

RATE ORDER

EB-2022-0100

EPCOR NATURAL GAS LIMITED PARTNERSHIP- SOUTH BRUCE

Application for quarterly rate adjustment mechanism commencing April 1, 2022

Before: Allison Duff Presiding Commissioner

> Lynne Anderson Chief Commissioner

David Sword Commissioner

March 30, 2022

INTRODUCTION AND PROCESS

EPCOR Natural Gas Limited Partnership (EPCOR) applied for an order or orders approving or fixing just and reasonable rates and other charges for the sale and distribution of natural gas for its South Bruce operations commencing effective April 1, 2022 (the Application). The Application was made pursuant to section 36(1) of the Ontario Energy Board Act, 1998 and in accordance with the Quarterly Rate Adjustment Mechanism (QRAM) established by the Ontario Energy Board (OEB) for dealing with changes in gas commodity costs.

The OEB issued its Decision and Order on March 24, 2022 (Decision) which did not approve EPCOR's application to recover the \$380,000 credit in the Purchase Gas Commodity Gas Variance Account (PGCVA) over 24 months, starting April 1, 2022. Instead, the OEB approved the recovery of the PGCVA credit over 12 months and directed EPCOR to file a draft rate order with customer rate impacts and supporting information.

EPCOR filed a draft rate order, customer rate impacts, and supporting information on March 28, 2022.

OEB staff filed a letter of comment indicating that it was satisfied that the evidence submitted aligns with the OEB's Decision.

FINDINGS

The OEB has reviewed the draft rate order and is satisfied that the rates accurately reflect the Decision. Recovering the PGCVA credit over 12 months results in a reference price of \$0.206701 per m³ and a gas supply charge of \$0.199961 per m³. The result is a 33.5% (or \$107.91) annual commodity price increase and an annual total bill increase of 9.6% (or \$150.03).

THE ONTARIO ENERGY BOARD ORDERS THAT:

- 1. The rates approved for EPCOR South Bruce as part of the decision and rate order EB-2021-0309, dated December 16, 2021, shall be superseded by the rates as provided in Appendix A to this Rate Order.
- 2. The rates shall be effective April 1, 2022 and shall be implemented in EPCOR's first billing cycle commencing in April 2022.
- The reference price for use in determining the amounts to be recorded in the Purchase Gas Commodity Variance Account (Account No.179-27) shall increase by \$0.050983 per m³ from the previous OEB approved level of \$0.155718 per m³ o \$0.206701 per m³.
- 4. The balance in the Gas Purchase Rebalancing Account shall be prospectively cleared. The resulting gas supply charge will increase from the previous OEB approved level of \$0.149747 per m³ to **\$0.199961** per m³ as noted in Appendix A to this Decision and Rate Order.
- 5. EPCOR must ensure its customers are made aware of the rate increase.
- 6. EPCOR shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

ISSUED at Toronto, March 30, 2022

ONTARIO ENERGY BOARD

Nancy Marconi Registrar Appendix A To Decision and Rate Order OEB FILE NO. EB-2022-0100 DATED: March 30, 2022

RATE 1 - General Firm Service

Applicability

Any customer in EPCOR's South 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.

<u>Rate</u>

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⁾	\$27.27	
Delivery Charge		
First 100 m ³ per month	28.1486	¢ per m ³
Next 400 m ³ per month	27.5941	¢ per m ³
Over 500 m ³ per month	26.7790	¢ 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
ECVA Rate Rider	0.1403	¢ per m ³
- effective for 12 months ending December 31, 2022		
CIACVA Rate Rider	0.5434	¢ per m ³
- effective for 12 months ending December 31, 2022		
EFVA Rate Rider	0.5197	¢ per m ³
- effective for 12 months ending December 31, 2022		
Federal Carbon Charge (if applicable) ⁽²⁾	9.79	¢ per m ³
Gas Supply Charge	19.9961	¢ 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.

⁽²⁾ The Federal Carbon Charge is only "applicable" to 20% of the natural gas volumes used by eligible greenhouses, reducing their effective Federal Carbon Charge rate.

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 South Bruce Natural Gas Operations Conditions of Service" apply, as contemplated therein, to service under this Rate Schedule.

