



DECISION AND RATE ORDER

EB-2019-0264

EPCOR NATURAL GAS LIMITED PARTNERSHIP (SOUTHERN BRUCE)

Application for rates to be effective January 1, 2020

By Delegation, Before: Theodore Antonopoulos

May XX, 2020

1 INTRODUCTION AND SUMMARY

On October 3, 2019, the Ontario Energy Board (OEB) approved a settlement proposal (settlement decision) that parties had reached on some issues for EPCOR Natural Gas Limited Partnership's (EPCOR) Southern Bruce operations (EPCOR Southern Bruce).¹ In the settlement decision, the OEB approved a custom incentive rate setting (Custom IR) plan and a ten-year rate stability period effective January 1, 2019 to December 31, 2028.

On November 28, 2019, the OEB issued its decision on the remaining unsettled issues.²

EPCOR filed a Custom IR update application for EPCOR Southern Bruce with the OEB on March 18, 2020 under section 36 of the *Ontario Energy Board Act, 1998* (OEB Act) seeking approval for changes to its natural gas distribution rates to be effective January 1, 2020. This application is EPCOR Southern Bruce's first annual rate adjustment update under the approved Custom IR framework.

EPCOR requested that the application be streamlined as the elements included in the application are largely mechanistic. EPCOR requested that the application be decided by delegated authority without a hearing. On April 13, 2020, the OEB issued a Case Information Letter indicating that a delegated authority under Section 6 of the OEB Act intends to make a decision on the application without holding a hearing.

EPCOR Southern Bruce is developing a greenfield natural gas distribution utility to service the Municipality of Arran-Elderslie, the Municipality of Kincardine and the Township of Huron-Kinloss. EPCOR Southern Bruce is expected to connect its first customer in the second quarter of 2020. EPCOR is applying for an order or orders that distribution rates be updated effective January 1, 2020 and adjusted in accordance with the settlement decision, including adjusting the monthly fixed charge and delivery charge for each rate class by the incentive rate adjustment (IR) factor.

EPCOR's application is based on a Custom IR, with a ten-year term. The Custom IR involves the setting of base rates through a cost based rates application in the first year. Mechanistic adjustments, based on inflation and other OEB approved elements, are typically then approved through an annual Custom IR update application process in each of the ensuing nine (adjustment) years.

There are currently no customers attached to EPCOR's Southern Bruce distribution system. For purposes of presentation, the OEB notes that had there been customers already attached, the impact of this Decision would have an annual total bill increase of

¹ EB-2018-0264, Decision on Settlement Proposal and Procedural Order No. 6, October 3, 2019.

² EB-2018-0264, Decision and Order, November 28, 2019.

\$13.05 for Existing Residential customers and an increase of \$12.72 for New Residential customers³. Both amounts are before taxes and effective January 1, 2020.

On May 1, 2020, EPCOR filed a letter to the OEB requesting that the implementation date for the requested increase be delayed until September 1, 2020 and intends to track forgone revenues in a new sub-account under Account 179, for disposition at a later date.

2 THE PROCESS

This Decision and Rate Order is being issued by delegated authority, without a hearing, under section 6 of the OEB Act.

EPCOR filed its application on March 18, 2020 under section 36 of the OEB Act and in accordance with the OEB's approved settlement proposal.

The application was supported by pre-filed written evidence. During the course of the proceeding, the applicant responded to OEB staff questions through e-mails and phone calls and, where required, clarified the evidence.

On April 27, 2020, EPCOR filed responses to OEB staff questions.

3 ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the proposed Custom IR adjustment, and the effective and implementation dates.

4 CUSTOM INCENTIVE RATE ADJUSTMENT

EPCOR seeks to increase its EPCOR Southern Bruce distribution rates (monthly fixed charges and delivery charges), effective January 1, 2020, based on the annual incentive rate adjustment (IR) formula previously approved by the OEB. The IR formula was determined by adjusting the Operations, Maintenance and Administration portion of rates (31.4%) annually by the OEB's inflation factor and the remaining portion by a stabilization factor of 1.27%.

³ Existing Residential and New Residential are standard categories that were included in EPCOR's Common Infrastructure Plan (CIP) (EB-2016-0137 / 0138 / 0139). A New Residential is considered a newly constructed building whereas an Existing Residential is considered a building that was existing as of the time that the CIP was submitted.

