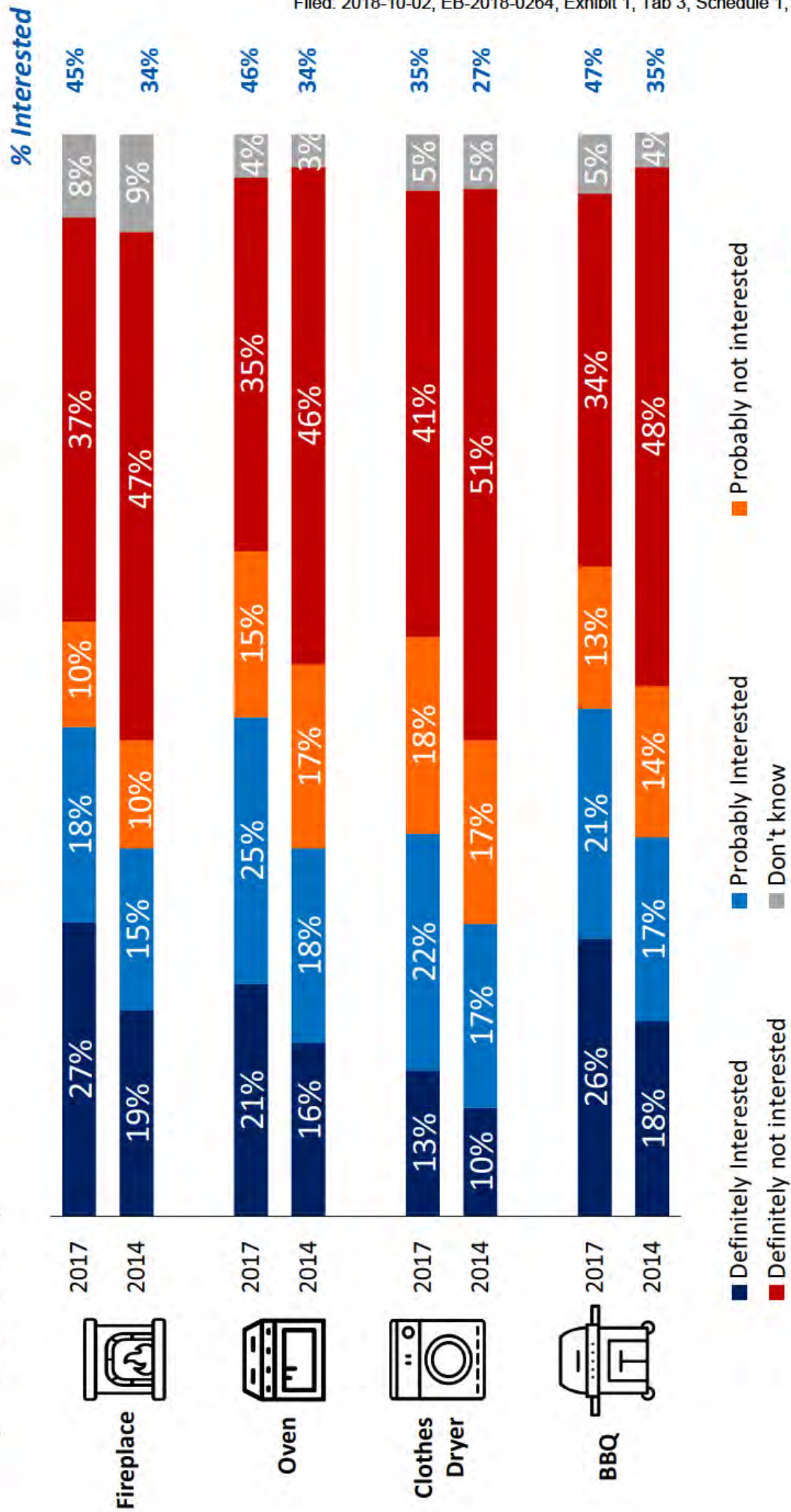
Other Appliances



Converting other appliances: Increase in those interested in converting secondary appliances



I am going to read you a list of appliances that could be powered by natural gas. For each appliance, please tell me if you would be definitely interested, probably interested, probably not interested or definitely not interested in natural gas for the appliance.
[asked of all respondents,]



Technical Appendix



Sample Regions

- The sample was designed only to contact residents who would likely be eligible for gas service according to the most recent version of the pipeline route.
- The project will provide service in the following communities (with municipality in brackets):
 - Kincardine excluding outlying rural areas (*Kincardine*)
 - Tiverton (*Kincardine*)
 - The lakeshore from Kincardine to Point Clark (*Huron-Kinloss*)
 - Ripley (*Huron-Kinloss*)
 - Lucknow (*Huron-Kinloss*)
 - Chesley (*Arran-Elderslie*)
 - Paisley (*Arran-Elderslie*)
- Inclusion in the sample was based on the 6-digit postal code of each household address as well as geo-location of individual addresses where necessary for a more precise match. Only households whose postal codes matched the service area would be included.

- The included postal codes were:
 - **Kincardine and the Lakeshore:** Every postal code in FSA N2Z except the rural postal codes of N2Z 2X4 and N2Z 2X5
 - **Tiverton:** N0G 2T0
 - **Ripley:** N0G 2R0
 - **Lucknow:** N0G 2H0
 - **Chesley:** N0G 1L0
 - **Paisley:** N0G 2N0

Sample Stratification and Weighting

- The sample was stratified between non-permanent residents and permanent residents in each municipality.
- Stratified random sampling ensures that a fully representative population is included in the sample, in this case the sample was designed to be properly representative of each municipality, and also to represent non-permanent residents as fully as possible.
- Non-permanent residents were defined as owners of households that are in the service area, who use a mailing address outside of the sample region to receive their property tax bills. Non-residential properties were filtered from this sample list.
- Quotas were established for each strata using a combination of property tax roll data and Statistics Canada household counts (see Table 1 on following slide)
- Weighting was applied among permanent residents using Statistics Canada data to ensure the sample was representative of household size and municipality (see Tables 2 and 3 on following slide)

Sample Stratification and Weighting

Weight targets were based on Statistics Canada 2016 census data for the towns along the pipeline route within each municipality. In Huron-Kinloss, only data for the entire municipality was available. As such, these targets are based on the entire municipality, adjusted downward by the percentage of properties in the service area according to municipal tax rolls provided by the municipality.

Oversamples: To increase the overall reliability of results in the two smaller municipalities, respondents were oversampled in these municipalities. These larger samples are reflected in the unweighted tables below.

Table 1: Overall sample weight targets

Municipality	Permanent Residents			Non-Permanent Residents
	1 Person households	2 person households	3+ person households	
Kincardine	65	86	67	32
Huron-Kinloss	29	52	39	55
Arran-Elderslie	37	41	34	13

Table 2: Unweighted N sizes

Municipality	Permanent Residents			Non-Permanent Residents
	1 Person households	2 person households	3+ person households	
Kincardine	50	125	49	27
Huron-Kinloss	19	51	23	83
Arran-Elderslie	32	48	42	5

Table 3: Weighted N-sizes

Municipality	Permanent Residents			Non-Permanent Residents
	1 Person households	2 person households	3+ person households	
Kincardine	67	87	68	32
Huron-Kinloss	28	50	37	52
Arran-Elderslie	24	26	21	8



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For more information, please contact:

Susan Oakes

Vice-President

(t) 705-446-4699

(e) soakes@innovativeresearch.ca

Colin Whelan

Research Manager

(t) 604-379-8338

(e) cwhelan@innovativeresearch.ca

EPCOR UTILITIES INC.

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 Markham, ON L3R 0B8
 Phone: (905) 415-6367
 Email: rooly.georgopoulos@stantec.com

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 Specialist, Public Consultation
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EPCOR

Looking back

From the September 18, 1985, edition of *The Kincardine Independent*

*Four area high school students were sent to hospital after a school bus collided with a station wagon on the E Sideroad between the 8th and 10th Concessions of Bruce.

Two 14-year-olds and a 17-year-old, all from Tiverton, were treated and released at Kincardine Hospital while another 15-year-old was rushed to London Hospital for more extensive treatment of broken bones.

The driver of the station wagon was pinned in his car for some time after the crash and also needed medical treatment. He was taken to a Guelph Hospital after being treated in Southampton. The 23-passenger bus had been picking up students headed for Sacred Heart School in Walkerton when it met up with the station wagon on a knoll on the narrow sideroad.

*Tiverton council endorsed a blueprint for economic revival of the Bruce Nuclear Power Development Impact area. Throughout the year, nine other municipalities in the impact area, as well as Bruce County itself, endorsed the plan but Tiverton council decided in the spring of 1984 not to participate.

Tiverton had been the only dissenting municipality, but changed its tune after a downturn at the BNPD left more than 100 Tiverton residents without jobs.

*The 1985 Terry Fox Run raised more than \$6,800. A total of 126 people took part in the run, with Norm Paquette bringing in the most pledges with more than \$520.

*The Kincardine Barrians avenged a loss from the previous week and defeated Chatham 13-4.

*The Kincardine Riggin Texaco Atoms clinched the HYSA League championship with a win and a tie against rival Goderich.

Both teams went in with undefeated records. Kevin Laing scored

twice in a 4-1 win in the first game, with Wayne Hufford and Chris Rho-

dy adding single goals. The second game, a 2-2 draw, saw Kincardine

fight out of a 2-0 hole to salvage a tie and win the league title. Laing

scored both goals for the atoms.

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EPCOR

Submitted



Ripley's Taylor Pollard recently earned the title of Western Fair Rise 2 Fame Youth Talent Search champion. Pollard, right, is seen with fellow Danceology dancer Emily Plumsteel, who took the junior title.

Danceology's Pollard, Plumsteel take top spots at Western Fair Rise to Fame

Ripley's Taylor Pollard took top spot at the Rise 2 Fame youth talent search at London's Western Fair, taking \$1,500 in cash, title and trophy.

Troy Patterson
Kincardine News

The Lucknow Danceology member, Taylor Pollard, made three trips to London during the September 11-20, 2015 event, where approximately 100 qualify for quarterfinals in the Youth search from the previous week. Pollard came back for for semifinals on September 17, where the field was reduced to 36.

"We got the email Friday night after all the performances were completed that Taylor had qualified for the top 12 finalists," her mother Mary Ellen Pollard said in an e-mail. "She performed again and won!"

The three juniors who qualified were Ava Stoneman, Ava McCutcheon and Emily Plumsteel, all of Danceology.

Plumsteel took the title of Junior Rise 2 Fame Champion, a trophy and a cash award of \$250.

All four dancers qualified back in June at the Clinton Fair. The Junior girls qualified for a trio, and individually for their solos, Pollard said.

In semifinals all three qualified to move on with their solos. Ava McCutcheon performed her solo "Little Bird", Ava Stoneman performed her Acro solo "Music Box Dancer", and Emily Plumsteel, the Junior champion, won with her Acro routine "Everybody wants to be a Cat".

Out of 15 Junior finalists, three were from Danceology in Lucknow.

Pollard will be asked to perform throughout the year at events and will be showcased at next year's final performance.

Danceology studio director Jenna Hart-Andrew choreographed both of the winning routines.

Rise 2 Fame showcases young talent in any genre. The dancers competed against singers, bands, other dancers, contortionists, and variety acts.

Videos of their performances are available online at www.westernfairdistrict.com/western-fair/rise-2-fame

Ironmen

Continued from page 12

Then Greg Hansford scored for Wingham on assists from Matt McCracken and Karelse to end the period with Wingham in the lead 3-2.

That changed in the third period. Mount Forest dominated the play with four goals, Brendon Aitken from Dylan Brown, Ardis from Betts, Doug Costanzo from Michael Stefanelli and Butchart, and Betts unassisted.

Braeden Ellis was in net for Wingham.

Saturday night in Goderich it was a different story as the determined Ironmen team came out determined to win.

Both teams incurred a number of penalties – 20 minutes for Wingham and 22 for Goderich. But Wingham took full advantage of scoring opportunities with two power play goals, and stopped Goderich when they had the man advantage.

Wingham scored twice in the first period, McCracken from Karelse and Bailey Poels, and McNeil on the power play from Greg Hansford.

McCracken scored again in the second, an unassisted power play goal. A minute later, Goderich scored their only goal of the game, Mitch Newson from Mitch Kuik and Jesse McIntyre. Then Wingham took back control of the puck, with goals by Mitch Deelstra from McNeil and MacInnes, and Poels short handed from Josh Stewart.

Deelstra scored again in the third from McNeil, and assisted on McNeil's goal, with Kilgour getting the other assist.

The weekend also saw Walkerton claim a 5-2 win over Goderich, Mitchell defeat Hanover 4-3, Kincardine over Mitchell 3-2, Mount Forest over Hanover 7-4 and Walkerton edge out Kincardine 3-2.

This puts an undefeated Walkerton in sole possession of first place with 15 points, Kincardine a close second with 13 points, and Wingham and Mount Forest tied for third with four wins and three losses each for eight points.

Two Ironmen are in the top 10 scorers – Mitch Deelstra and Ryan McNeil, each with 10 points.

The Ironmen have two games scheduled for Thanksgiving weekend – Friday night at 8 p.m., Wingham hosts Mitchell. Saturday, the Ironmen travel to Kincardine for a 7 p.m. game.

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EPCOR

Kincardine Legion renovating clubroom, events upcoming

Jan McDonald
Legion Corner

In the coming weeks Kincardine Legion will be renovating the clubroom bar area.

The entire bar area will be affected but we will try to cause minimum disruption to service. The work being done will not affect any scheduled events or alter the bar hours. We ask that all patrons please be patient and I'm sure you will find the renovated bar area to be a vast improvement over the current setup.

Every Friday evening is a social night at the Legion beginning at 7 p.m. Meet and greet is held each Saturday with the first draw at 3 p.m. The next kitchen party (musical jam session) will be Friday Oct. 9 at 7 p.m.

The next trivia night is Friday Oct. 16 also at 7 p.m. This month's theme is Halloween so wear your favorite costume. It should also be mentioned that although hats are not normally allowed to be worn in the Legion, for this trivia night that rule is being waived if the headgear is part of a costume. It's also a good idea to arrive early since this is a very popular event and the room fills quickly.

On Wed. Oct. 14 a shuffleboard league will be starting at 7 p.m. This league will be made up of teams of two and is open to both men and women. The entry fee is just \$5 per person, so get a partner and contact Doug (doug@indigo.ca) or call 519-396-4114. Doug can provide you with all the details. The initial plan is to have games at 7, 8, and 9 p.m.

If you haven't purchased your tickets yet for the Cliff Brackman show you might want to do so before they run out. He puts on a really good show and provides great entertainment for everyone. His show at the Legion is on Oct. 23 at 7:30 p.m. and tickets are still available at the Legion, Re-Max, Home Hardware and Boston Pizza.

The annual veterans Zone C-1 Banquet and Reunion will be held in Exeter on Oct. 25. Anyone wishing to attend should contact Peggy Griffin-Petco at 519-396-4292.

Are you thinking about your Christmas party yet? Remember the Legion can provide groups of virtually any size. Call the office at 519-396-2772 for more detail or information.

Mrs. Kim Dorian, Provincial Service Officer, will be visiting our branch on Oct. 28. Anyone wishing information, advice, or assistance with disability benefits, restaurants, reviews and appeals, assistance for widows or any other questions should contact the branch at 519-396-3837 or Peggy Griffin-Petco at 519-396-4292.

For more information on these or other Legion events call 519-396-2772, go to our website at kincardinelegion.tripod.com, or on Facebook at Royal Canadian Legion Macdonald Bx 183 Kincardine.

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EPCOR

THURSDAY, OCTOBER 8, 2015 ■ GREY BRUCE THIS WEEK

■ PAGE 7

Program aims to save people from opiate overdose

Denis Langlois
Postmedia Network

The Grey Bruce Health Unit has launched a new program aimed at putting a life-saving drug into the hands of people at risk of a fatal opiate overdose.

The Take-Away Naloxone program, part of public health's Harm Reduction Strategy, will also equip people with vital information, according to Laurie Moore, a registered practical nurse at public health.

"What the training does is it talks about high-risk opiate use and how to reduce your risks and we talk about some signs and symptoms of the overdose and first response measures and proper administration of naloxone," she said in an interview.

The program, which is endorsed by the Ontario Ministry of Health and Long-term Care, officially launched Monday in Grey-Bruce, the same day as International Overdose Awareness Day.

Naloxone, which can reverse an overdose by blocking opiate receptors in the nervous system, comes in small glass vials and the drug is injected intramuscularly.

People who are eligible for the program — basically anyone who is at risk of an opiate overdose — can receive naloxone and the short training talk at public health.

People who use local needle exchange sites will be notified about the program.

Overdoses are now the third-leading cause of accidental death in Ontario.

In Grey Bruce, death or injury from an overdose has more than doubled from an average of 18 patients a year at the Owen Sound hospital from 2002 to 2007 to more than 50 a year since 2008.

Call public health at 519-376-9420 or 1-800-263-3456 or visit www.public-healthgreybruce.on.ca for more information.

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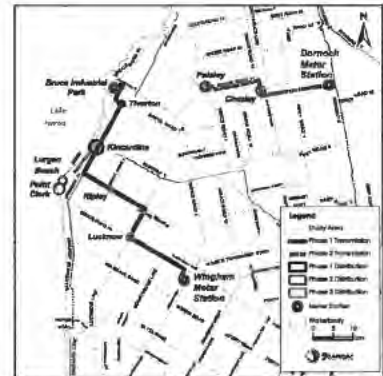
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Neustadt Cards results

September 8—solo—Howard Weltz 200 Dave Grubb and Ray Grubb tied 198 Ed Hahn 190 September 11 bid euchre—Rick 300 Harvey 299 Marj Weltz 274 Joy Grein 268 Glen Blake and Betty had moon shots September 15—solo—Diane Hyslop -first Dave Grubb -second Eric Weigel -third Joyce Weigel -fourth September 18—bid euchre—Don Zettler 311 Glen Blake 295 Cathy Kaufman 283 Ruth Pfeffer 282 Ron Hill and Jean Schurr had moon shots.

Hanover Seniors cards results

Hanover Seniors Club card results for Sept. 16
High Solo - Jack MacLeod - 128
Low Solo - Florence Bartman - 66
High Euchre - Bernice Sachs - 57
Low Euchre - Janet Campbell - 31
Everyone welcome Wednesdays at 1:30pm at 432 15th Avenue. Hall available for rental. Wheel chair accessible. For info call 519-364-4649.
Sept. 23
High Solo - Elsie Lipskie - 154
Low Solo - Rita Dosman, Joanna Allen - 84
High Euchre - Terry Bradley - 81
Low Euchre - Janet Campbell - 40
Sept. 30
High Solo - Dolores Bohnert - 186
Low Solo - Florence Bartman - 92
High Euchre - Claire Johnson - 59
Low Euchre - Terry Bradley - 40
High Solo - Dolores Bohnert - 186



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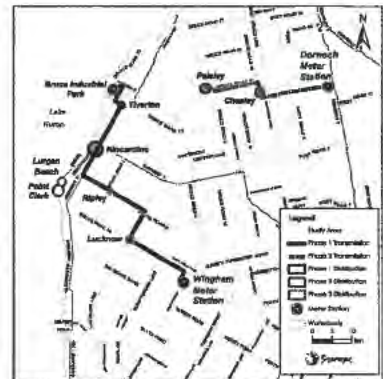
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HOME

KINCARDINE & AREA

Don't get overwhelmed by shed clutter

Despite other intentions, homeowners often turn their garages into storage centres for random, little-used items, leaving little to no room for the tools and even vehicles that actually belong in a garage. Such homeowners may turn to sheds to store their garage overflow and keep yard equipment at the ready, but storage sheds are not immune to clutter, and homeowners may find the very structure erected to keep them organized requires a bit of organization itself.

A well-organized shed can save homeowners time and energy, as it is easy to abandon or delay a project if you can't find that pair of work gloves you stashed. The first step to any organizing project is to take everything out of the shed and determine just what needs to go back in. Items that do not belong in the shed should be moved to their rightful locations or tossed in the trash if they are no longer needed. Make a pile of anything that will be kept, a separate one for donations and a third for garbage. Take inventory of what you have so you know whether you are missing any items or you have something and do not need to purchase another.

Now that the entire shed is empty, you can assess just how much room you have. Utilizing vertical and overhead space effectively can free up areas on the floor for larger equipment.

Shelving, racks, pegboards and any other materials that enable you to hang or store items off the floor are good investments. Visit your nearby home improvement retailer to find items that can simplify your storage. You also may be able to put scrap wood to use to make your own storage shelves or a work bench. Extra kitchen cabinets can be installed in the shed to organize additional items.

In order to remember where items go, label or sort them accordingly. Some people like to take organization a step further by tracing the outline of tools hung on the wall so they can be placed back in the same spot after use. This also serves as a visual reminder of which tools are missing and which ones need to be purchased.