RATE 6 – Large Volume General Firm Service

Applicability

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

<u>Rate</u>

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⁾	\$108.16	
Delivery Charge		
First 1000 m ³ per month	25.9678	¢ per m ³
Next 6000 m ³ per month	23.3710	¢ per m ³
Over 7000 m ³ per month	22.2023	¢ 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		
ECVA Rate Rider	0.1403	¢ per m ³
- effective for 12 months ending December 31, 2022		
CIACVA Rate Rider	0.7135	¢ per m ³
- effective for 12 months ending December 31, 2022		
EFVA Rate Rider	0.6608	¢ per m ³
- effective for 12 months ending December 31, 2022		
Federal Carbon Charge (if applicable) ⁽²⁾	9.79	¢ per m ³
Gas Supply Charge	19.9961	¢ 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.

⁽²⁾ The Federal Carbon Charge is only "applicable" to 20% of the natural gas volumes used by eligible greenhouses, reducing their effective Federal Carbon Charge rate.

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 South Bruce Natural Gas Operations Conditions of Service" apply, as contemplated therein, to service under this Rate Schedule.

RATE 11 - Large Volume Seasonal Service

Applicability

Any customer in EPCOR's South Bruce Natural Gas System who is an end user and whose gas requirements are only during the period of May 1 through Dec 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:

Monthly Fixed Charge ⁽¹⁾ Delivery Charge	\$215.31	
All volumes delivered	16.1303	¢ 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	0.5524	¢ per m ³
- effective for 10 years ending December 31, 2028		
ECVA Rate Rider	0.1403	¢ per m ³
- effective for 12 months ending December 31, 2022		
CIACVA Rate Rider	0.0992	¢ per m ³
- effective for 12 months ending December 31, 2022		
EFVA Rate Rider	0.1075	¢ per m ³
- effective for 12 months ending December 31, 2022		
Federal Carbon Charge (if applicable) ⁽²⁾	9.79	¢ per m ³
Gas Supply Charge	19.9961	¢ 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.

⁽²⁾ The Federal Carbon Charge is only "applicable" to 20% of the natural gas volumes used by eligible greenhouses, reducing their effective Federal Carbon Charge rate.

Unaccounted for Gas (UFG):

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

Forecasted Unaccounted for Gas Percentage

EPCOR Natural Gas Limited Partnership Apr 1, 2022 QRAM Filing - South Bruce EB-2022-0100 Revised: March 28, 2022 Page 20

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

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

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 South 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: [(Daily volume of gas to be delivered) * (1 + 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.

16.8083 ¢ per m³

 $402.5107 \text{ ¢ per m}^3$

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

- 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 South 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 South Bruce Natural Gas Operations Conditions of Service" apply, as contemplated therein, to service under this Rate Schedule.

RATE 16 – Contracted Firm Service

Applicability

Any customer connected directly to EPCOR's South 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⁾	\$1,576.78	
Delivery Charge		
Per m ³ of Contract Demand	107.4831	¢ 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		
ECVA Rate Rider	0.1403	Per m ³ of Contract Demand
- effective for 12 months ending December 31, 2022		
CIACVA Rate Rider	0.9603	Per m ³ of Contract Demand
- effective for 12 months ending December 31, 2022		
EFVA Rate Rider	0.7964	Per m ³ of Contract Demand
- effective for 12 months ending December 31, 2022		
Federal Carbon Charge (if applicable) ⁽²⁾	9.79	¢ 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.

⁽²⁾ The Federal Carbon Charge is only "applicable" to 20% of the natural gas volumes used by eligible greenhouses, reducing their effective Federal Carbon Charge rate.

0.00 %

Unaccounted for Gas:

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

Forecasted Unaccounted for Gas Percentage

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

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

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 South 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: [(Daily volume of gas to be delivered) * (1 + Forecasted UFG) * (1 + 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.

5.2526 ¢ per m^3

402.6142 ¢ per m³

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 <u>www.uniongas.com</u>.
- 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.

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**").

<u>Rate</u>

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: [(Daily volume of gas to be delivered) * (1 + Forecasted UFG) * (1 + 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.

EPCOR NATURAL GAS LIMITED PARTNERSHIP

Α		В
	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
15		
16	Reconnection Charge	\$85.00
17		
18	Inactive Account Charge	ENGLP's cost to install service
19		
17		1.5% / month, 19.56% / year
	Late Payment Charge	(effective rate of 0.04896%
20	Late I dyment Charge	compounded daily)
		compounded dairy)
21		
22		
23	Meter Tested at Customer Request Found to be Accurate	Charge based on actual costs
25		
24	Installation of Service Lateral ⁽³⁾	No charge for the first 30 meters

Schedule of Miscellaneous and Service Charges

Note: Applicable taxes will be added to the above charges

³No Charge for initial connection