The IR adjustment formula is as follows:

$$\text{Incentive Rate Adjustment (IR)} = [(1.0 - 0.314) \times 0.0127] + [0.314 \times \text{Inflation (I)}]$$

The inflation factor was approved through the settlement agreement, and it is the inflation value the OEB determines each year as set out in the *Report of the Board on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors*⁴. The OEB set an inflation factor of 2.0% to be used as the inflation adjustment for rates effective in 2020.⁵

Using the 2.0% inflation adjustment results in an IR of 1.50% or 0.015 increase to EPCOR Southern Bruce's rates. The calculation is as follows:

$$0.0150 = [(1.0 - 0.314) \times 0.0127] + [0.314 \times 0.020]$$

The IR is to be applied to the monthly fixed charge and delivery charge in each rate class.

The following table presents the annual bill impacts for 2020 residential customers assuming a full 12 months of distribution service and consumption. As noted above, Table 1 assumes that there are existing customers in EPCOR Southern Bruce's service territory for presentation purposes.

Table 1: Residential Bill Impact Summary

| Rate Class | Description | Bill Impact (\$/year) | Total Bill Impact (%) |
|------------|----------------------|-----------------------|-----------------------|
| Rate 1 | Existing Residential | 13.05 | 0.98% |
| Rate 1 | New Residential | 12.72 | 0.98% |

Findings

The OEB finds that EPCOR's request for a 1.50% rate adjustment is in accordance with the Custom IR plan approved by the OEB. The adjustment is approved, and EPCOR Southern Bruce's new rates shall be effective January 1, 2020 as will be discussed below.

⁴ EB-2010-0379 (Issued November 21, 2013 and updated December 4, 2013). The OEB uses the year-over-year change in the GDP-IPI (FDD), and the Average Weekly Earnings (AWE) All Employees-Ontario, to calculate the 2- factor IPI. The percentage change is calculated as the weighted sum of 70% of the annual percentage change in the FDD for the prior year relative to the index value for two years prior and 30% of the annual percentage change in the AWE for the prior year relative to the data for years prior.

⁵ For the 2020 Inflation Factor, see Ontario Energy Board 2020 Electricity Distribution Rate applications webpage - October 31, 2019.

The adjustment applies to the monthly fixed charge and delivery charge uniformly across all customer classes.

5 EFFECTIVE AND IMPLEMENTATION DATES

EPCOR requested that the 2020 rates be effective January 1, 2020 despite its expectation to start to connect customers in the second quarter of 2020. EPCOR also proposed that in the event that OEB approval for final 2020 distribution rates is later than the implementation date, the foregone revenues would be recovered by means of a fixed-term rate rider.

In response to OEB staff questions, EPCOR explained that it proposed an effective date of January 1, 2020 to recover foregone revenues through a rate rider as a matter of administrative simplicity. EPCOR noted that an alternative could be to have the rate rider in effect upon the connection of its first customer (assuming the 2020 tariff had not been approved at that time); however, neither of those dates are currently known. EPCOR added that the effective date of January 1, 2020 establishes a date in which all parties are sure there are no customers connected, and therefore there is no foregone revenue.

On May 1, 2020 EPCOR requested that the implementation date for the requested increase be delayed to September 1, 2020 and intends to track foregone revenues under Account 179, for disposition at a later date.

Findings

The OEB notes that on April 16, 2020, the OEB issued decisions on applications by electricity distributors that had applied for incentive rate adjustments effective May 1, 2020⁶. These decisions offered applicants the option of postponing implementation of new rates to November 1, 2020 and approval to track any forgone distribution revenue in the recently established COVID-19 emergency deferral account⁷. That account also applies to natural gas distributors.

The OEB approves EPCOR's request for a September 1, 2020 implementation date and to track any forgone revenue in the established deferral account.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Rate Schedules set out in Schedule A are effective January 1, 2020.

