

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by EPCOR Natural Gas Limited Partnership pursuant to section 36 of the Act, for an order or orders approving or fixing just and reasonable rates and other charges for the sale and distribution of gas to be effective January 1, 2024.

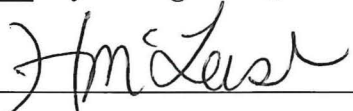
AFFIDAVIT OF SERVICE

I, **Tim Hesselink**, residing in the Town of Collingwood in the Province of Ontario, Canada, make **OATH AND SAY** as follows:

1. I am employed as the Senior Manager, Regulatory Affairs for EPCOR Natural Gas Limited Partnership (“ENGLP”) and as such, I have knowledge of the matters hereinafter deposed to.
2. On July 7, 2023 I filed with the Ontario Energy Board (the “Board”) ENGLP’s 2024 incentive rate application for the Aylmer territory, for rates effective January 1, 2024 (the “Application”).
3. In accordance with the July 28, 2023 Letter of Direction issued by the Board, I caused to be served by email a copy of the Notice of Hearing (“Notice”) for ENGLP’s Application (Exhibit “A”) and the Application and Evidence (Exhibit “B”). The Notice, Application and Evidence were served on the following parties as requested by the Board in the Letter of Direction:
 - a. All intervenors in EB-2018-0336 and EB-2022-0183 (Exhibit “C”);
 - b. Enbridge Gas Inc. (Exhibit “C”); and
 - c. The clerks of all municipalities in which ENGLP (Aylmer) supplies gas (Exhibit “C”)
4. In addition, I am informed and verily believe that the Notice, Application and Evidence were served in person to the Clerk of the Township of Malahide by ENGLP Staff, as email service was unsuccessful.

5. EPCOR did not serve a copy of the Notice, Application and evidence, directly on a band council.
I am informed and verily believe that the Aylmer operations do not supply gas to Indigenous Communities or First Nation Reserves with a band council.
6. In accordance with the Letter of Direction, I caused a copy of the Notice, Application and Evidence to be placed in a prominent place on ENGLP's website. Attached as Exhibit "D" is proof of the information posted on ENGLP's website.
7. I am informed and verily believe that ENGLP's office is not currently open to the public; however, a copy of the Notice, Application and evidence will be made available to a public member upon request.

SWORN BEFORE ME at the Town of
Collingwood in the Province of Ontario
this 16th day of **August 2023**.



A Notary Public in and for Ontario

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Tim Hesselink

THIS IS EXHIBIT 'A' referred to in
the Affidavit of Tim Hesselink sworn
before me this 16th day of August,
2023.

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A Commissioner, etc.

EXHIBIT A

ONTARIO ENERGY BOARD NOTICE TO CUSTOMERS OF EPCOR NATURAL GAS LIMITED PARTNERSHIP SERVED BY ITS AYLMER OPERATIONS

**EPCOR Natural Gas Limited Partnership has
applied to raise its natural gas rates.**

Learn more. Have your say.

EPCOR Natural Gas Limited Partnership has applied to the Ontario Energy Board to raise its natural gas rates, effective January 1, 2024, based on an OEB-approved formula that is tied to inflation and other factors intended to promote efficiency. EPCOR Natural Gas Limited Partnership has also applied for approval to dispose of the balances in certain deferral and variance accounts. If the application is approved as filed, the annual natural gas bill of a typical residential customer and a typical commercial customer, served by EPCOR Natural Gas Limited Partnership's Aylmer operations, would increase by the following amounts:

Rate Class	Annual Bill Change
General Service Residential	\$30.08 per year
General Service Commercial	\$100.22 per year

Other customers may also be affected. It is important to review the application carefully to determine whether you may be affected by these changes.

THE ONTARIO ENERGY BOARD WILL HOLD A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing to consider EPCOR's application. During the hearing, we will question EPCOR on the request for a rate increase. We will also hear questions and arguments from individuals that have registered to participate (called intervenors) in the OEB's hearing. At the end of this hearing, the OEB will decide what, if any, rate increase will be allowed.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding this application and to be involved in the process.

- You can review EPCOR's application on the OEB's website now
- You can file a letter with your comments, which will be considered during the hearing
- You can become an intervenor. As an intervenor you can ask questions about EPCOR's application and make arguments on whether the OEB should approve EPCOR's request. Apply by **August 18, 2023** or the hearing will go ahead without you and you will not receive any further notice of the proceeding
- At the end of the process, you can review the OEB's decision and its reasons on our website

The OEB does not intend to provide for an award of costs for this hearing.

LEARN MORE

Our file number for this case is **EB-2023-0160**. To learn more about this hearing, find instructions on how to file a letter with your comments or become an intervenor, or to access any document related to this case, please enter the file number **EB-2023-0160** on the OEB website: www.oeb.ca/participate. You can also phone our Public Information Centre at 1-877-632-2727 with any questions.

THIS IS EXHIBIT 'B' referred to in
the Affidavit of Tim Hesselink sworn
before me this 16th day of August,
2023.

A handwritten signature in cursive script, appearing to read "J. McLeod", is written over a horizontal line.

A Commissioner, etc.

EXHIBIT B



EPCOR Natural Gas Limited Partnership

2024 Incentive Rate Adjustment Application

Aylmer

EB-2023-0160

Rates Effective: January 1, 2024

Date Filed: July 7, 2023

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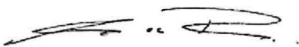
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CERTIFICATION OF EVIDENCE

The undersigned, being EPCOR Ontario Utilities Inc.'s Vice-President, Ontario, Susannah Robinson hereby certifies for and on behalf of EPCOR Natural Gas Limited Partnership (EPCOR), as general partner of EPCOR that:

1. I am a senior officer of EPCOR Ontario Utilities Inc., which is the general partner of EPCOR;
2. EPCOR confirms that the documents filed in support of this application do not include any personal information (as that phrase is defined in the Freedom of Information and Protection of Privacy Act), that is not otherwise redacted in accordance with rule 9A of the OEB's Rules of Practice and Procedure;
3. This certificate is given pursuant to Chapter 1 of the Ontario Energy Board's (the "**Board**") Filing Requirements for Natural Gas Rate Applications dated February 16, 2017; and
4. The evidence submitted in support of EPCOR's 2024 Incentive Rate Adjustment Application for its Aylmer operations is accurate consistent and complete to the best of my knowledge.