Don't forget to utilize shed doors as additional storage space. Hang frequently used tools, such as rakes and shovels, on the inside of the doors so they will always be easily accessible.

You also can repurpose storage solutions designed for other areas of the home. For example, magnetic knife holders can be mounted to a shed wall to keep

paintbrushes organized. These holders also can be used to keep many small metal tools tidy. Metal funnels can hold twine and string. Thread through the narrow end of the funnel for a handy dispenser.

Keep dangerous substances off the floor and out of reach. Gasoline, chemical fertilizers and other potentially dangerous substances should be

stored high up to keep pets and children safe.

Make sure the shed floor is sturdy and level. This makes it easier to neatly store larger items. Roll in the lawn-mower, wheelbarrow and any other cumbersome items. Now that more things are mounted vertically, you should find that you have more area to move around.

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EPCOR

Town and Country Bowl

Submitted

Monday, September 28, 2015
Scores over 200: Anita Elliott 205, Charles Green 215
Ladies High Single: Anita Elliott 205
Mens High Single: Charles Green 215
Ladies High Triple: Anita Elliott 519
Mens High Triple: Charles Green 515

Tuesday, October 6, 2015
Team Standings: Team 4-4, Team 2-3, Team 1-1, Team 3-0
Ladies High Single: Janelle Gurr 206
Mens High Single: Charles Green 207
Ladies High Triple: Janelle Gurr 587
Mens High Triple: Emerson Howald 576

Carter's Crokinole Report

Peter Carter

An evening of fun and fellowship while playing crokinole was enjoyed on Wednesday, October 7 at the Scone School House.

First place for the men was shared by Al Carter and Peter Carter with a score of 48 followed closely by Clare Kuepfer with 46 and in third place was Jack MacLeod with 32 points. Al also took top spot in the twenties category with 47, second place went to Clare with 37 and Peter claimed third with 32.

On the ladies side top score went to Donna Caughy with 40 points second was Doreen Sulkie with 35 and Sharmaine Carter and Jo-Ann Carter tied for third with 32 points. Doreen topped the twenties count with 27 Jo-Ann placed second with 22 and third was a two way tie between Janet Diebel and Amelia Hartman with 21.

Door prizes were won by Amelia, Donna and Jo-Ann.

October 21 will be our next evening of crokinole beginning at 7:00 p.m.



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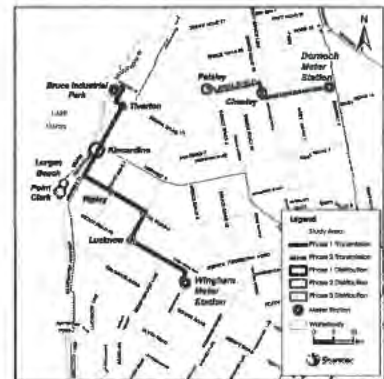
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EPCOR

Harkes honoured

Continued from page 1

Said Fire Chief Shawn Edwards, "Doug is very caring and compassionate about his community and Howick Township, and always at public education events and cooking at the twice-a-year firefighters' breakfasts."

"Doug is looked as a mentor and he really does enjoy working with the new firefighters and passing on his knowledge to make them better going forward."

Every year, Huron County Police Services - including both the OPP Huron detachment and Wingham Police Services - the county's fire departments and Emergency Medical Services each nominate one member of their team for serving the residents of Huron County above and beyond the call of duty.

Warden Paul Gowing presented awards to Harkes, and Paramedic of the Year Joel Paakkunainen. Police Officer of the Year Lincoln Dinning will be presented with his award at a later date.

"I am very proud to recognize these individuals for their outstanding service to our communities," said Gowing. "On behalf of the residents of Huron County, thank you to all first responders for providing assistance to those in need."

Hospital campaign

Continued from page 1

The renovations will be done over two-and-a-half years, and have already begun, with the ramp up to the front door that makes the front entrance fully accessible.

Wingham and District Hospital had 38,131 patient visits last year. The hospital is one of the area's largest employers, with 200 jobs.



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EPCOR

Whitney Crawford project to proceed

Darryl Coote
Kincardine News

Caused unanimously voted Wednesday, Oct. 7, for the Whitney Crawford Community Centre Committee (WCCC) to proceed with the first of three steps towards breaking ground on a new Whitney Crawford Community Centre.

The WCCC will now continue to work with NA Engineering who will confirm the viability of the two proposed sites for the new facility, which are the Thomson Library and the Thomson Arena.

NA Engineering quoted \$6,000 for time and expense to conduct this initial stage that will come from the Whitney Crawford Community Centre Reserve Fund, which presently contains \$63,744.

This first engineering step will include the establishment of high-level building requirements, zoning investigations and approximately three committee meetings, as well as other tasks, the motion reads.

Step two will finalize program requirements for the facility and initiate its conceptual design, with step two finalizing that design package.

The motion was presented during Committee of the Whole and was carried later during Minutes Arising so the WCCC could send the project forward.

Donation for robotics kits



Kathi Allen of the Society of Engineering recently presented a cheque for \$3,500 to Bruce County Public Library. The Library will use the funds to purchase Cubetto, Ozobot and MIBOX robotics kits that will teach children basic programming and coding at all 17 branches across the region. The program will benefit children like David Allen, pictured with his mom, Stephanie Allen, a student's programmer at the Library. Accepting the cheque on behalf of the Library is Henry Kuli, branch services and program coordinator.

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EPCOR UTILITIES INC.**NOTICE OF STUDY COMMENCEMENT AND PUBLIC INFORMATION SESSION
PROPOSED NATURAL GAS PIPELINES TO SERVE SOUTHERN BRUCE COUNTY**

The municipalities of Arran-Elderslie, Kincardine and Huron-Kinloss (the "Municipalities") in Southern Bruce County, Ontario, and EPCOR Utilities Inc. ("EPCOR") invite the public to attend information sessions to learn more about the proposed natural gas utility project.

EPCOR is proposing to build:

- A natural gas distribution network in the communities of Southern Bruce County, with a total length of approximately 145 kilometres (km).
- A natural gas pipeline transmission segment from Wingham Meter Station to Bruce Industrial Park by way of Ripley and Kincardine. This will consist of approximately 75 km of Nominal Pipe Size (NPS) 8-inch steel extra high pressure (XHP) pipeline.
- A natural gas pipeline transmission segment from Dornoch Meter Station to Paisley by way of Chesley. This will consist of approximately 35 km of NPS 4-inch XHP pipeline.

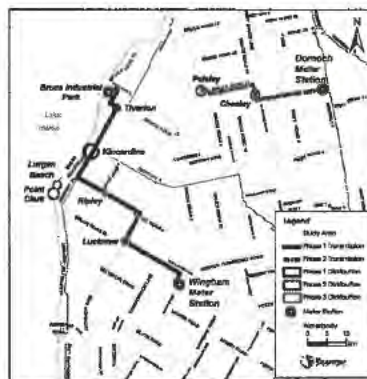
A preliminary location and study area of the proposed distribution network and natural gas transmission pipelines is identified on the map but is subject to change dependant on consultation and route optimization.

As part of the planning process, EPCOR has retained Stantec Consulting Ltd. ("Stantec") to undertake an environmental study of the construction and operation of the natural gas pipelines (the "Environmental Study").

The Environmental Study will fulfill the requirements of the Ontario Energy Board's (OEB) "Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario, Sixth Edition (2011)".

The current schedule provides for completing the report for the Environmental Study in the spring of 2016, after which EPCOR will file an application for the proposed distribution network and natural gas transmission pipelines with the OEB. Under Section 90 of the Ontario Energy Board Act, the OEB's review and approval is required before the project can proceed. If approved, construction of the pipelines is currently expected to begin no earlier than Q1 2017.

The Environmental Study process will include consultation and engagement with landowners, Aboriginal communities, government agencies and other interested persons. Public consultation is an integral component of the Environmental Study and related report. Three Information Sessions followed by a presentation are being held for the public to learn more about EPCOR and the proposed project. The Information Sessions will be held as follows:

**Thursday, October 15th, 2015
Chesley Community Centre**

129 4th Avenue South East,
Chesley, Ontario

6:30 p.m. to 9:00 p.m.
Presentation: 7:00 p.m.

**Friday, October 16th, 2015
Ripley-Huron Community Centre**

Upstairs Auditorium 17 Queen Street,
Ripley, Ontario

5:00 p.m. to 8:00 p.m.
Presentation: 7:00 p.m.

**Saturday, October 17, 2015
Kincardine Municipal Administration Centre**

Public Hall 1475 Concession 5, RR #5,
Kincardine, Ontario

1:00 p.m. to 4:00 p.m.
Presentation: 1:30 p.m.

Representatives from the Municipalities, EPCOR and Stantec will be available to explain the project and answer questions regarding routing, design and scheduling. Input received will be used to confirm both the existing environmental conditions and the preliminary preferred pipeline route and to develop site specific protection or mitigation measures for the project.

To learn more about the proposed project you can visit EPCOR's Southern Bruce County Natural Gas Utility Project webpage at www.epcorsouthernbruce.com. For any additional questions or comments regarding the Environmental Study or the proposed project please do not hesitate to contact the following:

Roody Georgopoulos
Senior Project Manager
Stantec Consulting Limited
300-675 Cochrane Drive, West Tower,
Markham, ON L3R 0B8
Phone: (905) 415-6367
Email: roody.georgopoulos@stantec.com

Andrew Laycock
Specialist, Public Consultation
EPCOR Utilities Inc.
Suite 2000 10423-101 St.,
Edmonton, AB T5H 0E8
Phone: (780) 412-3873
Email: alaycock@epcor.com

EPCOR**FIRE SAFETY TIPS**

- 1** Install smoke alarms on every level of your home & outside each bedroom.
- 2** Create a home escape plan with your family and practice fire drills together.
- 3** Establish an outdoor meeting place for your family to meet in the event of a fire.
- 4** Test smoke alarm batteries often, & change them when you change your clocks.
- 5** Keep a fire extinguisher in your home, as well as a fully charged flashlight.
- 6** Store matches and lighters in a safe spot, out of reach from children.
- 7** Never smoke or light candles when you are in bed or feeling tired.
- 8** Always unplug small appliances when they are not in use.
- 9** Never overload electrical circuits, and always replace cracked or frayed cords.
- 10** Have your furnace and chimney inspected and cleaned every year.



MP announces \$1.12M to improve high-speed Internet access

Ottawa will be giving Xplornet Communications Inc. about \$1.12 million in funding to help finance a project aimed at providing up to 1,370 homes in rural Grey-Bruce with access to high-speed broadband Internet service.

"This is an important investment that will significantly benefit these residents," Bruce-Grey-Owen Sound Conservative MP Larry Miller, who announced the funding Friday in Lion's Head, said in a news release.

"Many small pockets of the Bruce Peninsula have had very poor Internet and cell service and this will go a long way towards serving all residents with reliable Internet service."

Most of the 1,370 homes are in the Lion's Head area, but residents in Arran-Elderslie, Tobermory, Miller Lake, Pike Bay and Stokes Bay will also benefit.

Bill Macdonald, vice-president of strategic business development at Xplornet, said the money will be used to help fund a capital project to expand Long-Term Evolution (LTE) coverage in rural Grey-Bruce.

Xplornet will at least match the federal contribution and will cover the ongoing operational costs.

The 1,370 homes are "potential new customers," Macdonald said.

The project could involve erecting a new tower, he said, but Xplornet prefers to use existing infrastructure, whenever possible.

Work is still underway on the final design.

The goal is to have the project completed by the end of 2016, he said.

The federal government's portion of the project's cost will come out of Industry Canada's Connecting Canadians Program, which aims to "bring affordable, high-speed Internet to 280,000 Canadian households."

"The government will invest up to \$305 million to extend access to broadband Internet at speeds of at least five megabits per second for homes in rural and remote parts of the country," Miller's news release said.

Last summer, the federal government asked Canadians to provide feedback online to help them better determine areas in need of high-speed service, the release said.

"Once information was received, Industry Canada invited Internet service providers to submit proposals for funding to build the wireless or wired infrastructure that will provide services to rural and remote communities in need."

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Senior Project Manager
Stantec Consulting Limited
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Markham, ON L3R 0B8
Phone: (905) 415-6367
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EPCOR

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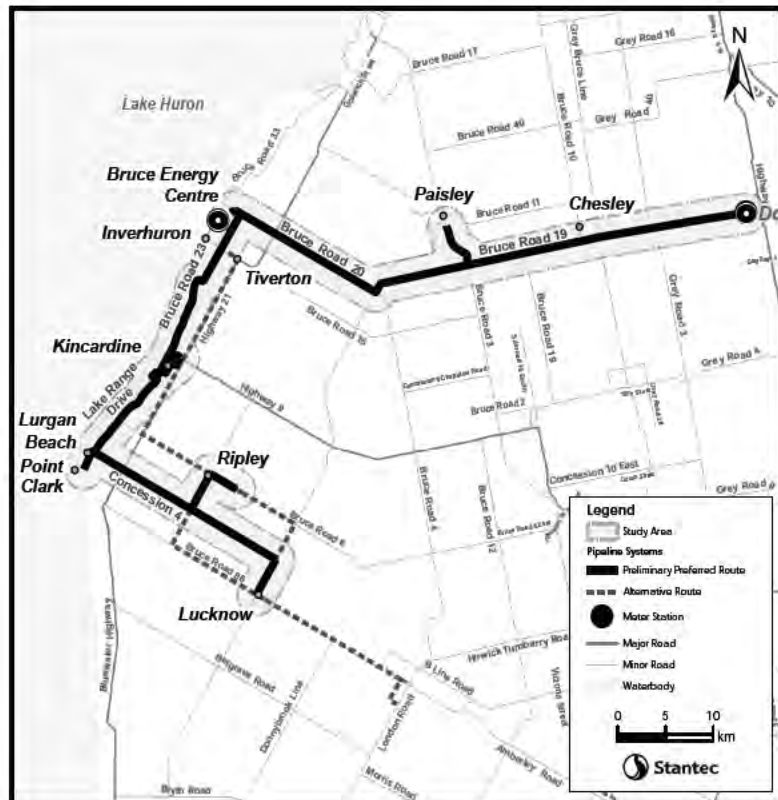
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To learn more about the proposed project you can visit EPCOR's Southern Bruce Natural Gas Project webpage at www.epcorsouthernbruce.com. For any additional questions or comments regarding the ES or the proposed project, please do not hesitate to contact the following:

Tanya Turk, Project Manager
 Stantec Consulting Limited
 300-675 Cochrane Drive, West Tower
 Markham, ON L3R 0B8
 Phone: (905) 415-6416
 Email: tanya.turk@stantec.com

Thomas Stachowski, Customer Care Specialist
 EPCOR Southern Bruce Gas Inc.
 735 Queen St.
 Kincardine, ON N2Z 1Z9
 Phone: (519) 396-3405
 Email: southernbruce@epcor.com



OBITUARIES

EILEEN CALDER

It is with deep sadness that we inform you that Eileen Norah Calder (née Bacon) passed away on May 3, 2018. Eileen was born in Calgary on Jan. 16, 1927, but spent most of her childhood and adolescence in Vancouver and the Yukon.

Survived by her husband Loren Calder, and her sons Bruce and Eric.

Also survived by her brothers Denis and Terry Bacon; daughters-in-law Laurie Arlein-Calder and Ellen Murphy; and grandsons Nathaniel Calder (James), Tye and Keegan Calder (Eric). Eileen achieved a Bachelor of Home Economics Degree from the University of British Columbia and an Internship Degree in Food Management from the University of Washington in Seattle. She first worked as an Administrative Dietitian at Simpsons and the University of British Columbia in Vancouver.

She married in 1954 and spent two years teaching Home Economics in London, England, before settling in Waterloo where she raised her four sons: James (1958-2003), Terry (1960-1992), Bruce (1962) and Eric (1963). She served as Director of Nutrition and Food Services at KW Hospital from 1967 to 1990.

Eileen was a gifted manager with very good mathematical skills. She managed food services for the students at one of the dining halls at UBC, and did an outstanding job of feeding the athletes at the British Empire Games in 1954 (where the Miracle Mile was run by Roger Bannister of England and John Landy of Australia). She received a prestigious award for managing a top-level meal service program at KW Hospital by Bernard and Associates of Montreal and she developed a cost analysis system for managing food service departments which was adopted across Canada. Eileen was never idle. She constantly read about nutritional subjects to support her professional work. She loved fabrics and made most of her own clothes. She served on the executive committees of social services agencies like the KW Rehabilitation Services. She enjoyed travel, especially in Europe and Canada. She was a superb cook, and she loved to entertain family and friends at dinner parties. She will be grievously missed by her family and friends for her wise counsel, practical skills and loving support. Cremation has taken place.

A memorial service was held on Saturday, May 12, 2018, 2 p.m. at Parkminster United Church, 275 Erb Street East, Waterloo, Ontario, with visitation for one hour prior and a reception following at 3 p.m. Memorial donations can be made to the Grand River Hospital Foundation, Box 9056, 835 King St. West, Kitchener N2G 1G3; or online at www.grhfor.org.

AUDREY CURRIE

Mary Audrey Currie (née Armstrong), formerly of Purple Grove and Kincardine, passed away peacefully at her daughter's home in Cheltenham on Thursday May 10, 2018, in her 93rd year.

Born in Kincardine Township on October 14th, 1925, to the late Oscar and Ella (née Harrison) Armstrong.

Beloved wife of the late Frank Currie (1984). Loving mother of Brenda Girvan (Ed) of Teeswater and Darlene Hartung (Roger) of Cheltenham.

Missed by her grandchildren: Scottie Girvan of Elk Lake, Northern Ontario; Padraig (pron. Paw-Drig-Geen) Murphy of Toronto; and James Murphy (Sara) of Oakville. Audrey was looking forward to the arrival of her first great-grandson in August.

Fondly remembered by her brother Keith Armstrong of Ripley, her sister Bernice Hartwick of London and by many nieces and nephews, extended family and members of the Currie and Walsh families.

Predeceased by infant son Stephen and brother Myles Armstrong.

Visitation was held at the Davey-Linklater Funeral Home, Kincardine from 6-9 p.m. on Sunday, May 13, 2018, and from 12-1 p.m. on Monday, May 14, 2018. The funeral service to honour Audrey's life followed at 1:30 p.m., with Glen Morris, a United Church minister, and close family friend Meghan Gilholm officiating. Interment Kincardine Cemetery.

Memorial donations to the Purple Grove Community Centre or the Children's Wish Foundation would be appreciated as expressions of sympathy. Portrait and memorial available online at www.daveylinklaterfuneralhome.com.



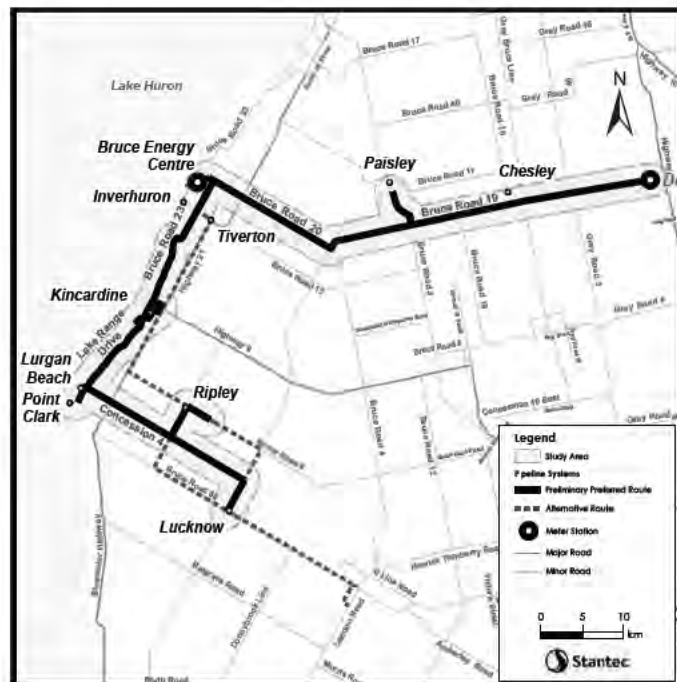
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EPCOR Southern Bruce Gas Inc. Proposed Natural Gas Pipelines to Serve Southern Bruce

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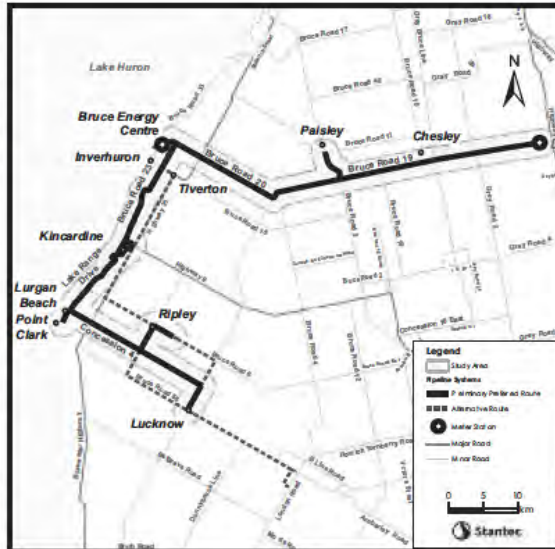
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Huron, Perth Health Units to proceed with amalgamation

Perth and Huron Counties, ON – The Perth District Health Unit and the Huron County Health Unit are proceeding with amalgamation, after a funding request for amalgamation support was approved by the Ministry of Health and Long-Term Care.

