EPCOR Natural Gas Limited Partnership

Cost of Service Application
EB-2024-0130
July 18, 2024

Exhibit 4 – Operating Expenses

PROVIDING MORE

Contents

4.0 Operating Expenses

This exhibit includes information that summarizes:

1) Gas Supply, Transportation and Storage Costs
2) Lost and Unaccounted for Gas
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4) Depreciation expense
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4.1 Gas Supply, Transportation and Storage Costs

Gas Supply Plan

On October 25, 2018, the Ontario Energy Board (the "**Board**") issued its Report of the Ontario Energy Board: Framework for the Assessment of Distributor Gas Supply Plans (the "**Framework**"), which set out a new requirement for all rate-regulated natural gas distributors in the Province of Ontario to file five-year gas plans beginning in January 2019. ENGLP filed an updated five-year gas supply plan on May 31, 2024 (EB-2024-0139) in accordance with the criteria and guiding principles of: (i) cost-effectiveness, (ii) reliability and security of supply and (iii) public policy, as defined in the Framework.

Accordingly, these guiding principles are defined as follows:

i. **Cost-effectiveness** – The gas supply plan will be cost-effective. Cost-effectiveness is achieved by appropriately balancing the principles and in executing the supply plan in an economically efficient manner;

ii. **Reliability and security of supply** – The gas supply plan will ensure the reliable and secure supply of gas. Reliability and security of supply is achieved by ensuring gas supply to various receipt points to meet planned peak day and seasonal gas delivery requirements; and,

iii. **Public policy** – The gas supply plan will be developed to ensure that it supports and is aligned with public policy requirements, as set out further below.

To satisfy the Framework requirements, ENGLP has developed a demand forecast that reflects its expected annual load profile over the five-year rate period starting in January 2024. The demand forecast was used as an input in determining the appropriate mix between supply obtained from the Enbridge system and local production.[1] To reliably meet forecasted peak day, seasonal, and annual demand, the supply strategy relies on the procurement of gas supply from local production.

Applying the Framework's guiding principles of cost-effectiveness and reliability and security of supply, any incremental local gas supply will be assessed against the landed costs of natural gas supply alternatives to ensure local gas supply will be competitive with any alternative supply source for ENGLP's rate payers. This approach ensures that cost-effectiveness is balanced against reliability and security of supply, which considers flexibility and diversity in commodity procurement. The Supply Plan reflects the notion that cost-effectiveness is not paramount to reliability, or vice versa. Rather, the two principles are assessed together and the final supply option is a balance of the two principles to ensure that customers receive reliable supply which optimizes the cost-reliability function.

The objective of the Supply Plan is to develop an aptly-sized portfolio of natural gas supply assets that ensures consumers receive a cost-effective, reliable and secure natural gas supply in a manner that is consistent with public policy. The portfolio is designed to strike a balance between these guiding principles, which are consistent with the Board's legislated mandate to protect the interest of consumers with respect to prices, reliability, and the quality of gas service.

The Framework requires that, where appropriate, the Supply Plan supports and is aligned with public policy objectives. This includes the Federal Carbon Pricing Program, Community

[1] Local production has been described in detail through EPCOR's QRAM and other proceedings. Local production refers to gas produced within EPCOR's franchise areas or adjacent Lake Erie, i.e., onshore well gas, lake gas, or onshore renewable natural gas.

Expansion, Minister of Energy Letter of Direction, and the Canada Green Homes Grant.

The Supply Plan is intended to provide strategic direction that will guide ENGLP's ongoing decisions related to its natural gas portfolio such that the utility is able to meet peak day, seasonal, and annual demand throughout the winter and summer periods for general service and Contract Customers in a cost-effective manner. The Supply Plan does not commit ENGLP to procuring a set volume and/or source of natural gas, but rather it provides a roadmap that is sufficiently flexible, such that reliable and cost-effective natural gas commodity and storage assets can still be procured in the event of changing or unexpected demand, consumption patterns, weather, or market forces.

ENGLP recovers gas supply costs through an approved gas supply charge applied for quarterly via the existing QRAM process. ENGLP is not proposing any changes to that process as part of this application.

Additional information can be found in ENGLP's Gas Supply Plan (EB-2024-0139). Note, at the time of filing of this Cost of Service Application, the EB-2024-0139 proceeding is still underway.

Transportation Costs

ENGLP incurs gas transportation costs (to/from Enbridge) for storage, load balancing, and transportation across Enbridge's system to ENGLP's distribution system. ENGLP currently contracts for an annual Contract Demand in the amount of 186,100 m^3 for its System Gas customers.

ENGLP evaluates its Contract Demand requirements with Enbridge on an annual basis and will balance the need to maximize its usage and minimize overrun charges under the Enbridge contract. For the November 2023 renewal, Enbridge proposed no changes to the Contract Demand for contract SA1550 (for system gas customers) and contract SA25050 (for direct purchase customers). ENGLP plans to increase the Contract Demand under the Lakeview contract in 2024 and 2025 to meet expected system gas peak day requirements. ENGLP also plans to increase the Contract Demand with the SA1550 Enbridge contract in 2025 onwards to meet additional system gas peak day requirements. Further information can be found in ENGLP's Gas Supply Plan.

ENGLP currently recovers transportation costs incurred through a Purchased Gas Transportation Reference Price embedded in distribution rates but is proposing a change to recover these costs through a stand-alone Transportation charge as part of this Application for rates effective 2025. More information on this proposed change can be found in Exhibits 3 and 8.

Table 4.1-1 below shows the 2020 to 2023 historical and 2024 to 2025 expected annual costs of gas calculations (including Transportation).

Table 4.1-1
Cost of Gas - Operating Costs ($000's)

	A **Category**	B **2020 A**	C **2021 A**	D **2022 A**	E **2023 A**	F **2024 Bridge Year**	G **2025 Test Year**
1	Cost of Gas	$4,789	$5,765	$9,178	$10,485	$7,910	$8,104
2	Transportation (R1-5)	$773	$834	$1,019	$957	$1,039	$1,061
3	Transportation (R6)	$540	$691	$807	$851	$810	$827
4	**Total**	**$6,102**	**$7,291**	**$11,004**	**$12,293**	**$9,759**	**$9,992**

Cost of gas are expected to decrease in 2024B and 2025T in comparison to the higher values experienced in 2022 and 2023 as gas market prices rose significantly during the summer of 2022 (especially forward prices) largely due to the start of the war in Ukraine. The war created uncertainty in the energy market and there was a major energy crunch in Europe. US prices were impacted because Liquefied Natural Gas export demand surged, which was well timed along with rise in export capacity in the US. For Enbridge (and therefore ENGLP as the pricing is based on Enbridge's rates) market gas prices remained high due to rate mitigation to smooth out the price increase, which elevated the prices for longer. The table below demonstrates the alignment between commodity pricing and the trending seen in the table above. Note that only Q1-Q3 are presented below as the Q4 2024 QRAM rate has not been calculated or approved. The table is intended to show general trending of pricing.

Table 4.1-2
Average Approved Gas Supply Charge

Year	Q1-Q3 Average (cents per m3)	YOY Variance
2021	0.134955	
2022	0.207831	54%
2023	0.253394	22%
2024	0.171000	-33%

4.2 Lost and Unaccounted for Gas

This section details ENGLP's proposed unaccounted for gas ("**UFG**") rate for its Aylmer natural gas distribution system. UFG represents the difference in the volume of gas received into the system from all sources (in this case, from Enbridge and local production from wells) and the total volume of gas accounted for through measured deliveries to customers or for ENGLP's use.

There are typically two types of UFG – operational, and accounting-based. Operational UFG includes leakage, variations in pressure and/or temperature (both causing changes in the distribution system's line pack), fugitive emissions, and meter inaccuracies or other unidentified reasons. Accounting UFG can result from data entry errors, misreporting of meter reads, timing of meter readings to billing, measurements being made at different times and at different points on the system or other unidentified reasons.

UFG is calculated by comparing the volume of gas purchases from all suppliers as a % of amounts consumed by customers. As there is an approximate one month lag between the timing of consumption and billing, volumes are presented and compared on a calendarized basis to align the timing of purchase with the timing of consumption.

Table 4.2-1
2020 to 2023 Actual Unaccounted for Gas Calculation (000's m^3)

	A	B	C	D	E	F
		2020 TOTAL	**2021 TOTAL**	**2022 TOTAL**	**2023 TOTAL**	**2020-2023 TOTAL**
1	**Purchase Volumes:**					
2	SA1550 volumes	25,622	26,305	19,035	17,297	88,258
3	Lagasco Wells	-	-	854	899	1,753
4	Lagasco Lake	-	-	8,937	8,216	17,154
5	Walker RNG	-	-	-	1,225	1,225
6	SA25050 volumes	3,134	3,573	4,109	4,252	15,068
7	**Total Purchase**	**28,756**	**29,877**	**32,935**	**31,889**	**123,458**
8	Customer Volume	28,316	29,742	31,511	31,923	121,492
9	UFG	**441**	**135**	**1,424**	**(34)**	**1,966**
10	**UFG%**	**1.5%**	**0.5%**	**4.3%**	**-0.1%**	**1.6%**

Historically, the approved UFG rate for ENGLP has been 0% as the actual UFG reported by NRG was often close to zero. The calculated UFG for the last four historical years is an average of 1.6% as seen on column F in table 4.2-1.

Consistent with prior approvals, ENGLP proposes to continue with a deemed UFG of 0% for use in this Application. As described in Section 9.3.1 of Exhibit 9, ENGLP proposes to maintain the use of the approved Unaccounted for Gas Variance Account to record the cost of gas associated with volumetric variances between the actual volume of UFG and the proposed deemed UFG of 0%. This will allow for the recovery of the cost of gas if the actual values vary from the 0% used in establishing rates.

While the information presented in Table 4.2-1 provides additional insight into the levels of UFG, the fluctuations in UFG% year-over-year does not validate the use of historical averages being a rationale for forecasting future activity. Further to this, ENGLP would require CIS/billing system customization in order to properly apply a UFG factor to customer bills, the cost of which is not included in this Application.

4.3 Operating, Maintenance, and Administrative Costs (OM&A)

4.3.1 OM&A Overview

ENGLP's 2024 Bridge Year and 2025 Test Year, as well as previous years', OM&A costs by Uniform System of Accounts ("**USoA**") are shown in Table 4.3.1-1 below.

Table 4.3.1-1
Operating Costs by USoA
($000's)

	A	B	C	D	E	F	G	H	I
	USoA - General	**Section Reference**	**2020 Decision**	**2020 A**	**2021 A**	**2022 A**	**2023 A**	**2024 Bridge Year**	**2025 Test Year**
1	301 - Operating Expenses*	Exhibit 4.3.2	3,313.4	3,053.4	3,111.6	3,639.3	3,454.4	3,530.4	4,084.5
2	302 - Maintenance Expenses	Exhibit 4.3.2	45.7	109.0	116.3	122.3	137.5	146.3	147.8
3	303 - Depreciation	Exhibit 4.4	877.0	829.0	900.9	935.9	1,028.9	1,159.4	1,320.8
4	305 - Municipal and Other Taxes	Exhibit 4.5	632.0	615.2	601.1	615.2	659.5	675.0	705.6
5	313 - Non-Gas Operating Expense	Exhibit 4.3.2	-	101.6	87.8	58.0	88.0	88.5	89.7
6	319 - Other Income**		-	-	(1.4)	(9.5)	(3.2)	-	-
7	Settlement Adjustment		(150.0)	-	-	-	-	-	-
8	**Total Operating Costs by USoA**		**4,718.1**	**4,708.1**	**4,816.2**	**5,361.2**	**5,365.1**	**5,599.6**	**6,348.3**

*ENGLP has segregated USoA Account 301 into two separate categories: 1.) Operating Expenses and; 2.) Cost of Gas & Supply. This line represents the operating expense only.
**Includes Gain / Loss of sale of assets. ENGLP is not forecasting any gain or losses in the Test Year.

Overall, the main business environment changes affecting ENGLP's operations since its last rebasing approval in 2020 are:

1. An increase in customer count of approximately 9% (from approximately 9,514 in 2020 to a forecast of 10,355 in 2025);

2. New legislative requirements for locates[2]. This new legislation has resulted in ENGLP requiring further resources to support locate work. As discussed further in Section 4.3.3.1, ENGLP is applying for two additional locate positions.

3. Continuous improvement in regards to public and employee safety through the enhancement of safety processes and practises. As discussed further in Section 4.3.3.1, ENGLP is applying for an additional shared health, safety and environment position to build a competency-based framework where new technicians are trained and deemed competent to carry out this high-risk work. The HS&E advisor will help oversee this program (and audit adherence to it) to ensure industry best practices are being achieved, ultimately with the goal of ensuring employee and public safety.

4. Gaining a better understanding of what is required to transform this utility compared to that under the previous owner. Since the last application, which resulted in an overall general rate reduction, ENGLP has strengthened virtually every aspect of the utility's operations to ensure the gas distribution system is properly maintained and supported. As a result it has experienced additional operating expenditures over the 2020-2023 period. In order to properly provide safe and reliable service to its customers, ENGLP required this additional operational investment. For example in 2020, ENGLP completed an assessment of its existing mapping system and its overall accuracy, and concluded it required qualified GIS support to update the existing data. As such, ENGLP invested in dedicated GIS support that allows higher accuracy and identification of underground utility

[2] *Getting Ontario Connected Act,* 2022, SP 2022, c 9 – Bill 93

infrastructure. Further examples of this additional investment are described in the various sections below.

5. The development and implementation of an integrity management program (the "**IMP**"). Associated with this IMP implementation, ENGLP outsourced its capital construction of mains and services to a contractor through a competitive procurement process. This enabled ENGLP resources to carry out the IMP tasks listed below and ensured contractors with the right competencies completed the capital work;

6. Leveraging the opportunity to share resources between ENGLP Aylmer and Southern Bruce. The Southern Bruce project had surge periods of work requiring the sharing of resources in order to achieve all deliverables. During the years 2022 to 2023, the volume of customer connections in Southern Bruce required additional experienced management and administration support coming from ENGLP Aylmer. This was temporary in nature, but not a sustainable burden on ENGLP staff, as ENGLP Aylmer will require a full compliment of resources to be able to support the aforementioned initiatives (i.e., development and implementation of the IMP, meeting newly mandated locate legislation, etc.) as well as significant and complex connections (a large greenhouse facility with expansion plans, a 5 MW cogeneration facility, and an RNG facility).

Operational Enhancements

As previously mentioned in item 5 above, ENGLP's IMP minimizes reactive and emergency-type work through efficient operations and an effective planned maintenance program, which includes both predictive and preventative actions. ENGLP developed and implemented a combined inspection and maintenance practice for field assets, which is designed to optimize and extend the asset lifecycle until such time that the asset has reached a condition requiring refurbishment or replacement. This is completed prior to occurrences of incidents.

Weekly, monthly and annual inspection activities reduce the probability of pipeline failures and unplanned asset integrity issues. The program includes procedures to monitor for conditions that can lead to failures and includes a description of ENGLP's commitment to assess risks, identify risk reduction approaches and monitor results.

During the last five years, ENGLP has modernized its Supervisory Control and Data Acquisition ("**SCADA**") and implemented a Geographic Information System ("**GIS**") to provide a better overall situational awareness and understanding of its assets that will lead to more efficient and optimized design, maintenance and investment activities going forward. Inspection, maintenance and testing data is inputted into the GIS as attribute information for each asset (pipe, regulating station, valve, etc.). Increased and accurate operating data is collected through GIS and is made available for engineering analysis and service quality reporting.

A dashboard was created to monitor the progress of all inspection and maintenance activities and to ensure that they are completed annually. ENGLP now performs the following activities on an annual basis:

1. Completes a Public Building Survey in the winter period, when frost is in the ground, to check for underground leaks migrating to public buildings;
2. Completes a Leak Survey on both steel and plastic pipelines and repair any leaks found within the system depending on their classifications;
3. Inspection and maintenance of:
    a. Regulating stations (District & Customer);
    b. Pressure Factor Meter ("PFM") Stations;
    c. The underground poly valves and above-ground valves to ensure their operability in emergency situations; and,
    d. All mercury calibrating equipment in the field;
4. Conducts corrosion reads to ensure that the steel pipe is properly cathodically-protected;
5. Checks the depth of cover of pipelines to ensure they are at the required depth to prevent pipe damages due to digging by third-party contractors; and,

6. Models the pipeline system to ensure that there is adequate system capacity to continue to provide safe, reliable and uninterruptable supply of natural gas within all areas of ENGLP's system to residential, industrial and commercial customers.

To support the implementation of the IMP, ENGLP has been developing and implementing an operations and maintenance manual as well as standard operating procedures ("**SOPs**") for high risk activities. While ENGLP has been training its technicians throughout the development of the IMP, the next phase of work includes developing a formal training and competency program for ENGLP's existing and new employees.

To meet industry standards with the IMP on pipeline construction, after a competitive procurement process, ENGLP partnered with an industry leading contractor and implemented a quality control and assurance program. The agreement ENGLP has with this contractor includes the ability to respond to emergencies on its steel assets, given that ENGLP does not have the in-house qualifications to resolve integrity issues related to steel.

Finally, a significant incident experienced on the IGPC Ethanol Inc. (division of Integrated Grain Processors Co-operative Inc.) ("**IGPC**") 6" steel pipeline in 2020 influenced and accelerated the priority around developing and implementing the IMP and the activities identified above. In October 2020, the 6" IGPC steel pipeline experienced an unplanned emergency outage due to a leak discovered through the annual leak survey. The failed section of pipe was cut out and replaced during a three-day event. Importantly, this pipeline also experienced an unplanned emergency leak in 2016 under the previous ownership, but no mitigation measures were taken at that time.

In 2022, ENGLP successfully ran a Pipeline Integrity Gauge ("**PIG**") through the 6" steel pipeline to determine the current integral condition of this pipeline for the first time since it was constructed in 2006. This required several attempts from 2020 to 2022 working within our customer's planned plant outages and several sections of the pipe had to be replaced as they had inflections that prevented the running of a PIG. The analysis of the integrity data captured from this inspection led to a cut out and replacement of a corrosion feature during a planned customer outage in 2024. This was timed to avoid an unplanned outage and uncontrolled leak. Other features along this pipeline are currently being monitored and will be assessed again in the next Utility System Plan period when ENGLP runs another PIG to assess its condition. This work demonstrates ENGLP's commitment to its IMP and the reliability and safety of its assets.

Overall, ENGLP's OM&A levels have been on an increasing trend since EB-2018-0336 (the "**2020 Decision**"). For the 2024 Bridge Year and 2025 Test Year, the main drivers for cost decreases and increases are explained in Section 4.3.2 below.

Table 4.3.1-2 below outlines the cost per customer for the 2020 Decision, 2020 – 2023 actuals, 2024 Bridge Year and the 2025 Test Year.

Table 4.3.1-2
Cost Per Customer

	Description	A **2020 Decision**	B **2020 A**	C **2021 A**	D **2022 A**	E **2023 A**	F **2024 Bridge Year**	G **2025 Test Year**
1	Operating Costs ($000's)*	3,209.1	3,263.9	3,314.3	3,810.0	3,676.6	3,765.2	4,322.0
2	Customer Count	9,677	9,514	9,712	9,878	10,080	10,218	10,355
3	**Cost / Customer (r1/r2*1000)**	**332**	**343**	**341**	**386**	**365**	**368**	**417**

*Operating costs include USoA Accounts – 301, 302, 313, 319 and settlement adjustments related to the 2020 Decision.

Table 4.3.1-3 below compares the inflated cost per customer, as approved by the Board in the 2020 Decision, to the Actual, Bridge and Test years presented above.

Table 4.3.1-3
OM&A Cost Per Customer Inflated

	Description	A **2020 Decision**	B **2020 A**	C **2021 A**	D **2022 A**	E **2023 A**	F **2024 Bridge Year**	G **2025 Test Year**
1	Cost / Customer - Opening Balance	-	343	343	349	359	371	388
2	Inflation Rate[3]	-	0.00%	1.80%	2.90%	3.30%	4.50%	3.50%
3	**Inflated Cost per Customer**	**-**	**343**	**349**	**359**	**371**	**388**	**402**
4	**Difference to Actuals / Forecast***	**-**	**-**	**(8)**	**27**	**(6)**	**(20)**	**15**

* Difference is calculated by taking row 3 in Table 4.3.1-2 less row 3 in Table 4.3.1-3

[3] Calculated based on the distribution rate increases approved in ENGLP's annual IRM filings. The rate used in 2025 is based on a forecast.

As inflation would be a driving factor of increases since 2020, ENGLP calculated the inflated 2025 Test Year cost per customer using 2020 actuals as a starting point (Table 4.3.1-3). This analysis indicates an expected increase of $15 per customer in the 2025 Test Period, accounting for inflation since 2020. This increase is primarily driven by ENGLP responding to new legislation surrounding locates[4]; Section 4.3.3.1 under the FTE additions requested in this filing header, provides further details on these new legislative requirements.