DATED this 7th day of July, 2023.



Susannah Robinson
Vice-President, EPCOR Ontario Utilities Inc.

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an application by EPCOR Natural Gas Limited Partnership pursuant to section 36(1) of the OEB Act for an order or orders approving or fixing just and reasonable rates and other charges for the sale and distribution of gas to be effective January 1, 2024 for the EPCOR Natural Gas Limited Partnership gas distribution system to serve Aylmer and surrounding areas with its service territory.

APPLICATION

Background:

1. The Applicant is EPCOR Natural Gas Limited Partnership (“EPCOR”), an Ontario limited partnership with offices in the Town of Aylmer and Kincardine. It carries on the business of selling and distributing natural gas within the province of Ontario. EPCOR is a wholly owned indirect subsidiary of EPCOR Utilities Inc. (“EUI”). The general partner of EPCOR is EPCOR Ontario Utilities Inc., an Ontario corporation, which is a subsidiary of EUI and the sole limited partner is EPCOR Commercial Services Inc., an Alberta corporation. EPCOR was formed pursuant to a limited partnership agreement which provides that EPCOR Ontario Utilities Inc., as general partner, will control and have the full and exclusive power, authority and responsibility for the management and day-to-day operations of EPCOR. In accordance with the limited partnership agreement, EPCOR Commercial Services Inc., as limited partner, has an economic interest in the partnership but does not control or otherwise play a role in the day-to-day operations and management of EPCOR.
2. EPCOR provides natural gas distribution services to over 9,000 customers in the Aylmer area in the Townships of Malahide and South-West Oxford; Municipalities of Bayham, Thames Centre and Central Elgin; and Norfolk County. EPCOR is also developing a greenfield natural gas distribution utility (“Southern Bruce”) to service the Municipality of Arran-Elderslie, the Municipality of Kincardine and the Township of Huron-Kinloss.

Southern Bruce, which is a division of EPCOR, connected its first customers in the third quarter of 2020.

3. EPCOR's current tariffs for its Aylmer operations were approved in its most recent cost of service application, which set rates for the period January 1, 2020 to December 31, 2024.¹ Furthermore, in the same proceeding, the Ontario Energy Board (the "Board") issued its Decision and Interim Rate Order dated July 4, 2019 (the "Decision") wherein it approved the settlement proposal submitted by the parties (the "Settlement Proposal"). The Settlement Proposal included the establishment, continuance or closure of certain deferral and variance accounts and the agreed upon Incentive Regulation ("IR) Plan for the period 2021 to 2024 ("IR Term").
4. As per the Settlement Proposal, EPCOR must file an annual IR Adjustment application to adjust rates for its natural gas distribution service for the Aylmer area, in accordance with the IR Plan approved as part of proceeding EB-2018-0336. The approved IR Plan includes (a) an annual Price Cap Adjustment; (b) specified Y-factors recovered through associated deferral and variance accounts; (c) use of Z-factor adjustments; (d) adjustment for future tax changes; (e) use of an incremental capital module; (f) an earnings dead band off-ramp; and, (g) an asymmetrical Earnings Sharing Mechanism.
5. In order to ensure timely disposition of its approved deferral and variance accounts, EPCOR is to bring forward for disposition the audited balances of such accounts on an annual basis.
6. Through this 2024 Incentive Rate Adjustment application (the "Application") EPCOR is seeking to make adjustments to its rates and charges for its natural gas distribution service for the Aylmer service area effective January 1, 2024 to reflect the elements of its approved IR Plan, and dispose of specific deferral and variance account balances.

¹ See Board Proceeding EB-2018-0336, Rate Order dated November 14, 2019.

Order Requested:

7. In this Application, EPCOR is applying for an order or orders granting that:
- a. Distribution rates for its natural gas distribution service for the Aylmer area be adjusted and updated effective January 1, 2024 in accordance with the settlement proposal and IR Plan approved in the Decision, including:
 - i. Increasing the monthly fixed charge for Rate 1 by \$1.00;
 - ii. Increasing the volumetric charges for Rate Class 1 to achieve a total projected revenue for 2024 for Rate Class 1 equivalent to the prior year OEB approved revenue for Rate Class 1 increased by the approved Price Cap Adjustment formula; and,
 - iii. Increasing the monthly fixed charges and volumetric charges for all other rate classes using the approved Price Cap Adjustment formula, including an adjustment of the fixed/variable proportions to align with the settlement agreement.
 - b. Approval for the disposition of the audited December 31, 2022 balances for the following approved deferral and variance accounts associated with its natural gas distribution service for the Aylmer area through the implementation of the proposed rate riders for twelve months commencing January 1, 2024:
 - Regulatory Expense Deferral Account ("REDA");
 - Purchased Gas Transportation Variance Account ("PGTVA");
 - Approved Deferral/Variance Disposal Variance Account ("ADVADA")
 - c. Such further Order or Orders as ENGLP may request and the Board may deem appropriate or necessary.