⁶ OEB Letter, Re: Approach to Incentive Rate-setting Decisions for May 1, 2020 Rates, April 16, 2020

⁷ OEB Letter, Re: Accounting Order for the Establishment of Deferral Accounts to Record Impacts Arising from the COVID-19 Emergency, March 25, 2020

2. In light of the COVID-19 emergency, the Rate Schedules set out in Schedule A of this Decision and Rate Order is approved to be implemented September 1, 2020; and any temporarily forgone distribution revenue associated with the postponement may be tracked in a new sub-account under Account 179. If EPCOR Natural Gas Limited Partnership has not attached customers by the implementation date of September 1, 2020, the implementation date will be the service date of the first customer attached.
3. EPCOR Natural Gas Limited Partnership shall post the appropriate form of customer notice as set out in Schedule B on its website. If EPCOR Natural Gas Limited Partnership has attached customers by the implementation date, EPCOR Natural Gas Limited Partnership shall notify its customers using the appropriate form of customer notice as set out in Schedule B no later than the delivery of the first bill reflecting the new final rates.
4. EPCOR shall pay the OEB's costs of and incidental to this proceeding upon receipt of the OEB's invoice.

DATED at Toronto, May XX, 2020

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar and Board Secretary

Schedule A

To Decision and Rate Order

Rates Schedules

OEB File No: EB-2019-0264

DATED: May XX, 2020



EPCOR NATURAL GAS LIMITED PARTNERSHIP

RATE 1 - General Firm Service

Applicability

Any customer in EPCOR’s Southern Bruce Natural Gas System who is an end user and whose total gas requirements are equal to or less than 10,000 m³ per year.

Rate

Rates per m³ assume an energy content of 38.89MJ/m³.

Bills will be rendered monthly and shall be the total of:

| | |
|---|------------------------------|
| Monthly Fixed Charge⁽¹⁾ | \$26.38 |
| Delivery Charge | |
| First 100 m ³ per month | 27.1967 ¢ per m ³ |
| Next 400 m ³ per month | 26.6610 ¢ per m ³ |
| Over 500 m ³ per month | 25.8735 ¢ per m ³ |
| Upstream Charges | |
| Upstream Recovery charge | 1.4740 ¢ per m ³ |
| Transportation and Storage charge | 2.6982 ¢ per m ³ |
| Rate Rider for Delay in Revenue Recovery - effective for 10 years ending December 31, 2028 | 1.6330 ¢ per m ³ |
| Federal Carbon Charge (if applicable) | 3.9100 ¢ per m ³ |
| Gas Supply Charge | 11.5114 ¢ per m ³ |

⁽¹⁾Aggregated within Monthly Fixed Charge is the amount of one dollar per month in accordance with Bill 32 and Ontario Regulation 24/19.

Direct Purchase Delivery

Where a customer elects under this Rate Schedule to directly purchase its gas from a supplier other than EPCOR, the supplier must qualify as a “gas marketer” under the *Ontario Energy Board Act, 1998*, and must enter into a T-Service Receipt Contract with EPCOR for delivery of gas to EPCOR at a receipt point listed on the upstream transportation contract that EPCOR has with the Upstream Service Provider (“**Ontario Delivery Point**”). T-Service Receipt Contract rates are described in Rate Schedule T1. Transportation and Storage charges may vary depending on the Ontario Delivery Point. Gas Supply Charges in this Rate Schedule are not applicable for Rate T1 customers.

Terms and Conditions of Service

The provisions in the “EPCOR Natural Gas Limited Partnership Southern Bruce Natural Gas Operations Conditions of Service” apply, as contemplated therein, to service under this Rate Schedule.

Effective: January 1, 2020
 Implementation: All bills rendered on or after September 1, 2020
 Replacing Rate Effective: January 1, 2019
 EB-2019-0264



EPCOR NATURAL GAS LIMITED PARTNERSHIP

RATE 6 – Large Volume General Firm Service

Applicability

Any customer in EPCOR’s Southern Bruce Natural Gas System who is an end user and whose total gas requirements are greater than 10,000 m³ per year.

Rate

Rates per m³ assume an energy content of 38.89MJ/m³.

Bills will be rendered monthly and shall be the total of:

| | |
|---|------------------------------|
| Monthly Fixed Charge⁽¹⁾ | \$104.53 |
| Delivery Charge | |
| First 1,000 m ³ per month | 25.0897 ¢ per m ³ |
| Next 6,000 m ³ per month | 22.5807 ¢ per m ³ |
| Over 7,000 m ³ per month | 21.4516 ¢ per m ³ |
| Upstream Charges | |
| Upstream Recovery charge | 2.9200 ¢ per m ³ |
| Transportation and Storage charge | 5.6413 ¢ per m ³ |
| Rate Rider for Delay in Revenue Recovery | 0.9090 ¢ per m ³ |
| - effective for 10 years ending December 31, 2028 | |
| Federal Carbon Charge (if applicable) | 3.9100 ¢ per m ³ |
| Gas Supply Charge | 11.5114 ¢ per m ³ |

⁽¹⁾Aggregated within Monthly Fixed Charge is the amount of one dollar per month in accordance with Bill 32 and Ontario Regulation 24/19.