"This is a significant undertaking and represents an opportunity to better serve our communities together," says Dr. Miriam Klassen, Perth County Medical Officer of Health. "It is full steam ahead with the approval of both boards and the ministry, and with a plan and funding in place."

"The ultimate goal is to improve the delivery of service in both Huron and Perth," says Tyler Hessel, Chair of the Huron County Board of Health.

A transition team, consisting of staff and board members from both boards of health, will now lead the work of amalgamation.

The transition has a completion date of January 1, 2020. The two boards will remain operational until such time as a new amalgamated board is appointed.

**Turn to your
community
newspaper
for the
issues that
affect you
and your
family.**

THURSDAY, MAY 17, 2018 ■ GREY BRUCE THIS WEEK

■ 7

A new bridge for Christmas for Chesley

DON CROSBY
Special to Postmedia

Arran-Elderslie mayor Paul Eagleson predicts the new Chesley main street bridge will be in place in time for the Christmas season.

Eagleson said plans for replacing the bridge that suffered structural damage in February following flooding are well on track.

A contract has been let for demolition expected to start soon and plans are in play to let a contract for the rebuilding of the structure at a cost of \$3.2 million.

The contract for demolition of the existing structure was awarded last week to Schouten Excavating of Watford, Ontario at a cost of \$264,483.

Bettyanne Cobean, Bruce County's director of corporate service said company officials were on site on Thursday to meet with county and municipal staff, to go over the final details with an eye toward high water levels in the Saugeen River.

The contract calls for demolition to be complete by June 8 in time for construction of the new structure to begin.

The contract for construction of the new bridge is expected to be decided this week.

Eagleson said work is being done ahead of time to speed up construction of the new bridge.

Steel girders have been ordered for the new bridge. Another tender has been let for the installation of piles to be installed in front of the existing abutments. And the final tender to be let will be for the construction of the new bridge.

"Everything is on schedule," said Eagleson, who doesn't see the need for another public meeting before work begins on the bridge.

In the meantime the twice weekly shuttle service to transport residents into Chesley for shopping has been discontinued due to a lack of demand.

Eagleson said there is only one couple still using the service. And other arrangements will be made for them.

Eagleson said he was confident that the new bridge will be up before the year's end.

In fact, he predicted it would be in place in time for this year's Chelsey Santa Claus parade.

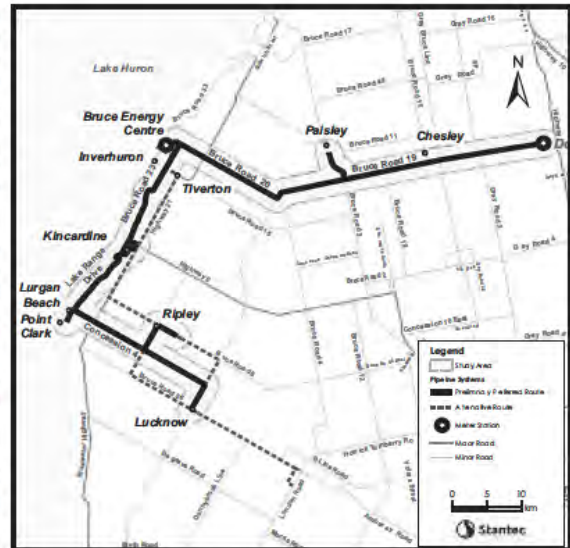
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To learn more about the proposed project you can visit EPCOR's Southern Bruce Natural Gas Project webpage at www.epcorsouthernbruce.com. For any additional questions or comments regarding the ES or the proposed project, please do not hesitate to contact the following:

Tanya Turk, Project Manager
Stantec Consulting Limited
300 675 Cochrane Drive, West Tower
Markham, ON L3R 0B8
Phone: (905) 415 6416
Email: tanya.turk@stantec.com

Thomas Stachowski, Customer Care Specialist
EPCOR Southern Bruce Gas Inc.
735 Queen St.
Kincardine, ON N2Z 1Z9
Phone: (519) 396 3405
Email: southernbruce@epcor.com

EPCOR

THURSDAY, MAY 17, 2018 ■ THE POST

■ 27

Country music hall of famer returns to Hanover

Rock of Ages Country Gospel Show with country music hall of famer Marie Bottrell will be entertaining the crowd at the Hanover Civic Theatre on Sunday, May 20 at 2 p.m.

Bottrell is a Canadian country music singer and songwriter who had 18 singles make the Country Tracks charts, including five that reached the top 10.

Bottrell won the Canadian Country Music Association award for Female Vocalist of the Year in 1983 and 1984 and was nominated for Country Female Vocalist of the Year at the Juno Awards every year from 1979-1986. Bottrell was inducted into the Canadian Country Music Hall of Fame in 2010.

Rock of Ages is a country music gospel show. It seems that every generation of country singers is able to move us with profound performances of gospel songs. Many of country music's stars are guided by faith, which is why their spiritual performances ring so true in our ears.

Concertgoers can expect some great performances of unforgettable moments where country met gospel and songs will reach your souls.



Turn to your community newspaper for the issues that affect you and your family.

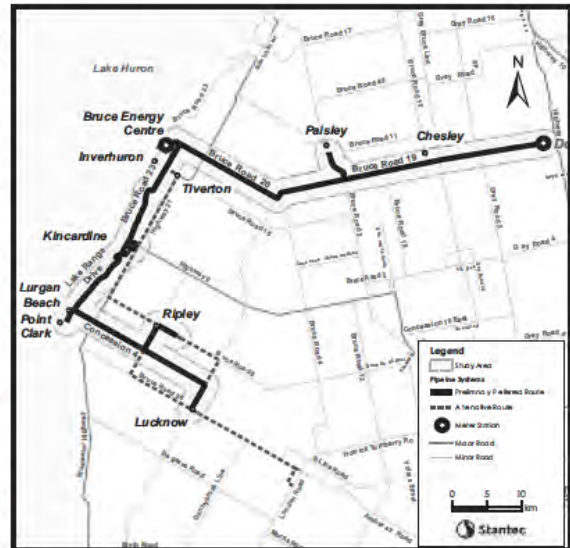
NOTICE OF PROJECT CHANGE & PUBLIC INFORMATION SESSION

EPCOR Southern Bruce Gas Inc. Proposed Natural Gas Pipelines to Serve Southern Bruce

EPCOR Southern Bruce Gas Inc. ("EPCOR") invites the public to attend information sessions to learn more about the proposed natural gas utility project. As part of the planning process, EPCOR has retained Stantec Consulting Ltd. ("Stantec") to undertake an Environmental Study (ES) of the proposed distribution network and natural gas transmission pipelines. The ES will be completed in accordance with the Ontario Energy Board's *Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario, 7th Edition (2016)*, as well as relevant federal and provincial environmental guidelines and regulations.

Since the information sessions held in October 2015, EPCOR has revised the preliminary preferred route for the project (see map). The project includes:

- Natural gas pipeline system servicing communities in Southern Bruce. The pipeline will have a total length of approximately 295 kilometres (km) with 168 km natural gas distribution network. It will take off from the Dornoch Meter & Regulator Station in the Township of Chatsworth and will terminate in the community of Lucknow in the Township of Huron Kinloss.
- Natural gas distribution network in some of the key communities in the municipalities of Arran Elderslie and Kincardine, and the Township of Huron Kinloss. Communities to be serviced include but are not limited to Kincardine, Inverhuron, Tiverton, Chesley, Paisley, Ripley, Lurgan Beach, Point Clark and Lucknow.
- In addition to the above communities, the project will have the opportunity to service residences, commercial and industrial businesses along the route.



Three drop in information sessions will be held for the public to learn more about the proposed project and provide feedback on the revised preliminary preferred route. The information sessions will be held as follows:

Wednesday, May 23, 2018
Davidson Centre
Main Hall
601 Durham Street
Kincardine, Ontario
5:00 p.m. to 8:00 p.m.

Thursday, May 24, 2018
Chesley Community Centre
129 4th Avenue South East
Chesley, Ontario
5:00 p.m. to 8:00 p.m.

Friday, May 25, 2018
Ripley Huron Community Centre
Upstairs Auditorium
17 Queen Street
Ripley, Ontario
5:00 p.m. to 8:00 p.m.

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EPCOR

THURSDAY, MAY 17, 2018 ■ KINCARDINE NEWS

■ 5



Two new agricultural bursaries in Grey-Bruce

Two new \$500 scholarships/bursaries are up for grabs to graduating Grey Bruce high school students enrolling in agricultural studies in college or university.

Community Foundation Grey Bruce is accepting applications for the Larry and Darlene Miller Agricultural Bursary for study of animal science or animal biology including genetics and/or food safety.

This bursary supports post-secondary studies for students in financial need who are graduating from a Grey or Bruce secondary school and who are attending a recognized university or community college.

A second bursary, created by the Owen Sound & District Market Vendors Association, supports students graduating from a Grey or Bruce secondary school and pursuing post-secondary agricultural studies at a recognized university or community college (including college apprenticeship programs in agricultural related studies).

Online application forms are available at www.community-foundationgreybruce.com or www.payforschoolgreybruce.com.

The deadline is May 31.

Since 1994, Community Foundation Grey Bruce has encouraged endowment building and philanthropic partnerships in Grey and Bruce. The Foundation provides grants to nonprofit organizations that provide necessary initiatives and services to residents.



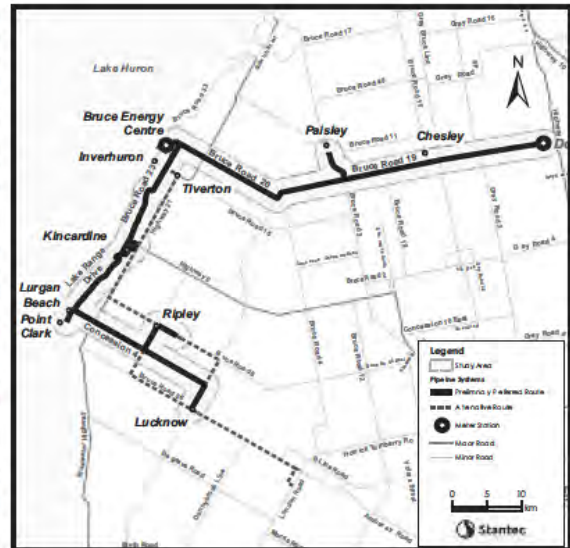
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EPCOR

Information Session Boards

Chesley – October 15, 2015

Ripley – October 16, 2015

Kincardine – October 17, 2015

WELCOME.



WHO IS EPCOR

OUR STORY - THEN AND NOW

- EPCOR began as Canada's first municipally-owned electric utility in 1891, serving the citizens of Edmonton.
- Stand-alone corporation as of Jan 1, 1996; sole shareholder is the City of Edmonton.
- EPCOR is governed by an independent Board of Directors.

WORKING IN COMMUNITIES

- EPCOR has a presence in Alberta, Saskatchewan, B.C, Arizona, New Mexico and now Ontario.
- Our employees work 24/7 to keep essential services reaching the communities where we live and work.
- We consider how we can better care for the environment in all that we do.
- As a citizen, we contribute to the life of our communities.



WHY EPCOR?

- EPCOR is a like-minded, municipally-owned corporation.
- EPCOR is an experienced utility company with electrical, water and wastewater operations in Canada and the USA.
- We provide electricity and natural gas services / products to about 600,000 Alberta residents and commercial customers.
- We are a successful infrastructure developer, working in partnership with municipalities.

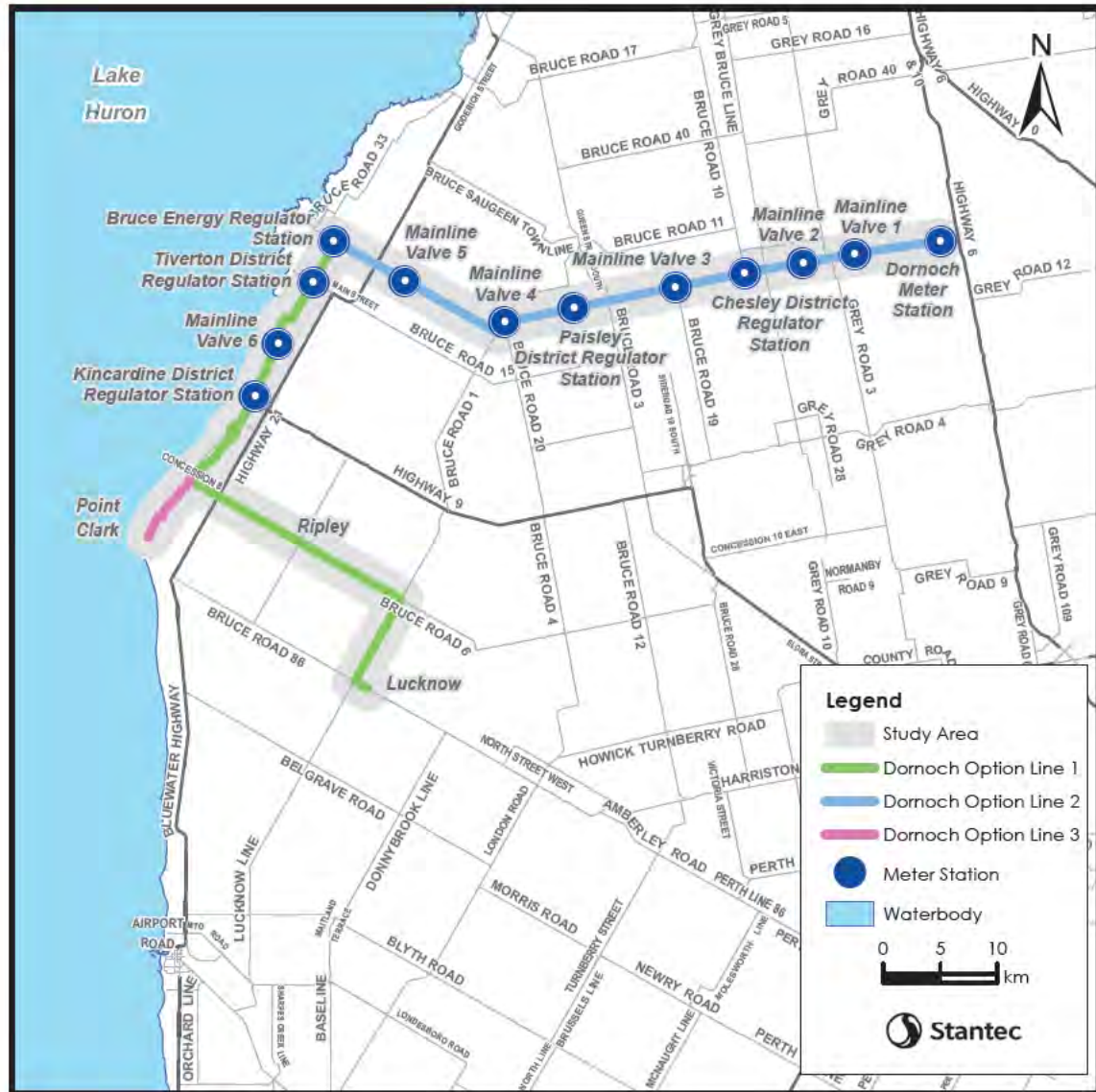
EPCOR HAS:

- Assets worth \$5.7 billion.
- Total annual revenue of \$1.9 billion.
- 2,700 employees in Canada and the USA.
- Committed to bringing an economically viable option to Southern Bruce County, resulting in choice and affordable natural gas for consumers.



ALTERNATIVE ROUTE LOCATION

Currently under consideration





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INITIAL ROUTE LOCATION



THE ROUTE SELECTION PROCESS

STEP 1 **STUDY SUPPLY / DEMAND REQUIREMENTS**

- Confirm supply options – Dornoch, Wingham
- Confirm demand to maximize industrial and commercial customers
- Develop pricing model in accordance with Ontario Energy Board requirements

STEP 2 **CONSTRAINTS AND OPPORTUNITIES**

Inventory of environmental and socio-economic features.

STEP 3 **GENERATE ROUTE OPTIONS**

The generation of Route Options is influenced by the following:

- Avoidance to the extent feasible of sensitive socio-economic and environmental features such as communities, wetlands, etc.
- Avoidance to the extent feasible of areas which may present construction difficulties or the potential for long-term maintenance/remedial work.
- Utilizing to the extent feasible existing linear infrastructure, such as hydro corridors, road right-of-ways and property lines.
- The length of the pipeline and associated costs of construction and operation may influence route generation.
- Routes should follow a reasonably direct path between start and end points

STEP 4 **ROUTE EVALUATION**

An evaluation of the Route Options will be conducted based on:

1. A quantitative comparative evaluation of impacts to environmental and socio-economic features.
2. A qualitative comparative evaluation based on stakeholder input and the experience of the Project Team in routing linear infrastructure.

Once complete, a Preliminary Preferred Route will be identified.

STEP 5 **INPUT ON THE PRELIMINARY PREFERRED ROUTE**

The Preliminary Preferred Route is subject to input through a variety of communication and consultation activities, such as an Information Session

STEP 6 **CONFIRMATION OF THE PREFERRED ROUTE**

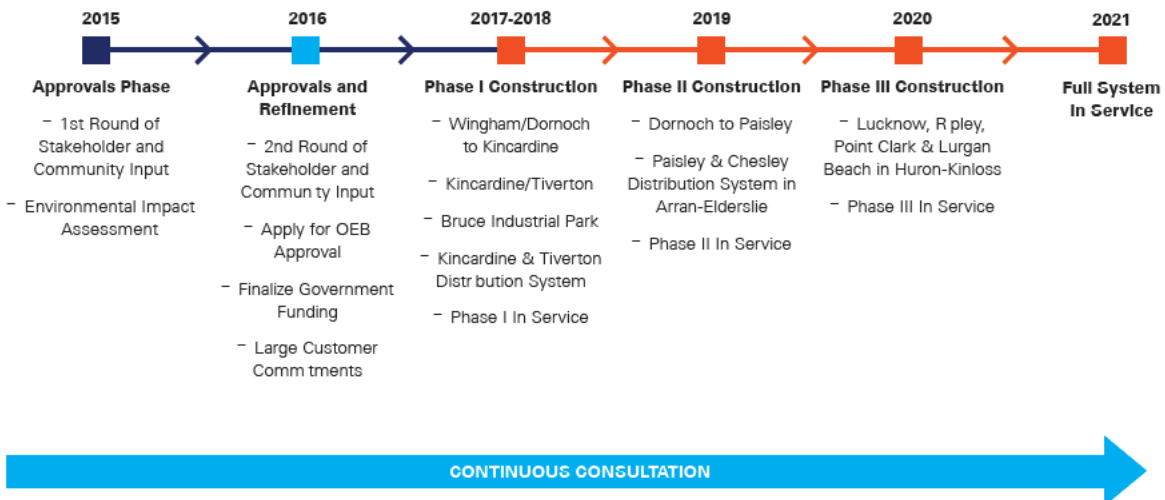
A Preferred Route will be confirmed. The Preferred Route may require micro-sitting as the project moves forward based on the results of pre-construction field investigations, landowner requests, and/or engineering considerations.