Additional Considerations and Regulatory Framework:

8. Impacts to EPCOR's rates related to the Federal Carbon Pricing Program are not included in this Application (including related deferral and variance accounts). EPCOR intends to bring forward a separate combined application for Aylmer and Southern Bruce operations to update its rates effective April 1, 2024 for the 2024 Federal Carbon Pricing Program. This is consistent with the previous year's filing.
9. EPCOR has prepared an Excel based 2024 Annual Incentive Rate Adjustment Model to support the calculation of the rates and rate riders in the Application. A live working version of this model has been filed as supporting material. A hard copy of the model is provided in Appendix A.
10. EPCOR respectfully requests issuance of a decision and order in this proceeding by December 1, 2023, to ensure the implementation of the 2024 rates in advance of the effective date. In the event that the Board does not issue a decision and rate order by December 1, 2023, EPCOR requests that the Board issue an interim rate order declaring the current distribution rates as interim until the decided implementation date of the approved 2024 distribution rates.
11. In the event that the Board's implementation date for 2024 distribution rates is later than the effective date, EPCOR requests permission to recover the incremental revenue from the effective date of January 1, 2024 to the implementation date through the implementation of fixed-term volumetric rate riders for each Rate Class.
12. EPCOR requests that, pursuant to Section 34.01 of the OEB's Rules of Practice and Procedure, this proceeding be conducted by way of written hearing.
13. The persons affected by this Application are the ratepayers of EPCOR's Aylmer service territory.
14. EPCOR confirms that the Application and related documents will be published on its website (EPCOR.com).

Address for Service:

EPCOR requests that copies of all documents filed with the Board in connection with this proceeding be served as follows:

Tim Hesselink
Senior Manager, Regulatory Affairs, Ontario
EPCOR Utilities Inc.

Address for personal service and mailing address:

43 Stewart Road
Collingwood, ON, L9Y 4M7

Telephone: (705) 445-1800 ext. 2274
E-Mail: Thesselink@epcor.com

Daniela O'Callaghan
Legal Counsel
EPCOR Utilities Inc.

Address for personal service and mailing address:

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

Telephone: (780) 412-4081
E-Mail: DOCallaghan@epcor.com

Dated at Collingwood, Ontario this 7th day of July, 2023.

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



Tim Hesselink
Senior Manager, Regulatory Affairs

ANNUAL INCENTIVE RATE ADJUSTMENT SUMMARY

In its most recent cost of service rate application (EB-2018-0336) EPCOR proposed that its rates for 2020 through 2024 for its natural gas distribution service for the Aylmer area be adjusted annually by applying the elements of its proposed IR Plan. In the Decision, the Board approved the elements of EPCOR's IR Plan as: (a) an annual Price Cap Adjustment; (b) specified Y-factors recovered through associated deferral and variance accounts; (c) use of Z-factor adjustments; (d) adjustment for future tax changes; (e) use of an incremental capital module; (f) an earnings dead band off-ramp; and, (g) an asymmetrical Earnings Sharing Mechanism. These elements and their impact on this 2024 IR Adjustment are described in the sections below.

Price Cap Adjustment

The annual price cap adjustment ("PCA") is defined as the annual percentage change in the inflation factor less a productivity factor and a stretch factor.

Inflation Factor

EPCOR's approved IR Plan for setting rates for 2020 through 2024 utilizes the 2-factor Input Price Index ("IPI") methodology adopted by the Board for electricity distributors per EB-2010-0379 as the inflation factor for the calculation of the annual PCA. The Board uses the year-over-year change in the GDP-IPI (FDD), and the AWE ("Average Weekly Earnings") 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 GDP-IPI (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.

For the purposes of this Application, EPCOR has used an inflation factor of 4.8%, which is the IPI issued by the Board for the year 2024². EPCOR proposes to update the PCA and rates as part of this proceeding once the 2023 value is announced.

Productivity Factor

The productivity factor approved as part of EPCOR's IR Plan for setting rates for 2020 through 2024 is zero.

² OEB Letter: 2024 Inflation Parameters, June 29, 2023.

1 **Stretch Factor**

2
3 As per the EB-2018-0336 Settlement Proposal³, EPCOR will employ a stretch factor of 0.4% for
4 the calculation of the PCA for its Aylmer business unit over the IR Term.

5
6 **Implementation of the PCA**

7
8 Based on the above factors, the PCA for 2024 is as follows:

- 9 • Inflation = 4.8%
- 10 • Productivity = 0.0%
- 11 • Stretch = (0.4%)
- 12 • Total PCA for 2024 Rates = 4.4%

13
14 The PCA of 4.4% has been used in the 2024 IRM Adjustment Model to determine the proposed
15 distribution rates.

16
17 In accordance with the Decision, for Rate Class 1, EPCOR is to increase the fixed monthly charge
18 annually by \$1.00 and to correspondingly adjust the volumetric charges to achieve a total
19 projected revenue for the IR year for Rate Class 1 equivalent to the prior year Board approved
20 revenue for Rate Class 1 increased by the PCA.⁴

21
22 **Specified Y-Factors**

23
24 EPCOR's approved IR Plan for setting rates for 2021 through 2024 includes the following Y-
25 factors which are tracked in associated deferral and variance accounts:

- 26
27 • Costs related to unaccounted for gas; and,
- 28 • Costs associated with participating in generic and other Board hearings that impact the
29 utility, including Enbridge Gas (and formerly Union Gas) proceedings.

30
31 EPCOR is applying for disposition of costs related participation and other Board hearing via the
32 Regulatory Expense Deferral Account (REDA) which is covered further in this application.

³ EB-2018-0336, Decision and Interim Order, July 4, 2019, page 43

⁴ EB-2018-0336, Decision and Interim Order, July 4, 2019, page 39

Z-Factor Adjustments

EPCOR's approved IR Plan for setting rates for 2020 through 2024 includes a Z-factor adjustment to address material cost increases or decreases associated with unforeseen events that are outside the control of management. The approved materiality threshold for the Z-factor adjustments is \$50,000 per individual event.

