



Ontario
Energy
Board

Commission
de l'énergie
de l'Ontario

DECISION AND ORDER (PHASE 1)

EB-2022-0184

EPCOR NATURAL GAS LIMITED PARTNERSHIP (SOUTH BRUCE)

Application for Rates to be Effective January 1, 2023

BEFORE: Emad Elsayed
Presiding Commissioner

Allison Duff
Commissioner

November 3, 2022

1 OVERVIEW

EPCOR Natural Gas Limited Partnership (EPCOR) applied to the Ontario Energy Board (OEB) for changes to its natural gas distribution rates effective January 1, 2023 for its South Bruce service area (Application).

In the Application, EPCOR requested the following approvals:

- I. To adjust distribution rates for South Bruce effective January 1, 2023 in accordance with the OEB-approved settlement agreement (Settlement Decision)¹ in EPCOR South Bruce's 2019-2028 Custom IR proceeding
- II. To dispose of certain deferral and variance account balances
- III. To establish a Customer Volume Variance Account (CVVA)

The OEB finds it appropriate to adjust, effective January 1, 2023, distribution rates in accordance with the Settlement Decision and to dispose of the balances in certain deferral and variance accounts. In accordance with Procedural Order No. 2, the proposal to establish the CVVA will be addressed in Phase 2 of this proceeding.

The total annual bill impacts for typical general service customers resulting from this Decision are as follows:

| Rate Class | Change in Fixed Delivery | Change in Volumetric Delivery | Change Rate Rider | Total Change | |
|------------------------------|--------------------------|-------------------------------|-------------------|--------------|-------|
| | | | | \$ | % |
| Rate 1- Existing Residential | \$6.40 | \$12.15 | \$(6.69) | \$11.86 | 0.61% |
| Rate 1- New Residential | \$6.40 | \$11.68 | \$(6.43) | \$11.65 | 0.62% |
| Rate 1- Commercial | \$6.40 | \$26.25 | \$(14.62) | \$18.04 | 0.47% |
| Rate 1- Agricultural | \$6.40 | \$26.40 | \$(14.70) | \$18.10 | 0.47% |

¹ EB-2018-0264, Decision and Order, October 3, 2019

2 THE PROCESS

EPCOR filed the Application on July 18, 2022 under section 36(1) of the *Ontario Energy Board Act, 1998*. On August 5, 2022, the OEB issued a Notice of Hearing. The intervention period ended on August 24, 2022. No persons applied for intervenor status.

Procedural Order No. 1 was issued on August 26, 2022. OEB staff filed written interrogatories on September 7, 2022. EPCOR filed responses to interrogatories on September 19, 2022.

On September 20, 2022, OEB staff filed a letter indicating that the CVVA issue is material and requires more time to evaluate and recommended that the CVVA issue should be addressed in Phase 2 of the current proceeding. On September 27, 2022, the OEB issued Procedural Order No. 2, which bifurcated the application into two phases: Phase 1 would address the proposed price cap adjustment and request for deferral and variance account disposition and Phase 2 would address the CVVA issue. The OEB granted intervenor status to all OEB-approved intervenors in EPCOR South Bruce's 2019-2028 Custom IR proceeding for Phase 2 of the current proceeding. The School Energy Coalition and the Vulnerable Energy Consumers Coalition filed letters advising of their intent to participate in Phase 2 of the proceeding.

OEB staff filed a written submission on October 4, 2022 regarding the Phase 1 issues. On October 7, 2022, EPCOR filed a reply submission with respect to the Phase 1 issues.

On October 20, 2022, the OEB issued its 2023 Inflation Parameters letter. On October 24, 2022, EPCOR filed an updated rate schedule, including customer rate impacts and supporting information, using the updated inflation factor.

On October 28, 2022, EPCOR filed an updated rate schedule reflecting its reply to OEB staff's submission.

On October 31, 2022, OEB staff filed a letter commenting on the updated rate schedule.

3 DECISION

3.1 Price Cap Adjustment

EPCOR seeks to increase its rates, effective January 1, 2023, based on a mechanistic rate adjustment using the annual incentive rate adjustment (IR) formula previously approved in the Settlement Decision. The approved 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%.

The IR adjustment formula is as follows:

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

EPCOR also requested that the distribution rates for the South Bruce area be adjusted according to the approved Settlement Decision:

- I. Adjusting the monthly fixed charge and delivery charge for each rate class using the approved IR adjustment; and,
- II. Adjusting the authorized overrun and unauthorized overrun charges for Rates 11 & 16 using the approved IR adjustment.

OEB staff reviewed EPCOR's request and model and submitted that the proposed rate changes were calculated in accordance with the Settlement Decision and should be approved by the OEB subject to any changes required as a result of the issuance of the OEB-approved 2023 inflation factor.

The OEB issued its 2023 Inflation Parameters letter on October 20, 2022, which calculated the 2023 inflation factor for electricity distributors to be 3.7%. The letter noted that EPCOR uses the electricity distribution inflation factor for its natural gas distribution service territories.