THE PROPOSED PROJECT

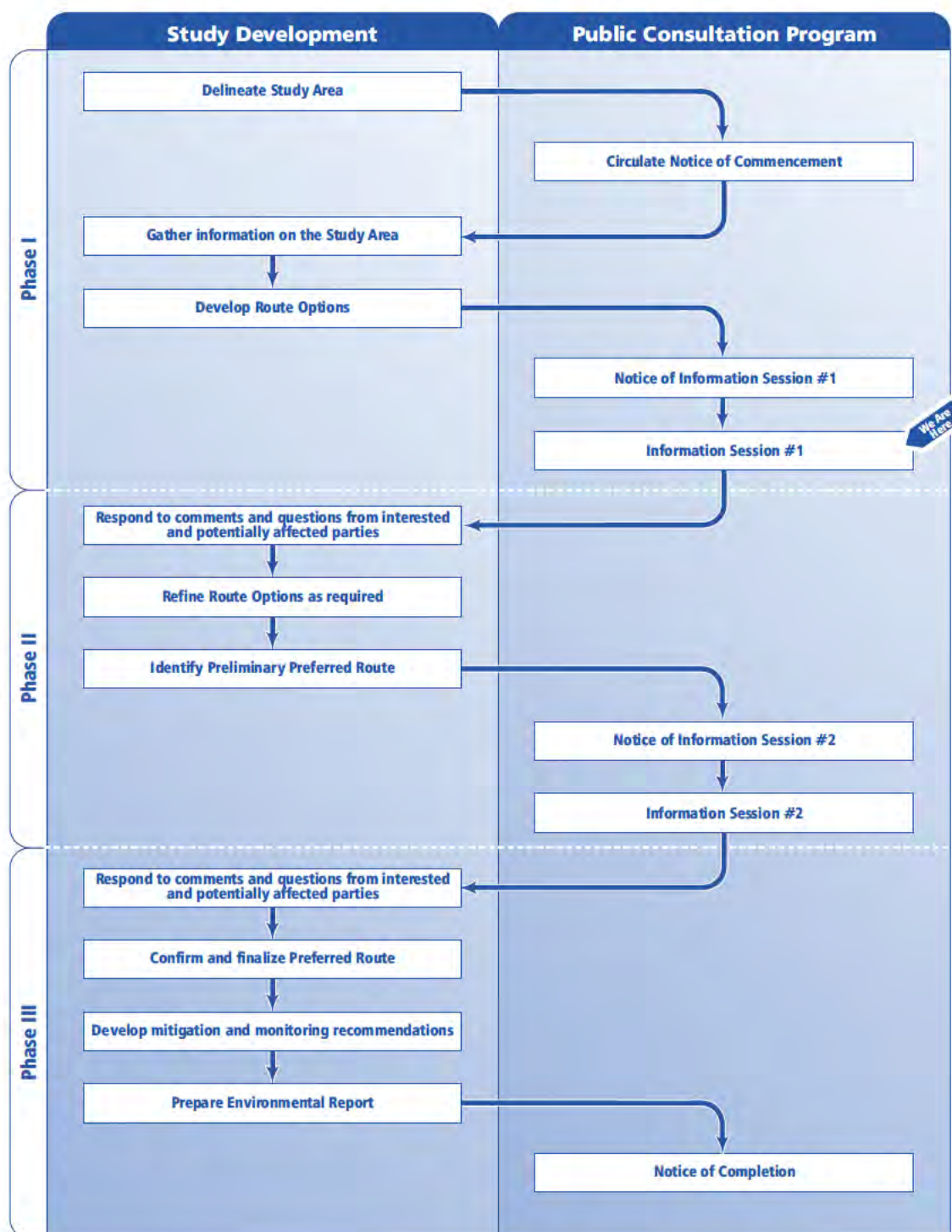
EPCOR has partnered with the municipalities of Arran-Elderslie, Kincardine and Huron-Kinloss to bring natural gas service to Southern Bruce County.

EPCOR IS PROPOSING TO BUILD:

- Approximately 110 km total of natural gas transmission pipeline and a 145 km natural gas distribution network in the communities of Southern Bruce County.
- While routing of the gas infrastructure is still being developed, our current plan is:
 - One segment of the transmission system from Wingham Meter Station to Bruce Industrial Park by way of Ripley and Kincardine. This will be approximately 75 km long and consist of Nominal Pipe Size 8-inch steel extra high pressure pipeline.
 - One segment of the transmission system will be from Dornoch Meter Station to Paisley by way of Chesley. This will be approximately 35 km long and consist of Nominal Pipe Size 4-inch steel extra high pressure pipeline.
- The project will be developed in three phases.
- Current routing may change based on consultation and route optimization. EPCOR will review preferred routes with the communities again in early 2016.



ENVIRONMENTAL STUDY PROCESS



ONTARIO ENERGY BOARD AND APPROVAL PROCESS

The Ontario Energy Board (OEB) regulates the natural gas industry in Ontario in the public interest. Under Section 90 of the Ontario Energy Board Act, the OEB's review and approval are required before the Project can proceed. If approved, construction of the replacement pipeline is currently expected to begin no earlier than Q1 2017.

EPCOR plans to complete the report for the environmental study in the spring of 2016, after which EPCOR will file an application for the proposed pipelines with the OEB. This application will include comprehensive information on the project, including: the need for the project, facility alternatives, project costs and economics, pipeline design, pipeline construction, environmental mitigation measures, land requirements, and Aboriginal consultation.

The OEB will then hold a public hearing to review the project. This will include notices in local newspapers, letters to directly affected landowners, the opportunity for the general public and landowners to ask questions and submit questions regarding the project, and a written decision regarding the project.

If, after this review, the OEB finds the project is in the public interest, it will approve construction of the pipelines. If the project is approved the OEB normally attaches conditions to its approval with which EPCOR will comply during the construction and restoration process.

Additional information about the OEB process and information about how to participate in the OEB hearing process can be found at www.ontarioenergyboard.ca



ENVIRONMENTAL STUDY

EPCOR has contracted Stantec to undertake a comprehensive Environmental Impact Assessment for this project. Stantec has over 30 years' experience working with the natural gas industry in Ontario.

The environmental study and subsequent Environmental Report for the Project will be completed according to the Ontario Energy Board's (OEB) "Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario (2011)".

THE STUDY WILL:

- Be undertaken during the earliest phase of the project
- Identify potential impacts of the construction and operation of the proposed natural gas pipelines on environmental, socio-economic and archaeological features
- Identify an environmentally acceptable route for the proposed pipeline
- Undertake consultation to understand the views of interested and potentially affected parties
- Assess the potential cumulative effects of the project in conjunction with other projects that are planned for the area
- Develop mitigation and protective measures to avoid or minimize impacts
- Develop appropriate inspection, monitoring and follow-up programs for the project, to ensure the success of mitigation and protective measures

As EPCOR plans out this project, we will look to balance development with environmental considerations like:

WILDLIFE



FISH / FISH HABIT



TREES / VEGETATION



SOIL



BENEFITS OF NATURAL GAS

Natural gas is the main energy source in more than 6.6 million Canadian homes, businesses and institutions. Of this number, more than 50% of customers are in Ontario. People are choosing natural gas for water heating, drying clothes, cooking, fireplaces, barbecuing and even heating swimming pools and hot tubs.

Natural gas has many benefits:

RELIABLE

Natural gas is delivered to your home through an underground pipeline, so you benefit from an uninterrupted, continuous supply. There are no tanks, so there is no waiting for deliveries. Weather is not a factor and does not disrupt service.

AFFORDABLE

Canadians are saving money by using natural gas. Compared to other major heating fuels, natural gas customers are saving upward of \$2,000 per year on their residential energy bills. Commercial and industrial customers are seeing similar savings.

Natural gas rates are regulated by the Ontario Energy Board to protect consumers, unlike fuel oil and propane.

CLEAN

When compared with heating oil, natural gas creates fewer greenhouse gas emissions. Also, high efficiency natural gas appliances for space heating and hot water heating can operate at up to 98% efficiency. This benefits the environment and results in cost savings to the customer.

SAFE

Natural gas has been in use in Canada for over 100 years. In this time, stringent safety standards and government laws and regulations govern all aspects of the natural gas industry – from product safety to delivery to use by consumers.



PROJECT ECONOMICS

EPCOR's Southern Bruce County Natural Gas Utility Project is expected to cost between \$100 and \$120 million. Some of this will be spent in the local community on materials and services, both during construction and once the distribution system is operating.

There will be no taxpayer dollars spent on construction costs associated with bringing the natural gas lines to the municipalities.

The municipalities and EPCOR are pursuing provincial support to assist customers in making the conversion to natural gas.

RESIDENTIAL CONVERSION ECONOMICS

Current Heating	Typical Conversion Cost	Anticipated Annual Savings	Estimated Payback
Propane	\$1,000	\$1,500	< 1 Year
Electric Forced Air / Boiler	\$6,000	\$2,500	< 2.4 Years
Electric Base Board	\$12,000	\$2,500	< 4.8 Years
Oil Forced Air / Boiler	\$6,000	\$2,800	< 2.1 Years
Average	\$5,000	\$2,000	< 2.5 Years



NEXT STEPS

CONSULTATION

- EPCOR will engage landowners, residents, First Nations and Metis communities, as well as other interested stakeholders. This will help us understand what is most important when developing the pipeline route for this project.
- EPCOR will continue to engage stakeholders over the coming months and bring more detail on the proposed route, as well as costs for customer connections.
- After the mid-October information sessions, another round of open houses will be scheduled to share more details on the project.

PROPOSED ROUTE

- Based on input from public information sessions and other stakeholder consultation efforts, EPCOR will finalize the pipeline route. This route will then be submitted to the Ontario Energy Board (OEB) for approval, after which a new natural gas distribution utility will be created.

For more information and news on the latest developments on this project, please visit our website: epcoursouthbruce.com



PRE-CONSTRUCTION ACTIVITIES



EXISTING FEATURES

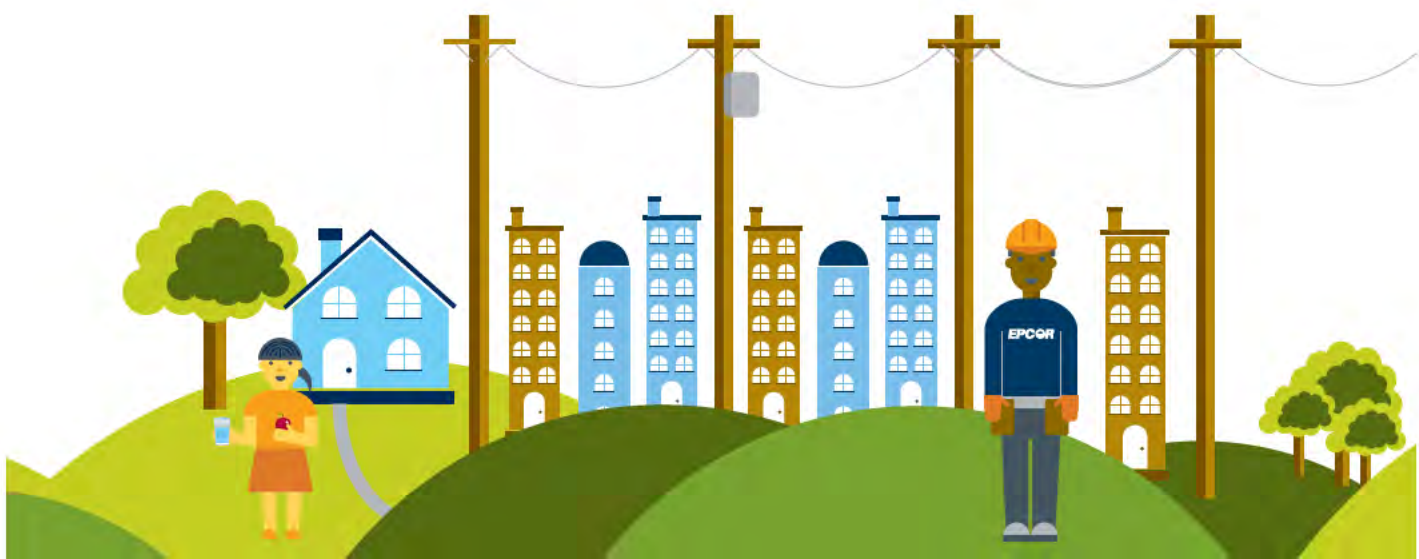
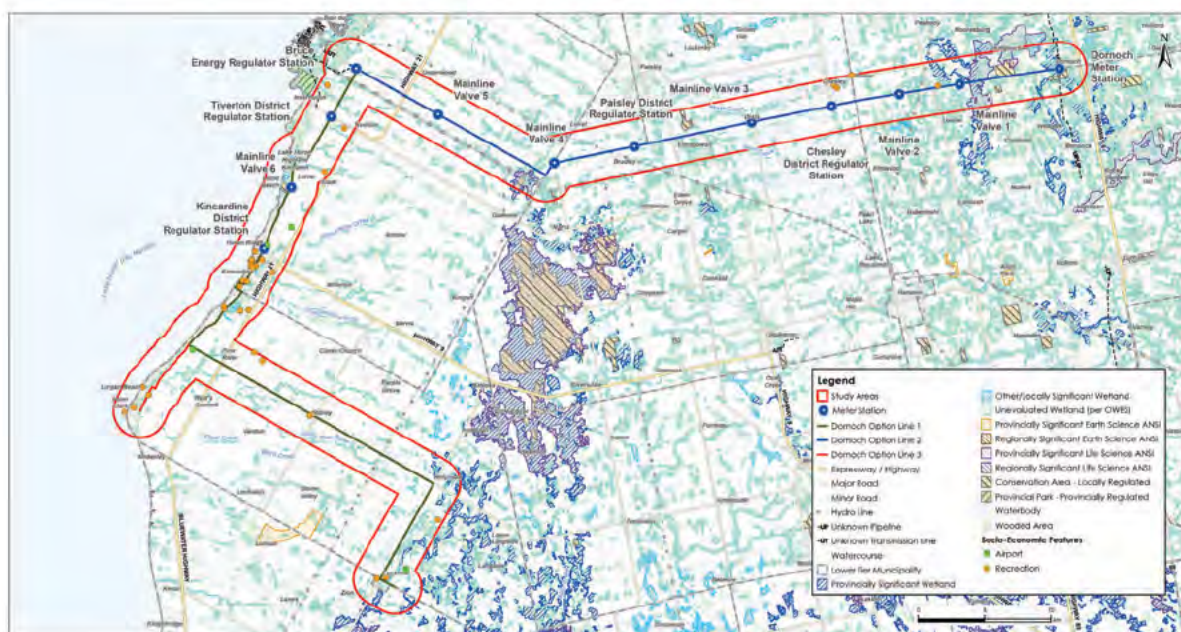
Data on existing features for the Study Area has been collected from a number of external sources including but not limited to agencies, aerial photography, official plan mapping and natural features mapping. This information has been used to evaluate potential pipeline routes and to generate Route Options.

Additional data collection and agency consultation will continue after this Information Session to evaluate the Route Options and to assist in the selection of a Preliminary Preferred Route.

Environmental and socio-economic features within the Study Area, relevant to pipeline planning, construction and operation, have been outlined in the following maps. The Route Options avoid sensitive environmental and socioeconomic features where feasible. Where features cannot be avoided, mitigation and protection measures will be employed during pipeline construction and operation.



NATURAL ENVIRONMENT AND SOCIO-ECONOMIC ENVIRONMENT



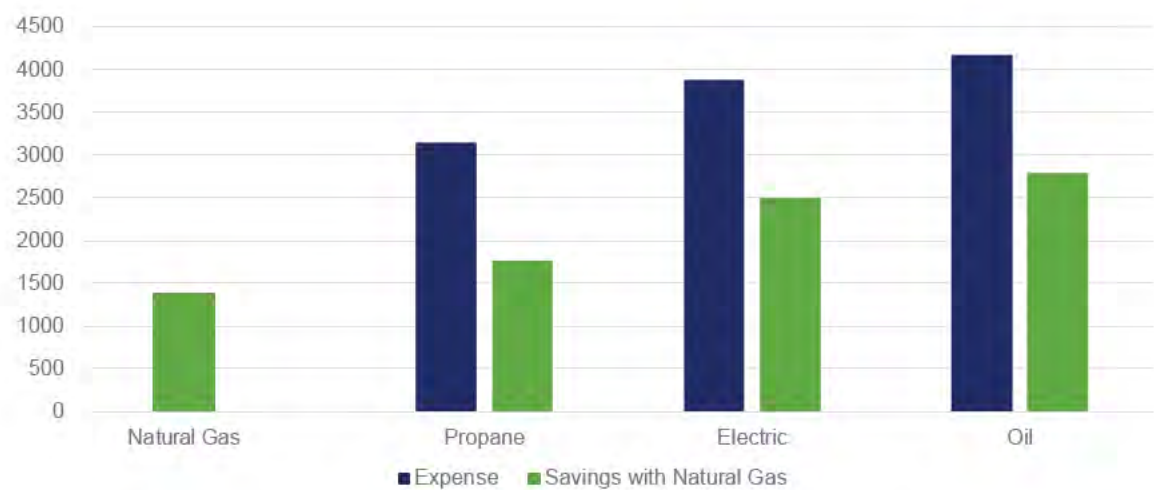


PROVIDING MORE

CONSUMER SAVINGS VS. OTHER ENERGY SOURCES

ANTICIPATED ANNUAL SAVINGS: \$1500 TO \$2800 PER HOUSEHOLD

Annual Residential Energy Costs and Savings



Notes: Annual residential energy usage of 2,600 m³ of natural gas; mix of existing fuel types. Commodity prices escalated by 2% per year from 2015 to 2018. 2015 prices from Union Gas savings calculator.





EXIT QUESTIONNAIRE
Public Information Session –October 15th, 16th, and 17th 2015

Please look over the display panels, and then take a few moments to provide your comments below. Your input is welcomed and appreciated. If you require any assistance or clarification while completing the questionnaire please speak with an EPCOR or Stantec representative.

Completed questionnaires can be returned to a Stantec representative or mailed to Stantec Consulting Ltd. by November 16, 2015. Postage paid, self-addressed envelopes are available at the registration table.

1. How did you hear about this Public Information Session? (check all that apply)

- | | |
|---|--|
| <input type="checkbox"/> Newspaper ad (which one?) _____
<input type="checkbox"/> From a friend or neighbour (word of mouth)
<input type="checkbox"/> Other (please specify): _____ | <input type="checkbox"/> Local media
<input type="checkbox"/> Mail flyer
<input type="checkbox"/> Direct mail invitation |
|---|--|

2. Which best describes your interest in the project?

- | | | | | |
|--|---|---------------------------------------|---|--|
| <input type="checkbox"/> Directly affected landowner | <input type="checkbox"/> Adjacent landowner | <input type="checkbox"/> Gov't agency | <input type="checkbox"/> Local business | <input type="checkbox"/> Other (please specify): _____ |
|--|---|---------------------------------------|---|--|

3. Did a project representative adequately address your questions? If no, please list your questions below and provide a description on how you think we can best address them?

- ☐ Yes
 ☐ No – please explain
 ☐ Partly – please explain
-
-
-
-
-

4. Were you provided with an adequate understanding of the Ontario Energy Board (OEB) review and approval process?

- ☐ Yes
 ☐ No

5. Please identify any environmental or socio-economic features in the Study Area which are either incorrectly mapped, omitted or that you feel are important to consider during the study (please state your reasons).

6. Considering the location of the Project Facilities shown on the display panels, please indicate whether there are any potential effects to you, your property, or business that you would like addressed (i.e., noise, dust, traffic, etc.).

7. Which of the Route Options do you feel will have the least environmental and socio-economic impact? Why?

8. What factors do you feel are most important to compare and evaluate Route Options for the proposed pipelines (i.e., protected natural areas, residential properties, agricultural land, watercourses, etc.)?

If you would like someone to contact you about any items identified above please provide us with your contact information.

Name:	
Group/Organization:	
Mailing Address:	
Telephone:	
E-mail Address:	

Thank you for your participation. Comments and information regarding this study are being collected in accordance with the Freedom of Information and Protection of Privacy Act, and solely for the purpose of informing the Proposed Natural Gas Pipelines to Serve Southern Bruce County project. With the exception of personal information, all comments may become part of the record.

Information Session Presentation

Chesley – October 15, 2015

Ripley – October 16, 2015

Kincardine – October 17, 2015

Introduction to EPCOR Utilities



Southern Bruce Natural Gas Project

1

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What do we do?

Our Vision

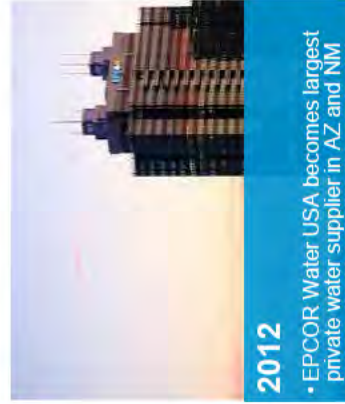
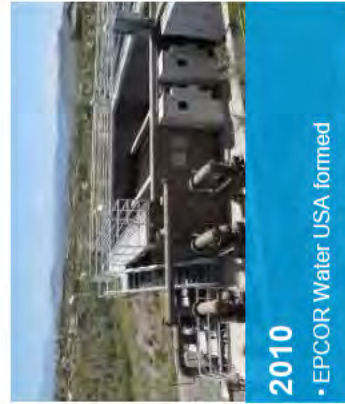
- To be a premier essential services company, trusted by our customers and valued by our shareholder.

□ To achieve our vision, we will focus on:

- Customers & Stakeholders
- Our people
- Health, Safety & Environment
- Operational excellence
- Growth



Company History



EPCOR Overview

Working in Communities

- EPCOR has a presence in Alberta, Saskatchewan, B.C., Arizona and New Mexico.....and now back in Ontario
- Our employees work 24/7 to keep essential services reaching the communities where we live and work.
- We consider how we can better care for the environment in all that we do.
- As a citizen, we contribute to the life of our communities.