EPCOR's approved process for Z-factor claims under its IR Plan is as follows:

- EPCOR will notify the Board of any Z-factor events within six months of the occurrence of the event. At such time, EPCOR will request the establishment of a deferral account to record the costs related to the Z-factor event;
- EPCOR will record amounts sought to be claimed as a Z-factor in the deferral account established for the event;
- Monthly carrying charges will be recorded on the deferral account balance (calculated using simple interest applied to the monthly opening balances in the account and recorded in a separate sub-account of the deferral account). The rate of interest will be the Board-prescribed rate for deferral and variance accounts for the respective quarterly period as published on the Board's website; and,
- As part of a subsequent IR Adjustment application, EPCOR will apply to the Board for recovery of amounts recorded in the Z-factor deferral account. The application will outline the manner proposed to allocate the Z-factor amount to the various rate classes, the proposed disposition period, and the rationale for the selected approach. The application will also provide details on the calculated event cost and include evidence that the costs incurred meets the Board's four eligibility criteria of causation, materiality, prudence and management control.

As of the date of this Application, no events have occurred for which EPCOR intends to file a Z-factor claim.

Tax Changes

EPCOR's approved IR Plan for setting rates for 2020 through 2024 includes an adjustment for future tax changes. Legislated tax changes that occur over the IR Term as compared to the tax rates known at the time of EPCOR most recent cost of service application (EB-2018-0336) and embedded in the base rates are to be shared 50/50 between customers and EPCOR. Amounts to be recovered from or refunded to customers shall be done so through the use of a fixed monthly rate rider (calculated annually as applicable) implemented for a 12-month period.

No change has been made to the income tax rates embedded in the rates approved in EB-2018-0336 and therefore no tax changes are being requested in this Application.

Incremental Capital Module

EPCOR's approved IR Plan for setting rates for 2020 through 2024 includes an Incremental Capital Module ("ICM") to address the treatment of capital investment needs that arise during the IR Term. EPCOR shall apply for rate adjustments through an ICM for qualifying incremental capital investment beyond what is normally funded through approved rates consistent with the Board-established policies on ICM for electricity distributors.

Qualifying capital investments may be discretionary or non-discretionary and are discrete projects that satisfy the eligibility criteria of materiality, need and prudence as defined by the Board in its filing requirements. In conjunction with the criteria, EPCOR must pass the Means Test established by the Board to be eligible for incremental funding and the ICM will not be available if EPCOR's regulated return exceeds 300 basis points above the deemed return on equity embedded in the rates.

The materiality criterion represents a level of capital expenditures that can be funded through EPCOR's current approved rates. EPCOR is therefore eligible to identify projects for ICM if its proposed capital budget for the year exceeds the Board-defined materiality threshold value. The amount eligible for incremental funding will be calculated by subtracting the materiality threshold value in dollars from the proposed capital budget for the year.

EPCOR is to request approval of a rate adjustment for forecasted qualifying incremental capital projects as part of its annual IR Adjustment application, following the ICM filing requirements as defined by the Board in Chapter 3: Incentive Rate Setting Applications⁵ and as outlined in the Board's ACM Report⁶.

EPCOR is not requesting approval of an ICM related rate adjustment in this Application.

Earnings Dead Band Off-Ramp

EPCOR's approved IR Plan for setting rates for 2020 through 2024 includes the earnings dead band off-ramp mechanism consistent with the off-ramp outlined in the Board's Chapter 3: Incentive Rate Setting Applications for electricity distributors.

Under this mechanism, a regulatory review may be triggered if a distributor's earnings are outside of a dead band of +/- 300 basis points from the Board-approved return on equity. The Board will monitor the results filed by EPCOR as part of the reporting and record-keeping requirements and will determine if a regulatory review is warranted. EPCOR is to refrain from seeking an adjustment to its base rates through IR Plan if cumulative earnings are in excess of the dead band during the IR Term unless it has reason to believe that such an adjustment can be substantiated in consideration of the excess earnings. EPCOR's 2022 regulated return on equity (ROE) was 4.24%, which is below the +/- 300 basis points dead band of the approved deemed return on equity of 8.98%.

Earnings Sharing Mechanism

EPCOR's approved IR Plan for setting rates for 2020 through 2024 includes an asymmetrical Earnings Sharing Mechanism ("ESM") based on an assessment of earnings over the cost of service term. In the event that the utility's cumulative ROE at the end of the period 2020 through 2024 exceeds the Board-approved ROE by more than 150 basis points, EPCOR is required to share with ratepayers 50% of the earnings which are in excess of the 150 basis points threshold. For additional clarity, the cumulative ROE will be calculated as the sum of actual regulated net

⁵ Board's Filing Requirements for Electricity Distribution Rate Applications – 2018 Edition for 2019 Rate Applications, Chapter 3 Incentive Rate-setting Applications dated July 12, 2018, Section 3.3.2.1.

⁶ EB-2014-0219, Report of the Board, New Options for the Funding of Capital Investments: The Advanced Capital Module dated September 18, 2014, Section 7

income over the term, taking into account any necessary adjustments, divided by the sum of the actual regulated equity balances for the same term (i.e. considers rate base growth).

The Decision included the establishment of the Earnings Share Mechanism Deferral Account ("ESMDA") is to record the annual earnings sharing mechanism (ESM) impact over the term. An entry will be made to the ESMDA annually to record the amount that is equal to the cumulative earnings to be shared, as if the balance were to be settled on the date it was recorded. The balance in this account will be reflective of the ratepayers' share of utility earnings (i.e. recorded at 50% of earnings eligible to be shared). As the ESM is asymmetrical the ESMDA balance will be either a credit balance or zero.

As of December 31, 2022, EPCOR's cumulative ROE 345 basis points below the Board-approved ROE, and as a result there is currently no balance of earnings to share with ratepayers.