ENGLP considers that its 2025 Test Year OM&A costs strikes a reasonable balance between its requirement to provide safe and reliable utility service and rates that are reasonable, prudent and in the public interest, and as such, its customers are the primary beneficiaries. Over the next Cost of Service period, ENGLP will continually monitor and assess its OM&A costs.

Table 4.3.1-4 below summarizes the inflation rates that ENGLP has applied to 2023 Actuals to 2024 Bridge Year and 2024 Bridge Year to 2025 Test Year.

Table 4.3.1-4

Summary of Inflation Rates 2024-2025

	Expense Category	A **2024** **Bridge Year**	B **2025** **Test Year**
1	Management Salary	3.75%	3.00%
2	Non-Management Salary	3.75%	3.00%
3	Contractors	2.40%	2.20%
4	Materials	1.90%	1.30%
5	Other	2.20%	2.10%

For Management and Non-Management salary escalation rates for 2024 and 2025, EUI's HR department reviewed 2024 salary escalation projections across Canada and Ontario. These projections ranged from 3.5% to 4.0%. ENGLP's Management forecasted salary escalation for 2024 reflects the middle of the range at 3.75% based on the view that economic growth will slow

[4] ENGLP is applying for an additional two FTEs to meet the new locate legislative requirements. The two new FTEs are forecast to increase cost per customer by approximately $18 per customer ($190K for two fully loaded FTEs / 10,355 customers).

down in 2024 and going into 2025. That is, high interest rates and monetary policy uncertainty create conditions for consumers to slow down spending, businesses to lower investment, which would lead to economic slowdown and higher unemployment rates in most provinces across Canada in 2024 and into 2025. Third-party market salary escalation projections for 2025 were not available at the time of this filing but ENGLP believes the 3.0% aligns with the market trends discussed above. Additionally, 3.0% is also below the range included in the OEB 2025 Inflation Parameter Calculations for Electricity Distribution & Transmission. Specifically, Table 2: Labour Component – AWE – All Employees – Ontario shows a rate of 3.2%[5]. ENGLP would expect similar market conditions for its labour compliment over the same time period.

For Contractor, Materials and Other cost escalation rates for 2024 and 2025, ENGLP used the same escalators that EPCOR Energy Alberta GP Inc. ("**EEA**") and EPCOR Distribution and Transmission Inc. ("**EDTI**"), subsidiaries of EUI, used for its 2023-2025 Regulated Rate Tariff Application and 2023-2025 Transmission Tariff Application. The escalators were developed by Robert Fairholm Economic Consulting Inc., which is an independent third-party. A copy of the reports from EEA's and EDTI's Applications has been provided as Exhibit 4, Tab 2, Schedules 1 and 2, respectively.

[5] https://www.oeb.ca/sites/default/files/OEBltr_2025%20inflation_updates_20240620.pdf

4.3.2 Summary and Cost Driver Tables

ENGLP's recoverable OM&A expenses are primarily recorded in USoA Account 301, 302, and 313. The other USoA accounts included in Table 4.3.1-1 track expenditures related to depreciation and taxes. For the purposes of this section, ENGLP will provide an overview of OM&A by expense category.

Table 4.3.2-1 below is a high-level description of ENGLP's operating support cost categories for the 2025 Test Year.

Table 4.3.2-1
ENGLP's Operating Support Cost Expense Category Description

	A **Expense Category**	B **Description**
1	Employee Salaries	Salaries paid to employees. This category also includes incentive and overtime pay.
2	Employee Benefits	Benefits provided to employees for employment. (i.e., health, dental, pensions, etc.)
3	Capital Recoveries	Recovery of operational costs associated with capital work completed by internal resources. This category includes overtime and capital overhead recoveries.
4	Operating Recoveries & Burden	Recovery of operational costs associated with charging operational support to affiliates. The majority of the recoveries in this category would be sharing of management and non-management FTEs with ENGLP Southern Bruce.
5	Ontario Affiliate Shared Services	This expense would be Ontario Affiliate Shared Services costs that are shared with ENGLP. A full breakdown of services provided in outlined in Section 4.3.3.2
6	Contractors and Consultants	Third parties providing services to ENGLP. This would not include contractor costs related to Regulatory, Legal or Audit.
7	Regulatory	Expenses related to third-party regulatory support as well as one-time costs as identified in Section 4.3.3.4.
8	Legal	Costs incurred to obtain legal advice and representation in matters that are outside of the normal regulatory process such as commercial and employment law matters.
9	Audit Fees	All charges and related expenses from firms and individuals providing audit and assurance services.
10	Equipment, Rent & Utilities	Equipment, materials, supplies, clothing, rent & storage, and utility expenses.
11	Telecom & IT Costs	Cost of telephone service, long distance charges, fax, two-way radios, cellular charges, connect and disconnect charges, data charges for meter monitoring devices and vehicle mobile networking. Additionally, costs associated with IT non-capital hardware, IT software and licenses fees specifically for ENGLP.
12	Office & Postage	All stationery, printing and reproduction charges, postage, office supplies, etc. Rental and maintenance of office machine and furniture, and non-capital purchases.
13	Advertising	Products, services, objectives, achievements, and public information disseminated through paid media space (TV, radio, newspaper, periodicals, signage, etc.)
14	Dues & Fees	All costs for licenses, easements, etc. Membership dues paid to professional or service organizations for all employee and corporate memberships.
15	Travel & Entertainment	Travel costs for business and training including airfare, accommodations, car rentals, taxis and meals.
16	Training	Training costs for all management and non-management staff.
17	Insurance	ENGLP carries insurance coverage for commercial general liability, umbrella, fleet, property & equipment, environmental, transfer stations and business interruption.
18	Donations	Donations provided to other entities outside of ENGLP.

19	Corporate Shared Services	This expense would be Corporate Shared Service costs residing in EPCOR Utilities Inc. (“EUI”) that are shared with ENGLP. A full breakdown of services provided in outlined in Section 4.3.3.2
20	Finance Costs	Costs associated with ENGLPs incurred debt (i.e., service charges, guarantee fees, etc.)
21	Bank Fees	Bank service charges incurred by ENGLP.
22	Bad Debts	Write-off of estimated uncollectible accounts.
23	Other	Other miscellaneous transactions that do not fit into the above categories.
24	LEAP	Costs associated with the Low-income Energy Assistance Plan (“LEAP”). Refer to Section 4.3.3.5 for further information.
25	Automotive & Other Maintenance	Costs associated with vehicle maintenance, fuel and other miscellaneous maintenance expenses.

Table 4.3.2-2 provides an overview of USoA Accounts 301, 302 and 313 by expense category. The 2025 Test Year would represent the expenses for which ENGLP is requesting Board approval.

Table 4.3.2-2
Operating Costs by USoA ($000's)

	A	B	C	D	E	F	G	H	I
	USoA - General	**Expense Category**	**2020 Decision**	**2020 A**	**2021 A**	**2022 A**	**2023 A**	**2024 Bridge Year**	**2025 Test Year**
1	301 - Operating Expenses	Employee Salaries	1,419.1	1,216.0	1,286.4	1,463.6	1,580.5	1,631.3	1,811.7
2		Employee Benefits	362.0	338.7	370.0	386.2	435.7	398.7	445.2
3		Capital Recoveries	(235.5)	(283.8)	(330.1)	(253.2)	(318.9)	(387.2)	(419.3)
4		Operating Recoveries & Burden	(113.6)	(214.9)	(212.9)	(380.6)	(607.8)	(636.1)	(502.1)
5		Ontario Affiliate Shared Services	453.5	696.8	640.9	739.4	894.8	1,142.8	1,085.2
6		Contractors and Consultants	315.0	323.3	382.5	475.6	173.9	182.7	329.7
7		Regulatory	211.9	57.5	36.7	35.2	145.0	39.0	139.0
8		Legal	34.5	43.8	32.5	39.0	17.2	42.0	35.7
9		Audit Fees	31.3	36.5	9.0	24.3	23.0	27.6	28.2
10		Equipment, Rent & Utilities	17.4	54.1	60.7	31.7	22.6	33.0	33.6
11		Telecom & IT Costs	36.0	102.4	100.5	103.3	128.8	117.6	120.8
12		Office & Postage	127.4	147.2	138.9	146.9	172.8	139.4	135.9
13		Advertising	34.2	10.2	18.4	28.8	19.2	25.2	25.3
14		Dues & Fees	31.2	6.7	16.4	30.6	36.5	26.2	26.8
15		Travel & Entertainment	15.1	9.6	6.3	21.2	24.9	23.9	24.4
16		Training	-	17.2	14.8	26.5	27.9	19.6	19.7
17		Insurance	86.2	104.5	111.4	110.7	32.5	40.0	42.7
18		Donations	-	3.7	-	2.7	4.0	-	-
19		Corporate Shared Services	439.2	340.8	369.5	531.3	529.2	547.6	580.2
20		Finance Costs	-	12.5	7.6	8.9	10.7	14.6	14.7
21		Bank Fees	6.0	10.0	2.2	2.3	3.2	-	-
22		Bad Debts	34.2	11.0	44.0	60.1	88.0	92.4	97.1
23		Other	-	9.5	5.9	5.0	10.6	-	-
24		LEAP	8.0	-	-	-	-	10.1	10.1
25	**Total USoA 301**		**3,313.4**	**3,053.4**	**3,111.6**	**3,639.3**	**3,454.4**	**3,530.4**	**4,084.5**
26	302 - Maintenance Expenses	Automotive & Other Maintenance	45.7	109.0	116.3	122.3	137.5	146.3	147.8
27	**Total USoA 302**		**45.7**	**109.0**	**116.3**	**122.3**	**137.5**	**146.3**	**147.8**
28	313 - Non-Gas Operating Expense	Equipment, Rent & Utilities	-	101.6	87.8	58.0	88.0	88.5	89.7
29	**Total USoA 302**		**-**	**101.6**	**87.8**	**58.0**	**88.0**	**88.5**	**89.7**
30	**Settlement Adjustment**		**(150.0)**						
31	**Total Operating & Maintenance Expense**		**3,209.1**	**3,263.9**	**3,315.7**	**3,819.6**	**3,679.9**	**3,765.2**	**4,322.0**
32	**Year over Year Variance**			**54.8**	**51.8**	**503.9**	**(139.7)**	**85.3**	**556.8**

ENGLP has established a threshold of $0.05 million ($50,000) for variances requiring explanations, as per the Board's requirements. The variances described below provide an overview of the annual changes to ENGLP's operating expenditures.

2020 Decision to Actuals:

The $55K increase from the 2020 Decision to the 2020 Actual was primarily due to:

- A $243K increase in Ontario Affiliate Shared Services costs. Please refer to Section 4.3.3.2 for further details on Ontario Affiliate Shared Services;
- A $164K increase in automotive, other maintenance, equipment, rent and utility expenses primarily due to under forecasting these expenditures in the 2020 Decision;
- A $150K increase due to the EB-2018-0336 settlement agreement adjustment not reoccurring in 2020 Actuals.
- A $66K increase in Telecom and IT costs primarily due to under forecasting these expenditures in the 2020 Decision; and,
- A $60K increase in other miscellaneous accounts that each individually are under the $50K threshold.

These items were partially offset by:

- A $226K decrease in employee salaries and benefits primarily due to a reduction in management FTEs and a senior advisor position being transferred from ENGLP to Ontario Affiliate Shared Services to support Operations Engineering across Ontario;
- A $154K decrease in regulatory expenditures primarily due to the Decision including one-time cost recoveries.[6] The majority of these one-time recoveries would not have been incurred in 2020 actuals since they were incurred in prior periods;
- A $150k increase in operating and capital recoveries primarily due to the General Manager and Administrative support FTEs being shared with ENGLP Southern Bruce. This sharing of resources was only partially considered in the 2020 Decision; and,

[6] EB-2018-0336 – Exhibit 4 Table 4.3.3.5-2; PDF Page 57

- A $98K decrease in Corporate Shared Services costs. Please refer to Section 4.3.3.2 for further details on Corporate Shared Services.

2020 Actual to 2021 Actual:

The $52K increase from the 2020 Actual to the 2021 Actual was primarily due to:

- A $102K increase in employee salary and benefits primarily due to an increase in incentive pay, positional changes (i.e., promotions within the year), wage scale increases to bring employees to market value and inflation[7]; and
- A $59K increase in contractor costs primarily due to ENGLP outsourcing locate work to third-party contractor, G-Tel, in order to allow internal staff to focus on delivery of required operational tasks.

These items were partially offset by:

- A $56K decrease in Ontario Affiliate Shared Services costs. Please refer to Section 4.3.3.2 for further details on Ontario Affiliate Shared Services; and,
- A $53K decrease in other miscellaneous accounts that are each under the $50K threshold.

2021 Actual to 2022 Actual:

The $504K increase from the 2021 Actual to the 2022 Actual was primarily due to:

- A $193K increase in employee salary and benefits primarily due to additional administrative support being added in 2022, positional changes (i.e., promotions within the year) and inflation. As noted below, the additional administrative support was almost entirely recovered as these positions were shared with ENGLP Southern Bruce;
- A $162K increase in Corporate Shared Services costs. Please refer to Section 4.3.3.2 for further details on Corporate Shared Services;
- A $98K increase in Ontario Affiliate Shared Services costs. Please refer to Section 4.3.3.2 for further details on Ontario Affiliate Shared Services;

[7] EB-2018-0334, Exhibit 4, Tab 1, Schedule 1, Paragraph 48, 2019-01-31

- A $93K increase in contractor costs primarily due to IGPC specific pigging costs (i.e., gas flaring support, vendor providing the pigging tool and analysis, etc.). This increase was partially offset by ENGLP insourcing a portion of the locate work in 2022, as staff had availability to complete this work in-house;
- A $77K decrease in capital recoveries primarily due to a reduction in capital work completed by internal staff. This staff was required to support operational tasks/projects (i.e., IGPC pigging work, additional insourced locates, regulating station maintenance, valve maintenance, SOP development, etc.); and,
- A $49K increase in other miscellaneous accounts, each below the $50K threshold.

These items were partially offset by:

- A $168K increase in operational recoveries primarily due to the additional administrative staff added in 2022 being shared with ENGLP Southern Bruce.

2022 Actual to 2023 Actual:

The $140K decrease from the 2022 Actual to the 2023 Actual was primarily due to:

- A $302K decrease in contractor costs primarily due to the additional IGPC pigging costs not reoccurring in 2023, as well as ENGLP doing more locate work internally. Further information on ENGLP utilizing internal resources for additional locate work, versus using a third party contractor, can be found in Section 4.3.3.1 under the FTE additions requested in this filing heading;
- A $227K increase in operating recoveries primarily due to additional support being provided to ENGLP Southern Bruce. Further support was required in 2023 due to the increase in capital work required for the Southern Bruce expansion project;
- A $78K decrease in insurance costs primarily due to a decrease in the actual Commercial General Liability (CGL) premiums charged to ENGLP; and,
- A $66K increase in capital recoveries primarily due to an increase in management oversight of the capital program. The additional management oversight is included as part of the capital overhead applied to capital projects. For further information on the capital overhead rate, refer to Section 2.4.1.

These items were partially offset by:

- A $167K increase in employee salary and benefits primarily due to several internal promotions in 2023 as well as inflationary increases;
- A $155K increase in Ontario Affiliate Shared Services costs. Please refer to Section 4.3.3.2 for further details on Ontario Affiliate Shared Services;
- A $110K increase in regulatory expenditures primarily due to additional finance support required for work on the Cost of Service application in 2023 in anticipation of filing in 2024; and,
- A $101K increase in other miscellaneous accounts that each individually are under the $50K threshold.

2023 Actual to 2024 Bridge Year:

The $85K increase from the 2023 Actual to the 2024 Bridge Year was primarily due to:

- A $248K increase in Ontario Affiliate Shared Services costs. Please refer to Section 4.3.3.2 for further details on Ontario Affiliate Shared Services; and,
- An $11K increase in other miscellaneous accounts that each individually are under the $50K threshold.

These items were partially offset by:

- A $106K decrease in regulatory expenditures primarily due to the additional finance support in 2024, for the Cost of Service application, being included in one-time costs which are spread over the term. See Section 4.3.3.4 for further details;
- A $68K increase in capital recoveries primarily due to a forecasted increase in the usage of internal labour on capital projects and associated capital overhead allocation.

2024 Bridge Year to 2025 Test Year:

The $557K increase from the 2024 Bridge Year to the 2025 Test Year was primarily due to:

- A $227K increase in employee salary and benefits primarily due to the addition of 1.5 FTEs and inflationary increases on existing employees. The FTE additions include one locator and one shared HS&E position (0.5 FTEs). Due to recent changes in legislation surrounding locates,[8] ENGLP needs to increase the capacity of its internal locators by adding additional resources. This is described further in the Employee Staffing Section below (4.3.3.1);

- A $134K decrease in operating recoveries primarily due to the additional management support being provided to ENGLP Southern Bruce no longer being required as the Southern Bruce expansion project is expected to be largely completed;
- A $100K increase in regulatory expenditures primarily due to the inclusion of 1/5 of one-time costs for this Cost of Service application being added to this expense category in 2025. Further detail on one-time costs can be found in Section 4.3.3.4;
- An $87K increase in contractor costs primarily due to ENGLP expecting to bring in a consultant to aid in the development of a competency based training program including building training courses and videos. ENGLP has invested heavily into the development of SOPs during the past 5 years. For the next phase of this work and in order to achieve the full benefit, ENGLP must ensure its employees are deemed as competent to carry out tasks in the SOPs. Additionally, in accordance with the Board's cyber security framework, ENGLP must develop and implement customer data privacy procedures and ensure all staff are trained on them. ENGLP staff have access to sensitive customer data and must ensure it is protected. This training support is estimated at $50K with the remainder of the variance attributable to additional costs for Cornerstone system modeling, meter reading and inflation;
- A $60K increase in contractor costs specifically for IGPC O&M due to expected pigging expenditures in 2025. Please refer to Section 4.3.3.2.1 for further details on IGPC; and,
- A $7K increase in other miscellaneous accounts that each are under the $50K threshold.

These items were partially offset by:

- A $58K decrease in Ontario Affiliate Shared Services costs. Please refer to Section 4.3.3.2 for further details on Ontario Affiliate Shared Services.

[8] https://www.ontario.ca/laws/regulation/r24136
Getting Ontario Connected Act, 2022, S.O. 2022, c. 9 - Bill 93

2020 Decision to 2025 Test Year:

ENGLP notes that inflation would be a major driver of increases from the 2020 Decision to the 2025 Test Period. The $1,113K increase would be ~49% related to inflation, ~51% to net new expenditures.

The $1,113K increase from the 2020 Decision to the 2025 Test Year was primarily due to:

- A $632K increase in Ontario Affiliate Shared Services costs. Please refer to Section 4.3.3.2 for further details on Ontario Affiliate Shared Services;
- A $476K increase in employee salary and benefits primarily due to the addition of 2.5 FTEs as explained in the Employee Staffing Section (4.3.3.1) and inflationary increases each year since 2020;
- A $208K increase in automotive, other maintenance, equipment, rent and utility expenses primarily due to under forecasting these expenditures in the 2020 Decision (comparing the summation of rows 10, 26, 28 in Table 4.3.2-2). Since the 2020 Decision, the price of vehicle fuel and vehicle maintenance costs have increased substantially;
- A $150K increase due to the EB-2018-0336 settlement agreement adjustment not reoccurring in the Test Year.
- A $141K increase in Corporate Shared Services costs. Refer to Section 4.3.3.2 for further details on Corporate Shared Services;
- An $85K increase in Telecom and IT costs primarily due to under forecasting these expenditures in the 2020 Decision and inflation;
- A $63K increase in Bad Debt expense primarily driven by an increase in the number of estimated uncollectible accounts; and,
- A $3K increase in other miscellaneous accounts that are each below the $50K threshold.

These items were partially offset by:

- A $388K increase in operational recoveries primarily due to ENGLP Aylmer providing additional support for ENGLP Southern Bruce as discussed above.
- A $184K increase in capital recoveries primarily due to an increase in management oversight of the capital program, which is included as part of the capital overhead pool,

and inflation on underlying salaries that would be transferred to capital projects. For further information on the capital overhead rate, refer to Section 2.4.1; and,

- A $73K decrease in regulatory expenditures primarily due to lower one-time costs being included in the 2025 Test Year compared to the 2020 Decision. The 2020 Decision included one-time costs related to several filings, while the current filing only includes costs related to this application. For further information, refer to Section 4.3.3.4.