Direct Purchase Delivery

Where a customer elects under this Rate Schedule to directly purchase its gas from a supplier other than EPCOR, the customer or their agent must enter into a T-Service Receipt Contract with EPCOR for delivery of gas to EPCOR at a receipt point listed on the upstream transportation contract that EPCOR has with the Upstream Service Provider (“**Ontario Delivery Point**”). T-Service Receipt Contract rates are described in Rate Schedule T1. Transportation and Storage charges may vary depending on the Ontario Delivery Point. Gas Supply Charges in this Rate Schedule are not applicable for Rate T1 customers.

Terms and Conditions of Service

The provisions in the “EPCOR Natural Gas Limited Partnership Southern Bruce Natural Gas Operations Conditions of Service” apply, as contemplated therein, to service under this Rate Schedule.

Effective: January 1, 2020
 Implementation: All bills rendered on or after September 1, 2020
 EB-2019-0264



EPCOR NATURAL GAS LIMITED PARTNERSHIP

RATE 11 - Large Volume Seasonal Service

Applicability

Any customer in EPCOR’s Southern Bruce Natural Gas System who is an end user and whose gas requirements are only during the period of May 1 through December 15 inclusive and are greater than 10,000 m³.

Rate

Rates per m³ assume an energy content of 38.89MJ/m³.

Bills will be rendered monthly and shall be the total of:

| | May 1 through December 15 |
|---|--|
| Monthly Fixed Charge⁽¹⁾ | \$208.06 |
| Delivery Charge | |
| All volumes delivered | 15.5849 ¢ per m ³ |
| Upstream Charges | |
| Upstream Recovery charge | 0.0352 ¢ per m ³ |
| Transportation and Storage charge | 1.8166 ¢ per m ³ |
| Rate Rider for Delay in Revenue Recovery - effective for 10 years ending December 31, 2028 | 0.5524 ¢ per m ³ |
| Federal Carbon Charge (if applicable) | 3.9100 ¢ per m ³ |
| Gas Supply Charge | 11.5114 ¢ per m ³ |

⁽¹⁾Aggregated within Monthly Fixed Charge is the amount of one dollar per month in accordance with Bill 32 and Ontario Regulation 24/19.

Unaccounted for Gas (UFG):

Forecasted UFG is applied to all volumes of gas delivered to the customer.

| | |
|--|--------|
| Forecasted Unaccounted for Gas Percentage | 0.00 % |
|--|--------|

Overrun Charges:

Any volume of gas taken during the period of December 16 through April 30 inclusive shall constitute “Overrun Gas” and must be authorized in advance by EPCOR. Delivery of these volumes is available at the Authorized Overrun Charge in addition to applicable Upstream Charges and Gas Supply Charges. EPCOR will not unreasonably withhold authorization.

| | |
|----------------------------------|------------------------------|
| Authorized Overrun Charge | 16.0000 ¢ per m ³ |
|----------------------------------|------------------------------|

Any volume of gas taken during the period of December 16 through April 30 inclusive without EPCOR’s approval in advance shall constitute “Unauthorized Overrun Gas”. Delivery of these volumes will be paid for at the Unauthorized Overrun Charge in addition to applicable Upstream Charges and Gas Supply Charges.



Unauthorized Overrun Charge

388.9000 ¢ per m³

For any volume of Unauthorized Overrun Gas taken, the customer shall, in addition, indemnify EPCOR in respect of any penalties or additional costs imposed on EPCOR by its suppliers, any additional gas cost incurred or any sales margins lost as a consequence of the customer taking the unauthorized overrun volume.

Nominations:

Union Gas Limited will be the “Upstream Service Provider” to facilitate delivery and balancing of gas supplies to the EPCOR Southern Bruce Natural Gas System. For service under this Rate Schedule, the customer shall nominate for transportation of gas volumes for ultimate delivery to the customer. The customer agrees to nominate its daily gas volumetric requirement to EPCOR, or its designated agent, consistent with industry nomination standards including those nomination requirements of the Upstream Service Provider.

The customer shall nominate gas delivery daily based on its daily gas requirements plus the Forecasted UFG rate as set out in this Rate Schedule.