Assets: \$5.7 B

Revenue: \$1.9B

Employees: 2,700

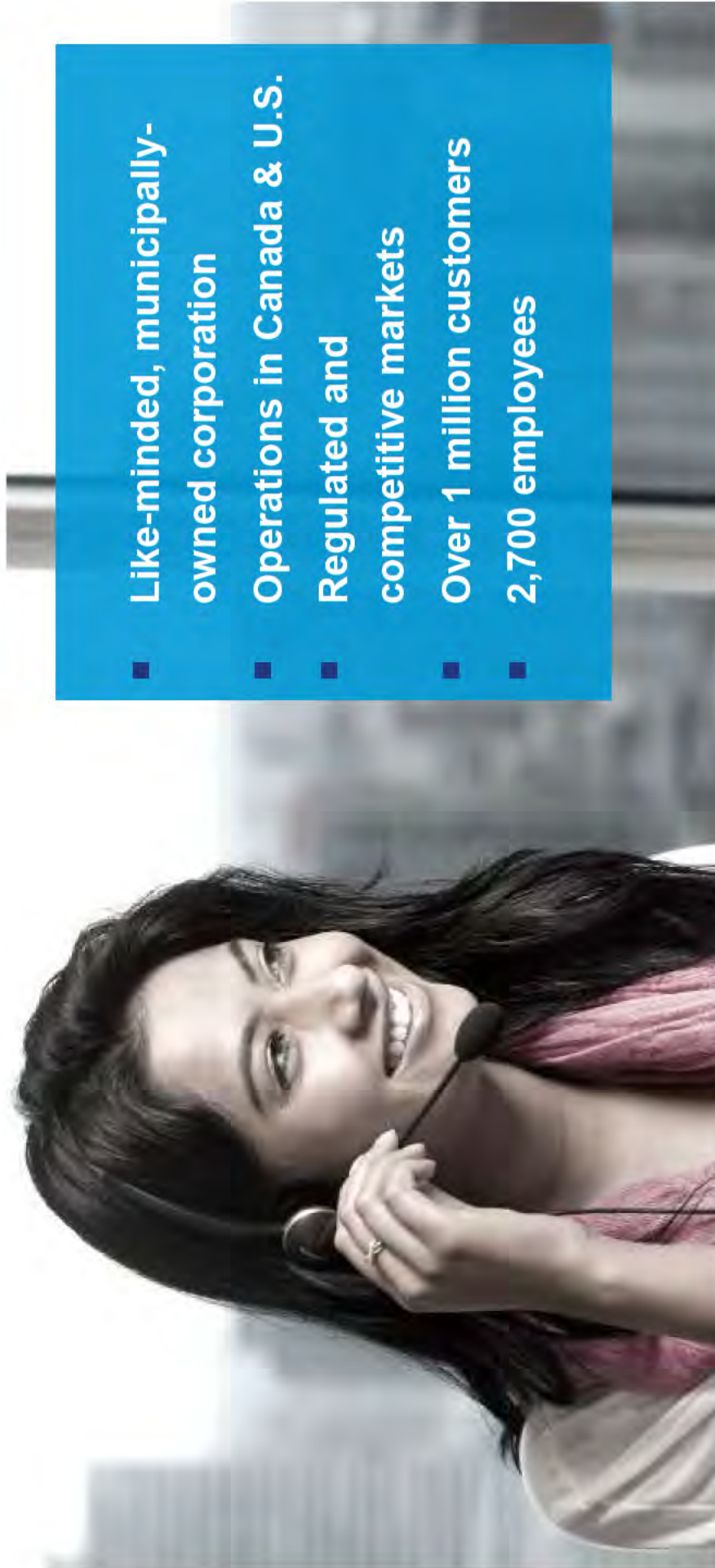
All amounts in millions of CDN dollars, as of December 31, 2014

4

PROVIDING MORE

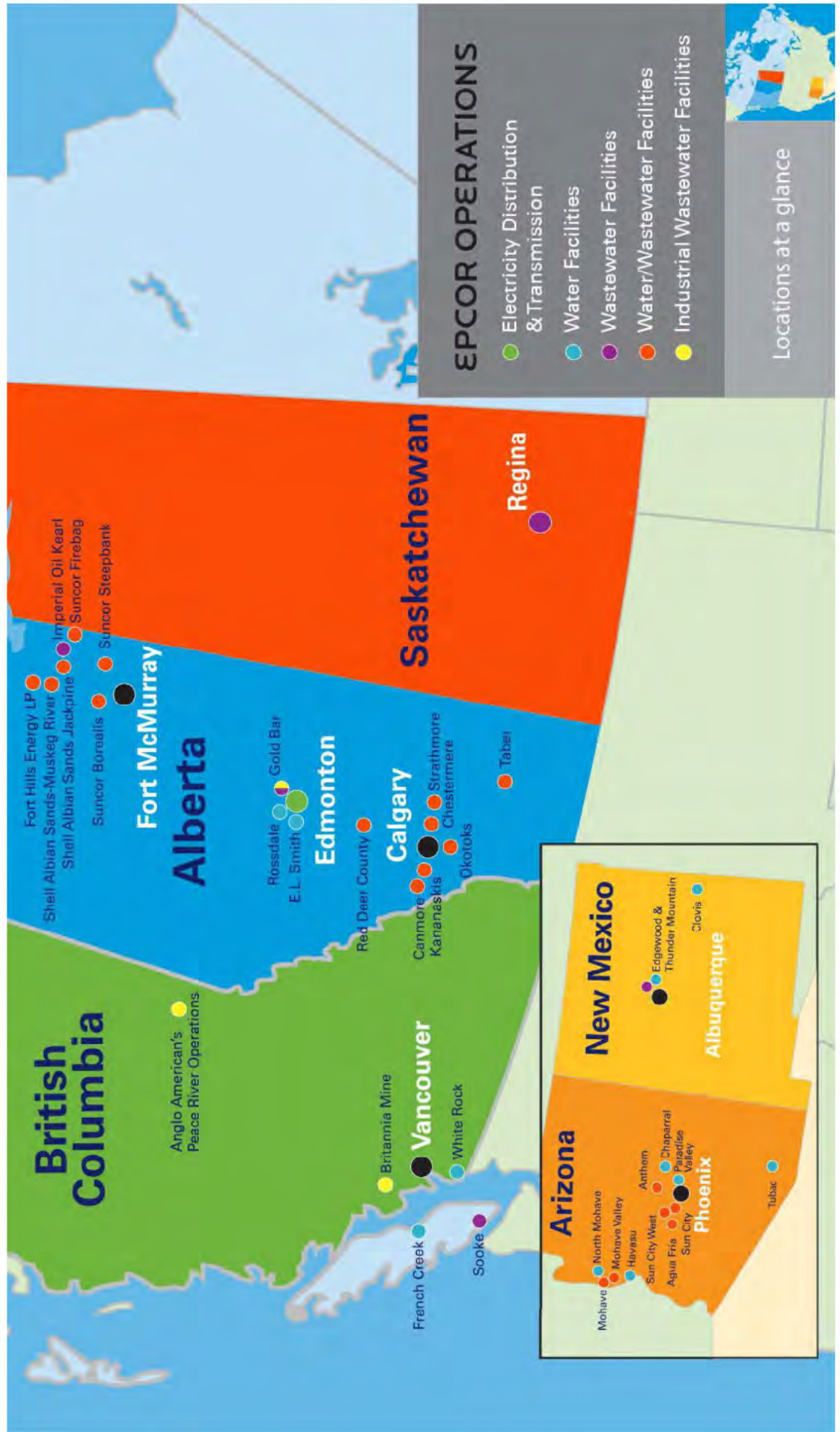


Why EPCOR?



- Like-minded, municipally-owned corporation
- Operations in Canada & U.S.
- Regulated and competitive markets
- Over 1 million customers
- 2,700 employees

EPCOR Operations



Recent Awards & Recognition

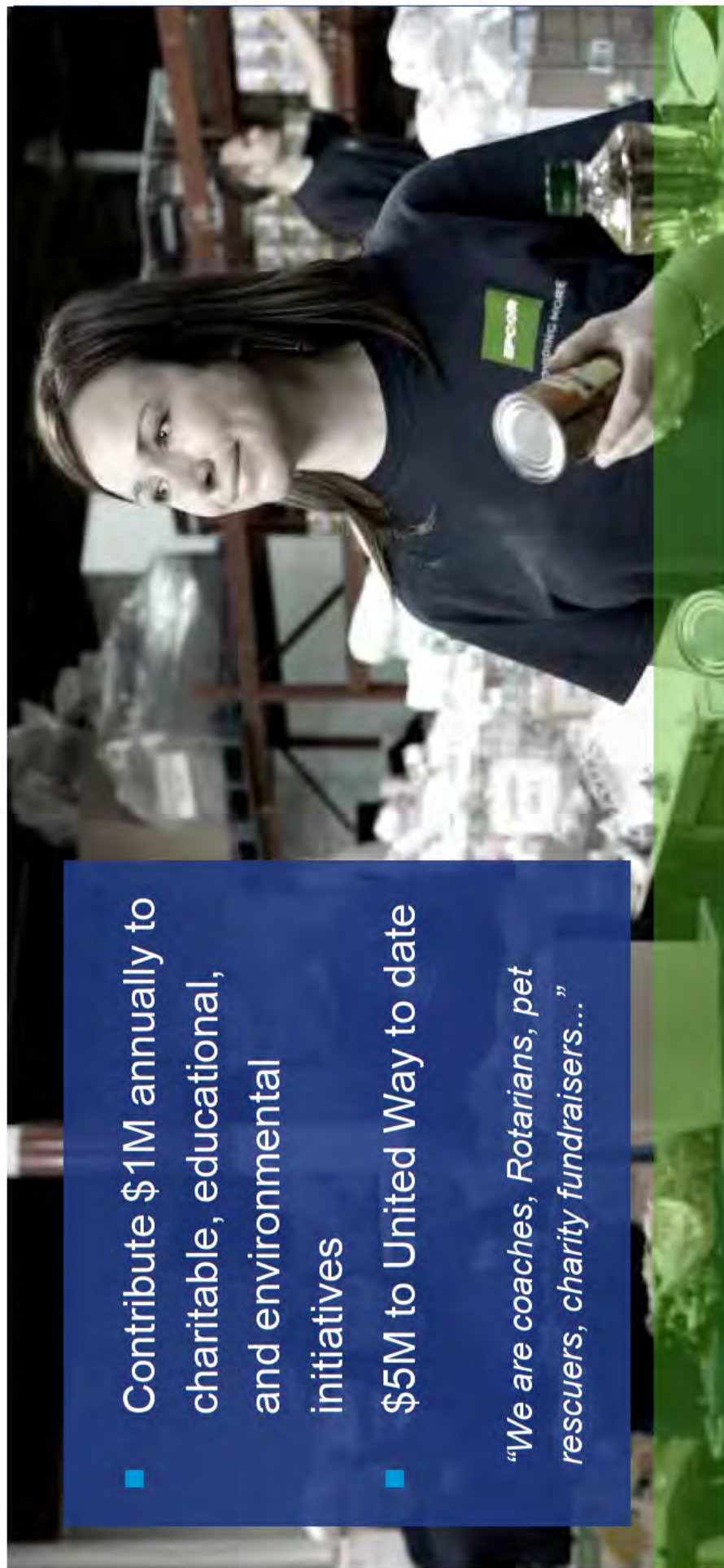
- Canada's Top Employers for Young People 2014/2015
- *Corporate Knights'* Best 50 Corporate Citizens in Canada
- Alberta's Top Employers
- Alberta EnviroVista Champion
- CCPPP C. W. Chuck Wills Award: City of Regina Wastewater Treatment Plant
- CCPPP Award of Merit: Evan Thomas Water & Wastewater Treatment Plant
- The Phoenix Business Journal Best Places to Work



In the Communities we serve...

- Contribute \$1M annually to charitable, educational, and environmental initiatives
- \$5M to United Way to date

"We are coaches, Rotarians, pet rescuers, charity fundraisers..."



EPCOR is proposing to build:

- Approximately 110 km total of natural gas transmission pipeline and a 145 km natural gas distribution network in the communities of Southern Bruce County.
- While routing of the gas infrastructure is still under development our current plan is to have:
 - One segment of the transmission system from Wingham/Dornoch Meter Station to Bruce Industrial Park by way of Ripley and Kincardine. This will be approximately 75 km long and consist of Nominal Pipe Size 8-inch steel extra high pressure pipeline.
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- Current routing may change based on consultation and route optimization. EPCOR will review preferred routes with the communities again in early 2016.

Initial Route Location



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Alternative Route Location



Route Selection Process

Step 1 - Study Supply / Demand Requirements

Step 2 - Constraints and Opportunities

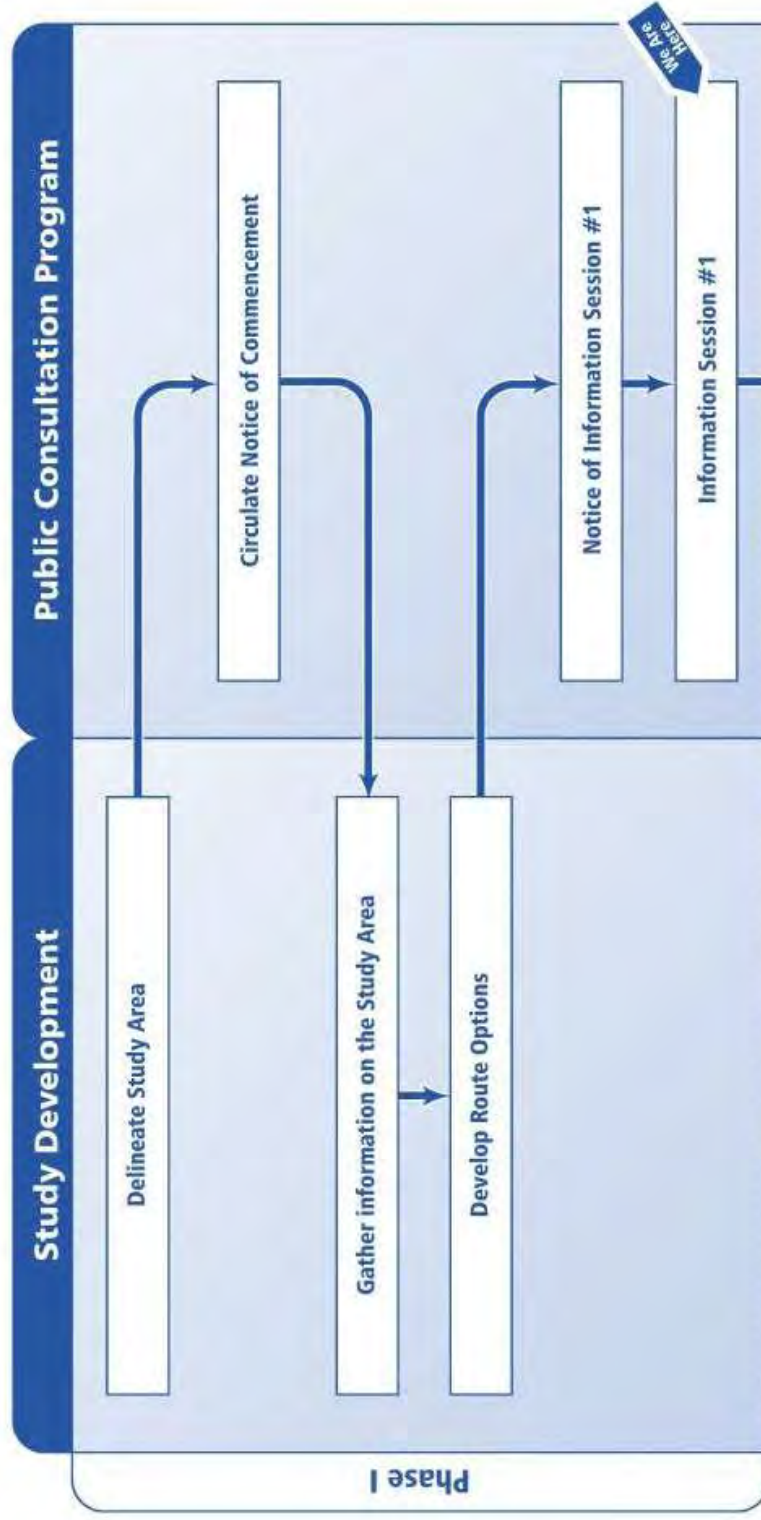
Step 3 – Generate Route Options

Step 4 – Route Evaluation

Step 5 – Input on the Preliminary Preferred Route

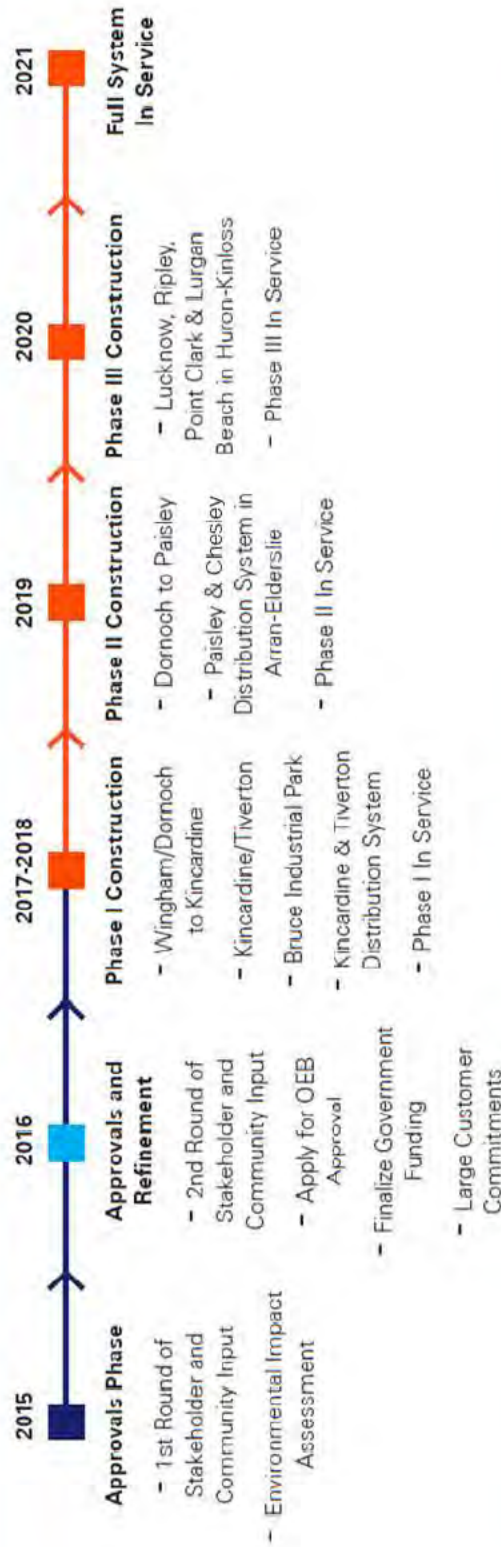
Step 6 – Confirmation of the Preferred Route

Environmental Study Process



- Stantec to undertake comprehensive EIA in three phases
- Identify potential impacts and develop mitigation strategies
- Develop environmentally acceptable route
- Undertake consultation

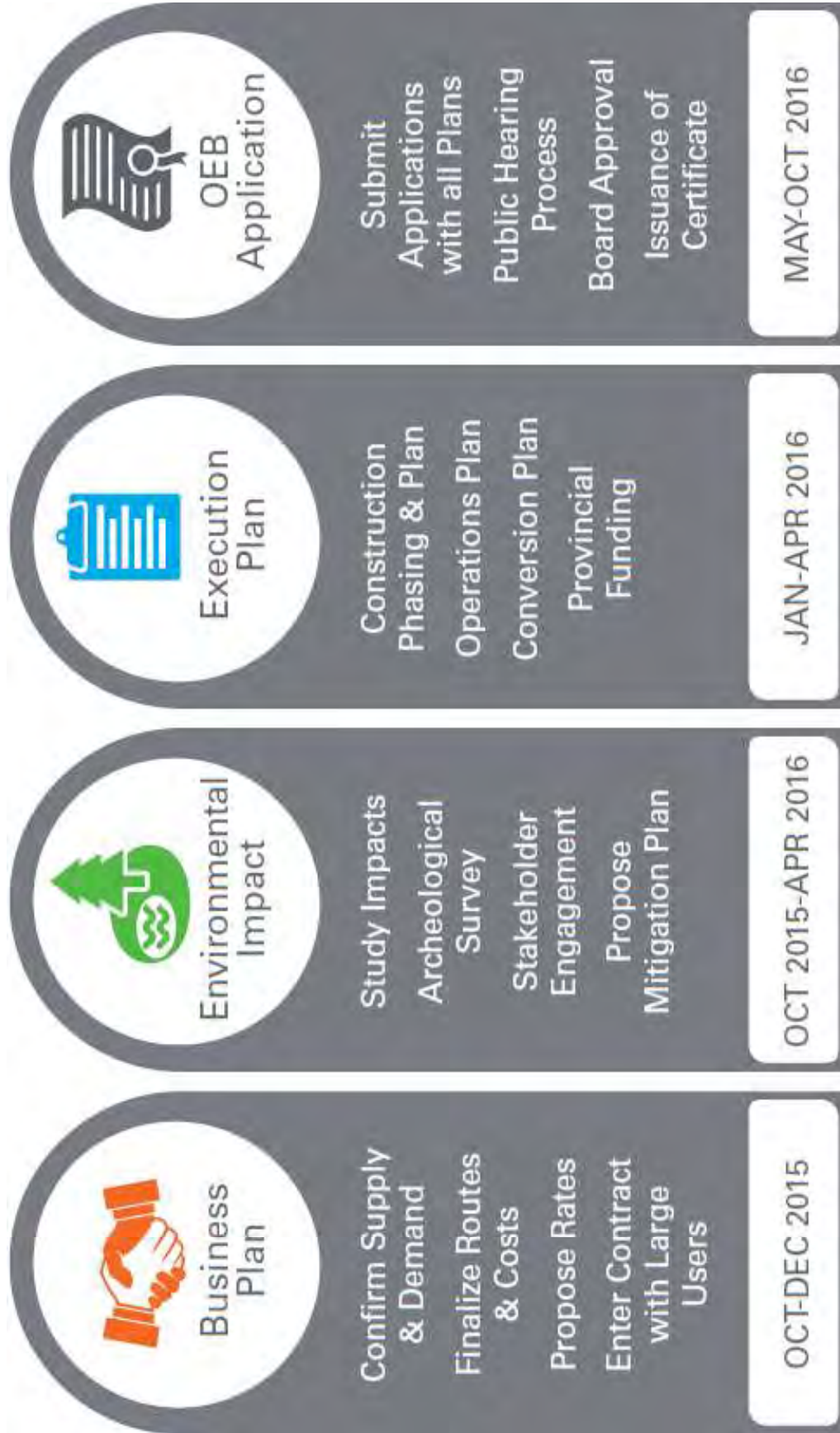
Project Timeline



CONTINUOUS CONSULTATION

- The project will be developed in three phases.
- Consultation will help shape the project throughout: not just during the approvals phase.
- EPCOR will continue to deliver information and project updates to communities.