4.3.3 Program Delivery Costs with Variance Analysis

The following section summarizes the following:

1) Workforce planning and employee compensation
2) Shared services and corporate cost allocation
3) Purchase of non-affiliate services
4) One-time costs
5) Low Income programs
6) Charitable and political donations

4.3.3.1 Workforce Planning & Employee Compensation

Overview

ENGLP's overall compensation philosophy is to be competitive and equitable in order to attract and retain qualified personnel in an industry that has an aging workforce and is competing for a limited amount of skilled resources in its geographical area. The compensation package includes a base wage, benefits package and incentive pay. ENGLP's total rewards package focuses on several elements, including base pay, incentive awards, funding for after-hours education and development, internal training programs for personal and career development, work life balance, retirement savings as well as health, dental, life insurance and disability programs.

Staffing and Compensation

The number of employees reflected in a time period in Table 4.3.3.1-1 below is based on the computation of the number of full-time equivalent ("**FTE**") positions in that year. For example, if a new employee was added half-way through a particular calendar year, it would count as 0.5 FTE in that calendar year. The amounts for salaries and wages include all salaries and wages paid, inclusive of vacations, holidays, sick leave and bereavement leave. The benefits amount includes the employer's portion of statutory benefits (CPP, EI and EHT), employer contributions to EPCOR's pension plan and ENGLP's costs for providing extended health care, dental, long-term disability, and life insurance for its employees.

Table 4.3.3.1-1
Employee Compensation 2020-2025
($ thousands)

	Description	A 2020 Decision	B 2020 A	C 2021 A	D 2022 A	E 2023 A	F 2024 Bridge Year	G 2025 Test Year	H Notes
1	Management FTE	4.5	2.7	2.4	2.7	3.0	3.0	3.0	
2	Non-Management FTE	13.0	13.0	12.9	14.5	14.4	16.0	17.5	
3	Ontario Affiliate Services	2.7	2.7	3.1	2.9	3.8	4.5	4.1	
4	**Total Gross FTE**	**20.2**	**18.4**	**18.3**	**20.1**	**21.2**	**23.5**	**24.6**	
5	*Operating and Capital Recoveries*								
6	Management FTE	-	(0.5)	(0.5)	(0.5)	(1.5)	(1.5)	(0.5)	Note 1
7	Non-Management FTE	(2.6)	(2.9)	(2.6)	(4.1)	(4.7)	(5.0)	(4.8)	Note 1
8	Ontario Affiliate Services	-	-	-	-	-	-	-	
9	**Total Operating and Capital Recoveries**	**(2.6)**	**(3.4)**	**(3.1)**	**(4.6)**	**(6.2)**	**(6.5)**	**(5.3)**	
10	*Net FTEs (Gross FTE net of recoveries)*								
11	Management FTE (row 1+6)	4.5	2.2	1.9	2.2	1.5	1.5	2.5	
12	Non-Management FTE (row 2+7)	10.4	10.0	10.3	10.4	9.7	11.0	12.7	
13	Ontario Affiliate Services (row 3+8)	2.7	2.7	3.1	2.9	3.8	4.5	4.1	
14	**Total Net FTE**	**17.6**	**15.0**	**15.2**	**15.5**	**15.0**	**17.0**	**19.3**	
15	**Compensation & Recoveries**								
16	Salaries - Mgmt & Non-Mgmt	1,341.2	1,077.6	1,102.0	1,284.8	1,408.7	1,514.4	1,685.3	Note 2
17	Benefits	362.0	338.7	370.0	386.2	435.7	398.7	445.2	
18	Incentive Plan (STIP)	77.9	38.8	91.4	104.6	114.1	74.8	84.4	
19	Capital Transfers	(235.5)	(283.8)	(318.6)	(246.2)	(302.8)	(372.2)	(404.3)	Note 1,3
20	Operating Transfers & Burden	(113.6)	(214.9)	(212.9)	(380.6)	(607.8)	(636.1)	(502.1)	Note 1
21	Ontario Affiliate Shared Services	370.6	548.7	505.3	536.6	674.3	825.9	808.2	Note 4
22	**Total Compensation & Recoveries**	**1,802.7**	**1,505.1**	**1,537.3**	**1,685.3**	**1,722.3**	**1,805.7**	**2,116.8**	
23	**Variance - Year over Year**			32.2	148.1	37.0	83.4	311.1	

Note 1 - The FTEs included in the Operating & Capital Recoveries are summarized based on the recoveries of Management & Non-Management FTEs. The dollars associated with these recoveries would be recorded under Capital Transfers or Operating Transfers, whichever is applicable for each respective FTE.

Note 2 - The salaries included on row 16 do not include overtime.

Note 3 - Capital transfers do not include overtime. Additionally, row 19 would include Capital Overhead which would not have an associated FTE recovery. For further information on the Capital Overhead pool please refer to Section 2.4.1.

Note 4 - The expenditures / forecast included in row 21 would be related to salary and benefits only.

Workforce Planning

Since the 2020 Decision, ENGLP has reviewed its operational and business goals against its workforce requirements, financial strength and the impact on customers. ENGLP's workforce plan is designed to ensure the size, experience, knowledge, and skills of its workforce can achieve its objectives to provide safe, reliable, secure, cost–efficient and environmentally responsible operation of ENGLP's gas distribution system.

ENGLP has sought to optimize its workforce by leveraging a shared service model, which is described in greater detail in Section 4.3.3.2. The shared service model allows ENGLP to optimize the overall FTE and the operating expense impacts of management positions and provide services to areas that ENGLP requires that would not otherwise be able to support a whole FTE, such as Customer Service, Health Safety and Environment and Operations Engineering.

ENGLP manages operational requirements and balances the use of internal resources against the use of external contractors. Scenarios such as seasonal work, lack of expertise or lack of internal capacity give rise to situations where employing external contractors makes economic and operational sense. In situations where an internal resource can be justified, ENGLP prefers to hire a permanent employee rather than using external contractors.

ENGLP's workforce plan is built on two key components that go hand in hand:

i) building and maintaining a skilled workforce; and
ii) offering market-competitive employee compensation

To ensure ENGLP can achieve its objectives, employees must possess the appropriate skills (i.e., education) and training, both technical and non-technical to complete the work and have access to any necessary ongoing training and development required to be successful. Employees can leverage EPCOR's entity-wide program offerings to meet some of their training and developmental needs. In addition, ENGLP recognizes the importance of cross-training its employees as a cornerstone for running an efficient utility business. As a result, ENGLP focuses on cross-training its employees to fill in service gaps when needed. The cross-training of employees promotes teamwork, increases employee morale and provides improved customer service by allowing one team member to step in and resolve issues when another employee is either away or unavailable.

Lastly and of equal importance, ENGLP ensures that its employees are receiving total compensation that is competitive. ENGLP's compensation strategy and structure are based on EPCOR's compensation philosophy, which is determined by the HR and Compensation Committee of EPCOR's Board of Directors. EPCOR's compensation philosophy targets the "mid-market" or 50th percentile of a defined peer group for total employee compensation. EPCOR's defined peer group is comprised of Energy, Utility and Pipeline organizations of similar size to EPCOR. These organizations may be autonomous companies, subsidiaries and/or divisions or joint ventures. A copy of ENGLP's compensation guidelines has been provided in Exhibit 4, Tab 2, Schedule 3.

In order to attract and retain staff at all levels, ENGLP offers a comprehensive employee benefits package. These benefits include medical and dental coverage, long-term disability and life insurance and a company sponsored defined contribution pension plan.

A detailed description of ENGLP employee compensation, benefits, pension plan and post-retirement benefits is provided in a subsequent section under the Employee Pension And Benefits heading.

Employee Staffing

As outlined in Table 4.3.3.1-1 above, ENGLP's total net FTEs have increased from 17.6 in the 2020 Decision to 19.3 in the 2025 Test Year. This increase of 1.7 FTEs is primarily due to the addition of two locator positions (one in 2024 and one in 2025) along with an additional 0.5 FTE added for health and safety support. These amounts are offset by a reduction of 0.8 FTEs achieved through the use of shared affiliate resources. The justification of these net new position are explained in further detail below.

As part of the 2020 application, ENGLP agreed to a reduction in its applied for OM&A of $150k for the purpose of settlement. In a resulting effort to find efficiencies, a management position was not backfilled. This decision was the primary driver behind the reduction of total net FTEs to 15.0 in 2020. From 2020 to 2023, the net labour compliment remained relatively stable with no significant changes occurring until the 2024 Bridge Year. In 2024, ENGLP forecast to add the one locator position while also requiring slight increases in Ontario Affiliate Shared Services net FTEs to support this costs of service application. In 2025, ENGLP expects an increase in net FTEs primarily due to: management support, previously being provided to Southern Bruce, no longer being required as discussed above; an increase of one locator and 0.5 HS&E advisor. This increase is partially offset by a decrease in Ontario Affiliate Shared Services primarily due to the temporary support for the cost of service application no longer being required.

The requirement to repatriate the management support to ENGLP Aylmer, which was previously allocated to ENGLP Southern Bruce, is underscored by the increased activity in the Aylmer area being experienced in 2024 and over the next five years as shown within the filed USP. ENGLP is seeing an uptick in industrial customer applications requiring significant management effort to support, including: (a) a large greenhouse facility connecting in 2024 (with material planned future expansions); and (b) a 5 MW co-generation power plant. Both are examples of challenging connections for ENGLP Aylmer requiring close management oversight. While this team was very helpful in aiding Southern Bruce during its surge period, it will be critical to have their entire focus back on Aylmer as it enters this growth stage.

Overall, ENGLP found efficiencies within its FTE compliment to better align its workforce to the OEB Decision. Since 2020, it has kept that labour compliment relatively stable with increases only occurring in the Bridge and Test Year in order to temporarily support this cost of service application and to meet recently passed legislative requirements.

FTE additions requested in this filing (2.5 net FTEs)

As noted above, ENGLP is requesting an additional 2.5 net FTEs as part of the 2024 Bridge Year / 2025 Test Year. One locator position is expected to be added in 2024 with the other locator and HS&E advisor position (0.5 net FTE) expected to be added in 2025. The following section provides the rational to support the two dedicated line locator positions.

Bill 93, *Getting Ontario Connected Act*, 2022 was passed in 2023, which enforces compliance to Ontario One Call's administrative penalty regime. Penalties have come into effect in April 2024. The Bill clearly states the Government's priority around timely and accurate locates. The main goals of the Bill are to:

- Reduce late locates;
- Reduce locate requests without the intent to dig;
- Reduce digging without locates; and,
- Prioritize provincially important projects.

ENGLP has evaluated its ability to meet locate performance criteria over the past four years. There has been a steady increase in locate requests corresponding to a growing customer base and new developments. The following locates analysis shows ENGLP's performance:

Year	Locates Requested	Compliant	Non-Compliant	Compliant %
2020	2500	2305	195	92%
2021	2648	1114	1534	42%
2022	3299	2365	934	72%
2023	4287	3335	952	78%
Total	12734	9119	3615	72%

As shown in the table above, locate requests have steadily increased since 2020 and ENGLP has been challenged to maintain compliance to the required timeline. It should be noted that in 2021, ENGLP out-sourced locates so that it could focus on other O&M tasks. The contractor struggled to meet timelines given as it was stretched between many clients. After a review of both the cost benefit and resulting performance between doing locates in-house versus using a contractor, ENGLP decided to bring locates back in-house. This was completed in 2022 only after entering into an agreement to have its capital construction fully completed by a contractor giving ENGLP internal resources the time to focus on O&M tasks such as locates.

ENGLP has also received orders from the TSSA regarding the expectations of providing accurate locates after a few errors. The root causes behind these inaccuracies are due to missing asset inventory on mapping or errors made by locators in the field. ENGLP's continued investment into the GIS system and associated resources are aimed to reduce the mapping issues. While the additional locators are intended to ensure resources spend the necessary time on site to accurately locate the assets.

Furthermore, ENGLP has been focusing on strengthening employee and public safety in carrying out its tasks. As discussed earlier in this exhibit, ENGLP has created an IMP, developed high-risk SOPs and an O&M manual. The next phase is to build a competency-based framework where our new technicians and contractors are trained and deemed competent to carry out this high-risk work. ENGLP will allocate 0.5 FTE of a HSE advisor to help oversee the development of this program along with our QA/QC resources, while also auditing our contractors' adherence to these standards ensuring industry best practices are being achieved, ultimately with the goal of ensuring employee and public safety. This FTE will be shared with Southern Bruce with a sole focus on natural gas operations whereas the shared HSE resource in Ontario Affiliate Shared Services oversees all Ontario business units and has the responsibility to implement EPCOR wide safety programs.

Compensation/Performance System

Management

ENGLP's structure for compensating management employees has three components:

- Base compensation (annual salary);
- Employer Paid benefits; and
- Short term incentive Program ("**STIP**").

"Base compensation" refers to the annual salary for salaried employees or the hourly wage rate multiplied by the standard number of hours worked (2,080 for 8.0 hours per day employees). It does not include any employer-paid benefits, such as health or retirement plan premiums. Time-related benefits, such as vacation allowance and short-term disability are included in the annual base salary.

Base Compensation is established to provide appropriate pay differentials between position levels to account for differences in scope of responsibilities. It recognizes the acquisition of knowledge, skills and experience pertinent to the employee's position. Individuals' base compensation is adjusted within the range based on an annual evaluation of demonstrated/observed competencies. Compensation can also vary depending on the performance of the individual. Base compensation is reviewed annually with all adjustments effective the final pay period of March of each year. Variable pay is tied to company and business unit ("**BU**") performance targets, which are established annually.

ENGLP's total rewards package is focused on several elements, including base pay. Although base pay is important, the combined value of all of the total rewards provided to employees is where ENGLP will leverage a competitive advantage when attracting, retaining and engaging employees.

Each total rewards element has a cost to ENGLP and a value to the employee. ENGLP offers a comprehensive total rewards package that provides competitive base salary, incentive awards, funding for afterhours education and development, internal training programs for personal and career development, work life balance, retirement savings as well as health, dental, life insurance and disability programs.

The key to long term attraction and retention of employees is finding employees and candidates who see value in what ENGLP can offer from a total rewards perspective.

Short Term Incentive Program (STIP)

EPCOR's STIP is designed to provide employees a competitive incentive plan that focuses on ENGLP performance and the performance of the individual and includes a minor component related to EPCOR financial performance (10%). Target payout levels under STIP are expressed as a percentage of salary in accordance with EPCOR's STIP plan.

ENGLP has included its target STIP amount in its 2025 Test Year revenue requirements. All ENGLP employees are eligible to participate in the STIP plan.

The relative weightings of the STIP for 2023 to 2025 are shown in Table 4.3.3.1-2 below.

Table 4.3.3.1-2
Short Term Incentive Program Measures
Weightings 2023-2025
(%)

		A	B	C
	STI Performance Measure	**2023A**	**2024 Bridge Year**	**2025 Test Year**
1	EPCOR Financial Performance	10	10	10
2	ENGLP Activity Measure	90	90	90
3	**Total**	**100**	**100**	**100**

The first measure, which accounts for 10% of the overall weighting, is related to EPCOR achieving its financial performance target. The financial component of STIP calculations for ENGLP will be based on net income. The net income target is based on a forecast of the following year's net income. Threshold performance is set at 85% of target net income and stretch performance is set at 115% of target net income.

The second measure, which accounts for 90% of the overall weighting, is related to non-financial performance measures focused on three broad categories of activities in the areas of Safety, Operational Efficiency and Customer Service with each category being weighted equally at 30% and for a total relative weighting of 90%. These specific activity measures are designed to engage and focus all employees on improving overall performance as a utility service provider.

Targets and measures are reviewed and approved by the HR and Compensation Committee of EPCOR's Board of Directors. Performance is measured based on actual performance relative to target performance. Points are awarded based on the weighting assigned to each measure. Actual performance results must achieve a minimum threshold performance of target to be awarded 50% of the points related to that measure. Actual performance that meets the target level of performance will be awarded 100% of the points related to that measure. Performance that exceeds target will be awarded up to 120% of the points related to that measure.

The points awarded for each performance measure will be summed to arrive at an overall point total. The overall point total will be used to determine the STIP funding amount.

The level of the target STIP amount for individual employees is set as a percentage of base salary. This ranges from 2.5% for non-Management, 10% for Management and 15% for Senior Management.

The STIP calculated amounts will be aggregated into a STIP bonus pool. The STIP bonus pool will be comprised of the total STIP funding amount that relates to the performance level achieved.

Individual employee performance will influence the determination of an individual employee's share of the STIP bonus pool. Individual employee performance is rated on a scale from "5" to "1", where the highest rating for "Outstanding" performance is "5", "Fully Successful" performance is "3", and the lowest rating for "Unacceptable" performance is "1". The most common individual performance rating is expected to be a "3".

Employee Pension and Benefits

ENGLP offers a comprehensive employee benefits package. These benefits include a defined contribution pension plan, medical and dental coverage, long term disability, and life insurance.

Pension & Savings Plan

ENGLP participates in EPCOR's Group Retirement Savings Plan ("**GRSP**"). The GRSP is mandatory for all permanent ENGLP employees. The GRSP has three account options: RRSP, Spousal RRSP or Non-Registered Savings plan. Members must direct contributions to one account type of their choice.

Employees contribute 5% of base pay and EPCOR contributes 5%. Starting in January 2017, employee contributions will remain at 5% of base pay however, EPCOR's contributions will increase to 6.5% in years 5-10 and will increase to 8% in years 10+. Contributions commence on a go-forward basis in the pay period EPCOR Benefits Support receives all required paperwork for new GRSP enrollments.

ENGLP employees are also eligible to participate in the EPCOR Savings Plan administered through Sun Life Financial. Employees may contribute up to 25% of their salary and EPCOR will match up to the first 5% of the employee's contribution.

Employees may choose from the following account types (products):

- Employee RRSP
- Spousal RRSP
- Non-Registered Savings
- Tax Free Savings Account (TFSA)

Supplemental Earnings

These benefits relate to the cost of providing retirement benefits to EPCOR employees above maximum contributory earnings. The cost of this benefit is charged to all EPCOR business operations based on the headcounts of that operation.

Health Benefits Expense

All ENGLP employees participate in the Advantage Benefits employee benefit plan administered by SunLife Financial. Employees receive dental benefits, extended health care, wellness spending account, long term disability, and life insurance through the group plan.

Other Health Initiatives

ENGLP also provides supplementary benefits to employees for services, including the Employee & Family Assistance Program and other mental wellness resources.

Miscellaneous Other

These miscellaneous costs represent items, such as safety subsidies, fitness allowance, etc.

Table 4.3.3.1-3 below summarizes the yearly total employee benefit expenses for ENGLP included in OM&A from 2020 through the 2025 Test Year.

Table 4.3.3.1-3
Benefit Expenses

		A	B	C	D	E	F	G
	Category	**Type of Benefit**	**2020A**	**2021A**	**2022A**	**2023A**	**2024 Bridge Year**	**2025 Test Year**
1	Statutory							
2		CPP & EI	64.1	67.2	77.9	88.1	80.6	90.0
3		EHT Expense	32.6	34.4	22.3	33.9	31.0	34.6
4		Workers Compensation Premiums	3.8	3.8	4.3	5.4	5.0	5.6
5	**Total Statutory**		**100.5**	**105.5**	**104.4**	**127.4**	**116.6**	**130.2**
6	Active							
7		Health Benefits Expense	106.2	141.4	126.8	117.9	107.9	120.5
8		Pension & Savings Plan	99.2	97.0	114.7	141.2	129.2	144.2
9		Supplemental Earnings	11.2	10.6	12.5	12.2	11.2	12.5
10		Other Health Initiatives	21.4	13.9	15.5	19.9	18.2	20.4
11		Misc. Other	0.1	1.6	12.4	17.1	15.6	17.5
12	**Total Active**		**238.2**	**264.6**	**281.7**	**308.3**	**282.1**	**315.0**
13	**Total Benefit Costs**		**338.7**	**370.0**	**386.2**	**435.7**	**398.7**	**445.2**

4.3.3.2 Shared Services and Corporate Cost Allocation

ENGLP obtains Shared Services from its affiliate companies EPCOR Ontario Operations Management Inc. (“**EOOMI**”) (formerly provided by EPCOR Ontario Utilities Inc. (“**EOUI**”), EPCOR Commercial Services Inc. (“**ECSI**”), EPCOR Water Services Inc. (“**EWSI**”), EPCOR Electricity Distribution Ontario Inc. (“**EEDO**”), EPCOR Energy Alberta Limited Partnership by its General Partner EPCOR Energy Alberta GP Inc. (“**EEA**”). Services provided by EOOMI, EOUI, ECSI, EWSI, EEDO and EEA will be referenced collectively as “**Ontario Affiliate Shared Services**”.

ENGLP also obtains Shared Services from its parent EUI (“**Corporate Shared Services**”).

A detailed explanation of the types of services provided to ENGLP is set out in the next section below.

Both Ontario Affiliate Shared Services and Corporate Shared Services costs are determined on a cost recovery basis in accordance with the *Affiliate Relationship Code for Gas Utilities* (the “**ARC**”) and the services are delivered in accordance with a Service Level Agreement (“**SLA**”). The allocation of Shared Services is assessed regularly and adjusted as appropriate.

