



Ontario
Energy
Board

Commission
de l'énergie
de l'Ontario

DECISION AND ORDER (PHASE 1)

EB-2021-0216

EPCOR NATURAL GAS LIMITED PARTNERSHIP (SOUTH BRUCE)

Application for Rates to be Effective January 1, 2022

BEFORE: **Emad Elsayed**
 Presiding Commissioner

David Sword
 Commissioner

December 9, 2021

1 INTRODUCTION AND SUMMARY

On September 14, 2020 EPCOR Natural Gas Limited Partnership (EPCOR) applied to the Ontario Energy Board (OEB) under section 36(1) of the *Ontario Energy Board Act, 1998* for changes to its natural gas distribution rates to be effective January 1, 2022 (Application).

In the Application, EPCOR requested the following approvals:

- I. To adjust distribution rates for natural gas in the South Bruce service area effective January 1, 2022 in accordance to the OEB-approved decision (Settlement Decision)¹
- II. To dispose of the balances of certain deferral and variance accounts
- III. To establish an Approved Deferral/Variance Disposal Account
- IV. To revise the existing Accounting Order for the Municipal Tax Variance Account

The OEB finds it appropriate to adjust, effective January 1, 2022, distribution rates in accordance with the Settlement Decision, to dispose of certain deferral and variance accounts and to establish an Approved Deferral/Variance Disposal Account.

The bill impact for a residential customer who uses 2,149 cubic metres of natural gas per year is an increase of approximately \$42.99 on an annual basis.

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

2 THE PROCESS

EPCOR filed the Application on September 27, 2021 under section 36(1) of the *Ontario Energy Board Act, 1998*. On October 12, 2021, the OEB issued a Notice of Hearing. The intervention period ended on November 2, 2021. No persons applied for intervenor status.

Procedural Order No. 1 was issued on November 3, 2021. OEB staff filed written interrogatories on November 5, 2021. EPCOR filed responses to interrogatories on November 12, 2021.

OEB staff filed written a submission on November 19, 2021. On November 29, 2021, EPCOR filed a partial submission and a letter requesting an extension to file a complete reply submission by December 1, 2021. Procedural Order No. 2 was issued on November 30, 2021, granting EPCOR's requested extension until December 1, 2021.

On December 1, 2021 EPCOR filed a complete reply submission, in which it proposed new language for the Municipal Tax Variance Account (MTVA) accounting order to address concerns raised by OEB staff in its submission. EPCOR recognized that OEB staff would want time to review this proposed language, and therefore suggested that this issue be separated from the rest of the proceeding, and that the OEB make provision for additional argument on the MTVA issue only. On December 3, 2021, the OEB issued Procedural Order No. 3 which bifurcated the Application. Phase 1 includes all elements of the Application with the exception of the MTVA issue and Phase 2 includes the MTVA issue. This Decision and Order therefore does not address the MTVA issue.

On December 6, 2021, EPCOR filed a draft rate schedule that reflected the changes outlined in its reply submission.

3 DECISION

3.1 Price Cap Adjustment

EPCOR seeks to increase its rates, effective January 1, 2022, 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:

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

Using the approved 2022 inflation factor of 3.3% in the formula yields an IR adjustment of 1.91%.

EPCOR 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.

Findings

EPCOR's Application requests an increase to its rates, effective January 1, 2022 in accordance with the Settlement Decision formula for EPCOR's South Bruce rates. This Settlement Decision included a yearly rate adjustment mechanism that will be in effect for a 10-year period ending in 2028.

The new January 1, 2022 rates EPCOR is seeking in this Application are therefore guided by the Settlement Decision.

The OEB finds that EPCOR's rate increase was calculated using the Settlement Decision formula (inflation of 3.3% minus certain productivity factors for a rate adjustment of 1.91% for 2022) and is approved along with the filed rate adjustments for each rate class.

3.2 Other Revenues

In the decision and order on the unsettled Issues² with respect to EPCOR's Custom IR application, the OEB set other revenues to zero in 2019 to 2021. The OEB further stated that the determination as to whether a deferral account to capture other revenues should be established starting in 2022 should take place in the 2022 IRM rate proceeding.