	2020	2021	2022	Cumulative
Deemed	8.98%	8.98%	8.98%	8.98%
Actual	5.42%	7.03%	4.24%	5.53%
Variance	-3.56%	-1.95%	-4.74%	-3.45%

Proposed Distribution Rates

The rates resulting from the application of the elements of EPCOR's approved IR Plan as described above are provided in Table 6 below. For comparison purposes, EPCOR current distribution rates for the Aylmer area are provided in Table 5.

Table 5 - Current Aylmer Distribution Rates

Rate Class	Monthly Service Charge	Delivery First 1,000 m ³	Delivery Over 1,000 m ³	Delivery Next 24,000 m ³	Delivery Over 25,000 m ³	Delivery - Firm	Demand - Firm
RATE 1 - General Service Rate - Residential	19.50	13.9823	11.2376				
RATE 1 - General Service Rate - Commercial	19.50	13.9823	11.2376				
RATE 1 - General Service Rate - Industrial	19.50	13.9823	11.2376				
RATE 2 - Seasonal Service - Apr to Oct	21.64	17.9469		9.2863	7.3439		
RATE 2 - Seasonal Service - Nov to Mar	21.64	22.6217		15.3710	16.5451		
RATE 3 - Special Large Volume Contract Rate	216.42					3.8967	31.4860
RATE 4 - General Service Peaking - Apr to Dec	21.64	19.7626	12.1256				
RATE 4 - General Service Peaking - Jan to Mar	21.64	25.2116	19.4820				
RATE 5 - Interruptible Peaking Contract Rate	205.60						
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	66,255.30					-	-

Table 6 - Proposed Aylmer Distribution Rates

Rate Class	Monthly Service Charge	Delivery First 1,000 m ³	Delivery Over 1,000 m ³	Delivery Next 24,000 m ³	Delivery Over 25,000 m ³	Delivery - Firm	Demand - Firm
RATE 1 - General Service Rate - Residential	20.50	14.5341	11.6811				
RATE 1 - General Service Rate - Commercial	20.50	14.5341	11.6811				
RATE 1 - General Service Rate - Industrial	20.50	14.5341	11.6811				
RATE 2 - Seasonal Service - Apr to Oct	22.59	18.7366		9.6949	7.6671		
RATE 2 - Seasonal Service - Nov to Mar	22.59	23.6171		16.0473	17.2730		
RATE 3 - Special Large Volume Contract Rate	225.94					4.0682	32.8714
RATE 4 - General Service Peaking - Apr to Dec	22.59	20.6322	12.6591				
RATE 4 - General Service Peaking - Jan to Mar	22.59	26.3209	20.3392				
RATE 5 - Interruptible Peaking Contract Rate	214.64					8.6111	
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	69,170.53					-	-

- Monthly Fixed Charges in the amount of one dollar per month in accordance with Bill 32 and Ontario Regulation 24/19 has been excluded and proposed rates

DISPOSAL OF DEFERRAL AND VARIANCE ACCOUNTS

EPCOR is requesting to dispose of the December 31, 2022 audited balances for following four approved deferral and variance accounts as part of this Application:

- Regulatory Expense Deferral Account ("REDA");
- Purchased Gas Transportation Variance Account ("PGTVA");
- Approved Deferral/Variance Disposal Variance Account ("ADVADA")

The auditor's report on the December 31, 2022 balances for each of the three accounts above has been included as part of this Application in Appendix D.

A summary of the account balances can be seen below in Table 7:

Table 7 - Deferral & Variance Account Amounts:

Account	Balance Dec 31, 2022	2022 Carrying Charges	2023 Carrying Charges	Balance Dec 31, 2023
REDA	\$ 2,066	\$ 29	\$ 102	\$ 2,196
PGTVA	\$ 237,179	\$ 3,443	\$ 11,663	\$ 252,285
ADVADA	\$ (9,381)	\$ 585	\$ (461)	\$ (9,258)
Total	\$ 239,244	\$ 3,472	\$ 11,765	\$ 254,481

Q1 2023 - Q3 2023 carrying charges have been calculated using the OEB's prescribed rates. Q4 2023 have been forecasted using the Q3 2023 rate as a proxy.

The Regulatory Expense Deferral Account ("REDA")

The purpose of the REDA is to record costs associated with participating in generic hearings and in Enbridge Gas (and formerly Union Gas) proceedings, including if applicable a main rates case for Enbridge Gas. The REDA was established for use by the utility prior to EPCOR's ownership of the utility and the continuation of the account for use through to the end of 2024 was approved by the Board in the Decision.

EPCOR is proposing in this Application to dispose of the REDA balances as of December 31, 2022 and all associated carrying charges recorded up to the date of implementation of the proposed rate rider. The REDA balances as of December 31, 2023 relate to the following

proceedings:

Case number	Description
EB-2015-0245	Demand Side Management Evaluation Process

The calculation of the projected total amount proposed for disposal is summarized in Table 8 below and further details of the specific items making up these balances are provided in the continuity schedule in Appendix D.

Table 8 - Projected Total REDA Amount for Disposal

REDA	Balance 31-Dec-22	Q1 2023 4.73%	Q2 2023 4.98%	Q3 2023 4.98%	Q4 2023 4.98%	Balance 31-Dec-23
Principal	\$2,066					\$2,066
Carrying Charges	<u>\$29</u>	<u>\$24</u>	<u>\$26</u>	<u>\$26</u>	<u>\$26</u>	<u>\$130</u>
Total	\$2,094	\$24	\$26	\$26	\$26	\$2,196

EPCOR proposes to recover the costs related to the above proceeding from customers in rates 1-5. Consistent with previous dispositions (EB-2021-0215 & EB-2022-0183), Rate 6 has been excluded from this recovery as the amounts requested for disposition relate to a hearing that does not impact this rate class.