For some functional categories (i.e., HR, Public and Government Affairs, etc.) services are provided from both Corporate Shared Services and Ontario Affiliate Shared Services. In these instances, the services provided by Corporate Shared Services tend to be more related to governance, oversight and broad policy considerations, while the services provided by Ontario Affiliate Shared Services are more tactical and/or more direct in nature and are driven by the specific business needs of ENGLP. By centralizing the functionality of certain categories, ENGLP gains economies of scale that otherwise would not exist if full position were embedded within the entity itself. To provide further clarity, Table 4.3.3.2-11, included below, provides a comparison and explanation for services that are provided by both Ontario Affiliate Shared Services and Corporate Shared Services.

Ontario Affiliate Shared Services

The following is a general description of the Ontario Affiliate Shared Services provided by the aforementioned affiliates to ENGLP, along with the rationale for service being required by ENGLP:

Management Oversight:

- **Overview** – The Vice President, Ontario Region and the Director, Operations Ontario Region (reporting to the Vice President, Ontario Region) provide direct management and oversight to the employees and operations of ENGLP, with ENGLP's General Manager reporting directly into the Director, Operations Ontario Region. Both the Vice President Ontario Region position and the Director, Operations Ontario Region spend a portion of their time on new business development, and as a result, 25% and 10%, respectively, of these positions' costs have been removed from the cost allocation pool and are not allocated to ENGLP as part of the cost allocations noted below. In addition to the above management oversight positions, ENGLP also receives oversight from ECSI's Senior Vice President ("**SVP**"). The Vice President, Ontario Region reports directly to the SVP and the role provides oversight to Aylmer while also sitting on the ENGLP Board. As ENGLP is one of a number of businesses under the SVP's portfolio, only a small portion of their time has been allocated to ENGLP (~4%). The SVP also has oversight over EPCOR USA's Texas Gas operations allowing the SVP to provide examples of best practices and learnings from that business unit to ENGLP.
- **Rationale for service being required** – The Vice President, Ontario Region and the Director, Operations Ontario Region positions allocate approximately 20% of their time to ENGLP (in the 2025 Test Year). If ENGLP were a standalone entity, it would require one senior leader to oversee operations and provide guidance to middle management. This full FTE would attract more costs compared to two senior leaders providing partial time to the entity under the current allocation model (0.3 net FTEs in the Test Year). This arrangement allows economies of scale and diversifies the expertise at the upper management level to aid ENGLP in providing prudent operating decisions for its customers.

Ontario Head Office Costs:

- **Overview –** This category of costs includes office space and leasehold costs for EOOMI's employees that support ENGLP and other shared administrative expenses for EOOMI. The other administrative expenses include: telephone, office stationary and furniture, license fees, parking, membership and dues, travel and accommodation, training, etc.
- **Rationale for service being required –** Any employee that is embedded in an operating utility or is part of a shared service model will attract these types of costs. As the costs associated with the above categories are inevitable, the sharing of these costs with other EPCOR affiliates alleviates some of the burden to ENGLP customers. It also provides additional benefits that may not be otherwise be experienced due to the economies of scale. For example, a HS&E individual may attend a seminar for health and safety that could be applicable to multiple entities. The learnings provided from the seminar are then disseminated across all affiliates by the shared resource. This provides that same knowledge obtained at a fraction of the price if a non-shared employee was to attend that same seminar.

Finance & Accounting:

- **Overview –** This allocated group provides the majority of finance and accounting support for ENGLP. This includes, but is not limited to, monthly financial reporting, implementation and adherence to internal controls, full cycle accounting support, troubleshooting of accounting issues with operations, organization of the external audit process, regulatory accounting/reporting including supporting cost of service filings, capital accounting and associated project management support, controller and senior management oversight, yearly forecast and budgeting, strategic decision making, etc.
- **Rationale for service being required –** All utilities and businesses require adequate finance and accounting support to be successful. The above breadth of services are being delivered to ENGLP customers for the cost of 1.0 net FTE in the 2025 Test Period. This includes individuals with utility/regulatory experience, which can be difficult to obtain and attract in any market. By leveraging a shared services model, ENGLP is able to obtain and retain skilled financial support at the fraction of the cost it would be to hire one

dedicated finance manager while outsourcing the remaining breadth of deliverables required to comply with various regulatory financial reporting requirements.

Regulatory:

- **Overview** – Regulatory supports the development and coordination of regulatory applications, monitors and coordinates activities or initiatives from government departments or agencies that may affect ENGLP, and manages the interface between these external stakeholders. Additionally, the function provides support on deferral account related matters, gas procurement regulatory matters, RRR and QRAM reporting, and supports strategic decision-making and day-to-day operations on regulatory matters as required.
- **Rational for service being required** – ENGLP is a regulated utility business that has unique regulatory requirements. These unique requirements necessitate the need to employ experienced employees that understand the regulatory environment as a whole. By utilizing a shared service model, this group can support multiple affiliates and leverage their regulated experience that is often expensive to obtain externally. Additionally, it allows flexibility to support different regulated applications for the different affiliates as they occur. For example, similar resources are supporting this filing that also supported the EEDO filing in 2022/2023. Natural gas utilities also do not receive the same workbooks, models and other annual templates that electricity utilities receive from the Board, often leading to additional effort and customization in preparing submissions and developing controls. If both businesses had dedicated support, it would be more expensive for both sets of customers vs. the economies of scale that ENGLP realizes. ENGLP has forecast 0.7 net FTEs in the 2025 Test Period to support regulatory required work. If this function was provided on a standalone basis, it would require at least 1.0 net FTE to meet ENGLP's required regulatory deliverables.

Customer Operations Management:

- **Overview** – The Customer Operations Management group oversees and manages ENGLP's customer service and billings staff. The duties include: providing proactive management of possible concerns by engaging with customers and stakeholders before the concerns arise where possible; ensuring quality and performance of operational systems that support billing and operations processes; ensuring all system reporting is complete and accurate on a monthly basis for submission to appropriate departments; and, providing expertise from a customer service perspective to Ontario's customer operation projects, strategy and plans.

- **Rationale for service being provided –** In 2020, the customer operation management function was established under the Ontario Affiliate Shared Services. This position was previously embedded, providing support only to ENGLP. Historically, ENGLP staff included a split Manager Regulatory and Billing position. In order to meet customer service expectations and regulatory requirements, it was determined that a single position could not fulfill both responsibilities. In order to save costs versus hiring a dedicated Customer Service Manager in ENGLP, customer operations management services are now provided by Ontario Affiliate Shared Services at an approximate 0.3 FTE for the 2025 Test Year.

Gas Procurement Support:

- **Overview** – Gas Procurement Support provides the following services: forecasting natural gas demand; cost and revenue estimation related to demand and supply of natural gas; directing and coordinating work completed by consultants, internal and external legal counsel and other shared service resources in support of application development and regulated reporting; coordinating regulated reporting and record keeping processes and providing oversight and guidance to the utility in relation to natural gas supply planning and quarterly natural gas rate adjustment; coordinating and developing governance processes related to procurement of natural gas supply; reviewing and approving invoices related to gas supply and gas transportation; managing ENGLP Aylmer's Direct Purchase program; interfacing with natural gas marketers and calculating and preparing remittances for the Federal Carbon Pricing Plan under the *Greenhouse Gas Pollution Pricing Act*.
- **Rationale for services being provided –** The Gas Procurement support function has expanded since the previous filing due to increased regulatory obligations (such as the Gas Supply Plan as outlined in section 4.1 and the Federal Carbon Pricing Plan) along

with increased administration and monitoring of the ENGLP direct purchase program. As the gas distribution network expands, there are also increased importance of the procurement of local gas supply including ENGLP's first connection to a renewable natural gas supplier and complex customer connections (such as a large greenhouse and gas-powered generation plant). The combined portfolio of Southern Bruce and Aylmer is better served by consistent staff oversight as opposed to the use of contractors (further evidenced by taking the Aylmer QRAM process in house in 2024). ENGLP has forecast 0.6 net FTEs in the 2025 Test Period to support gas procurement work. If this function was provided on a standalone basis, it would require at least 1.0 net FTE to meet ENGLP's required gas procurement deliverables.

Health, Safety & Environment:

- **Overview** – HS&E Services ensures ENGLP's health, safety and environment practices and procedures are well-designed and in compliance with legislation and EUI's safety management standards and procedures. Additionally, this function will support or lead incident investigations, ensuring consistency and applicable regulations and codes are considered; support the delivery of company wide safety compliance training, again ensuring this is tailored to the Province of Ontario's regulations and codes; ensuring required safety inspections, observation and safe work plan audits are completed by all leadership levels; while carrying out a large number of field visits.
- **Rationale for service being provided** - EUI's safety management standards, practises and procedures are applicable to all affiliates. As such, having a shared resource to implement, perform and disseminate information among the Ontario affiliates allows economies of scale. HS&E is a key pillar in providing safe and reliable utility service to customers. Having a shared resource (0.3 net FTE included in the Test Period) also allows lower costs to ENGLP customer's compared to a dedicated FTE embedded in ENGLP.

Human Resources:

- **Overview** – Human Resources supports ENGLP's staff and provides a full range of human resources services including human resource management and consulting, talent management and recruitment support, disability management and labour relations.
- **Rationale for service being provided** – Similar to HS&E above, ENGLP requires HR support for its employees (0.3 net FTE included in the Test Period). Utilizing a shared service model allows economies of scale versus having a dedicated FTE supporting ENGLP employees.

Public & Government Affairs Services:

- **Overview** – The PG&A function supports all of ENGLP's external engagements. This includes meetings with the various municipalities served by ENGLP while ensuring that customers are informed of various items that may impact their service. Customer engagement is a critical input into ENGLP's operations. This communication, supported by P&GA, is done through billing inserts, surveys, and participation in public events. For example, PG&A coordinates directly with third-party vendors to develop and produce informational brochures about natural gas service, safety and the benefits for customers when choosing to switch to natural gas.
- **Rationale for service being provided** – Providing in-house support for these services delivers efficiencies and economies of scale that cannot be achieved through contracted communications, marketing and outreach services. Internal team members have a deeper understanding of the service EPCOR provides and a direct link to internal resources necessary to accurately and expeditiously activate and respond to inquiries from customers, communities and stakeholders. Additionally, the internal group is in a position to leverage tools and resources already developed and applicable to ENGLP service and support, leading to cost and time efficiencies. ENGLP has forecast 0.2 net FTEs in the 2025 Test Period to support PG&A work.

Operations Engineering:

- **Overview** – Operations Engineering provides engineering support to capital and operational engineering activities. These activities include: developing and managing the Ontario-wide capital management program; overseeing the life cycle of a project, including initial justification, planning, execution, forecasting, and project close out; ensuring the technical integrity, maintenance and optimized performance of the Ontario operational systems, including natural gas and electricity systems; identifying, developing, reviewing and revising of operations procedures, processes and maintenance protocols to ensure reliable and safe operations; being accountable for engineering studies; analyzing results and recommendations in support of operational activities and recommendations for system improvements; establishing inputs for asset management planning concerning aging assets and system condition and area growth that limit efficient system operations; and assisting with the review of emerging technical codes and standards and assessing the implications of same for the utility.

- **Rationale for service being provided –** The robust portfolio of engineering support described above is essential to deliver safe and reliable service to customers. ENGLP, with its expanding capital profile, is expected to acquire these services for 0.2 net FTEs in the 2025 Test Period. This is a fraction of the costs of a dedicated engineering FTE, which would be required if the shared service model did not exist. Additionally, this shared service provides a breadth of engineering experience that can leverage knowledge in different regions and utilities within Ontario.

GIS Support:

- **Overview –** GIS Support provides essential mapping requirements for ENGLP's assets. Services provided include: digital mapping of assets; producing digital and paper mapping products, including small maps and diagrams for municipal consents; developing GIS and Spatial Analysis for Utility System Plans; updating all mapping for internal and third party locating companies; providing mapping data for models; and providing mapping data for use within the workforce management software.
- **Rationale for service being provided –** GIS is essential for any utility with wide-spanning assets, especially underground assets. ENGLP completed an assessment of its existing mapping system and its overall accuracy and concluded it required qualified GIS support to update the existing data. This GIS Support group, which began supporting ENGLP in 2020, updated the mapping system from Auto CAD to GIS and filled several gaps in the current system, allowing for increased accuracy. The group will continue maintaining and updating the GIS system prospectively to ensure safe and reliable utility

service, while also allowing higher accuracy for locates. Additionally, the added functionality allows for near real time updates to asset inventory as it is constructed in the field. Finally, an accurate GIS system is an integral part of reducing line strikes while also ensuring public safety before digging. ENGLP has forecast 0.4 net FTEs in the 2025 Test Period to support GIS work. If this function was provided on a standalone basis, it would require at least 1.0 net FTE to meet ENGLP's forecast GIS deliverables.

Operational Support:

- **Overview –** This category includes ad-hoc support provided each year, as required, from other affiliates. For example, project management support for specific projects, technical support, advisory services, etc. For the 2025 Test Year, ENGLP is being provided the following services: support in the continued development of ENGLP safe operating procedures; development of ENGLP operations and maintenance manual; support operations with change management as required; and supporting other ad-hoc tasks as required.
- **Rationale for service being provided** – ENGLP can leverage subject matter experts from other EPCOR affiliates in order to provide ad-hoc support for specific operational work. This familiarity with EPCOR practises leads to higher efficiency on tasks compared to hiring external contractors to provide this same expertise.

IT Costs – Affiliate:

- **Overview** – ENGLP utilizes a call center system called Genesys. This system is owned, operated and supported by EEA. EEA shares this systems software with ENGLP and charges fees for the following: asset usage fee, share of maintenance costs, and 24/7 IT support for the software. ENGLP started utilizing this system in 2023 and expects to continue to do so prospectively.
- **Rationale for service being provided** – ENGLP required an update to its phone system due to obsolescence and transferred to the use this affiliate system for its call center functionality rather than use an external system.

IT & Cybersecurity:

- **Overview –** This category includes two separate streams of support – one for ad-hoc IT support and another for SCADA and Cybersecurity support. Specifically, the ad-hoc IT support includes second level infrastructure and desktop support, as directed by the corporate information services department, as well as services related to deploying elements of a GIS. The SCADA & Cybersecurity support provides assurance that ENGLP's operational technology network meets the Ontario Cybersecurity Framework, which ensures that the SCADA devices used to remotely monitor the state of the distribution system, including pressures and flows, are protected from vulnerabilities. From 2020 to 2022, this support was provided by a resource in EEDO. When this resource left EPCOR in 2022, EWSI started providing this support.
- **Rationale for service being provided –** The ad-hoc IT support enables Ontario operational staff to have an individual on-site to aid in IT-specific matters. As EPCOR's main IT functionality is located in Edmonton, Alberta, it is essential to have a resource available on site, as required, to provide immediate assistance/troubleshooting. For SCADA & Cybersecurity, ENGLP relies on internal affiliate expertise to provide these services. EWSI has subject matter experts that leverage their extensive experience to ensure the integrity of ENGLP SCADA and Cybersecurity systems are maintained at an acceptable level. The EWSI Process Controls and Automation group are well situated to provide a fit for purpose cyber security program and SCADA support due to their framework supporting similar-sized utilities across western Canada.

Non-Regulated Operational Support are cost recoveries associated with non-regulated work completed. ENGLP ensures all costs associated with supporting these contracts are removed from the applied for OM&A expense. In normal practice this recovery of costs for non-regulated work would be classified as a revenue offset. Due to the immateriality of the cost recovery ($10K), ENGLP has classified this expenditure as an offset to OM&A effectively decreasing the applied for revenue requirement.

EUI Shared Service Reallocation Costs are costs re-allocated to ENGLP from Ontario Affiliate Shared Services. As noted below in the Corporate Service section, costs are allocated to each individual business unit in EPCOR. Ontario Affiliate Shared Services is considered its own organization for the purposes of EUI allocations, which in turn, attracts an allocation of costs. As

Ontario Affiliate Shared Services redistributes all regulated costs to Ontario utilities, these EUI allocations are then redistributed accordingly. Refer below for further details on Corporate Allocations.

Board of Director expenditures are costs associated with governance services provided to ENGLP. The Board of Directors of EOUI, with EOUI as the general partner of ENGLP, provides the governance services to ENGLP.

The above described services are provided to the following businesses/operations in Ontario:

a. ENGLP – Aylmer
b. ENGLP – Southern Bruce
c. EEDO – EPCOR Electricity Distribution Ontario Inc.
d. EPCOR GL Industrial Water Inc. (Darlington) – a non-regulated wastewater treatment facility operation
e. EOOMI – EOOMI is included in the cost allocation methodology and all costs allocated to EOOMI remain in EOOMI.

As further businesses/operations are potentially added in Ontario in upcoming years, these new businesses/operations will be added to the Ontario Affiliate Shared Service model and will receive a proportionate share of the Ontario Affiliate Shared Service accordingly.

Table 4.3.3.2-1 below provides an overview of how these shared services are being charged to ENGLP from EPCOR affiliates. The services provided below utilize either an allocation methodology or a direct charge approach. All cost determination methodologies are explained in further detail below.

Table 4.3.3.2-1

Ontario Affiliate Shared Services – Cost Determination Methodology

	Service Provided	A Test Period Methodology Applied
1	Management Oversight	ON Composite - Revenue, Assets, Headcount
2	Ontario Head Office Costs	Functional Cost Causation – Head Office Salaries
3	Finance & Accounting	ON Composite - Revenue, Assets, Headcount / Direct Charge
4	Regulatory	Direct Charge
5	Customer Operations Management	Functional Cost Causation – Customer Count
6	Gas Procurement Support	Direct Charge
7	Health, Safety & Environment	Functional Cost Causation – Headcount
8	Human Resources	Functional Cost Causation – Headcount
9	Public & Government Affairs Services	Functional Cost Causation – Customer Count
10	Operations Engineering	ON Composite - Revenue, Assets, Headcount
11	GIS Support	Direct Charge
12	Operational Support	Direct Charge
13	IT Costs - Affiliate	Direct Charge
14	IT & Cybersecurity	Direct Charge
15	Non-Regulated Operational Support	Direct Charge
16	Other	Direct Charge
17	EUI Shared Service Reallocation Costs	Functional Cost Causation – Head Office Salaries
18	Board of Directors	Direct Charge

The test period allocators from the above table are explained below:

a) **ON Composite** - Revenue, Assets, Headcount is utilized when there is not a single functional cost causation allocator which would appropriately allocate the services of these areas. The Composite cost allocator, which is a measure of the relative total size of a service recipient based on three pools – Revenues, Assets and Headcount, which are equally weighted, is appropriate where the services are more oversight and governance in nature or where the services are more dependent on the relative size of the business/operation that the services are being provided to.

b) **Functional Cost Causation – Customer Count** is utilized when services provided by a function is related to the amount of customers in which the services are being provided.

c) **Functional Cost Causation – Headcount** is utilized when services provided by a function is related to the level of headcount for which the services are being provided.

d) **Functional Cost Causation – Head Office Salaries** is utilized when allocating shared head office costs (i.e., rent, training, materials, etc.). The salaries allocated to each Ontario affiliate, from EOOMI, are used to drive the allocation of these costs. The rationale being the more support required by an affiliate from the Ontario Affiliate Shared Services function, the greater the allocation of those overhead costs should be distributed to that affiliate.

e) **Direct Charge** is utilized when individual positions are able to track the services provided to each entity separately. Primarily this is done using cost recovery (i.e., tracking time via timecards) with the service provider directly billing the applicable affiliate. This approach is largely utilized by EEDO and EWSI providing support to ENGLP. For the 2025 Test Period, ENGLP forecasted the expected support required from each of the direct charge service providers.

Table 4.3.3.2-2 below shows the 2020A-2023A, 2024 Bridge Year and 2025 Test Year's services provided to ENGLP and the associated methodology for those services.

Table 4.3.3.2-2

Ontario Affiliate Shared Service Provided to ENGLP Aylmer

		A	B	C	D	E	F
	Service Provided*	**2020 A**	**2021 A**	**2022 A**	**2023 A**	**2024 Bridge Year**	**2025 Test Year**
1	Management Oversight	25%	20%	24%	23%	20%	20%
2	Ontario Head Office Costs	25%	22%	25%	27%	25%	24%
3	Finance & Accounting	DC	DC	DC	DC	20% + DC	20% + DC
4	Regulatory	DC	DC	DC	DC	DC	DC
5	Customer Operations Management	DC	25%	31%	30%	27%	27%
6	Gas Procurement Support	DC	DC	DC	DC	DC	DC
7	Health, Safety & Environment	33%	23%	26%	25%	24%	24%
8	Human Resources	23%	20%	26%	25%	24%	24%
9	Public & Government Affairs Services	N/A	N/A	N/A	N/A	27%	27%
10	Operations Engineering	36%	35%	24%	23%	20%	20%
11	GIS Support	DC	DC	DC	DC	DC	DC
12	Operational Support	DC	DC	DC	DC	DC	DC
13	IT Costs - Affiliate	N/A	N/A	N/A	DC	DC	DC
14	IT & Cybersecurity	DC	DC	DC	DC	DC	DC
15	Non-Regulated Operational Support	N/A	N/A	N/A	N/A	DC	DC
16	Other	DC	DC	DC	DC	N/A	DC
17	EUI Shared Service Reallocation Costs	25%	22%	25%	27%	25%	24%
18	Supply Chain Management	N/A	N/A	N/A	N/A	N/A	N/A
19	Training & Development	N/A	N/A	N/A	N/A	N/A	N/A
20	Board of Directors	N/A	DC	N/A	N/A	DC	DC

* DC shown above represents costs that are direct charged. If both DC and a percentage is shown the allocation of costs is blended.