EPCOR forecasted that other revenues will continue to be immaterial in 2022.³ Due to the immaterial amounts of other revenue to be collected, EPCOR recommended deferring the decision regarding the approval of a deferral account to capture other revenues until the 2023 filing.

OEB staff supported EPCOR's request to defer the approval of a deferral account to capture other revenues until the next annual filing.

Findings

As part of its 10-year rate stability period, EPCOR was approved to collect other minor revenues and that these revenues were to be considered as an offset to its overall revenue requirement.

EPCOR noted that these other revenue amounts collected in 2020 and so far in 2021 are currently less than \$2,000.

While the OEB finds this amount not to be material at this point, EPCOR is approved to create such a deferral account now and is also approved to defer a decision of its disposal to its next annual filing for their 2023 rates. EPCOR is directed to file a draft accounting order based on this Decision for the OEB's approval.

² EB-2018-0264, Decision and Order, November 28, 2019, pg. 10

³ EPCOR Response to OEB Staff IRs, OEB Staff- 1b, November 12, 2021

3.3 Deferral and Variance Accounts

EPCOR sought approval to dispose of the 2020 year-end balances in certain deferral and variance accounts with interest up to the time of implementation of the associated rate riders. The accounts requested for disposition are the following:

- Energy Content Variance Account (ECVA)
- Contribution in Aid of Construction Variance Account (CACVA)
- External Funding Variance Account (EFVA)

The total amount sought for disposition from EPCOR South Bruce customers is a debit of \$132,700 (including interest to December 31, 2021). OEB staff had no concerns with the balances being sought for disposition for each of the accounts. 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, 2021</u>
ECVA	Energy Content Variance Account	\$14,199
CIACVA	Contribution in Aid of Construction Variance Account	\$61,341
EFVA	External Funding Variance Account	\$57,160
	Total Deferral Account Balances	\$132,700

OEB staff noted that EPCOR used “revised forecast volumes” for calculating the volumetric rate riders that dispose of the balances in all of the above noted deferral and variance accounts. OEB staff agreed with EPCOR’s proposal to use the revised forecast volumes to calculate the volumetric rate riders as this forecast represents the most up-to-date volume projections available (and will best avoid over/under-recovery from ratepayers).

Energy Content Variance Account (ECVA)

EPCOR proposed to allocate the ECVA balance to rate classes using revised forecast volumes. OEB staff noted that this was a departure from the approved ECVA Accounting Order in the Application, which uses the forecasted volumes that underpin the Common Infrastructure Plan (CIP) revenues (CIP volumes). OEB staff calculated the allocation of the ECVA balance to rate classes based on the ECVA Accounting Order and noted that the resulting allocation yielded similar results to the approach proposed by EPCOR. EPCOR confirmed the calculation.

OEB staff submitted that EPCOR's proposed allocation methodology should be accepted on a one-time basis based on the small balance. In its reply submission, EPCOR indicated that it will apply the methodology approved in the ECVA accounting Order for future disposition requests.

Contribution in Aid of Construction Variance Account (CIACVA)

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 had no concerns with the proposed disposition methodology.

EPCOR proposed to allocate the CIACVA balance based on the CIP rate base less "non-distribution rate base" for all rate classes.⁴ OEB staff generally supported the allocation of the CIACVA balance to rate classes using a rate base allocator as the variances tracked in the account are related to amounts included in rate base, but noted that it was however unclear why the rate base allocator was net of "non-distribution rate base". EPCOR revised its CIACVA allocation to include the rate base allocator inclusive of "non-distribution rate base".

External Funding Variance Account (EFVA)

EPCOR proposed to collect the EFVA 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.

Similar to CIACVA, EPCOR proposed to allocate the EFVA balance based on the CIP rate base less "non-distribution rate base" for all rate classes. OEB staff requested that EPCOR explain why its proposed allocation methodology (i.e. total CIP rate base minus non-distribution rate base) is appropriate for the EFVA. In its reply submission, EPCOR explained that the "non-distribution rate base" consists of contribution in aid of construction to Enbridge Gas for transportation assets. As the "non-distribution rate base" did not have grant funding in the rate base allocation, EPCOR proposed to make this adjustment.

⁴ EPCOR Response to OEB Staff IRs, OEB Staff- 3, November 12, 2021

Approved Deferral/Variance Disposal Account (ADVADA)

EPCOR requested approval to establish the ADVADA to track the actual collection/refund of all deferral and variance account balances against the balances that have been approved for disposition.