Pre-Construction Activities



Ontario Energy Board and Approval Process

- The OEB regulates the natural gas industry in Ontario in the public interest. Under Section 90 of the Ontario Energy Board Act, the OEB's review and approval are required before the Project can proceed. If approved, construction of the replacement pipeline is currently expected to begin no earlier than Q1 2017.
- EPCOR plans to complete the report for the environmental study in the spring of 2016, after which EPCOR will file an application for the proposed pipelines with the OEB.
- For more information about the OEB process and information about how to participate in the OEB hearing process, visit www.ontarioenergyboard.ca

Benefits of Natural Gas

Reliable

- Delivered to your home via underground pipe, so is an uninterrupted supply.

Affordable

- Saving upward of \$2,000 per year on their residential energy bills.
- Commercial and industrial customers are seeing similar savings.

Clean

- Compared to heating oil, it has fewer greenhouse gas emissions.
- Gas appliances for space & hot water heating can operate at up to 98% efficiency.
- Overall this benefits the environment

Safe

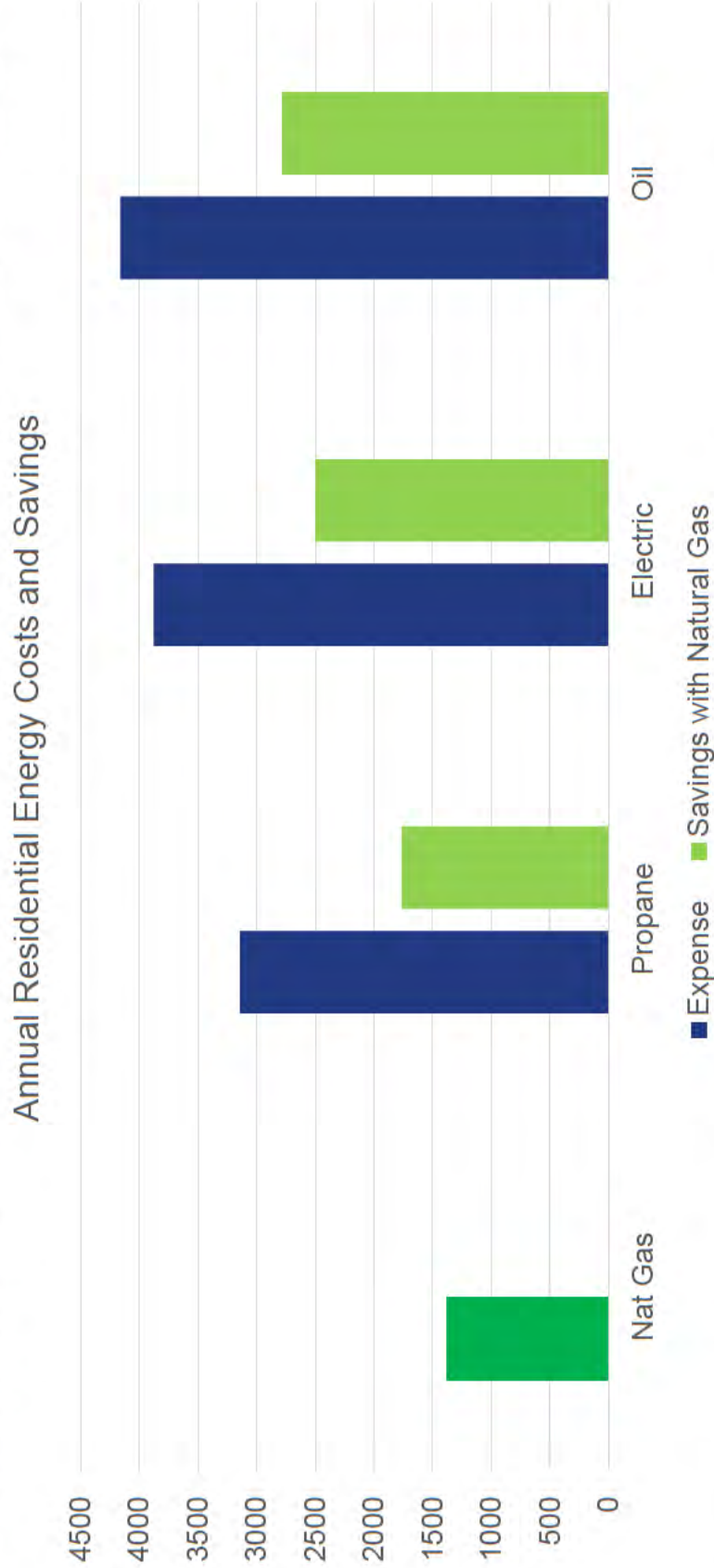
- Has been in use in Canada for over 100 years.
- Stringent safety standards and regulations govern all aspects of the natural gas industry – from product safety to delivery to use by consumers

Project Economics

- EPCOR's Southern Bruce County Natural Gas Utility Project is expected to cost between \$100 and \$120 million.
- No taxpayer dollars spent on construction costs associated with bringing the natural gas lines to the municipalities.
- Expecting to seek government grants to help towards homeowner conversion costs

Consumer Savings vs. Other Energy Sources

Anticipated Annual savings: \$1500 to \$2800 per household



Notes: Annual residential energy usage of 2,600 m3 of natural gas; mix of existing fuel types. Commodity prices escalated by 2% per year from 2015 to 2018. 2015 prices from Union Gas savings calculator.

Residential Conversion Economics

Current Heating	Typical Conversion Cost	Anticipated Annual Savings	Estimated Payback
Propane	\$1,000	\$1,500	< 1 Year
Electric Forced Air / Boiler	\$6,000	\$2,500	2.4 Years
Electric Base Board	\$12,000	\$2,500	4.8 Years
Oil Forced Air / Boiler	\$6,000	\$2,800	2.1 Years
Average	\$5,000	\$2,000	2.5 Years

For More Information....

**For more information and news about
this project, please visit our website:**

www.epcoursouthernbruce.com

Information Session Boards

Kincardine - May 23, 2018

Chesley - May 24, 2018

Ripley - May 25, 2018

WELCOME

Thank you for attending! We invite you to view the display boards, speak to representatives from EPCOR or Stantec, and complete a questionnaire providing your feedback.

Please sign in at the front desk to have your attendance recorded as part of the environmental study and to receive future Project updates.

The purpose of this Public Information Session is to:

- Consult with the public, Indigenous communities and regulatory authorities regarding the Preliminary Preferred Route, alternative route options and potential impacts and mitigation measures.
- Provide an opportunity for nearby landowners and the general public to discuss the proposed Project with representatives of EPCOR and Stantec. Stantec is an Independent environmental consultant.

Public consultation is a key component of the **Environmental Report**.





Who is EPCOR

Our Story - Then and Now

- EPCOR began as Canada's first municipally-owned electric utility in 1891, serving the citizens of Edmonton.
- Stand-alone corporation as of Jan 1, 1996; sole shareholder is the City of Edmonton.
- EPCOR is governed by an independent Board of Directors.

Working in Communities

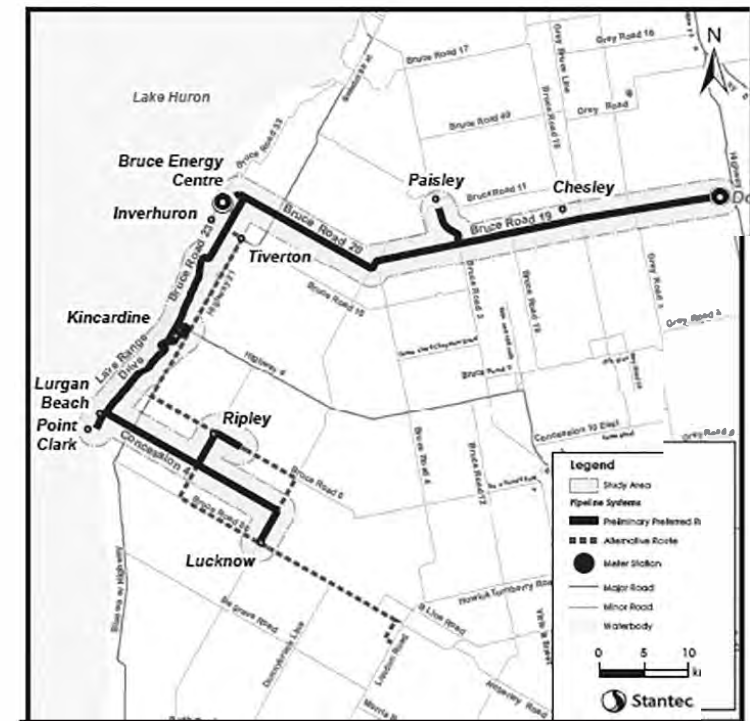
- EPCOR has a presence in Alberta, Saskatchewan, B.C, Arizona, New Mexico, Texas and now Ontario.
- Our employees work 24/7 to keep essential services reaching the communities where we live and work.
- We consider how we can better care for the environment in all that we do.
- As a citizen, we contribute to the life of our communities.



Project Overview

EPCOR proposes to develop a comprehensive natural gas distribution system to serve the residents, businesses and farms in southern Bruce County, Ontario. The Municipalities of Arran-Elderslie, Kincardine and the Township of Huron-Kinloss are partnering with EPCOR on the Project.

- The Project would include approximately 295 km of natural gas pipeline. EPCOR's distribution system will consist of two components:
 - a larger diameter mainline that will be the backbone of the system and transport gas to each of the communities (approximately 127 km)
 - smaller diameter high-density polyethylene (HDPE) distribution piping that will be constructed within each of the communities to directly serve homes and businesses (approximately 165 km)
- The natural gas network will serve the communities of Chesley, Paisley, Inverhuron, Tiverton, Kincardine, Lurgan Beach, Point Clark, Ripley, Lucknow and the Bruce Energy Centre. It will also serve residences, commercial and industrial businesses along the route.



The proposed pipelines will be located within road allowances to the extent possible along the routes shown in the following maps.

Study Area Map



Environmental Study

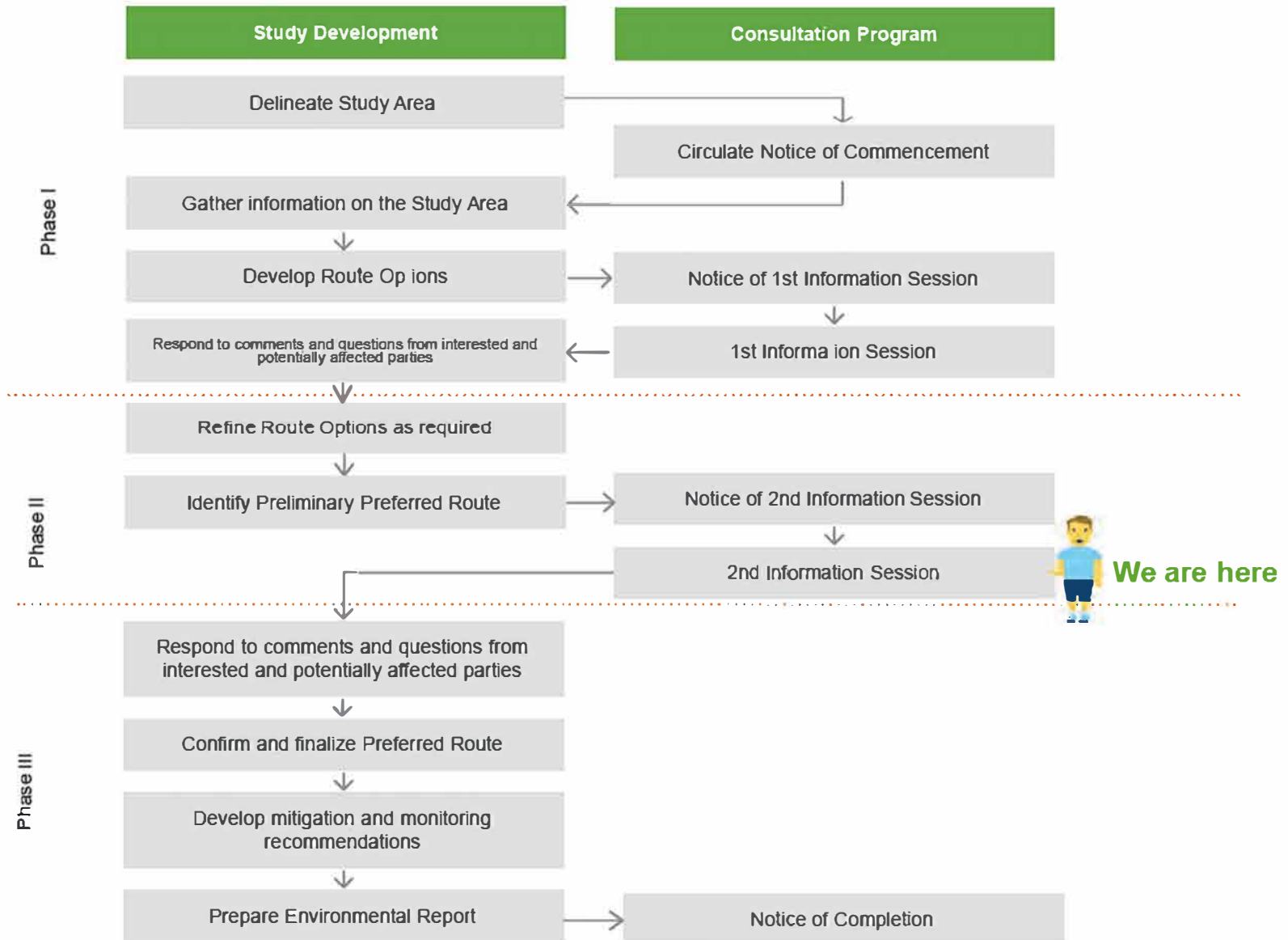
EPCOR has retained Stantec to conduct an environmental study of the construction and operation of the proposed Project. The environmental study and subsequent Environmental Report for the Project will be completed in accordance with the Ontario Energy Board's "Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario, Seventh Edition (2016)".

The Environmental Study:

- Identifies potential impacts of the construction and operation of the proposed natural gas pipelines on environmental and socio-economic features
- Identifies an environmentally acceptable route for the proposed pipeline
- Includes consultation to understand the views of interested and potentially affected parties
- Assesses the potential cumulative effects of the Project in conjunction with other projects that are planned for the area
- Identifies mitigation and protective measures to avoid or minimize impacts
- Identifies appropriate inspection, monitoring and follow-up programs for the Project to verify the effectiveness of mitigation and protective measures



Environmental Study Process



Ontario Energy Board (OEB) and Approval Process

The OEB regulates the natural gas industry in Ontario in the public's interest. On April 12, 2018 the OEB awarded EPCOR certificates of public convenience and necessity for parts of the Municipality of Arran-Elderslie, the Municipality of Kincardine and the Township of Huron-Kinloss.

As a next step, under Section 90 of the *Ontario Energy Board Act*, the OEB's review and approval of a Leave to Construct (LTC) are required before the Project can proceed. If approved, construction of the Project is currently expected to begin no earlier than Q1 2019.

EPCOR plans to finalize system design and complete the report for the environmental study in the summer of 2018, after which EPCOR will file

an LTC application for the proposed pipelines with the OEB. This application will include comprehensive information on the Project, including: the need for the Project, facility alternatives, Project costs and economics, pipeline design, pipeline construction, environmental mitigation measures, land requirements, and regulator and Aboriginal consultation.

The OEB will then hold a public hearing to review the Project. Notification of the hearing includes notices in local newspapers and letters to directly affected landowners. The hearing provides an additional opportunity for the general public and landowners to ask and submit questions regarding the Project. After the hearing, the OEB will issue a written decision.

If the OEB finds the Project is in the public

interest, it will approve construction of the pipelines, typically with conditions with which EPCOR will comply during the construction and post construction restoration process.

Under Section 36 of the *Ontario Energy Board Act*, the OEB's review and approval of the tariff to be paid by customers must be obtained. EPCOR expects to file for a tariff in approximately the same timeframe as it files for a LTC. It is expected that the OEB will hold a public hearing to review the proposed tariff. Any tariff proposed by EPCOR will be subject to approval by the OEB.

Additional information about the OEB process and information about how to participate in the OEB hearing process can be found at: <http://www.ontarioenergyboard.ca>



The Preliminary Preferred Route Selection Process

Step 1

Constraints and Opportunities

Inventory of environmental and socio-economic features.

Step 2

Generate Alternative Routes

Alternative Route selection is influenced by the following:

- Avoidance to the extent feasible of sensitive socio-economic and environmental features such as communities, wetlands, etc.
- Avoidance to the extent feasible of areas which may present construction difficulties or the potential for long-term maintenance/remedial work.
- Utilizing to the extent feasible existing linear infrastructure, such as hydro corridors, road right-of-ways (ROWs) and property lines.
- The length of the pipeline and associated costs of construction and operation may influence route generation.
- Routes should follow a reasonably direct path between start and end points.

Step 3

Route Evaluation

To identify a Preliminary Preferred Route, an evaluation of the Route Options was conducted based on:

1. A quantitative comparative evaluation of impacts to environmental and socio-economic features.
2. A qualitative comparative evaluation based on stakeholder input and the experience of the Project Team in routing linear infrastructure.

Step 4

Input on the Preliminary Preferred Route

The Preliminary Preferred Route is subject to input through a variety of communication and consultation activities, such as public information sessions.



We are here

Step 5

Confirmation of the Preferred Route

A Preferred Route will be confirmed. The Preferred Route may require micro-siting as the project moves forward based on the results of pre-construction field investigations, landowner requests, and/or engineering considerations.