The REDA balances are proposed to be recovered through the implementation of a twelve-month fixed-rate rate rider commencing on January 1, 2024. The calculation of the proposed rate rider is shown in Table 9 below.

Table 9 - Calculation of Proposed REDA Rate Rider

		A Unit	B Row Sum	C Rate 1	D Rate 2	E Rate 3	F Rate 4	G Rate 5
1	Connections	m3	9,878	9,776	52	5	41	4
2	Allocation	%	100%	99.0%	0.5%	0.1%	0.4%	0.0%
3	Sum	\$	\$2,196	\$2,173	\$12	\$1	\$9	\$1
4	Rate Rider	\$ / month		\$0.02	\$0.02	\$0.02	\$0.02	\$0.02

The resulting bill impacts of the proposed REDA rate rider is reflected in Table 14b below.

Purchased Gas Transportation Variance Account ("PGTVA")

The purpose of the PGTVA is to record differences between the average forecasted transportation costs per m³ included in EPCOR's approved rates for recovery from customers via the PGTVA reference price in Rate Classes 1 through 5, and the actual transportation costs per m³ incurred by EPCOR under its M9 and Bundled T contracts with Enbridge Gas for the volumes required to serve the customers in these rate classes. As the transportation costs are a flow-through to customers, this deferral account is to ensure that ratepayers pay the actual cost of transportation and that the utility does not incur a profit or loss on these costs. The PGTVA was established for use by the utility prior to EPCOR's ownership of the utility and the continuation of the account for use through to the end of 2024 was approved in the Decision.

EPCOR is proposing in this Application to dispose of the PGTVA balances as of December 31, 2022 and all associated carrying charges recorded up to the date of implementation of the proposed rate rider. The calculation of the projected total amount proposed for disposal is summarized in Table 10 below and further details of these balances are provided in the continuity schedule in Appendix D.

Table 10 - Projected Total PGTVA Amount for Disposal

PGTVA	Balance 31-Dec-22	Q1 2023 4.73%	Q2 2023 4.98%	Q3 2023 4.98%	Q4 2023 4.98%	Balance 31-Dec-23
Principal	\$237,179					\$237,179
Carrying Charges	<u>\$3,443</u>	<u>\$2,805</u>	<u>\$2,953</u>	<u>\$2,953</u>	<u>\$2,953</u>	<u>\$15,107</u>
Total	\$240,622	\$2,805	\$2,953	\$2,953	\$2,953	\$252,285

The total projected disposition amount is a debit balance of \$252,285 which EPCOR is proposing to recover from the customers in Rate Classes 1-5 through the implementation of a twelve-month volumetric rate rider commencing on January 1, 2024. The rate rider will be calculated by taking the total disposition amount over the total volumetric deliveries for Rate Classes 1-5 for the period January 1, 2022 through December 31, 2022. The calculation of the proposed rate rider is shown in Table 11 below.

Table 11 - Calculation of Proposed PGTVA Rate Rider

		A Unit	B Row Sum	C Rate 1	D Rate 2	E Rate 3	F Rate 4	G Rate 5
1	Volume	000's m ³	31,971	27,348	827	1,560	1,638	598
2	Allocation	%	100%	85.5%	2.6%	4.9%	5.1%	1.9%
3	Sum	\$	\$252,285	\$215,803	\$6,529	\$12,309	\$12,927	\$4,718
4	Rate Rider	¢/m ³	0.7891	0.7891	0.7891	0.7891	0.7891	0.7891

The resulting bill impacts of the proposed PGTVA rate rider is reflected in Table 14b below.

Approved Deferral/Variance Disposal Variance Account (“ADVADA”)

The Approved Deferral/Variance Disposal Account (“ADVADA”) to track the collection/refund of all deferral and variance accounts against the balances which have been approved for disposition. The ADVADA will allow any over or under collection/refund on ENGLP’s deferral and variance account balances which have been approved for disposition to be tracked and accounted for in the same manner as Account 1595 (Disposition and Recovery/Refund of Regulatory Balances Control Account) as per the Uniform Chart of Accounts for Electricity Distributors. Establishment of the ADVADA for use by the utility was approved in the Decision.

ENGLP is proposing in this Application to dispose of the ADVADA balances as of December 31, 2022 related to the approved dispositions of EB-2018-0336 (2019) and all associated carrying charges recorded up to the date of implementation of the proposed rate rider. The balance of the account is related to the disposition of:

- REDA – a fixed rate rider recovered from customers in rate classes 1-6
- PGTVA – a volumetric rate rider for customers in rate classes 1-5

The calculation of the projected total amount proposed for disposal is summarized in Table 12 below and further details of these balances are provided in the continuity schedule in Appendix D

Table 12 - Projected Total ADVADA Amount for Disposal

ADVADA	Balance 31-Dec-22	Q1 2023 4.73%	Q2 2023 4.98%	Q3 2023 4.98%	Q4 2023 4.98%	Balance 31-Dec-23
Principal	(\$9,381)					(\$9,381)
Carrying Charges	\$585	(\$111)	(\$117)	(\$117)	(\$117)	\$124
Total	(\$8,796)	(\$111)	(\$117)	(\$117)	(\$117)	(\$9,258)

The total projected disposition amount is a credit balance of \$9,258 which EPCOR is proposing to rebate to customers in Rate Classes 1-5 through the implementation of a twelve-month volumetric rate rider commencing on January 1, 2024. Rate 6 has been excluded from the calculation of this rate rider as the ADVADA amounts related to the REDA disposition were fixed in nature, meaning that ENGLP recovered the exact allocated amount and the amounts related to the PGTVAs did not apply to this rate class.

The rate rider will be calculated by taking the total disposition amount over the total volumetric deliveries for Rate Classes 1-5 for the period January 1, 2022 through December 31, 2022. The calculation of the proposed rate rider is shown in Table 13 below.