OEB staff reviewed the ADVADA Accounting order and submitted that it is appropriate to establish the ADVADA as this will align the treatment of EPCOR South Bruce with the treatment of electricity distributors, Enbridge Gas and EPCOR Aylmer.

Findings

Approval to dispose of certain deferral and variance account balances

Deferral and variance accounts are established to record the differences between certain forecast costs and the actual costs. The variances are trued up when the deferral or variance account is disposed of to ensure that costs are then properly accounted for in rates. The OEB accepts EPCOR's proposal to use the "revised forecast volumes" to calculate the volumetric rate riders as this forecast represents the most up-to-date volume projections available.

EPCOR had certain deferral and variance account balances that require OEB approval as follows:

Energy Content Variance Account

The energy content of natural gas can vary slightly. The differences between the energy content of the actual gas delivered and the assumed energy content (38.89 MJ/M3) can result in different revenues.

The assumed energy content was used in determining the approved revenue requirement and delivery rates in EPCOR's long term rate structure approval.

This variance account has a current debit balance of \$14,199 including interest.

The OEB finds the amount to be reasonable and approves the disposition of that amount, including the disposition methodology, to December 31, 2021. The OEB also approves the proposed rate allocation methodology on a one-time basis.

The OEB also directs EPCOR, in its next rates application, to provide an explanation supporting the use of revised forecast volumes for the allocation of the Energy Content Variance Account balance to rate classes or alternatively, apply the methodology as approved in the Energy Content Variance Account Accounting Order.

Contribution in Aid of Construction Variance Account

Enbridge Gas constructed a natural gas transportation pipeline and metering station in the Owen Sound area to, in part, provide natural gas services to South Bruce. This expansion⁵ helped EPCOR to bring natural gas to homes and businesses in its South Bruce service area.

EPCOR was required to make a contribution in aid of construction to support the project, which was recorded in the Contribution in aid of Construction Variance Account.

The OEB approves the disposition, including the disposition methodology, of a debit balance of \$61,341 including interest, to December 31, 2021. Regarding the allocation methodology, the OEB accepts EPCOR's revised rate riders for this account included in its reply submission.

External Funding Variance Account

External funding, from the Ontario government, helped support the expansion of natural gas service to communities in South Bruce that otherwise would not have been able to take place.

The purpose of the External Funding Variance Account is to record the differences in timing and amount of external funding available to the South Bruce project compared to EPCOR's forecast reflected in approved rates.

The OEB approves the disposition, including the disposition methodology, of a debit balance of \$57,160 including interest to December 31, 2021. The OEB also approves EPCOR's proposed allocation methodology as described in its reply submission.

⁵ EB-2019-0183

Approval to establish an Approved Deferral/Variance Disposal Account

The OEB finds that EPCOR's request to establish a deferral/variance account to track the actual collection/refund of all of its deferral and variance accounts is consistent with the approach taken by other utilities, including EPCOR Aylmer, for the same purpose and is a reasonable approach for EPCOR South Bruce to take as well, and is therefore approved.

4 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Rate Schedules set out in Schedule A are approved effective January 1, 2022.
2. EPCOR shall establish the Approved Deferral/Variance Disposal Account as set forth in Schedule B.
3. EPCOR shall prepare a draft accounting order for the Other Revenues deferral account as approved in this Decision, and file it with the OEB no later than **January 12, 2022**.
4. Should OEB staff wish to comment on the draft accounting order, they must do so by filing a submission with the OEB and copying it to EPCOR no later than **January 19, 2022**.
5. If EPCOR wishes to reply to any submissions received, it must do so no later than **January 26, 2021**.
6. EPCOR Natural Gas Limited Partnership shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

DATED at Toronto December 9, 2021

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar

SCHEDULE A- RATE SCHEDULES

DECISION AND ORDER

EPCOR NATURAL GAS LP

EB-2021-0216

DECEMBER 9, 2021

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.

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⁾	\$27.27	
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	1.474	¢ per m ³
Transportation and Storage charge	2.6982	¢ per m ³
Rate Rider for Delay in Revenue Recovery	1.633	¢ 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	0.5434	¢ 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)	7.83	¢ per m ³
Gas Supply Charge	13.4787	¢ per m ³

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

Direct Purchase Delivery

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

Terms and Conditions of Service

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

Effective: January 1, 2022

Implementation: All bills rendered on or after January 1, 2022

EB-2021-0216

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.