Due to various changes in the businesses/operations that Ontario Affiliate Shared Services was servicing, the 2020A and 2021A distributed to EPCOR's various Ontario businesses/operations were based on estimates of time spent by each Affiliate Shared Service area. For 2022A and all subsequent years, costs were distributed based on the Cost Allocators noted in Table 4.3.3.2-2 above.

Table 4.3.3.2-3 below shows the 2020 Decision, 2020 Actual through 2023 Actual, 2024 Bridge Year and 2025 Test Year's total Shared Services costs provided to ENGLP.

Table 4.3.3.2-3
Ontario Affiliate Shared Service Costs
($ thousands)

	Service Provided	A 2020 Decision	B 2020 A	C 2021 A	D 2022 A	E 2023 A	F 2024 Bridge Year	G 2025 Test Year	H Notes
1	Management Oversight	109.4	207.6	193.1	195.4	189.9	188.2	191.9	
2	Ontario Head Office Costs	25.3	79.1	71.7	79.8	96.5	100.6	95.2	
3	Finance & Accounting	95.8	84.3	75.6	97.4	167.3	170.4	171.0	
4	Regulatory	87.1	71.3	44.2	24.6	83.1	163.4	128.2	Note 1
5	Customer Operations Management	-	3.9	30.8	43.4	35.1	32.4	33.6	
6	Gas Procurement Support	-	35.6	49.9	63.9	62.8	99.3	102.9	
7	Health, Safety & Environment	47.9	58.0	38.1	48.3	46.5	50.0	51.7	
8	Human Resources	49.8	36.5	30.2	35.2	35.8	39.9	41.4	
9	Public & Government Affairs Services	17.2	-	-	-	-	23.5	25.1	
10	Operations Engineering	-	51.9	50.9	42.8	41.7	37.8	38.9	
11	GIS Support	-	47.9	39.6	33.8	60.0	66.8	69.2	Note 1
12	Operational Support	-	5.8	3.3	48.4	9.3	24.3	25.1	
13	IT Costs - Affiliate	-	-	-	-	19.4	83.8	50.0	Note 2
14	IT & Cybersecurity	-	1.7	2.9	1.6	2.1	29.0	29.9	Note 1
15	Non-Regulated Operational Support	-	-	-	-	-	(7.1)	(10.7)	Note 3
16	Other	-	(1.1)	(26.6)	(0.6)	12.1	-	1.5	
17	EUI Shared Service Reallocation Costs	-	14.3	31.1	25.2	33.1	33.1	32.7	
18	Supply Chain Mgmt	11.1	-	-	-	-	-	-	
19	Training & Development	3.9	-	-	-	-	-	-	
20	Board of Directors	6.2	-	6.0	-	-	7.5	7.7	
21	**Total Ontario Affiliate Shared Service Costs**	**453.5**	**696.8**	**640.9**	**739.4**	**894.8**	**1,142.8**	**1,085.2**	
	Variance - Year over Year		243.3	(55.9)	98.4	155.4	248.1	(57.6)	

Note 1 - EEDO provides all or a portion of these services provided.

Note 2 - EEA provides all or a portion of these services provided. Specifically, expenditures related to the call center system (Genesys).

Note 3 - Non-regulated support for EPCOR Affiliates.

2020 Decision to Actual:

The $243K increase from the 2020 Decision to the 2020 Actual was primarily due to:

- A $98K increase in Management Oversight primarily due to additional senior management oversight being required. An additional operational leader was added, given this was a new line of business for EPCOR and Ontario was a growing market with utilities in EEDO, Southern Bruce, and other projects under development. The benefits of this leadership structure is explained above. This increased support was also required to help offset the ENGLP General Manager being equally shared by Aylmer and Southern Bruce. In the 2020 Decision the General Manager position was forecast at only 20% shared (recoverable in O&M) but this increased to 50% recoverable in 2020;
- A $54K increase in Ontario Head Office costs primarily due to other office costs not being contemplated in the 2020 Decision. The $25k included in the 2020 Decision was for monthly lease costs and depreciation/return on leasehold improvements. On an actual basis, this category included other administrative expenses, such as: telephone, office stationary and furniture, license fees, parking, membership and dues, travel and accommodation, training, etc.;
- A $52K increase in Operations Engineering cost primarily due to the need for engineering support in ENGLP. In the 2020 Decision, the operations engineering support functionality was forecast to be provided by an embedded position (Senior Advisor). In 2020 actuals, the operations engineering support function was established in Ontario Affiliate Shared Services to allow this resource to provide the same support across all of Ontario affiliates allowing additional synergies.
- A $48K increase in GIS support costs primarily due to the need for GIS mapping of ENGLP assets; ENGLP started incurring direct charges from this shared service group in 2020. ENGLP completed an assessment of its existing mapping system and its overall accuracy and concluded it required qualified GIS support to update the existing data. This GIS Support group updated the mapping system from Auto CAD to GIS and filled several gaps in the current system to allow increased accuracy. The group continues to maintain and update the GIS system prospectively to ensure safe and reliable utility service while also allowing higher accuracy for locates. An accurate GIS system is an integral part of reducing line strikes while also ensuring public safety before digging.

This increase was partially offset by:

- A $9K decrease in other miscellaneous services that are under the $50K threshold.

2020 Actuals to 2021 Actual:

The $56K decrease from the 2020 Actual to the 2021 Actual was primarily due to:

- A $56K decrease in other miscellaneous services that each individually are under the $50K threshold.

2021 Actual to 2022 Actual:

The $98K increase from the 2021 Actual to the 2022 Actual was primarily due to:

- A $98K increase in other miscellaneous services that each individually are under the $50K threshold.

2022 Actual to 2023 Actual:

The $155K increase from the 2022 Actual to the 2023 Actual was primarily due to:

- A $69K increase in Finance & Accounting services primarily due to an increase in required financial analyst support, controller support being allocated in 2023 and ENGLP backfilling the finance manager position for an individual on temporary medical leave.
- A $58K increase in Regulatory services primarily due to ENGLP requiring additional regulatory support for this Cost of Service application; and,
- A $28K increase in other miscellaneous services each below the $50K threshold.

2023 Actual to 2024 Bridge Year:

The $248K increase from the 2023 Actual to the 2024 Bridge Year was primarily due to:

- An $80K increase in Regulatory services primarily due to ENGLP requiring additional regulatory support for this Cost of Service application. These services ramped up in 2023 with the majority of the support being required throughout 2024 to aid in the review of the application and provide support for the ongoing proceeding;
- A $64K increase in IT – Affiliate costs primarily for the use of EEA's Genesys call system. ENGLP required an update to its phone system due to obsolescence and transferred to

the use this affiliate system for its call center functionality rather than use an external system.

- A $104K increase in other miscellaneous services, each below the $50K threshold.

2024 Bridge Year to 2025 Test Year:

The $58K decrease from the 2024 Bridge Year to the 2025 Test Year was primarily due to:

- A $58K decrease in other miscellaneous services that each individually are under the $50K threshold.

2020 Decision to 2025 Test Year:

The $632K increase from the 2020 Decision to the 2025 Test Year was primarily due to:

- A $103K increase in Gas Procurement Support primarily due to ENGLP requiring additional resources to complete gas procurement tasks. The Gas Procurement support function has expanded since the previous filing due to increased regulatory obligations (such as the Gas Supply Plan as outlined in Section 4.1 and the Federal Carbon Pricing Plan) along with increased administration and monitoring of the ENGLP direct purchase program. As the gas distribution network expands, there are also increased importance of the procurement of local gas supply including ENGLP's first connection to a renewable natural gas supplier and complex customer connections (such as a large greenhouse and gas-powered generation plant). The combined portfolio of Southern Bruce and Aylmer is better served by consistent staff oversight as opposed to the use of contractors. This is further evidenced by taking the ENGLP Aylmer QRAM process in house in 2024.
- An $83K increase in Management Oversight primarily due to additional senior management oversight being required. An additional operational leader was added given this was a new line of business for EPCOR and Ontario was a growing market with utilities in EEDO, Southern Bruce, and other projects under development. The benefits of this leadership structure is explained above;
- A $75K increase in Financing and Accounting primarily due to inflationary increases since 2020 and supplementary capital specific support being required prospectively. The Finance shared costs applied for in the 2020 Decision did not consider this requirement specifically. ENGLP has identified a need for enhanced capital financial management /

project management functionality. Although these are net new resources, they are fully recovered in the capital overhead pool. For further information on the capital overhead pool, refer to Section 2.4.1;

- A $70K increase in Ontario Head Office costs primarily due to other office costs not being contemplated in the 2020 Decision. The $25k included in the 2020 Decision was for monthly lease costs and depreciation/return on leasehold improvements. On an actual basis, this category included other administrative expenses such as: telephone, office stationary and furniture, license fees, parking, membership & dues, travel & accommodation, training, etc.;
- A $69K increase in GIS support costs primarily due to the need for GIS mapping of ENGLP assets. ENGLP started incurring direct charges from this shared service group in 2020. ENGLP completed an assessment of its existing mapping system and its overall accuracy and concluded it required qualified GIS support to update the existing data. This GIS Support group updated the mapping system from Auto CAD to GIS and filled several gaps in the current system to increase accuracy. The group continues to maintain and update the GIS system prospectively to ensure safe and reliable utility service while also allowing higher accuracy for locates. An accurate GIS system is an integral part of reducing line strikes while also ensuring public safety before digging;
- A $50K increase in IT – Affiliate costs primarily for the use of EEA’s Genesys call system. This system was not used when the previous application was filed. Further information on the call system can be found in the variance explanation above;
- A $39K increase in Operations Engineering cost primarily due to the need for engineering support in ENGLP. Further information on operations engineering can be found in the variance explanation above; and,
- A $143K increase in other miscellaneous services that each individually are under the $50K threshold.

Corporate Services provided by EUI

To benefit from efficiencies achievable at scale, and access services that would otherwise be costly to self-supply or procure on a stand-alone basis due its small size, ENGLP obtains a number of services from its parent corporation, EPCOR Utilities Inc. ("EUI"). As detailed in the sections that follow, services provided to ENGLP by EUI relate to functions, such as payroll and financial tracking systems for example, that are necessary to operate a utility of any size.

Services provided by EUI are referred to collectively in this application as Corporate Services. Table 4.3.3.2-4 below provides ENGLP's Corporate Services costs for its 2020 decision, actual 2020 to 2023 costs incurred and ENGLP's forecast for the 2024 Bridge Year and 2025 Test Year. Details regarding each of the services that ENGLP receives from EUI are provided in the sections that follow.

Table 4.3.3.2-4
Corporate Services Costs
($000's)

	Expense Category	**A** **2020D**	**B** **2020A**	**C** **2021A**	**D** **2022A**	**E** **2023A**	**F** **2024 Bridge Year**	**G** **2025 Test Year**
1	Information Services	148.0	45.0	123.8	173.3	184.5	210.7	220.7
2	Corporate Asset Usage	83.0	125.1	38.5	124.1	110.0	103.6	115.6
3	Human Resources	41.3	49.2	56.5	61.8	69.0	67.3	66.6
4	Finance, Treasury and Audit	29.5	36.6	45.1	42.5	46.3	47.8	49.1
5	Supply Chain Management	29.2	25.1	24.6	30.2	27.2	29.9	30.8
6	Legal Services, Health, Safety, Security and Environment	13.7	16.7	16.3	20.4	19.6	20.9	21.4
7	Sustainability and Public Affairs	50.6	1.4	11.7	2.1	10.2	12.7	21.3
8	Board and Executive	17.7	16.1	16.5	18.5	20.6	19.8	21.7
9	Incentive Compensation	26.1	25.5	36.5	58.5	41.9	35.0	33.0
10	**Total Corporate Service Costs**	**439.2**	**340.8**	**369.5**	**531.3**	**529.2**	**547.6**	**580.2**

In 2020 and 2021, ENGLP reflected lower corporate service costs due to the following:

- 2020 Actuals were understated primarily due to an inadvertent error in the corporate allocations received under the Information Services category.

- 2021 Actuals were understated due to an inadvertent error that occurred in calculating Corporate Asset Usage costs and Information Services wherein amounts were missed in the allocation to ENGLP. The correct amount for Corporate Asset Usage Costs in the absence of this inadvertent error would have been approximately $144.6K in 2021, and as such ENGLP's costs were too low by $106.1K. The correct amount for Information Services in the absence of this inadvertent error would have been approximately $168.4K in 2021, and as such ENGLP's costs were too low by $44.6K. Correcting for this error (total of 150.7K) results in 2021 Total Corporate Service costs that are comparable to the 2022-2025 actuals/forecast.

Description of Corporate Services

The following provides a description of the Corporate Services, and associated benefits, EUI provides to ENGLP.

1. Information Services (IS)

ENGLP obtains information services and application support from EUI for a number of larger and complex information systems as well as desktop applications such as the Microsoft suite of applications. These systems and applications are necessary for ENGLP to manage its record keeping and financial transactions and for ENGLP's employees to efficiently conduct their work. EUI is also responsible for the increasingly important task of managing the cyber security risks associated with the IS systems used by ENGLP and other EPCOR subsidiaries.

Information Services provided by EUI are required to support, amongst others, the corporate Enterprise Resource Planning ("ERP") application used by staff within ENGLP and Corporate Services. This system provides core finance and HR system functions for ENGLP and EUI.

Costs within this category are either allocated, because they relate to systems that benefit multiple EPCOR business units, or directly assigned, because they pertain to specific systems (or components of) that can be directly attributable to ENGLP. Within this category there are three distinct types of costs:

Allocated Information Services – Includes costs for: managing the implementation of major applications, installation of major computer hardware devices; user support services for shared business system applications; desktop application support; cyber security threat and risk analysis; as well as the operation and maintenance of the computer hardware platforms (i.e., servers, networks, etc.) and operating systems that shared applications and business unit specific systems applications run on. Major applications provided under this category include

- Oracle: Required for processing, tracking and managing: financial data (i.e. transactions, invoices, etc.), time entry, human resource and employee information, payroll and others.
- Adaptive Insights: Required for creating, managing, and reporting on budgets.
- ESRI: Required for asset management including tracking and managing ENGLP's asset and maintenance data.

Directly Assigned Infrastructure – Includes licensing and support costs for servers and storage, user devices, network and employee services (i.e., service desk services, licensing) that can be directly assigned to ENGLP.

Directly Assigned Application Support – Includes costs related to large business unit specific applications. The support costs for each application are recorded in the general ledger accounts specific to the application. This facilitates the straightforward direct assignment of each application's support costs to the business unit that owns the application. As several of the applications that ENGLP requires, are not utilized by the other EPCOR operating entities, ENGLP leverages a dedicated application support group to work specifically on these applications. Major applications provided under this category include:

- UMS: Customer information system required for customer service and billing
- Elements: Workforce management tool required for job/task scheduling and inventory tracking
- Green Button Solution: Customer accessible data warehouse required for compliance with Green Button legislation

- Field Collection Services : Meter reading software required to interface between the billing software and onto the field devices for meter reading
- Synergi Gas: A hydraulic modelling tool used to simulate natural gas systems to help identify any operational challenges as forward plan capacity needs.

Table 4.3.3.2-5 below provides a breakdown of the costs in this category:

Table 4.3.3.2-5 IS and Application Support Costs

($000's)

		A 2020D	B 2020A*	C 2021A*	D 2022A	E 2023A	F 2024 Bridge Year	G 2025 Test Year
1	Allocated Information Services	56.9	52.6	29.9	73.5	87.4	106.6	101.7
2	Directly Assigned Infrastructure	46.6	(34.4)	59.7	69.5	62.3	66.5	80.0
3	Directly Assigned Application Support	44.5	26.7	34.1	30.3	34.8	37.6	39.1
4	**Total IS and Application Support**	**148.0**	**45.0**	**123.8**	**173.3**	**184.5**	**210.7**	**220.7**

*As noted above 2020A and 2021A were understated primarily due to an inadvertent error in the corporate allocations received.

2. Corporate Asset Usage

EUI must invest in assets used to provide corporate services to ENGLP and other EPCOR business units. EUI recovers the costs associated with these assets, consisting of "return of" capital (i.e. depreciation) and "return on" capital from the EPCOR business units through Corporate Asset Usage Fees.

The categories of assets for which Corporate Asset Usage Fees are charged to ENGLP include the following:

- **Information Services Infrastructure Assets** - Includes servers, electronic storage devices, information system networks, desktops and IS Applications. This infrastructure is essential to provide the information services detailed in the previous section.

- **Financial Systems** - Includes the financial application (Oracle Financials) used to pay invoices, record and report financial information, prepare financial statements, calculate depreciation, purchase goods and services and manage project costs. These functions are integral to managing the financial transactions ENGLP must make, and records it must keep, as part of operating a utility. By adopting a commonly used platform, Oracle, ENGLP benefits from increased familiarity with the platform within EPCOR, and the labour pool in general, leading to more efficient use.

- **Leasehold Assets –** Disaster recovery and leasehold improvements to support employees in Corporate Services departments that work at EPCOR Tower and support EPCOR subsidiaries including ENGLP.

- **Human Resources Information Systems (HRIS)** – Includes the software application that is used by EUI's HR department to manage employees, including functions such as recruiting, hiring, managing and paying employees (including the calculation of pensions, CPP, UIC, income tax and other payroll deductions). The HRIS System also provides the legislative requirement for employee records and allows ENGLP staff to access all work related information and training records. The HRIS system ensures compliance with all privacy acts (PIPEDA) for ENGLP employees.

- **Furniture and Fixture Assets** - represent furniture such as offices, workstations, chairs, tables, file cabinets and shelves used by employees in Corporate Shared Services departments.

Table 4.3.3.2-6 below provides a breakdown of the costs in this category.

Table 4.3.3.2-6
Corporate Asset Usage Costs
($000's)

		A **2020A**	**B** **2021A****	**C** **2022A**	**D** **2023A**	**E** **2024 Bridge Year**	**F** **2025 Test Year**
1	IS Infrastructure	91.0	0.0	89.0	82.6	76.1	92.1
2	Financial Systems	15.6	17.4	27.9	19.8	18.4	14.9
3	Leasehold Assets	15.0	17.5	3.6	3.7	5.0	4.9
4	HRIS	1.9	1.8	1.9	2.1	2.3	1.9
5	Furniture and Fixed Assets	1.7	1.7	1.8	1.8	1.8	1.8
6	**Total Asset Usage Costs**	**125.1**	**38.5**	**124.1**	**110.0**	**103.6**	**115.6**

**Note the previous application decision included an amount of $83K but the specific breakdown as per the above was not calculated.*
***As noted above 2021A were understated primarily due to an inadvertent error in the corporate allocations received.*

Similarly to IS and Application Support costs, Corporate Asset Usage costs are either allocated, because they relate to assets that benefit multiple EPCOR business units, or directly assigned, because they pertain to specific assets (or components of) that can be directly attributable to ENGLP.

As shown in the table above, most of ENGLP's asset usage costs (over 90%) relate to IS infrastructure and financial systems. As described in the previous section, the IS and financial systems managed and provided by EUI are integral to ENGLP's operations and its ability to provide utility service.

3. Human Resources

ENGLP obtains human resource services from EUI that it could otherwise not provide through its own human resources department without expanding it significantly. Specifically, EUI's human resources department provides services and support to ENGLP in the following areas:

- Total Rewards;
- Human Resources Consulting;
- Talent Development; and
- Learning and Development

These services enable ENGLP to perform and streamline payroll; make informed compensation and benefit program decisions; increase engagement amongst employees; decrease employee turnover; execute effective labour practices; access greater opportunities to recruit top talent; and provide its employees with increased opportunities for professional development.

The following provides additional information regarding each of the Human Resource services.

<u>Total Rewards</u>

EUI's Total Rewards department provides oversight and services related to payroll; Oracle HRIS & analytics; labour relations; as well as planning, design and administration of the overall EPCOR compensation, benefits, pension and savings plans.

Total Rewards provides payroll services for ENGLP and all of EPCOR's Canadian Operations, including payroll processing, preparing all statutory filings and source deduction and other remittances, pension administration, and maintaining employee files. Being able to pay its employees is fundamental component of operating any business.