Table 13 - Calculation of Proposed ADVADA Rate Rider

		A Unit	B Row Sum	C Rate 1	D Rate 2	E Rate 3	F Rate 4	G Rate 5
1	Volume	000's m ³	31,971	27,348	827	1,560	1,638	598
2	Allocation	%	100%	85.5%	2.6%	4.9%	5.1%	1.9%
3	Sum	\$	(\$9,258)	(\$7,919)	(\$240)	(\$452)	(\$474)	(\$173)
4	Rate Rider	¢/m ³	(0.0290)	(0.0290)	(0.0290)	(0.0290)	(0.0290)	(0.0290)

Summary of Proposed Rate Riders

For comparison purposes, Tables 14 and 15 below provide a summary of the current and proposed rate riders as a result of the proposed dispositions.

Table 14 - Current Aylmer Rate Riders

Description	REDA	PGTVA	ADVADA Rate 1 - 5
	\$ per Customer Per Month	cents / m3	cents / m3
Rate Group			
RATE 1 - General Service Rate - Residential	0.02	0.4355	-
RATE 1 - General Service Rate - Commercial	0.02	0.4355	-
RATE 1 - General Service Rate - Industrial	0.02	0.4355	-
RATE 2 - Seasonal Service - Apr to Oct	0.02	0.4355	-
RATE 2 - Seasonal Service - Nov to Mar	0.02	0.4355	-
RATE 3 - Special Large Volume Contract Rate	0.02	0.4355	-
RATE 4 - General Service Peaking - Apr to Dec	0.02	0.4355	-
RATE 4 - General Service Peaking - Jan to Mar	0.02	0.4355	-
RATE 5 - Interruptible Peaking Contract Rate	0.02	0.4355	-
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility			

Table 15 - Proposed Aylmer Rate Riders

Description	REDA	PGTVA	ADVADA Rate 1 - 5
	\$ per Customer Per Month	cents / m3	cents / m3
Rate Group			
RATE 1 - General Service Rate - Residential	0.02	0.7891	(0.0290)
RATE 1 - General Service Rate - Commercial	0.02	0.7891	(0.0290)
RATE 1 - General Service Rate - Industrial	0.02	0.7891	(0.0290)
RATE 2 - Seasonal Service - Apr to Oct	0.02	0.7891	(0.0290)
RATE 2 - Seasonal Service - Nov to Mar	0.02	0.7891	(0.0290)
RATE 3 - Special Large Volume Contract Rate	0.02	0.7891	(0.0290)
RATE 4 - General Service Peaking - Apr to Dec	0.02	0.7891	(0.0290)
RATE 4 - General Service Peaking - Jan to Mar	0.02	0.7891	(0.0290)
RATE 5 - Interruptible Peaking Contract Rate	0.02	0.7891	(0.0290)
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility			

BILL IMPACTS

The following table provides a summary of bill impacts of the proposed changes to rates for 2024 and the pro rate class assuming the average consumption level of the rate class based on the 2022 customer connectivity impact provided assumes a full 12 months of distribution service and consumption. Further details on the below are provided in the 2024 Incentive Rate Adjustment Model.

Table 16A - Illustrative Bill Impact Summary

Rate Class	Change in Delivery Charge (\$ / year / customer)	Change in Delivery Charge (%)	Change in Rate Riders (\$ / year / customer)	Change in Rate Riders (%)	Change in Total Bill (\$ / year / customer)
RATE 1 - General Service Rate - Residential	\$23.37	4.4%	\$6.71	72.6%	\$23.37
RATE 1 - General Service Rate - Commercial	\$65.11	4.1%	\$35.11	74.2%	\$65.11
RATE 1 - General Service Rate - Industrial	\$153.46	4.0%	\$98.48	74.4%	\$153.46
RATE 2 - Seasonal Service - Apr to Oct	\$49.46	4.4%	\$31.11	74.3%	\$49.46
RATE 2 - Seasonal Service - Nov to Mar	\$51.81	4.4%	\$20.54	74.3%	\$51.81
RATE 2 - Seasonal Service - Annual	\$101.27	4.4%	\$51.65	74.3%	\$101.27
RATE 3 - Special Large Volume Contract Rate	\$1,242.28	4.4%	\$1,012.77	74.5%	\$1,242.28
RATE 4 - General Service Peaking - Apr to Dec	\$214.55	4.4%	\$120.14	74.5%	\$214.55
RATE 4 - General Service Peaking - Jan to Mar	\$29.80	4.4%	\$9.58	74.2%	\$29.80
RATE 4 - General Service Peaking - Annual	\$244.35	4.4%	\$129.71	74.4%	\$244.35
RATE 5 - Interruptible Peaking Contract Rate	\$650.99	4.4%	\$485.22	74.5%	\$650.99
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	\$34,982.80	4.4%	\$0.00	0.0%	\$34,982.80

Table 16B – Illustrative Bill Impact Summary - Deferral and Variance Account

Rate Class	REDA		PGTVA		ADVADA		Variance (\$)
	Variance (\$)	Variance (%)	Variance (\$)	Variance (%)	Variance (\$)	Variance (%)	
RATE 1 - General Service Rate - Residential	\$0.00	0%	\$7.31	81%	(\$0.60)		
RATE 1 - General Service Rate - Commercial	\$0.00	0%	\$38.25	81%	(\$3.13)		\$
RATE 1 - General Service Rate - Industrial	\$0.00	0%	\$107.26	81%	(\$8.78)		\$
RATE 2 - Seasonal Service - Apr to Oct	\$0.00	0%	\$33.89	81%	(\$2.78)		\$
RATE 2 - Seasonal Service - Nov to Mar	\$0.00	0%	\$22.37	81%	(\$1.83)		\$
RATE 2 - Seasonal Service - Annual	\$0.00	0%	\$56.26	81%	(\$4.61)		\$
RATE 3 - Special Large Volume Contract Rate	\$0.00	0%	\$1,103.11	81%	(\$90.34)		\$1
RATE 4 - General Service Peaking - Apr to Dec	\$0.00	0%	\$130.85	81%	(\$10.72)		\$
RATE 4 - General Service Peaking - Jan to Mar	\$0.00	0%	\$10.43	81%	(\$0.85)		
RATE 4 - General Service Peaking - Annual	\$0.00	0%	\$141.29	81%	(\$11.57)		\$
RATE 5 - Interruptible Peaking Contract Rate	\$0.00	0%	\$528.50	81%	(\$43.28)		\$
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	\$0.00		\$0.00		\$0.00		