The nomination calculation shall equal:

$$[(\text{Daily volume of gas to be delivered}) * (1 + \text{Forecasted UFG})]$$

Customers may change daily nominations based on the nomination windows within a day as defined by EPCOR’s agreement with the Upstream Service Provider.

In the event nominations under this Rate Schedule do not match upstream nominations, the nomination will be confirmed at the upstream value.

Customers with multiple connections under this Rate Schedule may combine nominations at the sole discretion of EPCOR. For combined nominations the customer shall specify the quantity of gas to each meter installation (“Terminal Location”) and the order in which the gas is to be delivered to each Terminal Location.

Load Balancing:

Daily nominations provided by the customer shall be used for the purposes of day-to-day balancing as required under EPCOR’s arrangement with the Upstream Service Provider.

When a customer’s metered consumption on any day is different than the gas nominated for consumption by the customer on any day, this constitutes a “Daily Load Imbalance”. A “Cumulative Load Imbalance” occurs when the ongoing absolute value of Daily Load Imbalances are greater than zero.

To the extent that EPCOR incurs daily or cumulative load balancing charges, the customer will be responsible for its proportionate share of such charges. Charges related to these imbalances are as defined in EPCOR’s agreement with the Upstream Service Provider.

Direct Purchase Delivery

Where a customer elects under this Rate Schedule to directly purchase its gas from a supplier other than EPCOR, the customer or their agent must enter into a T-Service Receipt Contract with EPCOR for delivery of gas to EPCOR at a receipt point listed on the upstream transportation contract that EPCOR has with the Upstream Service Provider (“Ontario Delivery Point”). T-Service Receipt Contract rates are described in Rate Schedule T1. Transportation and Storage charges may vary depending on the Ontario Delivery Point. Gas Supply Charges in this Rate Schedule are not applicable for Rate T1 customers.

Terms and Conditions of Service

1. In any year, during the period of May 1 through December 15 inclusive, the customers shall receive continuous (“Firm”) service from EPCOR, except where impacted by events as specified in EPCOR Natural Gas Limited



Partnership Southern Bruce Natural Gas Operations Conditions of Service including force majeure. During the period of December 16 through April 30 inclusive, any authorized overrun service shall be interruptible at the sole discretion of EPCOR. All service during the period December 16 through April 30 inclusive shall be subject to EPCOR's prior authorization under the daily nomination procedures outlined in this Rate Schedule and shall constitute Overrun Gas.

2. To the extent that EPCOR's Upstream Service Provider provides any seasonal or day-to-day balancing rights for EPCOR, the customer shall be entitled to a reasonable proportion of such balancing rights as determined by EPCOR from time to time. If the customer utilizes any of EPCOR's seasonal or day-to-day balancing services or any other services available from the Upstream Service Provider, the customer agrees to comply with all balancing requirements imposed by the Upstream Service Provider. The customer also agrees to be liable for its share of any such usage limitations or restrictions, fees, costs or penalties associated with the usage of such services, including but not limited to any associated storage fees, daily or cumulative balancing fees or penalties, and gas commodity costs as determined by EPCOR, acting reasonably.
3. EPCOR receives upstream services under the Union Gas Limited M17 Rate Schedule. Details of this upstream arrangement and associated nomination standards and Load Balancing Arrangement are available at www.uniongas.com.
4. The provisions in the "EPCOR Natural Gas Limited Partnership Southern Bruce Natural Gas Operations Conditions of Service" apply, as contemplated therein, to service under this Rate Schedule.

Effective: January 1, 2020

Implementation: All bills rendered on or after September 1, 2020

EB-2019-0264



EPCOR NATURAL GAS LIMITED PARTNERSHIP

RATE 16 – Contracted Firm Service

Applicability

Any customer connected directly to EPCOR’s Southern Bruce Natural Gas High Pressure Steel System and who enters into a contract with EPCOR for firm contract daily demand of at least 2,739m³.

Rate

Rates per m³ assume an energy content of 38.89MJ/m³.