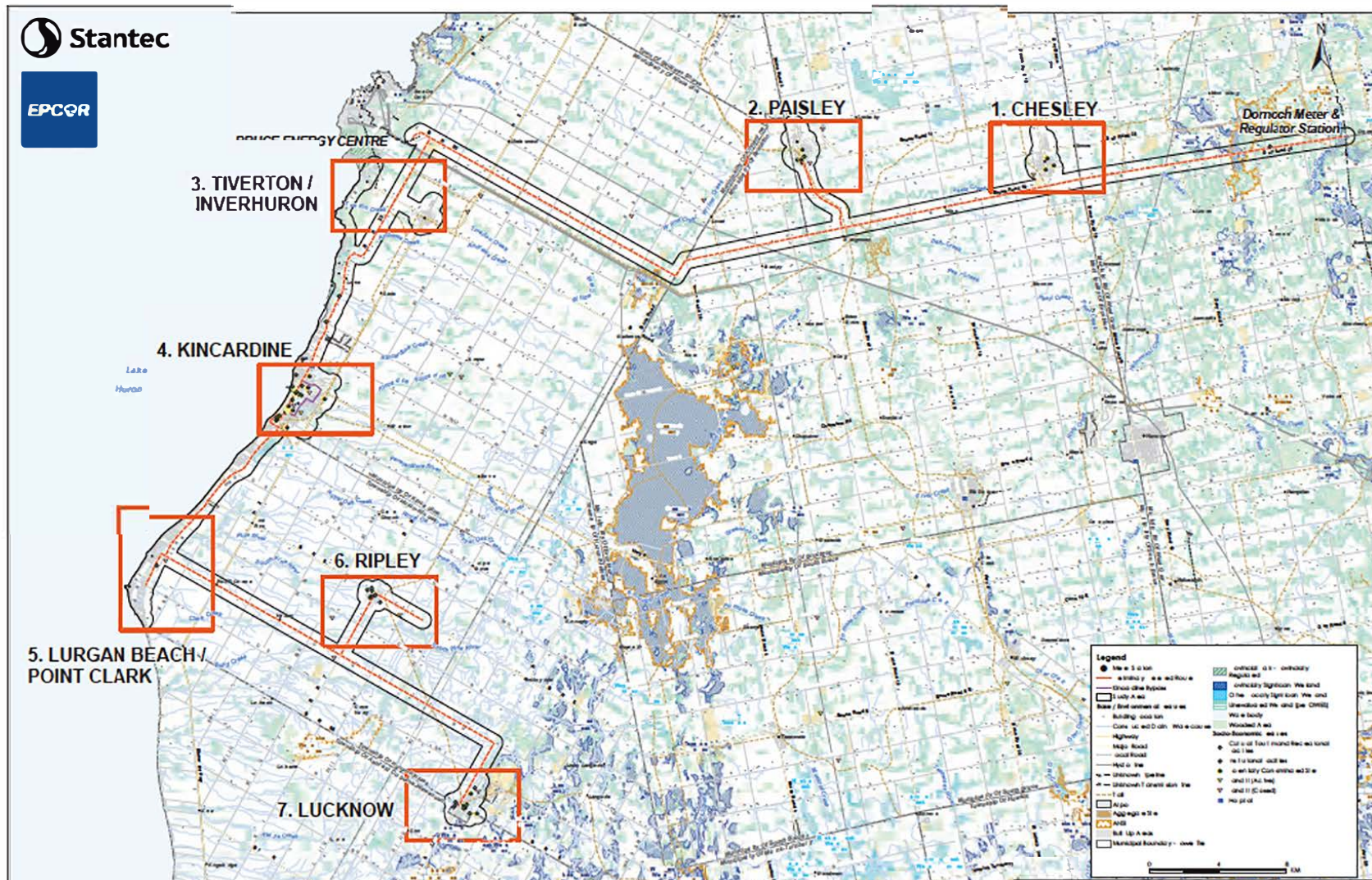
Existing Features and the Preliminary Preferred Route

Data on existing environmental and socio-economic features within the study area has been collected from many external sources including, but not limited to, agencies, aerial photography, official plan mapping, natural features mapping and field investigations. This information has been used to evaluate alternative route options and identify the Preliminary Preferred Route.

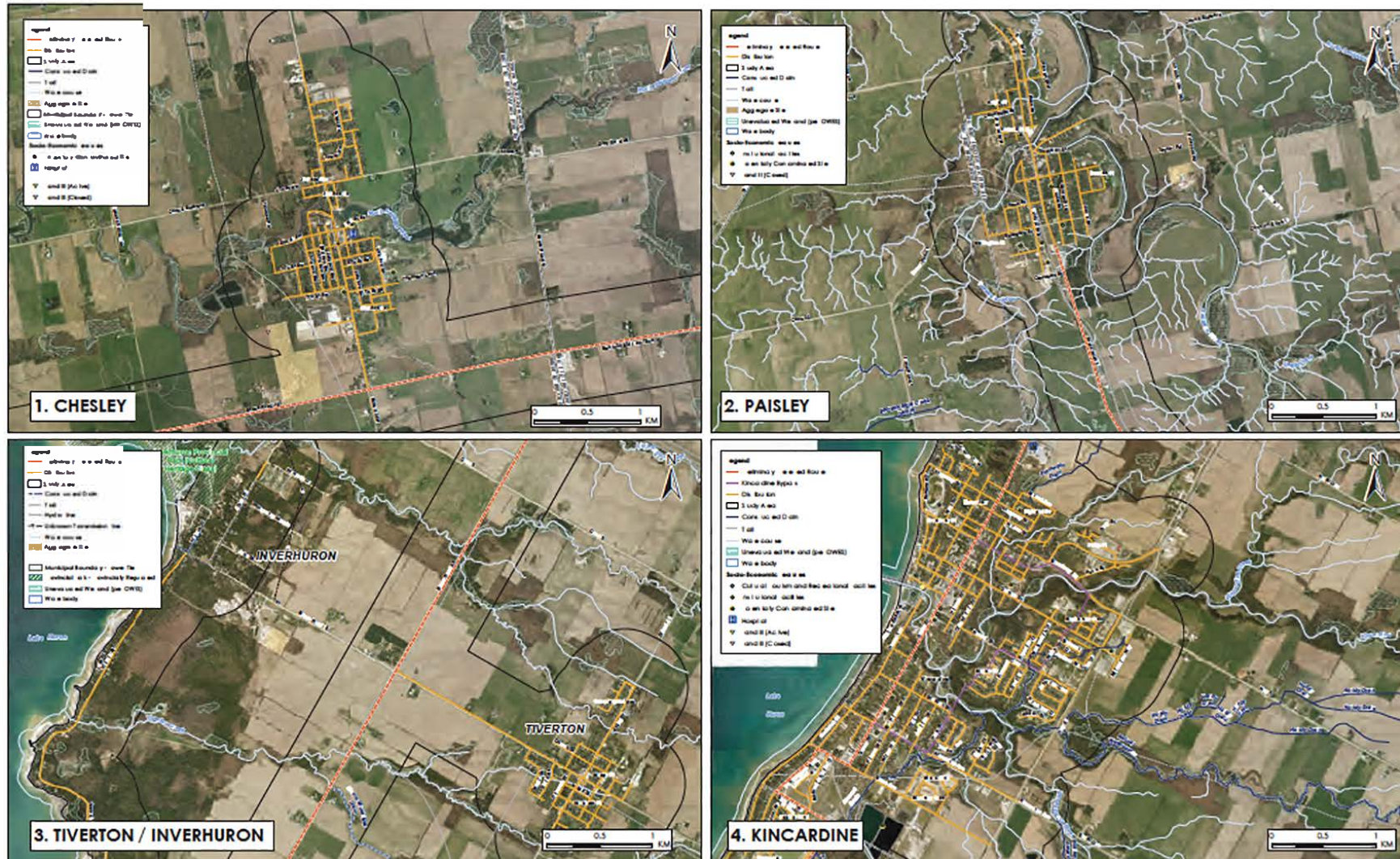
The Preliminary Preferred Route maximizes customer connections while avoiding sensitive environmental and socioeconomic features where feasible. Where features cannot be avoided, mitigation and protection measures will be employed during pipeline construction and operation. Additional data collection and agency consultation will continue after this Information Session to assist in confirming a Preferred Route.



Natural & Socio-Economic Features Along the Preliminary Preferred Route



Natural & Socio-Economic Features Along the Preliminary Preferred Route





Natural Features – Potential Impacts and Mitigation



Designated Natural Areas and Vegetation

The Preliminary Preferred Route falls within an existing road allowance that passes within provincially significant wetlands and the Kinghurst West Life Science Area of Natural and Scientific Interest.

Where there is natural vegetation within or adjacent to the Preliminary Preferred Route, potential impacts include the removal of native vegetation from within the road allowance, introduction or spread of invasive species, and indirect effects such as dust and erosion. Regional bylaws relating to tree preservation will be adhered to as applicable.



Aquatic Species and Habitat

- 143 watercourse crossings with a total of 34 fish species.

Construction has the potential to affect fish through impacts on water quality (erosion, sedimentation, etc.) and disruption resulting from construction activities. Watercourses identified as supporting fish will be crossed using Horizontal Directional Drill (HDD) methods so that no in-water work is required. Permits will be obtained from the conservation authorities and Department of Fisheries and Oceans Canada (DFO) as applicable.



Wildlife and Wildlife Habitat

Wildlife habitats which may occur along the Preliminary Preferred Route include: seasonal concentration areas, animal movement corridors, rare vegetation communities or specialized habitats. The potential for species of conservation concern to be present is limited by habitat availability and quality.

Potential impacts on wildlife and wildlife habitat from construction include direct mortality from construction vehicles, limited habitat destruction through vegetation removal and sensory disturbance of wildlife during construction.



Species at Risk

Potentially 18 Species at Risk (SAR) inhabit the study area. Habitat availability and quality along the Preliminary Preferred Route is limited. Consultation is ongoing with the Ministry of Natural Resources and Forestry and DFO to determine SAR presence or absence. Targeted searches for SAR will be undertaken within the construction area prior to vegetation removal. Encounters with two reptile SAR, the Massasauga Rattle Snake and Blanding's Turtle, are possible during construction. Avian and bat SAR may occur along the proposed route and have the potential to be disturbed or harmed during vegetation removal or construction activities. Where necessary, EPCOR will apply to the MNR, DFO, and for applicable permits or authorizations.

Mitigation: General and site-specific mitigation measures to reduce impacts during trenching and HDD will be employed to reduce potential impacts. With the implementation of mitigation and protective measures, no significant adverse residual impacts on natural features are anticipated.

Pipeline Design and Safety



Design

Pipelines are designed to meet and/or exceed the regulations of the Canadian Standards Association (Z662 Oil and Gas Pipeline Systems) and the applicable regulations of the Ontario Technical Standards & Safety Authority (TSSA).

Safety

Pipeline integrity management and maintenance programs are developed so that the pipelines will continue to operate safely and reliably.



Construction Details

1. Preparing the Right of Way

The right-of-way and temporary work spaces are graded, and trees are removed where needed. The location of the trench is then staked.

2. Welding

The pipe is bent and welded into one long piece beside the trench. Pipeline welds are examined by a third-party company using x-rays before the line is lowered into the trench.

3a. Trenching

Trenches are dug by backhoes or other excavation machines to an appropriate depth (approx. 1 m). The amount of open trench is minimized at any given time to reduce environmental impact. In agriculturally productive lands topsoil and subsoil are stripped and stockpiled separately to avoid mixing.

3b. Trenchless Techniques

Horizontal directional drilling or boring may be used instead of trenching to cross under major roads, watercourses, other pipelines or environmentally sensitive features.

4. Backfilling

Where trenching has been used, the pipe is lowered into the trench and its location is surveyed. Excavated material is replaced.

5. Testing

The new pipeline is then hydrostatically tested by filling the pipe with water to a pressure greater than actual operating pressures. This test confirms pipeline strength and checks for leaks.

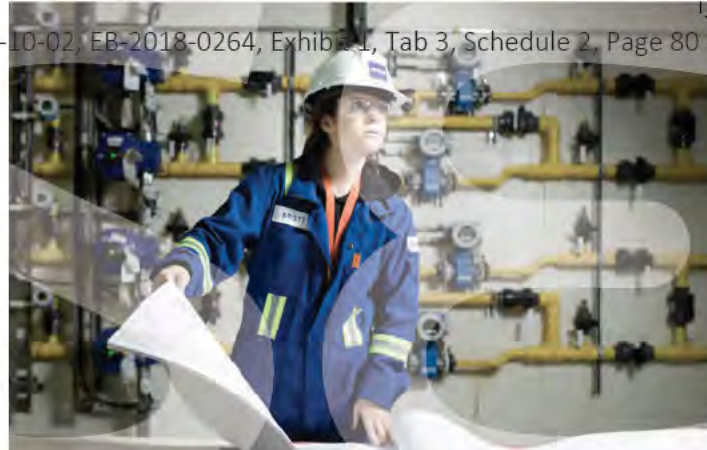
6. Clean up

Construction materials are removed, and a final grading of the area is performed. Anything removed or disturbed by construction (such as fences or pavement) are repaired or replaced. Disturbed soils are restored and seeded with an appropriate seed mix. Erosion and sediment control measures are maintained as required until the area is revegetated and stabilized.

7. Monitoring

Slope erosion and re-establishment of vegetation are carefully monitored following construction. EPCOR is responsible for the work necessary to address any issues following pipeline construction.





HEALTH, SAFETY & ENVIRONMENT (HSE) POLICY

Getting home safely and protecting the public and the environment are responsibilities we all share. There is nothing more important than the health and safety of our employees, contractors and the general public.

A handwritten signature in black ink, appearing to read 'Stuart Lee'.

Stuart Lee
President & Chief Executive Officer, EPCOR Utilities Inc.
September 2015

EVERYONE IS EXPECTED TO UNDERSTAND, PROMOTE AND SUPPORT THE IMPLEMENTATION OF THIS POLICY. WE MUST DELIVER ON OUR COMMITMENTS.

WE BELIEVE

- All injuries are preventable
- Everyone has the right to work in a safe workplace
- All employees and contractors are accountable for working safely and in an environmentally responsible manner
- Health, safety and environmental aspects must be considered when establishing processes
- Employee involvement, training and communication are essential to achieve health and safety excellence

OUR COMMITMENTS

- Sustain an effective HSE management system and promote a positive culture to prevent all injuries and work related illnesses
- Reduce pollution and minimize harm to the environment
- Meet or exceed all applicable legal requirements, industry standards and societal expectations
- Set objectives and targets to continually improve HSE management and performance
- Provide timely and effective training, resources and equipment
- Identify hazards, evaluate risks and ensure controls are in place
- Learn from our incidents and apply corrective actions to prevent reoccurrence
- Involve employees to improve health and safety performance
- Measure and share our HSE performance



PROVIDING MORE

How to Get Ready to Convert to Natural Gas?

- Suspend automatic delivery of propane/heating oil shortly before anticipated conversion
- If you need to replace your furnace now, install a propane/natural gas capable furnace
- Consider what other appliances you might want to convert – water heater, range, BBQ, clothes dryer, fireplace

Residential Conversion Economics

Current Heating	Typical Conversion Cost (Heating / Water Heating)	Anticipated Annual Savings (Heating / Water Heating)	Estimated Payback
Propane Forced Air	\$2,000	\$850	<2.3 years
Electric Forced Air / Boiler	\$6,000	\$750	<8 years
Electric Baseboard Option 1 - New Furnace/Ducting	\$12,000	\$750	<16 years
Electric Baseboard Option 2 - New Combi-Boiler	\$7,000	\$750	<9.3 years
Oil Forced Air / Boiler	\$6,000	\$1,800	<3.3 years



Benefits of Natural Gas

Natural gas is the main energy source in more than 6.6 million Canadian homes, businesses and institutions. Of this number, more than 50% of customers are in Ontario. People are choosing natural gas for water heating, drying clothes, cooking, fireplaces, barbecuing and even heating swimming pools and hot tubs.

Natural gas has many benefits:

Reliable

Natural gas is delivered to your home through an underground pipeline, so you benefit from an uninterrupted, continuous supply. There are no tanks, so there is no waiting for deliveries. Weather is not a factor and does not disrupt service.

Affordable

Canadians are saving money by using natural gas. Compared to other major heating fuels, natural gas customers are saving upward of \$2,000 per year on their residential energy bills. Commercial and industrial customers are seeing similar savings.

Natural gas rates are regulated by the Ontario Energy Board to protect consumers, unlike fuel oil and propane.

Clean

When compared with heating oil, natural gas creates fewer greenhouse gas emissions. Also, high efficiency natural gas appliances for space heating and hot water heating can operate at up to 98% efficiency. This benefits the environment and results in cost savings to the customer.

Safe

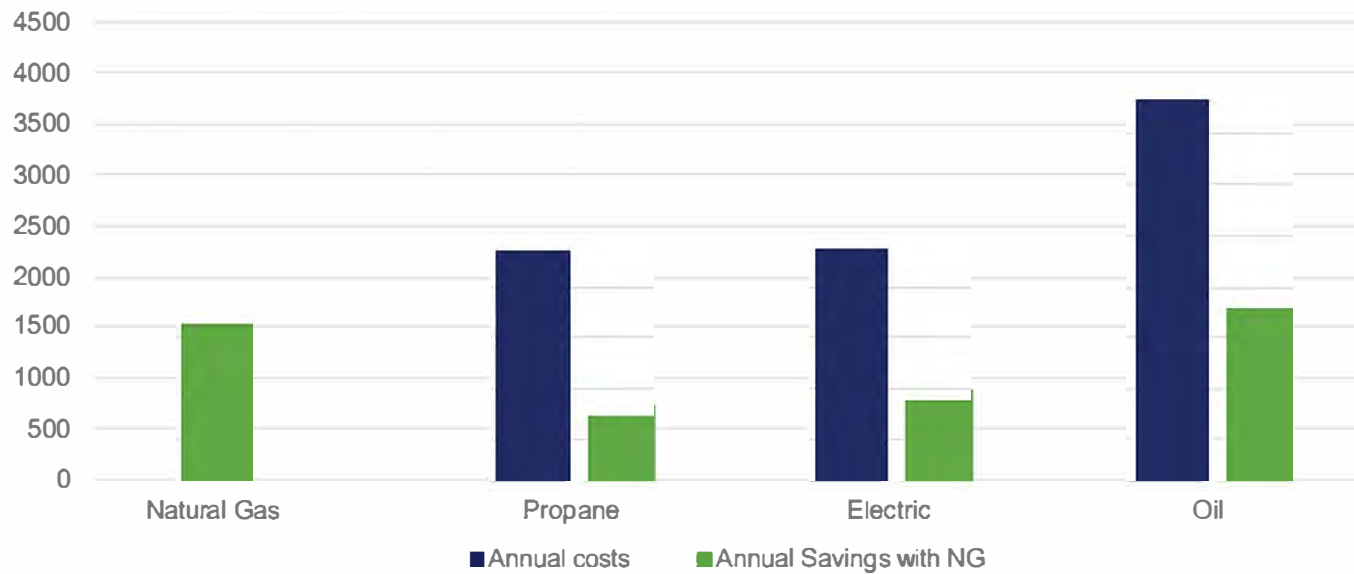
Natural gas has been in use in Canada for over 100 years. In this time, stringent safety standards and government laws and regulations govern all aspects of the natural gas industry – from product safety to delivery to use by consumers.



Consumer Savings VS. Other Energy Sources

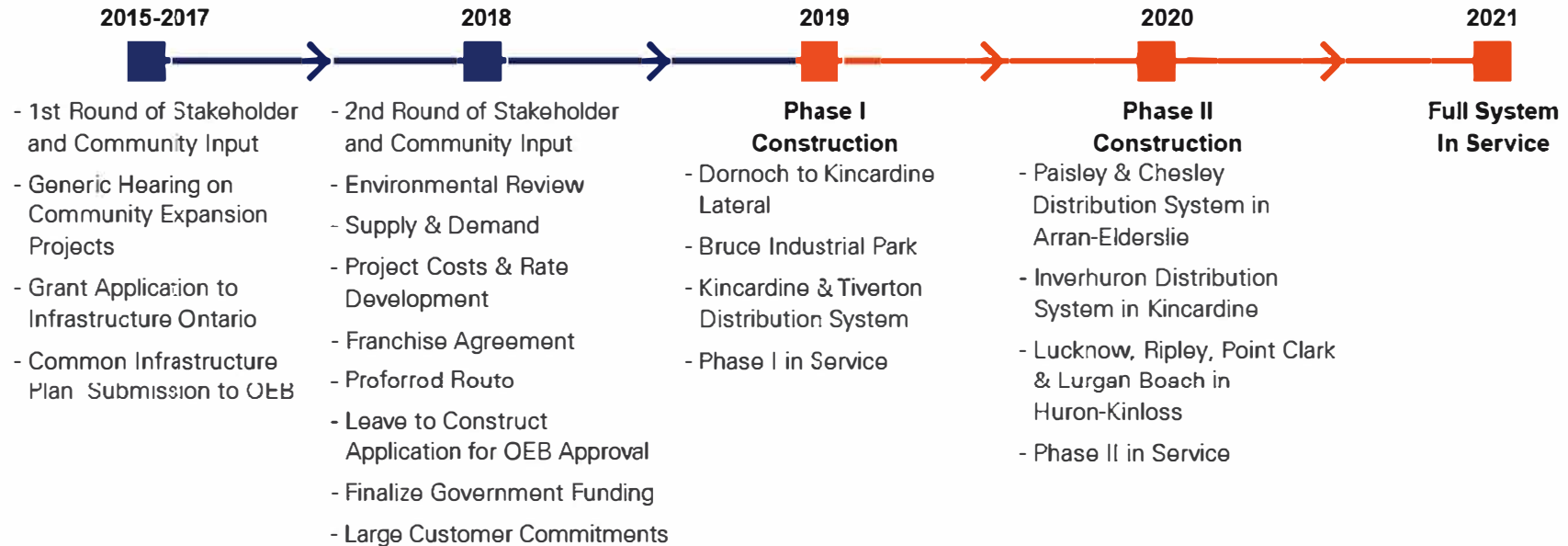
Anticipated Annual Savings: \$750 to \$1800 per household

Annual Residential Energy Costs and Savings



Annual residential energy usage of 2,149 m3 of natural gas; mix of existing fuel types. Commodity prices as of April 2018.