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⁾	\$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	1.633	¢ 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)	7.83	¢ per m ³
Gas Supply Charge	13.4787	¢ per m ³

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

Direct Purchase Delivery

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

Terms and Conditions of Service

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

Effective: January 1, 2022

Implementation: All bills rendered on or after January 1, 2022

EB-2021-0216

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⁾	\$215.31
Delivery Charge	
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)	7.83 ¢ per m ³
Gas Supply Charge	13.4787 ¢ per m ³

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

Unaccounted for Gas (UFG):

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

Forecasted Unaccounted for Gas Percentage 0.00 %

Overrun Charges:

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

Authorized Overrun Charge

16.8083 ¢ 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

402.5107 ¢ 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 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:

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

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 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.

Effective: January 1, 2022

Implementation: All bills rendered on or after January 1, 2022

EB-2021-0216

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)	7.83	¢ per m ³

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

Unaccounted for Gas:

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

Forecasted Unaccounted for Gas Percentage

0.00 %

Overrun Charges:

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

Authorized Overrun Charge

5.2526 ¢ 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

402.6142 ¢ 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 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:

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

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, 2022

Implementation: All bills rendered on or after January 1, 2022

EB-2021-0216

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 %
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Gas Supply:

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

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

The Gas Supply calculation shall equal:

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

Terms and Conditions of Service

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

Effective: January 1, 2022

Implementation: All bills rendered on or after January 1, 2022

EB-2021-0216

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		

Note: Applicable taxes will be added to the above charges

³No Charge for initial connection

SCHEDULE B- ACCOUNTING ORDER

DECISION AND ORDER

EPCOR NATURAL GAS LP

EB-2021-0216

DECEMBER 9, 2021

EPCOR NATURAL GAS LIMITED PARTNERSHIP

Accounting Order

Approved Deferral/Variance Disposal Variance Account

The Approved Deferral/Variance Disposal Variance Account (“ADVADA”) is to record all deferral and variance account balances which have been approved for disposition/recovery. EPCOR Natural Gas Limited Partnership (“ENGLP”) will account for this balance 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 by recording a debit/credit in an appropriate sub-account (principal balances, carrying charges or carrying charges for net principal). Deferral and variance account balances which have been approved for disposition by the Board, will be transferred into the ADVADA and appropriate sub-account (categorized based on the year of disposition). Amounts recovered from or refunded to ratepayers through the associated approved rate rider(s) will be recorded against the balance in the ADVADA.

Once the approved period for recovery/refund has ended, balances resulting from over or under collection/refund, together with any carrying charges, will be brought forward for disposition at a future proceeding.

Simple interest will be calculated monthly on the opening balance in the ADVADA in accordance with the methodology approved by the Board in EB-2006-0117.

Accounting Entries⁹

To transfer the balance of deferral and variance accounts upon receipt of approval for disposition:

Debit/Credit Account No. 179.90 Approved Deferral/Variance Disposal Variance Account
 (“ADVADA”)
Credit/Debit Account No. 179.XX Deferral/variance account

To transfer the balance of deferral and variance interest accounts upon receipt of approval for disposition:

⁹ Account numbers are in accordance with the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the *Ontario Energy Board Act*.

Debit/Credit Account No. 179.91 Approved Deferral/Variance Disposal Variance Account Interest
Sub-Account

Credit/Debit Account No. 179.XX Deferral/variance account interest

To record amounts recovered from /refunded to ratepayers through the approved rate rider(s) over the period
for which the rate rider(s) are in effect:

Debit/Credit Account Account No. 300 Operating Revenue

Credit/Debit Account No. 179.90 Approved Deferral/Variance Disposal Variance Account
("ADVADA")

Credit/Debit Account No. 179.91 Approved Deferral/Variance Disposal Variance Account Interest
Sub-Account

To record simple interest on the opening monthly balance of the ADVADA:

Debit/Credit Account No. 179.92 Interest on Net Principal of Approved Deferral/Variance Disposal
Variance Account

Credit/Debit Account No. 323 Other Interest Expense