Bills will be rendered monthly and shall be the total of:

| | |
|--|-------------------------------|
| Monthly Fixed Charge⁽¹⁾ | \$1,523.50 |
| Delivery Charge | |
| Per m ³ of Contract Demand | 103.8486 ¢ per m ³ |
| Upstream Charges | |
| Upstream Recovery charge per m ³ of Contract Demand | 14.2434 ¢ per m ³ |
| Transportation charge per m ³ of Contract Demand | |
| Transportation from Dawn | 18.2999 ¢ per m ³ |
| Transportation from Kirkwall | 11.8480 ¢ per m ³ |
| Transportation from Parkway | 11.8480 ¢ per m ³ |
| Rate Rider for Delay in Revenue Recovery | 0.0601 ¢ per m ³ |
| - effective for 10 years ending December 31, 2028 | |
| Federal Carbon Charge (if applicable) | 3.9100 ¢ per m ³ |

⁽¹⁾Aggregated within Monthly Fixed Charge is the amount of one dollar per month in accordance with Bill 32 and Ontario Regulation 24/19.

Unaccounted for Gas:

Forecasted Unaccounted for Gas (UFG) is applied to all volumes of gas delivered to the customer.

| | |
|--|--------|
| Forecasted Unaccounted for Gas Percentage | 0.00 % |
|--|--------|

Overrun Charges:

Any volume of gas taken in excess of the daily Contract Demand or Peak Hourly Volume EPCOR is obligated to transport as per the contract with the customer shall constitute “Overrun Gas” and must be authorized in advance by EPCOR. Delivery of these volumes is available at the Authorized Overrun Charge in addition to applicable Upstream Charges. EPCOR will not unreasonably withhold authorization.

| | |
|----------------------------------|-----------------------------|
| Authorized Overrun Charge | 5.0000 ¢ per m ³ |
|----------------------------------|-----------------------------|

Any volume of gas taken in excess of the daily Contract Demand or Peak Hourly Volume EPCOR is obligated to transport as per the contract with the customer without EPCOR’s approval in advance shall constitute “Unauthorized



Overrun Gas”. Delivery of these volumes will be paid for at the Unauthorized Overrun Charge in addition to applicable Upstream Charges.

Unauthorized Overrun Charge

389.0000 ¢ per m³

For any volume of Unauthorized Overrun Gas taken, the customer shall, in addition, indemnify EPCOR in respect of any penalties or additional costs imposed on EPCOR by its suppliers, any additional gas cost incurred or any sales margins lost as a consequence of the customer taking the unauthorized overrun volume.

Nominations:

Union Gas Limited will be the “Upstream Service Provider” to facilitate delivery and balancing of gas supplies to the EPCOR Southern Bruce Natural Gas System. For service under this Rate Schedule, the customer shall nominate for transportation of gas volumes for ultimate delivery to the customer. The customer agrees to nominate its daily gas volumetric requirement to EPCOR, or its designated agent, consistent with industry nomination standards including those nomination requirements of the Upstream Service Provider.

The customer shall nominate gas delivery daily based on its daily gas requirements plus the Forecasted UFG rate and Fuel Ratio. The Forecasted UFG rate is as set out in this Rate Schedule. The Fuel Ratio is the Shipper Supplied Fuel rates applicable to the receipt point of gas defined in the “Gas Supply” section of this Rate Schedule.

The nomination calculation shall equal:

$$[(\text{Daily volume of gas to be delivered}) * (1 + \text{Forecasted UFG}) * (1 + \text{Fuel Ratio})]$$

Customers may change daily nominations based on the nomination windows within a day as defined by EPCOR’s agreement with the Upstream Service Provider.

In the event nominations under this Rate Schedule do not match upstream nominations, the nomination will be confirmed at the upstream value.

Customers with multiple connections under this Rate Schedule may combine nominations at the sole discretion of EPCOR. For combined nominations the customer shall specify the quantity of gas to each meter installation (“Terminal Location”) and the order in which the gas is to be delivered to each Terminal Location.

Load Balancing:

Daily nominations provided by the customer shall be used for the purposes of day-to-day balancing as required under EPCOR’s arrangement with the Upstream Service Provider.

When a customer’s metered consumption on any day is different than the gas nominated for consumption by the customer on any day, this constitutes a “Daily Load Imbalance”. A “Cumulative Load Imbalance” occurs when the ongoing absolute value of Daily Load Imbalances are greater than zero.

To the extent that EPCOR incurs daily or cumulative load balancing charges, the customer will be responsible for its proportionate share of such charges. Charges related to these imbalances are as defined in EPCOR’s agreement with the Upstream Service Provider.