CONTINUOUS CONSULTATION



Thank You!

We sincerely hope this Information Session has provided you with an opportunity to:

- Discuss your areas of interest related to the proposed Project with representatives from EPCOR and Stantec
- Provide your input on existing conditions identified within the study area
- Comment on the Preliminary Preferred Route and site-specific protection and mitigation measures

Input provided by the public, Indigenous communities and other stakeholders will be used to confirm the existing environmental and socio-economic conditions, the Preferred Route and mitigation/protection measures.

If you have any further comments or questions or wish to stay informed about the progress of the Project and the preparation of the Environmental Report, please contact:

Thomas Stachowski
Customer Care Specialist
EPCOR Southern Bruce Gas Inc.
735 Queen St.
Kincardine, ON N2Z 1Z9
Phone: (519) 396-3405
Email: southernbruce@epcor.com

Tanya Turk
Project Manager
Stantec Consulting Limited
300-675 Cochrane Drive, West Tower
Markham, ON L3R 0B8
Phone: (905) 415-6416
Email: EAsouthernbruce@stantec.com

You can also visit the Project website at www.epcorsouthernbruce.com.

Please provide any comments, questions or concerns regarding this Project by June 25, 2018.





EXIT QUESTIONNAIRE
Public Information Session – May 23, 24 & 25, 2018

Please look over the display panels, and then take a few moments to provide your comments below. Your input is welcomed and appreciated. If you require any assistance or clarification while completing the questionnaire please speak with an EPCOR or Stantec representative.

Completed questionnaires can be returned to a Stantec representative or mailed to Stantec Consulting Ltd. by **June 25, 2018**. Postage paid, self-addressed envelopes are available at the registration table.

1. How did you hear about this Public Information Session? (check all that apply)

- | | |
|---|---|
| <input type="checkbox"/> Newspaper ad (which one?)_____ | <input type="checkbox"/> Local media |
| <input type="checkbox"/> From a friend or neighbour (word of mouth) | <input type="checkbox"/> Mail flyer |
| <input type="checkbox"/> Other (please specify):_____ | <input type="checkbox"/> Direct mail invitation |

2. Which best describes your interest in the project?

- | | | | | |
|--|--|--|--|---|
| <input type="checkbox"/> Directly
affected
landowner | <input type="checkbox"/> Adjacent
landowner | <input type="checkbox"/> Gov't
agency | <input type="checkbox"/> Local
business | <input type="checkbox"/> Other (please specify):
_____ |
|--|--|--|--|---|

3. Did a project representative adequately address your questions? If no, please list your questions below and provide a description on how you think we can best address them?

- ☐ Yes ☐ No – please explain ☐ Partly – please explain

4. Were you provided with an adequate understanding of the Ontario Energy Board (OEB) review and approval process?

- ☐ Yes ☐ No – please explain

5. Please identify any environmental or socio-economic features in the study area which are either incorrectly mapped, omitted or that you feel are important to consider during the study (please state your reasons).

6. Considering the location of the Project facilities shown on the display panels, please indicate whether there are any potential effects to you, your property, or business that you would like addressed (i.e., noise, dust, traffic).

7. What factors do you feel are the most important to consider, to compare and evaluate route options for the proposed pipelines (i.e., protected natural areas, residential properties, agricultural land, watercourses)?

8. If natural gas were available, would you be interested in converting to natural gas?

- ☐ Yes ☐ No ☐ Maybe, I need more information ☐ I'm already hooked up to natural gas
☐ Yes, and I would like more information on converting to natural gas
 (please provide contact information below).

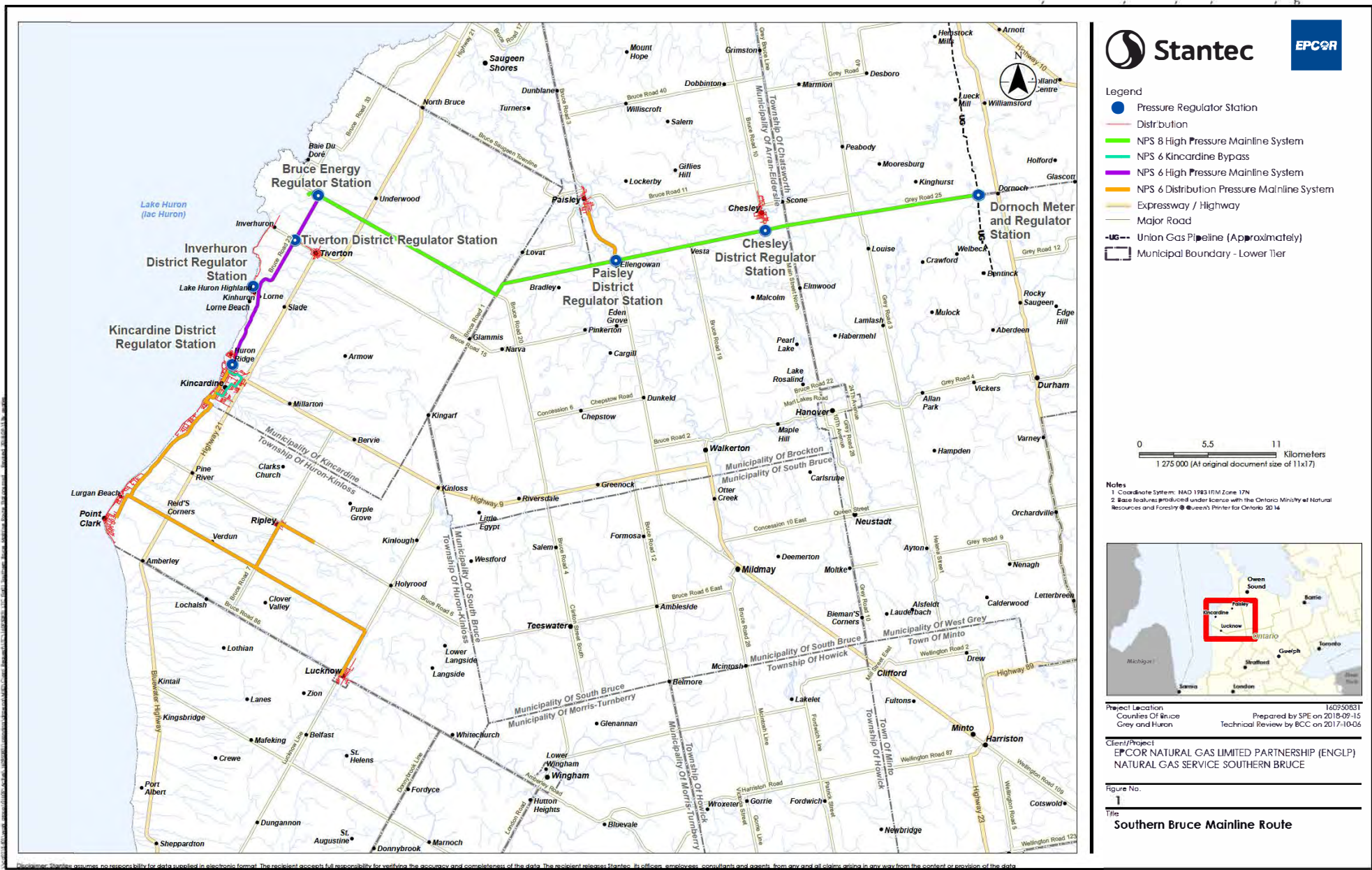
9. Do you have any other interests about this proposed project that you would like to bring to our attention for consideration? If you would like to meet or be contacted to discuss any outstanding questions or concerns, please describe the issue below, and provide your contact information at the bottom of this page.

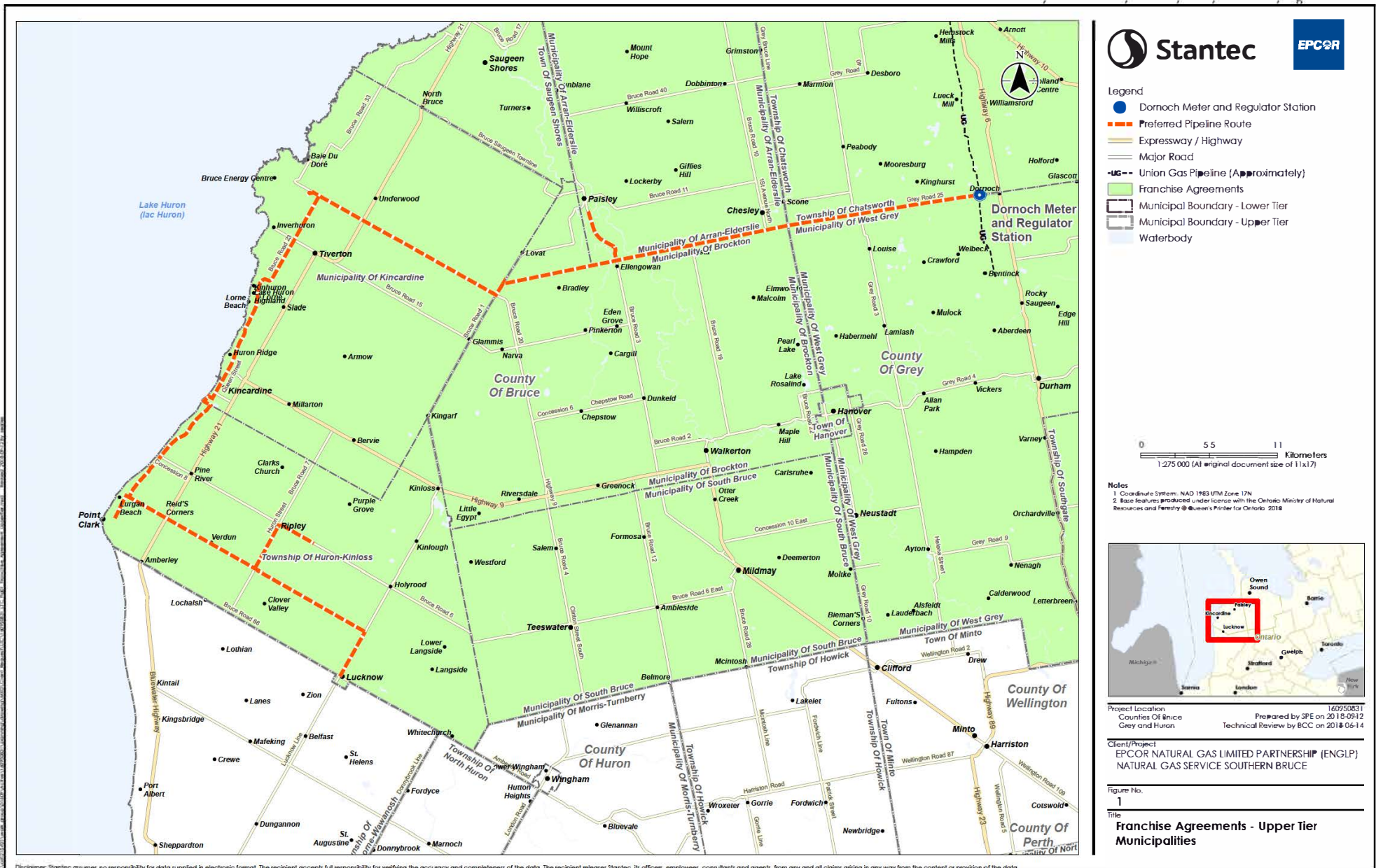
Thank you for completing this questionnaire

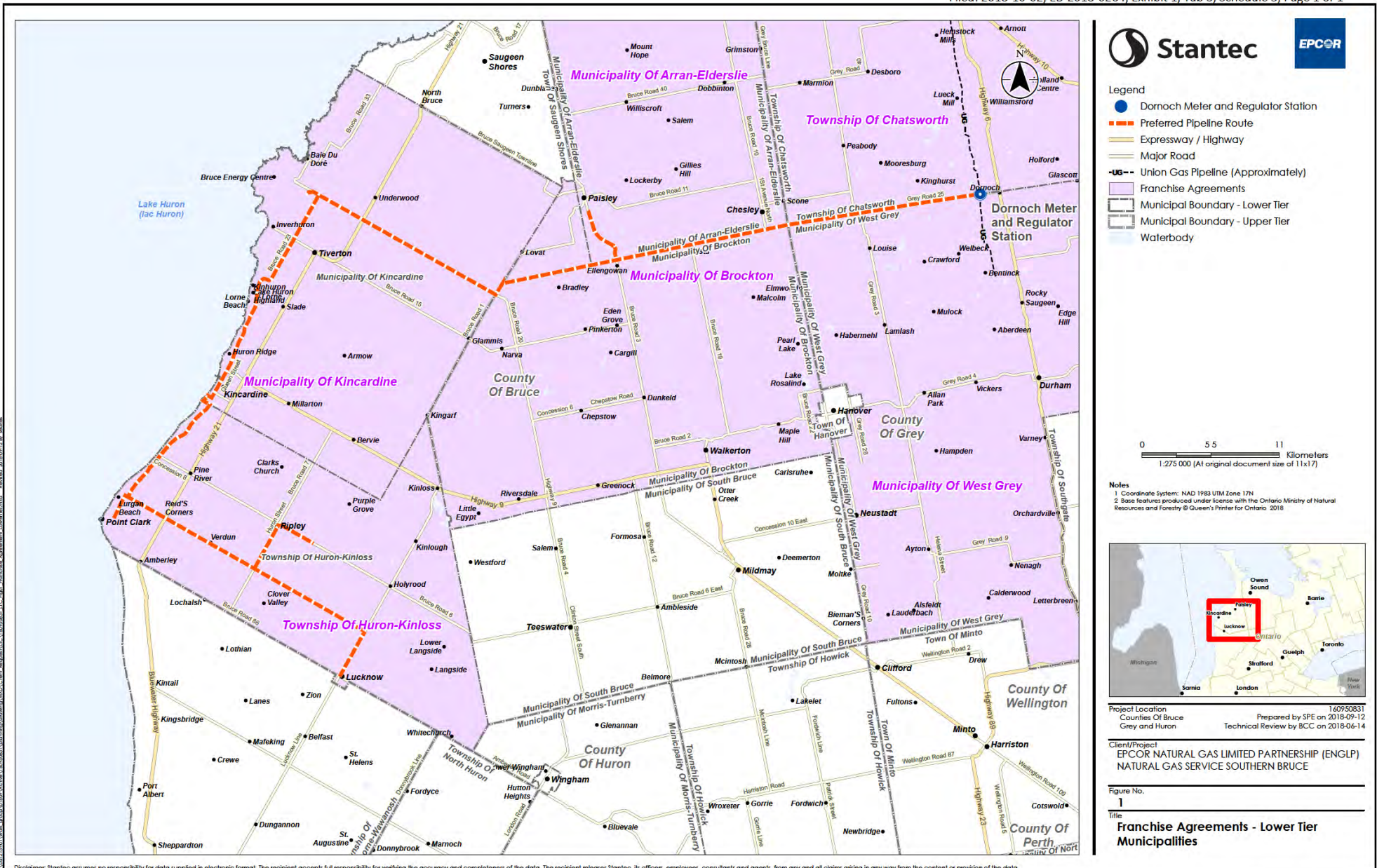
If you would like someone to contact you about any items identified above please provide us with your contact information.

Name:	
Group/Organization:	
Mailing Address:	
Telephone:	
E-mail Address:	

Thank you for your participation. Comments and information regarding this study are being collected in accordance with the Freedom of Information and Protection of Privacy Act, and solely for the purpose of the Proposed Natural Gas Pipelines to Serve Southern Bruce Project. With the exception of personal information, all comments may become part of the record.







Pro-forma Financial Statements
(Thousands of Dollars)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Income Statement										
Non-distribution Revenue	319	1,273	2,047	2,678	3,093	3,391	3,497	3,544	3,588	3,627
Less: Non-distribution Cost	(319)	(1,273)	(2,047)	(2,678)	(3,093)	(3,391)	(3,497)	(3,544)	(3,588)	(3,627)
Net Non-distribution Revenue	0	0	0	0	0	0	0	0	0	0
Distribution Revenue	589	3,050	4,621	5,818	6,646	7,190	7,455	7,594	7,727	7,846
Less: Distribution O&M	(555)	(1,443)	(1,715)	(1,813)	(1,895)	(2,067)	(2,103)	(2,137)	(2,171)	(2,461)
Property Taxes	(331)	(490)	(567)	(565)	(582)	(590)	(624)	(626)	(629)	(630)
EBITDA	-297	1,117	2,358	3,440	4,169	4,532	4,728	4,831	4,927	4,755
Less: Depreciation	(692)	(1,327)	(1,709)	(1,778)	(1,826)	(1,861)	(1,878)	(1,888)	(1,925)	(1,934)
Add: Capitalized IDC	651	180	45	27	24	13	6	5	13	3
EBIT	-338	-30	694	1,688	2,367	2,685	2,856	2,948	3,015	2,824
Less: Interest Expense	(564)	(1,248)	(1,386)	(1,403)	(1,402)	(1,389)	(1,361)	(1,327)	(1,297)	(1,265)
Less: Cash Tax	-	-	-	-	-	-	-	-	-	-
Net Income	(902)	(1,278)	(692)	285	965	1,296	1,494	1,621	1,718	1,559
Balance Sheet										
Cash	-	0	0	0	0	(0)	0	0	(0)	0
NWC	181	300	346	412	423	484	450	496	462	546
PP&E	57,313	80,779	81,548	80,997	80,180	78,614	76,564	74,435	72,771	70,446
Assets	57,494	81,079	81,894	81,409	80,603	79,098	77,014	74,932	73,233	70,992
Deferred Revenue	61	477	826	1,034	1,137	1,126	1,079	1,033	987	940
Assets and Regulatory Assets	57,555	81,556	82,719	82,443	81,740	80,224	78,093	75,965	74,219	71,932
Contribution from Grant	8,544	21,591	21,001	20,411	19,821	19,231	18,641	18,051	17,461	16,871
ST Operating Debt	1,958	2,380	2,436	2,440	2,431	2,395	2,335	2,275	2,231	2,165
LT Debt	29,432	36,170	37,361	37,632	37,606	37,046	36,103	35,161	34,450	33,412
Liabilities	39,933	60,140	60,798	60,483	59,858	58,672	57,079	55,488	54,142	52,449
Retained Earnings	(902)	(2,180)	(2,871)	(2,587)	(1,622)	(326)	1,168	2,789	4,507	6,066
Share Capital	18,524	23,596	24,793	24,546	23,503	21,878	19,846	17,688	15,571	13,418
Equities	17,622	21,416	21,921	21,959	21,882	21,552	21,014	20,477	20,078	19,483
Liabilities and Equities	57,555	81,556	82,719	82,443	81,740	80,224	78,093	75,965	74,219	71,932
Statement of Cash Flow										
Net Income	(902)	(1,278)	(692)	285	965	1,296	1,494	1,621	1,718	1,559
add: Depreciation	692	1,327	1,709	1,778	1,826	1,861	1,878	1,888	1,925	1,934
less: increase in NWC	(181)	(119)	(46)	(66)	(11)	(61)	34	(47)	35	(84)
less: increase in IDC	(651)	(180)	(45)	(27)	(24)	(13)	(6)	(5)	(13)	(3)
less: increase in Deferred Revenue	(61)	(416)	(348)	(208)	(103)	11	47	47	46	47
Cash from Operations	-1,103	-667	578	1,762	2,653	3,093	3,448	3,504	3,711	3,453
CapEx	(57,346)	(25,030)	(3,023)	(1,791)	(1,576)	(872)	(413)	(344)	(838)	(197)
Grant Funding	8,535	13,465	-	-	-	-	-	-	-	-
Cash from Investing	-48,810	-11,565	-3,023	-1,791	-1,576	-872	-413	-344	-838	-197
Net Borrowing	31,390	7,160	1,247	275	(35)	(596)	(1,003)	(1,002)	(756)	(1,103)
Net Equity Injection	18,524	5,072	1,197	(247)	(1,042)	(1,625)	(2,032)	(2,158)	(2,117)	(2,153)
Dividends	-	-	-	-	-	-	-	-	-	-
Cash from Financing	49,913	12,232	2,445	28	-1,077	-2,222	-3,035	-3,160	-2,873	-3,257
Net Change in Cash	-	0	(0)	(0)	-	(0)	0	0	(0)	0