Total Rewards provides support for the Human Resources Information System ("HRIS"), which is an enterprise-wide system that manages all employee data for the purposes of payroll, pension, compensation, benefits and organizational structure. The HRIS System also provides the legislative requirement for employee records and allows ENGLP staff to access all work related information and training records. The HRIS system ensures compliance with all privacy acts (such as PIPEDA) for ENGLP employees.

ENGLP is provided support from Total Rewards in making compensation decisions, including ensuring participation in local and geographic specific wage surveys and participation in the annual compensation review process through a software module built into the HRIS.

ENGLP is also provided specialized support in pension plan and savings plan access and administration, as well as expertise and governance for all the benefit programs ENGLP participates in. This also includes providing disability case management for all ENGLP employees requiring disability benefits. The active case management provided by EUI results in employees being off on short term disability and away from work for shorter durations, contributing to a healthier workforce and reduced benefit costs.

<u>Human Resources Consulting</u>

Human Resources Consulting provides services such as recruitment and selection, job and organizational design, coaching and conflict resolution, succession and workforce planning, performance management, diversity and inclusion, and engagement action planning.

Access to expertise in recruitment through EUI's Talent Acquisition department allows ENGLP to attract top talent. Being part of a larger organization helps recruit top talent in a small market such as Aylmer. ENGLP can offer professional development and career opportunities that a smaller organization would otherwise not be able to. By bringing on highly skilled employees and developing employees further ENGLP becomes a more effective and efficiently run utility.

ENGLP benefits from the use of an applicant tracking system (Jobvite) that helps streamline the recruitment process and cuts down on the administrative time spent on job postings, applicant sorting, communications, and scheduling interviews. The system also ensures a national reach for ENGLP's recruitment efforts.

ENGLP participates in national EPCOR-wide HR policies and, is provided support from EUI for local policy development most recently with access to labour relations expertise while developing the Right to Disconnect Policy and Electronic Monitoring Policy. This support ensures compliance with updated regulation and legislation, providing clear expectations for employees.

Talent Development

EUI's Talent Development team provides services, programs, and tools that support employee training, professional growth, career development, leadership assessment, leadership development, and succession planning. This ensures that members of the EPCOR group, such as ENGLP and EOOMI, have the leadership and staff bench strength required to run their businesses and an increasingly skilled pipeline of future leaders and staff to support succession and company growth.

EUI's Talent Management department develops and provides EPCOR's annual performance management system which provides employees the opportunity to develop annual goals aligned with their role and create development plans to help achieve professional goals. Employee performance is tracked and measured using the tool. Having a structure in place for these programs gives employees multiple touchpoints per year with their manager to discuss their performance and career objectives. EUI led engagement surveys also help identify how management and EPCOR can better support ENGLP employees to ensure higher employee engagement.

Learning and Development

Support from EUI's learning and development department provides ENGLP employees with increased access to training and professional development. For example, ENGLP employees were able to take advantage of "Unconscious Bias" training and "Becoming an Inclusive Leader" training that will help foster a more inclusive workforce resulting in more engaged employees which will reduce turnover and increase retention. The learning and development department offers several internal courses exclusively to EPCOR employees that ENGLP employees would otherwise not have access to and would have to access through third parties and pay for. These courses allow employees to increase their knowledge on specific topics, fine tune their skill sets in their professional area of expertise or broaden their scope of knowledge outside their area of expertise.

4. Corporate Finance, Treasury, Audit and Risk Management

EUI provides financial and risk related services necessary for: ENGLP to benefit from access to cost-effective debt financing through EUI; pay and invoice vendors and customers (Accounts Payable/Receivable); comply with taxation laws; and manage evolving risks that could impact ENGLP's customers.

The following provides additional details on each of these services.

<u>Corporate Finance Services</u>

EUI's Corporate Finance Services provides services that include corporate accounting, consolidated reporting and analysis, external audit, accounts payable and accounts receivable.

Corporate Accounting completes the required accounting for EUI's financing activities and centralized corporate services functions, both of which are performed on behalf of its subsidiary utilities. Corporate Accounting develops and maintains corporate accounting policies, procedures and internal controls, and provides advice and direction to ENGLP with respect to these policies, procedures and internal controls. Corporate Accounting is also responsible for calculating the allocation of corporate costs to each of the EPCOR subsidiaries and maintaining and reviewing the allocation methodologies applied to those corporate costs to ensure they are fair, reasonable and reflective of services provided.

EUI must prepare financial statements in accordance with International Financial Reporting Standards (IFRS) to comply with regulatory requirements. Consolidated Reporting and Analysis is responsible for the preparation of consolidated financial statements and analysis and discussion of the results. To access capital, ENGLP relies on EUI to meet the financial reporting requirements set by creditors, which generally includes having audited financial statements. EUI incurs costs to have external auditors perform audits and quarterly reviews of EUI's annual and quarterly interim consolidated financial statements. If EUI's financial statements are not audited, access to capital could be restricted, which could in turn limit ENGLP's ability to make investments in its infrastructure.

Accounts Payable processes all vendor invoices, credit notes and adjustments for payment on a periodic basis and is responsible for the management of procurement cards. Accounts Payable maintains vendor master files used for various purchasing, contract management and vendor payment functions. In addition, Accounts Payable also develops and maintains all the accounts payable related forms, policies, procedures and controls to be applied by all EPCOR's activities. Accounts Payable is necessary for ENGLP to provide utility service as it incurs costs from external parties related to its operations and these costs require payment.

Accounts Receivable maintains customer master files that are used for customer invoicing, including anything that is not for a utility customer in our billing software (such as line strike recoveries/direct purchase marketers etc.). In addition, Accounts Receivable is responsible for the issuance of credit notes and other adjustments to invoicing on a periodic basis. Accounts Receivable also develops and maintains all the accounts receivable related forms, policies, procedures and controls to be applied to the relevant EPCOR invoicing and receivable activities.

Treasury

Treasury performs the activities needed to raise capital and provides banking and cash management services to ENGLP and other EPCOR subsidiaries. The ability to raise capital and access banking services is fundamental to the operations and sustainability of a utility such as ENGLP. Treasury reduces costs by optimizing borrowings and negotiating cost effective terms and conditions.

Treasury also provides taxation services for ENGLP, EUI and other EPCOR subsidiaries, which includes all reporting and compliance related to taxes. These services are necessary for ENGLP to comply with tax related legislation.

Audit and Risk Management

EUI's Internal audit department conducts audits to examine, evaluate and report on the adequacy, effectiveness and efficiency of the systems of internal controls across EPCOR's operations, and ensures compliance with National Instrument 52-109, the Canadian legislation equivalent to the United States' Sarbanes-Oxley Act (commonly referred to as "CSOx").

Risk management completes two primary functions: (1) management of all EPCOR business units' insurance requirements with overall responsibility for EPCOR's corporate insurance program; and (2) development and maintenance of an enterprise risk management framework and risk management process standard for all EPCOR business units and facilitating operational risk assessments.

5. Supply Chain Management

Supply Chain Management (SCM) services allocated to ENGLP include: mailroom; facility operations; disaster recovery planning facilities; contract management, and rent.

EUI maintains and operates EPCOR's corporate facilities. Management of these facilities is necessary for corporate services staff to conduct work that supports ENGLP. Supply chain management costs also include space rent associated with Corporate Services departments located in EPCOR Tower.

Disaster Recovery Planning Facilities provides services for maintaining continuity of the critical information systems of ENGLP and other members of the EPCOR group in the event of a disaster, including the operation and maintenance of an off-site data centre for IT infrastructure. Disaster Recovery Planning Facilities services are a core competency for a utility such as ENGLP. These services are vital to ensure that the information systems critical to the utility's operations are maintained without disruption in the event of a disaster.

6. Legal Services

EUI's Legal Services group provides in-house legal services to all Canadian affiliates on matters including commercial, litigation and regulatory and engages and manages external counsel for matters requiring additional support or expertise.

Legal services provided include:

- Negotiating, drafting, monitoring and providing advice on material contracts and contractual matters with customers, service providers, vendors and other parties. EUI's legal department has provided commercial support to ENGLP on numerous contracts. Having access to EUI's legal group, and lawyers familiar with utility contracts facilities efficient and cost-effective contract development and management.

- Managing all claims and litigation affecting EUI and its business units and subsidiaries, including ENGLP.

- Analyzing legal risks and providing advice to project teams regarding all legal issues which may affect the viability of a business initiative and/or project.
- Providing advice, research and assistance on regulatory law matters including regulatory applications.
- Providing advice regarding corporate governance matters, including information on company structure, ownership and directors' and officers' information.
- Preparing and administering OEB applications.
- Maintaining corporate records and preparing corporate documentation.

EUI's legal department ensures it has the knowledge required to serve all EPCOR affiliates. For instance, a portion of EPCOR's eight lawyers are expected to understand regulatory law in Ontario to ensure legal services can be provided to ENGLP and other Ontario affiliates. ENGLP has been able to access these resources in order to significantly reduce the external legal counsel costs required to prepare this application, participate in Board proceedings and comply with regulatory reporting requirements.

7. Health, Safety, Security and Environment

The Health, Safety, Security and Environment ("HSSE") group provides the following services to ENGLP and other EUI subsidiaries:

Health, Safety and Environment

The Health, Safety and Environment ("HSE") department functions include:

- Governance, maintenance, and ongoing implementation of the Integrated Health, Safety and Environment Management System, which conforms to ISO 14001 (Environment) and OHSAS 18001 (Health and Safety) requirements, and is implemented across all business units within EPCOR. In March 2021, OHSAS 18001 was replaced by ISO 45001 (published on March 12, 2018).

- Trend analysis, evaluation, and reporting for the EPCOR group to assist business units in ensuring that regulatory monitoring and reporting requirements are met.
- Creation and management of a detailed HSE strategic plan and updating corporate HSE policies, standards, procedures and related documentation for all EPCOR business units to ensure consistent and efficient delivery of HSE programs.
- Governance and oversight of fundamental HSE processes such as hazard identification and operational controls, employee competency and training, HSSE role expectations, incident management, worksite inspections, performance measurement, communication, safety culture assessment for consistency and improved overall safety.
- Management and Administration of the Event Reporting System (ERS), Alcohol and Drug Program, Contractor Management, Occupational Health and Hygiene programs, Vision Care Program, and other related HSE Corporate Programs and Standards within EPCOR's HSE Management System to ensure consistent and efficient delivery of HSE programs and information systems across EPCOR.
- Ensuring a comprehensive HSE performance assessment process is in place, including leading and lagging metric indicators along with an operational and management review process to improve health and safety performance through early identification of trends and safety issues.
- Facilitation and administration for various HSE Committees and oversight and approval of content of the Corporate HSE Website, improving safety-related communications and safety performance across EPCOR's business units through information sharing.
- Providing subject matter expertise for corporate groups and business units as required – Legal Requirements, Audits, Human Resources, Security, Emergency Management, Training, Sustainability and Public Affairs and Business Resilience.

ENGLP has an obligation to ensure that its employees can perform their duties in a safe environment. Corporate HSE reduces potential costs associated with operational and litigation risk by creating corporate policies that minimize workplace and environmental incidents. These services are necessary to enable ENGLP to provide utility service to its customers, and the costs of providing these services are reasonable.

Security

Security provides continuous threat and risk analysis of all physical security respecting EPCOR's businesses and facilities, including those arising from criminals, terrorists and employees. Other services provided by this function include conducting training exercises, awareness sessions, and providing guidance to prepare ENGLP and other EUI subsidiaries to prevent and minimize losses during an emergency or disaster. Security guard protection services are entirely outsourced across EPCOR.

Security services are required to enable ENGLP and other EUI subsidiaries to provide utility services to customers. The services are required to ensure staff and contractors operating within ENGLP and other EUI subsidiaries have a safe and secure environment to work in. Security services are also essential to ensure that the workforce, both contractors and employees, is properly background screened. Security services are also required to ensure that facilities are protected from break-ins, damage, theft, and terrorism threats.

8. Sustainability and Public Affairs

The Sustainability[9] and Public Affairs (S&PA) provides internal/external communication services, liaison services and briefing support in relation to all three levels of government (federal, provincial, and municipal), as well as government agencies and staff, with respect to existing or proposed policies and legislation and community relations (i.e., community engagement tools, processes and investment strategies to support EPCOR's reputation and relationship objectives). As noted in section 4.3.3.6, ENGLP has not included any donations in the 2025 revenue requirement.

[9] Formerly described as Public and Government Affairs (PG&A).

Government Relations services are required to enable ENGLP to provide utility services to customers by ensuring that governments at all three levels are aware of issues that could impact ENGLP and its customers.

Corporate Communications services are required for ENGLP and other EUI subsidiaries to provide utility services to customers through facilitating timely and relevant communications and providing access to information.

Community Relations is EPCOR's face in the community and ensures that customers are aware of who is providing their utility services. Community Relations also makes items such as conservation, customer service and safety matters accessible and understandable to the general public.

9. Board & Executive

EUI's Board of Directors (the "Board") provides corporate governance functions to ENGLP and other EPCOR subsidiaries, which includes, amongst other things:

- Maintaining and enforcing articles and corporate bylaws.
- Providing direction and oversight to safeguard and maintain the long-term value of corporate assets.
- Reviewing and approving significant financial matters
- Participating in the strategic planning process for the EPCOR, and approving capital and operating budgets to meet the objectives established in the strategic plan.
- Approving compensation policies and programs for employees.
- Evaluating and assessing corporate performance against strategic, operating and capital plans.
- Approving and monitoring compliance with all significant corporate policies and procedures.

Board costs include Directors' fees, Director and Officer insurance costs, travel expenses, legal fees incurred at the Board level and other related expenses, such as external consultants and experts as required. Executives provide governance and leadership services to ENGLP and other EUI subsidiaries. This includes, amongst other things:

- Establishing appropriate processes, procedures and controls to ensure that the EPCOR companies fulfill their statutory obligations to provide utility services and contractual obligations to service its commercial customers
- Establishing and recommending broad corporate policies for approval by the Board of Directors.
- Reviewing and recommending significant financial matters/decisions for approval by the Board of Directors.

Establishing and maintaining an adequate control framework in relation to internal controls over financial reporting and disclosure controls and procedures, conducive to compliance with National Instrument 52-109, the Canadian regulation equivalent to the United States Sarbanes–Oxley Act (commonly referred to as "CSOx").

10. Incentive Compensation

Corporate Services employees receive incentive compensation based on individual performance ratings and performance on EUI's overall annual corporate targets. EUI's structure for compensating its non-union employees has four components: base compensation (annual salary), employer paid benefits, Short Term Incentive (STI), and Medium Term Incentive (MTI) for participating directors, vice presidents and executives. The compensation was designed to bring employee total compensation to a level which is at par with comparable positions in the market from which EUI must draw employees (i.e., to market value). The program itself is not a separate service, but the costs of any incentives are tracked and reported separately.

Determination of Corporate Services Costs

Corporate Services costs are determined on a cost recovery basis in accordance with the Affiliate Relationship Code for Gas Utilities ("ARC") and the services are delivered in accordance with a Service Level Agreement ("SLA"). The allocation of Corporate Services is assessed regularly and adjusted as appropriate.

Consistent with the approach used in previous years, Corporate Services costs for ENGLP and other EPCOR business units are determined using the following five step process:

1. Categorize Corporate Services costs as directly assignable or allocable.
2. Assign directly assignable costs to the appropriate business unit.
3. Review/develop/modify allocation method for allocable costs.
4. Apply allocation method to allocable costs.
5. Conduct a final review for reasonableness.

Step 1 – Categorize Corporate Services costs as either directly assignable or allocable

The first step is to review each Corporate Services cost and categorize it into one of two defined groups:

- Directly assignable costs.
- Allocable costs.

Directly assignable costs are costs that are directly associated with a particular business unit's activity or operation. The relevant Corporate Services department and business unit work together to determine the quantum of directly assigned costs, if any, related to the Corporate Service in question.

Allocable costs are those costs that provide benefits to EUI business units but by their nature cannot be directly assigned, and are charged to business units by applying appropriate cost allocators. The cost allocators used for each Corporate Service reflect the factor, or factors, that drive the cost of providing the Corporate Service to each business unit.

Step 2 – Assign directly assignable costs to business units

Once the directly assignable costs are identified and determined they are charged directly to each business unit. Directly assignable costs are included in the budgets of the business units and are not included in the budgets of the respective Corporate Services departments (i.e., they are removed from the Corporate Services departments' "cost pools", with the remaining costs forming the pool of allocable costs for each department).

Step 3 – Review/develop/modify allocation method for allocable costs

EUI's cost allocation process is designed to ensure that the allocation of Corporate Services costs among business units is appropriate, fair and reasonable, cost-effective, predictable, reflects the benefit received by function or cost causation and provides for consistency with the transfer pricing principles in the ARC.

EUI's uses the following approach to determine allocation methods:

The costs associated with a Corporate Services department, except for the Treasury department, are allocated either: (i) using a single "functional cost causation allocator", or (ii) using a "composite cost causation allocator". The allocation methods used for Treasury costs are different as reflected in rows 18-19 of Table 4.3.3.2-7, below. For Corporate Asset Usage fees, the allocation method is further described starting in rows 33 of Table 4.3.3.2-7, below.

A functional cost causation allocator has been used where the costs can be logically allocated using an identified cost causation driver, such as headcount. The composite cost allocator has been used where the costs cannot be allocated using a particular functional cost causation allocator. The latter types of costs tend to be related to Corporate Services that are of a governance nature, and it is appropriate that these types of costs be allocated based on a composite cost allocator which factors in the business unit's share of EUI's total revenues, assets, and headcount.

The allocation methods applicable to EUI's allocable Corporate Services costs are summarized in Table 4.3.3.2-7 below.

Table 4.3.3.2-7
Corporate Services Allocable Costs Allocation Methods

		A
	Department and Function	**Allocators**
	Supply Chain Management	
1	Mailroom	Functional Cost Causation - Headcount
2	Disaster Recovery Planning	Functional Cost Causation - Direct IS Costs
3	Contract Management	Functional Cost Causation - SCM Embedded Headcount
4	Facility Operations	Composite - EUI Revenue, Assets, Headcount
5	SCM Corporate	Composite - EUI Revenue, Assets, Headcount
	Human Resources	
6	Total Rewards	Functional Cost Causation - Headcount
7	Human Resources Consulting	Functional Cost Causation - Headcount
8	Talent Management	Functional Cost Causation - Headcount
9	Learning and Development	Functional Cost Causation - Headcount
	Information Services	
10	Major Capital Projects	Functional Cost Causation - Headcount
11	Application Services	Functional Cost Causation - Headcount
12	Infrastructure Operations	Functional Cost Causation - Direct IS Costs
	Corporate Finance Services	
13	Corporate Finance	Composite - EUI Revenue, Assets, Headcount
14	Accounts Payable	Functional Cost Causation - Number of Invoices
15	Accounts Receivable	Functional Cost Causation - Number of AR Invoices
16	Management Development Program	Composite - EUI Revenue, Assets, Headcount
	Executive and Executive Assistants	
17	All Costs	Composite - EUI Revenue, Assets, Headcount
	Treasury	
18	Treasurer - Corporate Finance	40% PPE, 30% CapEx, 30% Acquisitions
19	Treasury Operations	50% of (NI + Depreciation), 50% Debt
20	Taxation	Composite - EUI Revenue, Assets, Headcount
	Board Costs	
21	All Costs	Composite - EUI Revenue, Assets, Headcount
	Audit and Risk Management	
22	Internal Audit	Composite - EUI Revenue, Assets, Headcount
23	Organizational Project Management	Functional Cost Causation - PP&E
24	Centre of Excellence	Composite - EUI Revenue, Assets, Headcount
25	Risk Management	Functional Cost Causation - PP&E
	Communications & Public Engagement	
27	Corporate Communications	Functional Cost Causation - Net Income
28	Community Relations	Functional Cost Causation - Net Income
	Sustainability & Public Affairs	
29	Government Relations	Composite - EUI Revenue, Assets, Headcount
30	Sustainability	Composite - EUI Revenue, Assets, Headcount
31	Indigenous Relations	Composite - EUI Revenue, Assets, Headcount
	Legal Services	
29	All Costs	Composite - EUI Revenue, Assets, Headcount
	Health, Safety, Security and Environment	
30	Health, Safety and Environment	Functional Cost Causation - Headcount
31	Security	Functional Cost Causation - Headcount
	Incentive Compensation	
32	All Costs	Average Corporate Cost Allocation
	Asset Usage Fees	
33	Leasehold Assets	Proportional Corporate Costs
34	Human Resource Information System	Headcount
35	Information Systems (IS) Infrastructure	Direct IS Operating Costs
36	Financial Systems	Weighted average of finance and payroll function and weighted average of the Purchase Order Lines
37	Furniture and Fixtures	Proportional Corporate Costs
38	Vehicles	Proportional Corporate Costs
39	Customer Information System	Proportional Customer Sites

The allocation percentages used in developing the 2024 Bridge Year and 2025 Test Year were based on EUI's 2025 Budget. Table 4.3.3.2-8 below summarize the allocation percentages reflected in the in the 2024 Bridge Year and 2025 Test Year.