EPCOR filed an updated rate schedule, including customer rate impacts and supporting information, using the updated inflation factor. The formula yields an IR adjustment of 2.03% using the approved 2023 inflation factor of 3.7%.

OEB staff confirmed that EPCOR appropriately applied the updated 2023 inflation factor to the IR adjustment formula and had no concerns with the proposed monthly fixed and volumetric delivery charges.

Findings

The distribution rate adjustments that EPCOR applied for were based on an approved price cap adjustment mechanism that takes into consideration an inflation factor, a productivity factor and a stretch factor.

The OEB finds that EPCOR's rate adjustment is appropriately calculated using the formula established in the Settlement Decision (inflation of 3.7% minus certain productivity factors for a rate adjustment of 2.03% for 2023) and is approved along with the rate adjustments for each rate class.

3.2 Deferral and Variance Accounts

EPCOR sought approval to dispose of the 2021 year-end balances in certain deferral and variance accounts with interest up to December 31, 2022 (i.e. up to the time of implementation of the associated rate riders).

The total amount sought for disposition from EPCOR South Bruce customers is a debit of \$50,786 (including interest to December 31, 2022). The balances in the deferral and variance accounts are summarized below.

| EPCOR Deferral and Variance Account Balances | | |
|-----------------------------------------------------|------------------------------------------------------|---------------------------------------------------|
| <u>Account Acronym</u> | <u>Account Name</u> | <u>Balance with interest to December 31, 2022</u> |
| CIACVA | Contribution in Aid of Construction Variance Account | \$309,129 |
| ECVA | Energy Content Variance Account | \$27,134 |
| MTVA | Municipal Tax Variance Account | \$(285,477) |
| | Total Deferral Account Balances | \$50,786 |

OEB staff submitted that it had no concerns with the balances being sought for disposition for each of the accounts.

Contribution in Aid of Construction Variance Account (CIACVA)

EPCOR proposed to allocate the CIACVA balance based on the Common Infrastructure Plan (CIP) rate base for all rate classes. EPCOR proposed to collect the CIACVA balance, over twelve months, from rate classes 1, 6 and 11 based on revised forecast volumes and from Rate 16 based on contract demand.

OEB staff submitted that the proposed allocation and disposition methodologies for the CIACVA are consistent with the decision in EPCOR South Bruce's 2022 Rates proceeding.²

Energy Content Variance Account (ECVA)

EPCOR proposed to allocate the ECVA balance to rate classes using forecasted volumes underpinning CIP revenue for each rate class. EPCOR proposed to collect the balance, over twelve months, from rate classes 1, 6 and 11 based on revised forecast volumes.

OEB staff submitted that the proposed allocation for the ECVA is consistent with the approvals in the ECVA accounting order.³ OEB staff also has no concerns with the proposed disposition methodology as it is consistent with the decision in EPCOR South Bruce's 2022 Rates proceeding.⁴

Municipal Tax Variance Account (MTVA)

Similar to CIACVA, EPCOR proposed to allocate the MTVA balance based on the CIP rate base. OEB staff suggested it is more appropriate to use the property tax allocation that underpinned EPCOR's base rates in its 2019-2028 Customer IR⁵. EPCOR agreed with OEB staff that the property tax allocator is a more appropriate allocation methodology for the MTVA balance.

EPCOR proposed to dispose of the MTVA balance, over twelve-months, from rate classes 1, 6 and 11 based on revised forecast volumes and from Rate 16 based on contract demand. OEB staff had no concerns with the proposed disposition methodology.

EPCOR filed an updated rate schedule reflecting the property tax allocator in the MTVA rate rider.⁶

OEB staff confirmed that EPCOR had appropriately updated the MTVA rate rider.

² EB-2021-0216, Decision and Order (Phase 1), December 9, 2021

³ EB-2018-0264, Rate Order, January 9, 2020, page 30 of 34

⁴ EB-2021-0216, Decision and Order (Phase 1), December 9, 2021

⁵ EB-2018-0264, Exhibit 7, Updated April 11, 2019, Schedule 2, page 11, Table 7-27

⁶ Revised Updated Rate Schedule, October 28, 2022

Findings

The OEB approves the balances in the following deferral and variance accounts for disposition and the proposed rate riders in the updated rate schedules.

Contribution in Aid of Construction Variance Account (CIACVA)

EPCOR's request to dispose of the 2021 year-end \$309,129 debit balance recorded in the CIACVA including interest to December 31, 2022, is approved. The OEB finds that the proposed allocation and disposition methodologies for this account are consistent with the decision in EPCOR South Bruce's 2022 Rates proceeding.

Energy Content Variance Account (ECVA)

EPCOR's request to dispose of the 2021 year-end \$27,134 debit balance recorded in the ECVA including interest to December 31, 2022, is approved. The OEB finds that the proposed disposition methodology is consistent with OEB's decision in EPCOR South Bruce's 2022 Rates proceeding.