Gas Supply:

Unless otherwise authorized by EPCOR, customers under this Rate Schedule must deliver firm gas at a receipt point listed on the upstream transportation contract that EPCOR has with the Upstream Service Provider (“**Ontario Delivery Point**”). The customer or their agent must enter into a T-Service Receipt Contract with EPCOR for delivery of gas to EPCOR. T-Service Receipt Contract rates are described in Rate Schedule T1.

The customer must deliver to EPCOR on a daily basis the volume of gas to be delivered to the customer’s Terminal Location plus the Forecasted UFG rate and Fuel Ratio. Transportation charges vary depending on the Ontario Delivery



Point at the rates provided in this Rate Schedule. The Forecasted UFG rate is as set out in this Rate Schedule, and the Fuel Ratio is the Shipper Supplied Fuel rates of the Ontario Delivery Point related to necessary compressor or other fuel requirements of the Upstream Service Provider.

The Gas Supply calculation shall equal:

*[(Daily volume of gas to be delivered) * (1 + Forecasted UFG) * (1 + Fuel Ratio)]*

Terms and Conditions of Service

1. EPCOR receives upstream services under the Union Gas Limited M17 Rate Schedule. Details of this upstream arrangement and associated nomination standards, applicable Fuel Ratio, and Load Balancing Arrangement are available at www.uniongas.com.
2. The provisions in the “EPCOR Natural Gas Limited Partnership General Terms and Conditions for Rate 16 Customers” apply, as contemplated therein, to service under this Rate Schedule.

Effective: January 1, 2020

Implementation: All bills rendered on or after September 1, 2020

EB-2019-0264

DRAFT



EPCOR NATURAL GAS LIMITED PARTNERSHIP

RATE T1 – Direct Purchase Contract Rate

Availability

Rate T1 is available to all customers or their agent who enter into a T-Service Receipt Contract for delivery of gas to EPCOR. The availability of this option is subject to EPCOR obtaining a satisfactory agreement or arrangement with EPCOR’s Upstream Service Provider for direct purchase volume.

Eligibility

All customers who must, or elect to, purchase gas directly from a supplier other than EPCOR. These customers must enter into a T-Service Receipt Contract with EPCOR either directly or through their agent, for delivery of gas to EPCOR at a receipt point listed on the upstream transportation contract that EPCOR has with the Upstream Service Provider (“**Ontario Delivery Point**”).

Rate

All charges in the customer’s appropriate Rate Schedule excluding Gas Supply Charge shall apply. Applicable Transportation and Storage charges are determined based on the Ontario Delivery Point.

In addition, administration fees apply to customers who elect to enter into a T-Service Receipt Contract with EPCOR and are detailed in the Direct Purchase Contract with the customer or its agent.

For gas delivered to EPCOR at any point other than the Ontario Delivery Point, EPCOR will charge the customer or their agent all approved tolls and charges incurred by EPCOR to transport the gas to the Ontario Delivery Point.

Unaccounted for Gas:

Forecasted Unaccounted for Gas (UFG) is applied to all volumes of gas supplied:

| | |
|--|--------|
| Forecasted Unaccounted for Gas Percentage | 0.00 % |
|--|--------|

Gas Supply:

Unless otherwise authorized by EPCOR, customers who are delivering gas to EPCOR under direct purchase arrangements must deliver firm gas at a daily volume acceptable to EPCOR, to an Ontario Delivery Point, and, where applicable, must acquire and maintain firm transportation on all pipeline systems upstream of Ontario.

The customer or its agent must deliver to EPCOR on a daily basis, at the Ontario Delivery Point, the volume of gas to be delivered to the customer’s Terminal Location plus the Forecasted UFG rate and Fuel Ratio. Where the Forecasted UFG rate is as set out in this Rate Schedule, and the Fuel Ratio is the Shipper Supplied Fuel rates of the Ontario Delivery Point related to necessary compressor or other fuel requirements of the Upstream Service Provider.

The Gas Supply calculation shall equal:

$$[(\text{Daily volume of gas to be delivered}) * (1 + \text{Forecasted UFG}) * (1 + \text{Fuel Ratio})]$$

Terms and Conditions of Service

The provisions in the “T-Service Receipt Contract General Terms and Conditions” apply, as contemplated therein, to service under this Rate Schedule.