THIS IS EXHIBIT 'C' referred to in
the Affidavit of Tim Hesselink sworn
before me this 16th day of August,
2023.

A handwritten signature in black ink, appearing to read "Tim Hesselink", is written over a horizontal line.

A Commissioner, etc.

EXHIBIT C

Hesselink, Tim

From: Hesselink, Tim
Sent: Thursday, August 3, 2023 9:38 AM
To: 'Patrick.McMahon@enbridge.com'; 'anembhard@igpc.ca'; 'sstoll@airdberlis.com'; 'lawford@piac.ca'; 'Mark Garner'; 'EGIRegulatoryProceedings@enbridge.com'; 'tmichiels@thamescentre.on.ca'; 'clerk@thamescentre.on.ca'; 'clerk@swox.org'; 'cao@elgin.ca'; 'knorton@igpc.ca'; 'jbrick@town.aylmer.on.ca'; 'aadams@malahide.ca'; 'Genevieve.Scharback@norfolkcounty.ca'; 'mschulth@london.ca'; 'rgreenall@centralelgin.org'; 'asloan@centralelgin.org'; 'tthayer@bayham.on.ca'; 'Clerks@norfolkcounty.ca'
Cc: 'Arturo Lau'; Robinson, Susannah; O'Callaghan, Daniela; Emmanuel, Mark; Ricketts, Stacy
Subject: Notice of Application - EB-2023-0160 - ENGLP Aylmer IRM - rates effective January 1, 2024
Attachments: NoA_EPCOR Aylmer 2024 IRM_20230801.pdf; ENGLP_AYLMER_CVRLTR_IRM_20230707.pdf; ENGLP_AYLMER_APPL_IRM_20230707.pdf

Hello all,

Re: EPCOR Natural Gas Limited Partnership (ENGLP) Application for 2024 Rates - Aylmer
Ontario Energy Board File Number: EB-2023-0160

Please find attached the notice of application for EPCOR Natural Gas Limited Partnership's IRM application for rates effective January 1, 2024 for the Aylmer service territory.

Additional information related to this proceeding will also be posted on the OEB's website under the filing reference number: [OEB - EB-2023-0160](#)

Regards,
Tim



PROVIDING MORE

Tim Hesselink, CPA

Senior Manager, Regulatory Affairs
EPCOR Ontario
43 Stewart Road, Collingwood, ON
T: 705.445.1800 ext. 2274
epcor.com

THIS IS EXHIBIT 'D' referred to in
the Affidavit of Tim Hesselink sworn
before me this 16th day of August,
2023.

A handwritten signature in cursive script, appearing to read "Tim Hesselink", is written above a horizontal line.

A Commissioner, etc.

EXHIBIT D

EPCOR has applied to the Ontario Energy Board to increase its natural gas rates, effective January 1, 2024. If the application is approved as filed, the amount EPCOR charges a typical residential customer and a typical commercial customer in its Aylmer service area would increase by the following yearly amounts:

- General Service Residential: \$30.08 per year
- General Service Commercial: \$100.22 per year

The requested rate increase is set using an OEB-approved formula which is tied to inflation and other factors intended to promote efficiency. The rate increase also includes EPCOR's request to dispose of the balances in certain deferral and variance accounts.

Other customers may also be affected. It is important to review the application carefully to determine whether you may be affected by these changes.

[Read our customer notice](#)

[READ NOW](#)

The Ontario Energy Board will hold a public hearing

The Ontario Energy Board (OEB) will hold a public hearing to consider the application filed by EPCOR. During the hearing, which could be an oral or written hearing, the OEB will question EPCOR on the request for a rate increase. The OEB will also hear questions and arguments from individuals that have registered to participate (called intervenors) in the hearing. At the end of this hearing, the OEB will decide what, if any, rate change will be allowed.

The OEB is an independent and impartial public agency. It makes decisions that serve the public interest. Its goal is to promote a financially viable and efficient energy sector that provides customers with reliable energy services at a reasonable cost.

Be informed and have your say

You have the right to information regarding this application and to be involved in the process.

- You can review EPCOR's application.
- You can file a letter with your comments, which will be considered during the hearing.
- You can become an intervenor. As an intervenor you can ask questions about EPCOR's application and make arguments on whether the OEB should approve the request. **Apply to be an intervenor by August 18, 2023**, or the hearing will go ahead without you and you will not receive any further notice of the proceeding.
- At the end of the process, review the OEB's decision and its reasons on its website.

Learn more

Our file number for this case is EB-2023-0160. To learn more about this hearing, find instructions on how to file a letter with your comments or become an intervenor, or to access any document related to this case, please enter the file number EB-2023-0160 on the OEB website. You can also phone our Consumer Relations Centre at 1 (877) 632-2727 with any questions.

Type of hearing

There are three types of OEB hearings: oral, electronic and written. EPCOR has applied for a written hearing. The OEB is considering this request. If you think an oral hearing is needed, you can write to the OEB to explain why by **August 18, 2023**.

Privacy

If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. However, your personal telephone number, home address and email address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all information will be public.