The OEB also finds that the proposed allocation of this balance to rate classes is consistent with the approvals in the ECVA accounting order.

Municipal Tax Variance Account (MTVA)

EPCOR's request to dispose of the 2021 year-end \$285,477 credit balance recorded in the MTVA including interest to December 31, 2022, is approved. The OEB finds that the balance was calculated in a manner consistent with the MTVA accounting order.

In its reply submission, EPCOR agreed with OEB staff that the property tax allocator is a more appropriate allocation methodology than the total CIP rate base which EPCOR had initially proposed. The OEB agrees that the property tax allocator is an appropriate allocator.

The OEB accepts the revised MTVA rate rider as provided by EPCOR in its updated rate schedule.

4 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Rate Schedules set out in Schedule A are approved effective January 1, 2023.

DATED at Toronto November 3, 2022

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

SCHEDULE A
RATE SCHEDULES
DECISION AND ORDER
EPCOR NATURAL GAS LP
EB-2022-0184
NOVEMBER 3, 2022

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⁾ | \$27.81 | |
| Delivery Charge | | |
| First 100 m ³ per month | 28.7200 | ¢ per m ³ |
| Next 400 m ³ per month | 28.1542 | ¢ per m ³ |
| Over 500 m ³ per month | 27.3226 | ¢ 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 | 1.6330 | ¢ per m ³ |
| - effective for 10 years ending December 31, 2028 | | |
| ECVA Rate Rider | 0.3437 | ¢ per m ³ |
| - effective for 12 months ending December 31, 2023 | | |
| CIACVA Rate Rider | 3.3388 | ¢ per m ³ |
| - effective for 12 months ending December 31, 2023 | | |
| MTVA Rate Rider | (2.7906) | ¢ per m ³ |
| - effective for 12 months ending December 31, 2023 | | |
| Federal Carbon Charge (if applicable) ⁽²⁾ | 9.79 | ¢ per m ³ |
| Gas Supply Charge | 30.6902 | ¢ 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 Southern Bruce Natural Gas Operations Conditions of Service” apply, as contemplated therein, to service under this Rate Schedule.

Effective: January 1, 2023

Implementation: All bills rendered on or after January 1, 2023

EB-2022-0184

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⁾ | \$110.33 | |
| Delivery Charge | | |
| First 1000 m ³ per month | 26.4949 | ¢ per m ³ |
| Next 6000 m ³ per month | 23.8455 | ¢ per m ³ |
| Over 7000 m ³ per month | 22.6530 | ¢ 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 | 0.2778 | ¢ per m ³ |
| - effective for 12 months ending December 31, 2023 | | |
| CIACVA Rate Rider | 3.1385 | ¢ per m ³ |
| - effective for 12 months ending December 31, 2023 | | |
| MTVA Rate Rider | (3.4040) | ¢ per m ³ |
| - effective for 12 months ending December 31, 2023 | | |
| Federal Carbon Charge (if applicable) ⁽²⁾ | 9.79 | ¢ per m ³ |
| Gas Supply Charge | 30.6902 | ¢ 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 Southern Bruce Natural Gas Operations Conditions of Service” apply, as contemplated therein, to service under this Rate Schedule.

Effective: January 1, 2023

Implementation: All bills rendered on or after January 1, 2023

EB-2022-0184

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 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⁾ | \$219.66 |
| Delivery Charge | |
| All volumes delivered | 16.4578 ¢ 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 | 0.1857 ¢ per m ³ |
| - effective for 12 months ending December 31, 2023 | |
| CIACVA Rate Rider | 0.6074 ¢ per m ³ |
| - effective for 12 months ending December 31, 2023 | |
| MTVA Rate Rider | (0.6604) ¢ per m ³ |
| - effective for 12 months ending December 31, 2023 | |
| Federal Carbon Charge (if applicable) ⁽²⁾ | 9.79 ¢ per m ³ |
| Gas Supply Charge | 30.6902 ¢ 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 | 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 17.1499 ¢ per m³

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 410.6817 ¢ 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, 2023

Implementation: All bills rendered on or after January 1, 2023

EB-2022-0184

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⁾ | \$1,608.77 | |
| Delivery Charge | | |
| Per m ³ of Contract Demand | 109.6650 | ¢ 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 | | |
| CIACVA Rate Rider | 4.5311 | Per m ³ of Contract Demand per month |
| - effective for 12 months ending December 31, 2023 | | |
| EFVA Rate Rider | (4.5564) | Per m ³ of Contract Demand per month |
| - effective for 12 months ending December 31, 2023 | | |
| 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.

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 5.3592 ¢ per m³

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 410.7873 ¢ 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:

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

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, 2023

Implementation: All bills rendered on or after January 1, 2023

EB-2022-0184

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:

*[(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.

Effective: January 1, 2023

Implementation: All bills rendered on or after January 1, 2023

EB-2022-0184

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

Note: Applicable taxes will be added to the above charges

³No Charge for initial connection