Table 4.3.3.2-8
Corporate Services ENGLP Aylmer Allocation Percentages 2024 Bridge & 2025 Test Year

		A **2024**	B **2025**
	Functional Cost Causation Allocator		
1	Headcount	18	18
2	CAD Headcount percentage	0.6%	0.6%
3	Headcount percentage	0.5%	0.5%
4	Assets	34.38	35.99
5	Assets percentage	0.2%	0.2%
6	PP&E	28.28	29.82
7	PP&E percentage	0.2%	0.2%
8	CapEx	3.12	2.96
9	CapEx percentage	0.2%	0.3%
10	Debt	13.16	14.16
11	Debt percentage	0.2%	0.2%
12	Revenues	8.75	9.31
13	Revenues percentage	0.4%	0.4%
14	Depreciation	Note 1	Note 1
15	Depreciation Percentage	0.3%	0.4%
16	Net Income	Note 1	Note 1
17	Net Income Percentage	0.1%	0.2%
18	Direct IS	0.07	0.08
19	CAD Direct IS percentage	0.6%	0.7%
20	Direct IS percentage	0.6%	0.6%
21	Invoice Lines	9,515	9,515
22	Invoice Lines percentage	2.3%	2.3%
23	AR Invoices	12	12
24	AR Invoices percentage	0.2%	0.2%
25	SCM Embedded Headcount	0	0
26	SCM Embedded Headcount percentage	0.0%	0.0%
27	PO Lines	306	306
28	PO Lines percentage	1.3%	1.3%
29	Acquisitions	0	0
30	Acquisitions percentage	0.0%	0.0%
31	**Treasurer - Corporate Finance Allocator**		
32	PP&E %	0.2%	0.2%
33	Calculation Weighting %	40.0%	40.0%
34	**Weighting - PPE**	**0.1%**	**0.1%**
35	CapEx %	0.2%	0.3%
36	Calculation Weighting %	30.0%	30.0%
37	**Weighting - Cap Ex**	**0.0%**	**0.1%**
38	Acquisitions %	0.0%	0.0%
39	Calculation Weighting %	30.0%	30.0%
40	**Weighting - Acquisitions**	**0.0%**	**0.0%**

41	**Total - All Weightings - Treasurer Corporate Finance Allocation**	**0.1%**	**0.2%**
42	**Treasury Operations - Allocator**		
43	Weighting - Net Income + Depreciation	0.2%	0.3%
44	Calculation Weighting %	50.0%	50.0%
45	**Weighting - Net Inc + Depn**	**0.1%**	**0.2%**
46	Debt %	0.2%	0.2%
47	Calculation Weighting %	50.0%	50.0%
48	**Weighting - Debt**	**0.1%**	**0.1%**
49	**Total - NI & Depn + Debt - Treasury Operations Allocation**	**0.2%**	**0.3%**
50	**Composite Cost Causation Allocator**		
51	Revenues	0.4%	0.4%
52	Assets	0.2%	0.2%
53	Headcount	0.5%	0.5%
54	**Average - Composite Cost Causation Allocator**	**0.4%**	**0.4%**

Note 1: Forecast net income will not be provided as EPCOR's policy, as established by its Board of Directors, does not permit the disclosure of forward looking net income information

Step 4 – Apply allocation methods to allocable costs

Once the allocation methods were determined, they were applied against EUI's final budgeted Corporate Services costs to arrive at the amounts charged to each business unit.

Step 5 - Final review of Corporate Services costs for reasonableness

The resulting Corporate Services costs were carefully reviewed by management to confirm that the process set out above was properly applied, and that the resulting charges were reasonable.

Variance Analysis

Consistent with the filing requirements, ENGLP has provided variance explanations comparing 2020 decision amounts to the 2025 test year amounts, and 2023 actuals to 2025 test year amounts, for those categories where the variance exceeds $50k.

Table 4.3.3.2-9
Corporate Services Variances
2020 Decision to 2025 Test Year
($000's)

		A	B	C
	Expense Category	**2020D**	**2025 Test Year**	**Variance**
1	Information Services and Application Support	148.0	220.7	72.7
2	Corporate Asset Usage	83.0	115.6	32.6
3	Human Resources	41.3	66.6	25.3
4	Finance, Treasury and Audit	29.5	49.1	19.6
5	Supply Chain Management	29.2	30.8	1.6
6	Legal Services, Health, Safety, Security and Environment	13.7	21.4	7.7
7	Sustainability and Public Affairs	50.6	21.3	(29.3)
8	Board and Executive	17.7	21.7	4.0
9	Incentive Compensation	26.1	33.0	6.9
10	**Total Corporate Service Costs**	**439.2**	**580.2**	**141.0**

- A $70K increase across all categories due to general inflation.
- An increase in Information Services & Application Support and Corporate Asset Usage primarily due to:
    - Software upgrades for ENGLP specific software (UMS/Elements) as well as the addition of ENGLP specific software (Green Button). The Green Button implementation was a regulatory requirement which required upgrades to the billing software/meter data store in order to meet the requirements and provide green button functionality;
    - Hardware lifecycle replacements for the servers hosting ENGLP specific software;

- Increased adoption/usage of enterprise applications; and,
- Licensing costs have been increasing faster than inflation.

Table 4.3.3.2-10
Corporate Services Variances
2023 Actual to 2025 Test Year
($000's)

	Expense Category	**A** **2023A**	**B** **2025 Test Year**	**C** **Variance**
1	Information Services and Application Support	184.5	220.7	36.2
2	Corporate Asset Usage	110.0	115.6	5.6
3	Human Resources	69.0	66.6	(2.4)
4	Finance, Treasury and Audit	46.3	49.1	2.8
5	Supply Chain Management	27.2	30.8	3.6
6	Legal Services, Health, Safety, Security and Environment	19.6	21.4	1.8
7	Sustainability and Public Affairs	10.2	21.3	11.1
8	Board and Executive	20.6	21.7	1.1
9	Incentive Compensation	41.9	33.0	(8.9)
10	**Total Corporate Service Costs**	**529.2**	**580.2**	**51.0**

- A $40K increase across all categories due to general inflation.
- A $10K increase in other miscellaneous accounts that each are under the $50K threshold.

Ontario Affiliate Shared Service & Corporate Shared Services Comparison

Table 4.3.3.2-11 below provides a comparison and explanation for services that are provided by both Ontario Affiliate Shared Services and Corporate Shared Services demonstrating the independence of each service.

Table 4.3.3.2-11

Ontario Affiliate Shared Service & Corporate Shared Services Overview

		A	B	C	D	E
	Service Provided by Both Entities	**Description of Ontario Affiliate Shared Service**	**2025 Test Period ($)**	**Description of Corporate Shared Services**	**2025 Test Period ($)**	**Differences**
1	Finance	• Controller Oversight & Management • Finance Manager • Capital Reporting Group • Senior Accountant • Process Improvement Group	$171K	• Accounts Payable • Accounts Receivable • Corporate Financial Reporting • Taxation • Treasury • Internal Audit & Risk Management	$49K	The Ontario Affiliate Shared Services Finance function is focused on day-to-day finance tasks (i.e., completing full cycle accounting, monthly reporting, budgeting, journal entries, reconciliations, etc.). As noted above, this includes supporting regulatory deliverables for ENGLP (i.e., RRR submissions). The Corporate Shared Services Finance Function also provides day-to-day support for AP, AR, Taxation, Treasury and Internal Audit which allows economies of scale to be realized for ENGLP. The accounts payable function is the largest financial service provided by Corporate Shared Services (~$18K). The AP group is responsible for executing all accounts payable related deliverables for ENGLP. The remaining services are all provided for a combined total of approximately $30K all of which are deemed essential for ENGLP.
2	Human Resources	• On-site support for management and operational staff • Recruitment support • Disability Management • Labour relations	$41K	• Total Rewards / Payroll • Human Resources Consulting • Talent Development • Learning and Development	$67K	The Ontario Affiliate Shared Services HR function is focused on providing direct support to management and operational staff. This function is the first point of contact for all human resource related matters. The Corporate Shared Services HR Function includes day-to-day support while also having a focus on governance and broader ranging initiatives. Total rewards, as an example, provides payroll, compensation decisions, pension plan support, etc. ($31K). These services are essential to ensure operational staff are properly compensated in a timely manner. Equally as important is ensuring ENGLP employees have access to the Learning & Development and Talent Development programs. This enables staff to acquire essential learning and development opportunities specifically developed for EPCOR employees. If these type of programs were not available, ENGLP staff would have to seek out similar training/services from a Third Party provider.

3	Information Services / IT Support	• Call Center System (Genesys) • SCADA & Cybersecurity support for ENGLP specific operational IT assets • On-site IT support	$80K	• ERP System & Licenses (Oracle) • Microsoft Software & Licenses • Budgeting Software & Licenses • Managing the implementation of major applications • Installation of major computer hardware devices • User support services for shared business system applications • Desktop application support • Cyber security threat and risk analysis • Operation and maintenance of the computer hardware platforms (i.e., servers, networks, etc.) • Dedicated application support group to work on ENGLP specific applications (i.e., UMS, Green Button, etc.)	$221K	The Ontario Affiliate Shared Services IT function is focused on providing Ontario specific IT services and support. The main contributor being the call center system Genesys ($50k) with the other IT support being required on-site to maintain IT components of ENGLP assets (i.e., maintaining the SCADA system, etc.). This differs from the Corporate Shared Services IT Function which is the main provider of all IT applications, licenses, infrastructure and support for ENGLP. This function is essential to ensure the applications used by ENGLP are maintained and secure in order to meet its obligation to provide safe and reliable service to its customers. This function also provides integral support on the implementation of regulated IT requirements (i.e., Green Button initiative).
4	Public and Government Affairs	• ENGLP specific promotions (i.e., informational brochures, safety announcements, etc.) • Development of internal materials • Organizing and reporting on customer driven data (i.e., customer surveys)	$25K	• Corporate Marketing & Communications • Sustainability & Public Affairs • Government Relations • Indigenous Relations	$21K	The Ontario Affiliate Shared Services PG&A function is focused on providing Ontario specific promotion and customer support for ENGLP. The main output of this function providing ENGLP specific customer's essential information. This differs from the Corporate Shared Services PG&A Function that focuses on EPCOR branding and communication while also having deliverables related to dealings with the government and other agencies. Ensuring proper communication with various stakeholders interacting with ENGLP is essential for continued success.
5	Health, Safety & Environment	• Ensures ENGLP's health, safety and environment practices and procedures are well-designed and in compliance with legislation and EUI's safety management standards and procedures. • Provide oversight and guidance to ENGLP staff on site including incident reporting, site visits, etc.	$52K	• Ensure compliance with various ISO standards. • Governance of HS&E program. • Management of various reporting programs (i.e., Alcohol and Drug, contractor management, occupational health and hygiene, etc.)	$8K	The Ontario Affiliate Shared Services HS&E function is focused on providing direct support to operational staff. This includes incident reporting, site visits, training, oversight, guidance and dissemination of practices and procedures. This differs from the Corporate Shared Services HS&E Function that focuses on the development and governance of broader HS&E practices and policies. Additionally, it supports the management of various reporting programs/systems available for use by ENGLP staff.

ENGLP reviews (on an annual basis) both the Ontario Affiliate Shared Services and the EUI Corporate Shared Services that it receives in order to ensure that the types and costs of services provided are appropriate and reasonable for ENGLP's Aylmer operations. ENGLP management believes that: (a) these services are essential to provide customers with safe, reliable and efficient utility service; (b) the provision of these services to ENGLP on a portfolio basis allows ENGLP to not only meet current business needs but also adapt to changing industry demands; and (c) the flexibility that these services provides (sharing of resources among affiliates) provides cost benefits to ENGLP's Aylmer customers. For the Ontario Affiliate Shared Services, ENGLP management is highly involved in the forecast of the services it will be receiving. As part of the yearly budgeting process, management assesses the staffing and service compliment needed to achieve its utility requirements. If more or less support is required it will engage the applicable function to ensure it is acquiring the correct amount of service to ensure the utility can provide safe, reliable and efficient gas distribution service. For the EUI Corporate Shared Services, ENGLP management carries out a review of Corporate Service costs to confirm that the allocation process was properly applied, and that the resulting charges are reasonable.

The following practical examples are illustrative of the benefits that ENGLP receives from its EUI Corporate Shared Services:

- Legal Services: The forecasted cost to ENGLP for legal services provided by EUI are approximately $9,700 annually. For this, ENGLP has EUI legal staff review, draft and administer contracts; provide ad hoc legal advice on contractual, regulatory and potential dispute matters; and assist with first drafts and reviews of OEB materials (including this application and evidence). This allows ENGLP to materially reduce the amount of external legal service it requires – utilizing external counsel for specialist advice or significant matters. ENGLP receives extensive support from the EUI legal team, resulting in lower legal and regulatory costs than prior to EPCOR's purchase of the gas distribution system in Aylmer.
- Accounts Payable: ENGLP relies on EUI's Accounts Payable function to complete all Accounts Payable-related work (at a forecasted cost of approximately $18,000 annually). If ENGLP did not use this function, it would require one dedicated resource to process all vendor invoices, complete credit notes, manage procurement cards, maintain vendor

master files used for various purchasing, oversight on contract management and vendor payment functions, etc. A standalone resource for this type of administrative work would range between $70-95K[10]. As such, ENGLP saves customers approximately $52-77K per year by utilizing this corporate service.

- Taxation: ENGLP relies on EUI's Taxation function to complete all Tax-related work (at a forecasted cost of approximately $2,600 annually). If ENGLP did not use this function, it would require one dedicated resource/contractor to complete all GST related deliverables, property tax assessment and approval, income tax support for financial reporting and completion of yearly income tax returns. The above deliverables are estimated to take 150 hours annually. An accounting firm providing the same services would charge approximately $100-150 per hour leading to annual fees of $15-23K. As such, ENGLP saves customers approximately $12-20K per year by utilizing this corporate service.

The above shared services approach allows ENGLP to access required services for its ever changing needs, when required (versus having to potentially obtain more costly services from third parties or have a standalone resource) to meet that need. Moreover, utilizing external service providers brings with it the inefficiencies of the third party supplier not having a good understanding of ENGLP's processes or regulated requirements. Utilizing internal EPCOR resources, that already support a variety of utilities, enables ENGLP immediate access to experts who have extensive experience and understanding that is highly relevant to both ENGLP and its customers.

[10] The range provided is based on fully loaded labour costs forecast for comparable ENGLP specific non-management administrative clerk positions.

4.3.3.2.1 Operating Expenses for Rate 6 (IGPC)

This section sets out the annual operating expenses that can be directly attributed to Rate Class 6 (IGPC) in the 2025 Test Year. In total, the costs are forecasted to be $307.2K in 2025, and are comprised of the following amounts in Table 4.3.3.2.1-1. For comparative purposes, ENGLP has also provided actual expenditures incurred since 2020.

Table 4.3.3.2.1-1
Summary of IGPC Operating Expense
($000's)

	A	B	C	D	E	F
Cost Category	**2020A**	**2021A**	**2022A**	**2023A**	**2024 Bridge Year**	**2025 Test Year**
1 Depreciation Expense	95.2	93.6	94.8	92.1	95.9	101.8
2 Maintenance Costs	188.3	195.4	302.4	46.5	50.0	110.0
3 Property Taxes	83.6	76.3	77.1	80.4	91.6	95.4
4 **Total**	**367.1**	**365.3**	**474.3**	**219.0**	**237.5**	**307.2**

Depreciation Expense

ENGLP proposes to recover $101.8K of depreciation expense in the 2025 Test Year from Rate Class 6 (IGPC) primarily related to IGPC's dedicated pipeline. The increase in depreciation expense from 2023 to 2025 is primarily due to IGPC specific capital additions in 2024 and 2025. See Exhibit 2 for further information on the forecast IGPC capital additions.

Maintenance Costs

ENGLP has forecast $60K in pigging costs and $50k for annual maintenance and leak surveys to be included in the 2025 Test Year. This is a similar approach to the one taken in the last cost of service application where the forecast is designed to cover the expected pigging costs over the five year Test Period.

The $733k spent from 2020 to 2023 was primarily due to:

- Hiring subject matter experts to assist with the pigging process;
- Contractor providing gas flaring support and equipment;

- Contractor providing the pigging tool as well as associated analysis;
- Contractor to track the pig passage through the pipe;
- Contractor to complete corrosion detection on the IGPC line;
- Contractor support for routine maintenance on the IGPC line;
- Leak surveys; and
- Internal support for the pigging process in addition to regular maintenance.

Property Taxes

ENGLP is proposing to recover $95.4K for property taxes incurred in respect to the IGPC pipeline. Property taxes are assessed and calculated on a rate/foot ($45.93[11] per foot for IGPC) of pipeline and then a mill rate is applied in order to calculate the value. For forecasting purposes, the existing mill rate is increased by inflation, as actual information is not typically available at this time.

Enbridge Gas Transportation Charges

In December 2018, the Board approved the direct flow-through of the actual costs charged to ENGLP by Union Gas, and in the future Enbridge Gas, under the M9 and Bundled T contracts with Enbridge Gas for the volumes required to serve the customer in Rate 6 in conjunction with moving to a fully fixed distribution rate for Rate 6 effective October 1, 2018.[12] As such, there are no Enbridge Gas transportation charges included in the costs attributable to IGPC for the 2025 Test Year, consistent with the previous filing.

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[11] https://www.ontario.ca/laws/regulation/980282, Part X, Table 3.

[12] EB-2018-0235 Decision and Order, December 6, 2018, pg. 9 and Settlement Proposal, November 21, 2018, pg. 18.

4.3.3.3 Purchase of Non-Affiliate Services

EPCOR's procurement policy, which is included as Exhibit 4, Tab 2, Schedule 4, is applicable to all its subsidiaries. The policy highlights EPCOR's policy and guidelines over the procurement of goods and services. Schedule A of the policy includes levels of signing authority for procurement of goods and services.

EPCOR abides by the New West Partnership Trade Agreement, which stipulates most projects greater than $75,000 (greater than $200,000 for construction) in value should be competitively bid through a public posting process if there is not an existing agreement in place that can be leveraged. EPCOR also adheres to all Canadian trade partnership agreements as applicable, such as the Comprehensive Economic Trade Agreement and the Canadian Free Trade Agreement.

ENGLP confirms that it is not aware of any material transactions that were not in compliance with EPCOR's procurement policy.

4.3.3.4 One-Time Costs

ENGLP has identified a total of $500,000 in one-time costs for the 2023 Actual year and 2024 Bridge Year of which ENGLP is proposing to recover in this Application. Table 4.3.3.4-1 below outlines the expenditure of one-time costs pertaining to each of the years identified.

Table 4.3.3.4-1
Total One-time Costs ($)

	A	B
	Category	**Amount**
1	Customer engagement contractor	$15,000
2	Load and forecast report	$25,000
3	Cost allocation study	$40,000
4	Legal counsel	$120,000
5	Printing and advertising	$5,000
6	Intervenor and OEB costs	$85,000
7	Settlement – 2 day conference	$10,000
8	Application Preparation	$200,000
9	**Total**	**$500,000**
10	**Total Annual Cost**	**$100,000**

The one-time costs identified are comprised of regulatory expenses for the EB-2024-0130 cost of service application. ENGLP has included one-fifth of the one-time costs identified in Table 4.3.3.4-1 in recoverable OM&A in its revenue requirement, assuming a five year period until the next cost of service application is filed.

Regulatory costs related to Price Cap IR applications are considered ongoing costs throughout the 2025 to 2029 period and are therefore included within the OM&A costs in the Application.

4.3.3.5 Low Income Programs

The Low-income Energy Assistance Plan ("**LEAP**") has been developed by the Board to aid with payment of natural gas bills to eligible low-income ratepayers. In accordance with the Gas Distribution Access Rule ("**GDAR**"), the following is as provided in ENGLP's Conditions of Service applicable to customers of its Aylmer operations.

The LEAP program includes emergency financial assistance and the application of special customer service practices and standards for eligible low-income customers. To qualify for the program, customers must meet the income eligibility criteria as defined by the Board. LEAP emergency financial assistance is administered through a social service agency, and ENGLP is partnered with the United Way in administering the LEAP Emergency Funding Assistance ("**LEAP EFA**"), which benefits customers in its franchise area.

Consistent with the Board's requirement, ENGLP provides, each year, the greater of 0.12% of total distribution revenue or $2,000 to the fund. ENGLP has calculated the 2025 LEAP EFA to be included in the revenue requirement as $10,055 and proposes to revise in the draft rate order stage should changes to the revenue requirement be necessary.