Effective: January 1, 2020
 Implementation: All bills rendered on or after September 1, 2020
 EB-2019-0264



EPCOR NATURAL GAS LIMITED PARTNERSHIP

Schedule of Miscellaneous and Service Charges

| A | | B |
|----------------|---|---|
| Service | | Fee |
| 1 | Service Work | |
| 2 | During normal working hours | |
| 3 | Minimum charge (up to 60 minutes) | \$100.00 |
| 4 | Each additional hour (or part thereof) | \$100.00 |
| 5 | Outside normal working hours | |
| 6 | Minimum charge (up to 60 minutes) | \$130.00 |
| 7 | Each additional hour (or part thereof) | \$105.00 |
| 8 | | |
| 9 | Miscellaneous Charges | |
| 10 | Returned Cheque / Payment | \$20.00 |
| 11 | Replies to a request for account information | \$25.00 |
| 12 | Bill Reprint / Statement Print Requests | \$20.00 |
| 13 | Consumption Summary Requests | \$20.00 |
| 14 | Customer Transfer / Connection Charge | \$35.00 ¹ |
| 15 | | |
| 16 | Reconnection Charge | \$85.00 |
| 17 | | |
| 18 | Inactive Account Charge | ENGLP's cost to install service |
| 19 | | 1.5% / month, 19.56% / year (effective rate of 0.04896% compounded daily) |
| 20 | Late Payment Charge | |
| 21 | | |
| 22 | Meter Tested at Customer Request Found to be Accurate | Charge based on actual costs |
| 23 | | |
| 24 | Installation of Service Lateral | No charge for the first 30 meters. |

Note: Applicable taxes will be added to the above charges

¹ No Charge for initial connection

Schedule B

To Decision and Rate Order

Customer Notice

OEB File No: EB-2019-0264

DATED: May XX, 2020

IMPORTANT INFORMATION ABOUT YOUR NATURAL GAS BILL

The rates EPCOR Natural Gas Limited (EPCOR) charges its customers are set out in EPCOR's Rate Schedules, which are approved by the Ontario Energy Board (OEB) from time to time. When EPCOR's Rate Schedules are amended by the OEB, the amended rate(s) and/or term(s) will apply to customers on the effective date established by the OEB.

On **XXX**, 2020, the OEB approved EPCOR's gas distribution rates effective January 1, 2020. The rates will be implemented on all bill rendered on or after September 1, 2020. For a typical residential customer who consumes about 2,100 cubic meters of gas annually, the rate change will increase the bill by \$1.07 per month. Commercial, industrial and seasonal rate customers will also be impacted by the change. Please refer to epcor.com or visit OEB.ca for information on the current approved rates.

The approved rates are reflected in the following line items on your EPCOR natural gas bill:

1. **“Monthly Charge”** – This is an administration charge covering the costs of maintaining gas services and providing billing and customer service. Included in this charge, is the \$1 per month required to be billed to all customers as part of the Access to Natural Gas Act (Bill 32), which helps to facilitate the expansion of natural gas into more Ontario communities.
2. **“Delivery and Upstream Charges”** – These charges reflect the costs associated with the distribution, transportation and storage of natural gas from the source to you. This includes all charges EPCOR pays to its upstream service provider in association with transportation and storage of the gas before it is delivered to EPCOR's system. Included in this charge is a rate rider to recover revenue the utility was not able to collect as a result of delays in connecting customers to the system.
3. **“Gas Supply Charge”** – These are gas commodity costs calculated using the cost of gas you use during the period between meter readings (or based on an estimate of the gas used during that period). The commodity rate you are charged on your EPCOR bill depends upon the commodity purchase choice you have made. If you have not signed a contract with an energy retailer you are automatically billed at EPCOR's OEB approved gas commodity rate. If you have signed a contract with an energy retailer you are billed at your contracted energy retailer rate.
4. **“Federal Carbon Charge”** – This charge reflects your monthly consumption and the associated costs to deliver natural gas to your home at the rate set by the government. The money collected from this charge goes to the federal government as part of its carbon pollution pricing program.

When applicable, miscellaneous and/or service charges as set out in EPCOR's Rate Schedules, may appear on your bill in addition to the above charges. Please see the EPCOR's Conditions of Services for more detail on these charges.

Your natural gas bill includes information on the amount of natural gas you consumed in the billing period. Your consumption information is broken out to include length of the billing period, the date of your last meter reading and whether your consumption calculation was based on actual or estimated meter reading or a combination of both.

If you have any questions about the rates or any other items on your bill, please call our office at 1-888-765-2256 or email at gas@epcor.com.

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