As noted in Exhibit 9, ENGLP will apply the LEAP EFA funding deferral account should applications exceed the annual threshold (plus any existing carry forward amounts). ENGLP's historical LEAP grants are as follows:

Table 4.3.3.5-1
LEAP EFA Calculation ($)

	2020A	2021A	2022A	2023A
Carry Forward	$13,019	$19,488	$26,691	$16,423
Allocated	$7,505	$7,505	$7,505	$7,505
Total Available	$20,524	$26,993	$34,195	$23,928
Grants Approved	**$(1,035)**	**$(302)**	**$(17,772)**	**$(12,996)**
Remaining	$19,488	$26,691	$16,423	$10,932

4.3.3.6 Charitable and Political Donations

ENGLP is not requesting recovery of any charitable or political contributions in its revenue requirement other than funding for LEAP (Section 4.3.3.5).

4.4 Depreciation Expense

Given the size of the utility, ENGLP has not undertaken a depreciation study for this Application and is relying on the depreciation rates approved in the 2020 Decision[13].

ENGLP has included EPCOR's Depreciation Policy (FA-007) as Exhibit 4, Tab 2, Schedule 5 to be used by Aylmer. ENGLP notes that it is not proposing to update the service lives of its assets as part of this application.

Table 4.4-1 below shows the depreciation rates used by ENGLP for the 2025 Test Year. ENGLP utilized the same deprecation rates approved in the 2020 Decision for the 2025 Test Year.

Table 4.4-1
Depreciation Rates

	Asset Description	A 2025 Test Period*
1	Land	0.00%
2	Structures & Improvements	1.92%
3	Furnishing / Office Equipment	6.67%
4	Computer Equipment	25.00%
5	Software - Acquired	10.00%
6	Tools and Work Equipment	6.67%
7	Communication Equipment	6.67%
8	Vehicles - Transportation Equipment	16.60%
9	Vehicle - Heavy Work Equipment	6.92%
10	Meters - Residential	10.00%
11	Meters - Commercial	5.00%
12	Meter – IGPC	16.67%
13	Regulators	5.00%
14	Regulator and Meter Installations	2.80%
15	Measuring and Regulating Equipment	3.66%
16	Mains - Plastic	2.31%
17	Mains - Metallic (IGPC)	1.98%
18	Services - Plastic	2.51%
19	Franchises and Consents	4.80%
20	Franchises – Aylmer & Appeal	5.00%
21	Contributions - Mains - Metallic (IGPC)	1.98%
22	Contributions - Mains Plastic	2.31%
23	Contributions - Services Metal	2.83%
24	Contributions - Services Plastic	2.51%

*The 2025 Test Period rates align with the rates approved in the EB-2018-0336 Decision.

[13] EB-2018-0336.

Tables 4.4-2 and 4.4-3 below provides an overview of depreciation on existing rate base, 2024 additions and 2025 additions.

Table 4.4-2

2024 Bridge Year Depreciation

	OEB Account	Description	2024 Opening PPE Balance	2024 Additions	Depreciation Rate	Depreciation on Existing Rate Base	Depreciation on 2024 Additions	Total Depreciation
1			**a**	**b**	**c**	**d**	**b*c*0.5= e (half year rule)**	**d+e=f**
2	488	Communication Equipment	313,003	12,530	6.67%	11,245	418	11,663
3	490	Computer Equipment	581,101	27,530	25.00%	40,840	3,441	44,282
4	499	Contributions - Mains - Metallic (IGPC)	(376,288)	-	1.98%	(8,331)	-	(8,331)
5	499	Contributions - Mains Plastic	(292,496)	(25,000)	2.31%	(7,264)	(289)	(7,553)
6	499	Contributions - Services Metal	(13,208)	-	2.83%	(361)	-	(361)
7	499	Contributions - Services Plastic	(457,030)	(47,250)	2.51%	(10,254)	(593)	(10,847)
8	401	Franchise & Consents	842,667	-	4.80%	35,232	-	35,232
9	483	Furnishing / Office Equipment	200,720	-	6.67%	7,774	-	7,774
10	480	Land	82,653	-	0.00%	-	-	-
11	475	Mains - Metallic (IGPC)	6,230,974	300,000	1.98%	80,173	2,970	83,143
12	475	Mains - Plastic	16,153,236	2,180,550	2.31%	306,896	25,185	332,082
13	477	Measuring & Regulating Equip	2,098,729	342,430	3.66%	42,203	6,266	48,470
14	477	Measuring & Regulating Equip (IGPC)	576,367	-	3.66%	21,087	-	21,087
15	478	Meters - Commercial	1,926,249	160,000	5.00%	78,072	4,000	82,072
16	478	Meters - IGPC	14,139	-	16.67%	-	-	-
17	478	Meters - Residential	2,623,113	824,640	10.00%	179,831	41,232	221,063
18	474	Regulators	807,746	305,750	5.00%	21,857	7,644	29,501
19	473	Services - Plastic	6,614,832	831,560	2.51%	92,154	10,436	102,590
20	491	Software - Acquired	748,287	6,400	10.00%	42,272	320	42,592
21	482	Structures & Improvements	782,562	-	1.92%	12,333	-	12,333
22	486	Tools and Work Equipment	894,279	23,400	6.67%	24,715	780	25,495
23	485	Vehicle - Heavy Work Equip	33,033	-	6.92%	2,335	-	2,335
24	484	Vehicles - Transportation Equip	771,093	102,400	16.60%	76,311	8,499	84,810
25	**Total**		**41,155,761**	**5,044,940**		**1,049,119**	**110,311**	**1,159,430**

Table 4.4-3

2025 Test Year Depreciation

	OEB Account	Description	2024 Opening PPE Balance	2024 Additions	2025 Additions	Depreciation Rate	Depreciation on Existing Rate Base	Depreciation on 2024 Additions	Depreciation on 2025 Additions	Total Depreciation
1			a	b	c	d	e	b*d=f	c*d*0.5= g (half year rule)	e+f+g=h
2	488	Communication Equipment	313,003	12,530	17,525	6.67%	10,857	836	584	12,278
3	490	Computer Equipment	581,101	27,530	57,525	25.00%	18,555	6,883	7,191	32,628
4	499	Contributions - Mains - Metallic (IGPC)	(376,288)	-	-	1.98%	(8,331)	-	-	(8,331)
5	499	Contributions - Mains Plastic	(292,496)	(25,000)	(25,000)	2.31%	(7,265)	(578)	(289)	(8,131)
6	499	Contributions - Services Metal	(13,208)	-	-	2.83%	(361)	-	-	(361)
7	499	Contributions - Services Plastic	(457,030)	(47,250)	(47,250)	2.51%	(10,254)	(1,186)	(593)	(12,033)
8	401	Franchise & Consents	842,667	-	-	4.80%	35,232	-	-	35,232
9	483	Furnishing / Office Equipment	200,720	-	-	6.67%	7,774	-	-	7,774
10	480	Land	82,653	-	-	0.00%	-	-	-	-
11	475	Mains - Metallic (IGPC)	6,230,974	300,000	300,000	1.98%	80,174	5,940	2,970	89,084
12	475	Mains - Plastic	16,153,236	2,180,550	1,381,350	2.31%	306,935	50,371	15,955	373,260
13	477	Measuring & Regulating Equip	2,098,729	342,430	97,940	3.66%	42,200	12,533	1,792	56,525
14	477	Measuring & Regulating Equip (IGPC)	576,367	-	-	3.66%	21,087	-	-	21,087
15	478	Meters - Commercial	1,926,249	160,000	157,000	5.00%	78,072	8,000	3,925	89,997
16	478	Meters - IGPC	14,139	-	-	16.67%	-	-	-	-
17	478	Meters - Residential	2,623,113	824,640	820,860	10.00%	170,186	82,464	41,043	293,693
18	474	Regulators	807,746	305,750	255,740	5.00%	21,857	15,288	6,394	43,538
19	473	Services - Plastic	6,614,832	831,560	816,160	2.51%	92,158	20,872	10,243	123,273
20	491	Software - Acquired	748,287	6,400	10,000	10.00%	41,924	640	500	43,064
21	482	Structures & Improvements	782,562	-	123,530	1.92%	12,333	-	1,186	13,518
22	486	Tools and Work Equipment	894,279	23,400	23,030	6.67%	24,714	1,561	768	27,043
23	485	Vehicle - Heavy Work Equip	33,033	-	-	6.92%	2,335	-	-	2,335
24	484	Vehicles - Transportation Equip	771,093	102,400	75,520	16.60%	62,062	16,998	6,268	85,328
25	**Total**		**41,155,761**	**5,044,940**	**4,063,930**		**1,002,241**	**220,621**	**97,937**	**1,320,799**

4.4.1 Asset Retirement Obligations

ENGLP is not aware of any asset retirement obligations (ARO).

4.5 Taxes

This section includes ENGLP's costs associated with property and income taxes that are included in the revenue requirement. Each component is described below.

Property Taxes

The forecast of property taxes is based on the assessed market value of the pipeline assets in the previous year, adjusted for the addition of pipelines in the forecast year. (i.e., aggregate assessed value of all pipeline assets).

The previous year average tax rate is adjusted for the forecast increase and multiplied by the assessed market value to arrive at the forecast for property taxes.

The property tax amounts for the periods from 2020 to the 2025 Test Year are set out in Table 4.5-1 below.

Table 4.5-1
Property Taxes

	A	B	C	D	E	F	G	H
	USoA - General	**2020 Decision**	**2020 A**	**2021 A**	**2022 A**	**2023 A**	**2024 Bridge Year**	**2025 Test Year**
1	305 - Municipal and Other Taxes	$632.0	$615.2	$601.1	$615.2	$659.5	$675.0	$705.6

Income Taxes

ENGLP has included a copy of its 2023 partnership financial returns in Exhibit 4, Tab 2, Schedule 6. ENGLP confirms that the financial statements included in this Application are the same financial statements filed with its partnership financial return.

Similar to the previous application, ENGLP is relying on the precedent set by this Board in EB-2009-0408 related to the electricity transmission rates for Great Lakes Power Transmission LP ("GLPTLP"). In that proceeding, the OEB determined that the stand-alone principle used by the

OEB was applicable to the tax liability for a limited partnership utility, the tax liability is a real cost derived from the regulated activities of the utility and is eligible for recovery regardless of what happens to the tax liabilities once they flow through to the partner(s). The OEB provided for the income tax allowance at the effective rate in GLPTLP's revenue requirement. The OEB's Decision with Reasons for EB-2009-0408 dated July 21, 2010 can be found using the following link:

https://www.rds.oeb.ca/CMWebDrawer/Record?q=CaseNumber:EB-2009-0408&sortBy=recRegisteredOn-&pageLength=400

In subsequent rate cases GLPTLP has used an effective tax rate (calculated in the same manner as ENGLP's proposal in this Application) to determine the income tax payable for the limited partnership for the purposes of calculating the revenue requirement and determining rates.

ENGLP's effective tax rate is 26.5% based on a provincial tax rate of 11.5% and a federal tax rate of 15.0%. The tax rate is applied to the forecast taxable income to arrive at the income tax payable. Forecasted taxable income is based on distribution revenue, less O&M, property taxes, interest expense and capital cost allowance. ENGLP's revenue requirement can be found at Exhibit 6.1.1 for the 2025 Test Year. A summary of income taxes is presented in Table 4.5-2 below, reflecting the anticipated rates based on current data available.

Table 4.5-2
Income Taxes

	Description	B **2025 Test**
1	Commodity & Transportation Revenue	**$9,991,871**
2	less: Commodity Cost	($9,991,871)
3	**Distribution Revenue**	**$7,864,681**
4	add: Other Revenue	$108,388
5	less: Distribution OM&A	($4,321,958)
6	less: Property Taxes	($705,564)
7	less: Interest Expense	($643,825)
8	less: CCA	($2,093,733)
9	Taxable Income	**$207,989**
10	Income Taxes Payable	
11	Federal Income Tax @ 15%	$31,198
12	Provincial Income Tax @ 11.5%	$23,919
13	Income Tax Expense	**$55,117**
14	Effective Tax Rate	**26.5%**

Consistent with filing guidelines for electricity distributors, the amounts are grossed up by the income tax rate for inclusion in the revenue requirement. The calculation is included below:

$55,117/(1-26.5%) = $74,989

Table 4.5.3 below calculates ENGLP's capital cost allowance ("**CCA**") continuity schedule for the years 2023 to 2025 and reconciles to the CCA amounts in row 8 in the table above.

Table 4.5-3
Capital Cost Allowance Calculation

	A	B	C	A	D	E	F	G	H	I
	CCA Class	**CCA Class Description**	**CCA Rate**	**2023 Closing UCC/ 2024B Opening UCC**	**2024B Additions**	**CCA Claimed**	**2024B Closing UCC/ 2025T Opening UCC**	**2025T Additions**	**CCA Claimed**	**2025T Closing UCC**
1	Land	Land	0%	$52,763	$0	$0	$52,763	$0	$0	$52,763
2	Class 1	Building	4%	$384,725	$0	($15,389)	$369,336	$123,530	($17,244)	$494,721
3	Class 8	Furniture	20%	$761,677	$671,580	($219,493)	$1,213,764	$376,710	($280,424)	$1,651,404
4	Class 10	Vehicles/Computer Hardware	30%	$255,550	$102,400	($92,025)	$265,925	$75,520	($91,105)	$340,525
5	Class 12	Software	100%	$54,878	$6,400	($58,078)	$3,200	$10,000	($8,200)	($36,678)
6	Class 14.1	Goodwill	5%	$2,875,423	$0	($143,771)	$2,731,652	$0	($136,583)	$2,724,463
7	Class 50	Hardware	55%	$68,974	$40,060	($48,952)	$60,082	$75,050	($53,684)	$139,863
8	Class 51	Mains	6%	$20,541,376	$4,224,500	($1,359,218)	$23,406,659	$3,403,120	($1,506,493)	$26,957,054
9			**Total**	**$24,995,366**	**$5,044,940**	**($1,936,926)**	**$28,103,380**	**$4,063,930**	**($2,093,733)**	**$32,324,117**

4.6 Demand Side Management

ENGLP is not requesting any approvals for Demand Side Management ("**DSM**") funding for the 2025 Test Year. Also, ENGLP does not have any prior approvals for DSM funding.

Consultant – Material and Supplies Inflation Report

Robert Fairholm Economic Consulting

Forecast Values of Escalators for 2022-25

Prepared for:

EPCOR Distribution & Transmission Inc.

Prepared by:

Robert Fairholm Economic Consulting Inc.

August 16, 2022

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Executive Summary

This report provides historical and forecast values of various recommended escalators for 2022 to 2025 for use by EPCOR Distribution & Transmission Inc. "EDTI" for the Transmission business. The recommendations are summarized in the following table:

Table ES 1: Recommended Escalators
(Annual Percent Change)

Category	2022P	2023F	2024F	2025F
Contractor Costs	1.4	3.4	3.6	2.8
Other Costs	6.1	3.3	2.2	2.0
Materials Costs	7.8	3.2	1.9	1.3

1. Introduction

This report has been prepared for *EDTI* by Robert Fairholm Economic Consulting Inc. The report provides cost forecasts over the period from 2022 through 2025. The data for 2022 are included in the recommendation tables to highlight the dramatic increase in inflationary pressure caused by the current economic and geopolitical climate.

Sections 2 - 4 describe the proposed escalators and provide annual forecast values for the years 2022 – 2025 based on the historical data and forecasts available as of August 12, 2022. In the tables that present the forecast values, actual historical data are shown in the last row of the table through to the last annual data point available. As described in these sections, historical values are obtained directly or indirectly from Statistics Canada and forecast values are obtained from independent organizations that provide forecasts, including financial institutions, The Bank of Canada (BoC) and The Conference Board of Canada (CBoC). Forecasts were released between May 19, 2022 and August 12, 2022.

Section 2 contains forecasts of growth in wages and salaries per employee in Alberta that are appropriate for use by EDTI in escalating contractor costs. These can also be used as a placeholder for union escalator rates until collective agreement negotiations are complete and a settlement is reached.

Section 3 contains forecasts of the All-Items Consumer Price Index (CPI) for Alberta. The calculated inflation rate can be used directly as an escalator for costs other than contractor costs. The historic value for Alberta annual CPI for 2016-2021 from Statistics Canada has been used in Table 3.

Section 4 contains details of the examination of available data to estimate material costs for the transmission system. There are no publically available data that match material costs of the transmission system exactly. The closest match is the Electric Utility Construction Price Index for Transmission Line Systems Materials (EUCPI-T) that is available from Statistics Canada. These data are available historically through 2014, but are suspended pending a review and re-release of new data by Statistics Canada. Moreover, forecast values of EUCPI-T are not available from any known forecasting organization. In order to forecast EUCPI-T an approach was developed to first estimate the historical values of the data from 2015 to 2021, and then estimate the forecasted values. The historical estimate from 2015 through 2021 is based on a weighted index of capital expenditure costs and the Industrial Product Price Index (IPPI) excluding energy prices. A forecast was constructed based on the historical relationship between EUCPI-T and the Canadian CPI, and using the average CPI outlook available from a group of forecasting organizations.

2. Contractor Costs

Most contractors primarily supply labour services, therefore it is recommended that the escalator for contractor costs use the forecasted growth in wages and salaries per employee in Alberta for 2022-2025. A few forecasts of various wage measures for Alberta are available. However, only the Conference Board of Canada produces an independent forecast of the wage rate (wages and salaries per employee) that is available publically for purchase as a separate data series. The CBoC does not produce forecasts of wage rates for individual industries. So the aggregate wage rate for the province was used instead. The most recent forecast from the CBoC was released August 2, 2022. The aggregate wage inflation rate is shown below in Table 1.

TABLE 1: Actual and Forecast Values of Alberta Aggregate Wage Rate, 2014-2025
(Annual Percent Change)

	2016A	2017A	2018A	2019A	2020A	2021P	2022P	2023F	2024F	2025F
CBoC	-8.8	1.9	0.8	1.3	-0.8	1.8	1.4	3.4	3.6	2.8

Notes: Values for 2016-20 are Actuals (A), 2021-22 Preliminary Estimates (P), and 2023-2025 Forecasts (F).

The recommended escalation factor for contractor costs for 2022 –2025 is the annual per cent change in the wage rate provided by CBoC (Table 1). This recommendation is summarized in Table 2 below.

TABLE 2: Recommended Escalation Factor for the "Contractor" Category of Costs, 2022-2025
(Annual Percent Change)

	2022P	2023F	2024F	2025F
Recommended Rate (%)	1.4	3.4	3.6	2.8

3. Other Costs

Other costs represent a mix of products and services, therefore the most appropriate escalator is a broad price index. The Consumers Price Index (CPI) is produced by Statistics Canada. According to the agency it is widely used as an indicator of the change in the general level of consumer prices or the rate of inflation. The CPI is widely used to adjust contracted payments, such as wages, rents, private and public pension programs (Old Age Security and the Canada Pension Plan), personal income tax deductions, and some government social payments.

Statistics Canada releases data on the CPI for Alberta monthly. The All Items CPI data are available via CANSIM in **Matrix 18-10-0004-01** (formerly 326-0020) and annually in **Matrix 18-10-0005-01** (formerly 326-0021). As June 2022, the CPI is constructed with weights determined by 2021 household expenditures and with a base of 2002=100. As of August 12, 2022, monthly CPI is available through June 2022. The annual data are available from 1979 to 2021 on a provincial basis.

Forecasts for Alberta CPI are available from several organizations. These include proprietary forecasts from the CBoC, as well as public forecasts produced by various financial institutions. Public forecasts are typically available for two years. As of August 12, 2022, some Banks –TD and CIBC–have not published a recent Alberta CPI forecast, so they are not included in the table below. Table 3 contains the most recent Alberta CPI inflation forecast produced by the included organizations. These forecasts were released between May 19, 2022 and August 12, 2022. More specifically, the table includes forecasts released by ATB Financial on May 19, 2022, Bank of Montreal (BMO) on August 12, 2022, Bank of Nova Scotia (BNS) on June 9, 2022, CBoC on August 2, 2022, National Bank on July 18, 2022, and Royal Bank of Canada (RBC) on June 7, 2022. Actual historic values for the provincial annual inflation rate along with the average estimate for each forecast year are included in the last row of Table 3.

Notably, more recent forecasts tend to have higher inflation rates than forecasts released earlier as the consumer price inflation was above expectations recently given global supply chain shortages and the impact on prices from the war in Ukraine. This suggests there could be further upward revisions in the average inflation outlook for 2022 and 2023.

TABLE 3: Actual and Forecast Values of Alberta CPI, 2016-2025
(Annual Percent Change)

Alberta CPI	2016A	2017A	2018A	2019A	2020A	2021A	2022P	2023F	2024F	2025F
ATB	1.1	1.6	2.4	1.8	1.1	3.2	5.0	2.9	2.2	
BMO	1.1	1.6	2.4	1.8	1.1	3.2	6.6	5.2		
BNS	1.1	1.6	2.4	1.8	1.1	3.2	6.1	3.1		
CBoC	1.1	1.6	2.4	1.8	1.1	3.2	6.7	3.2	2.3	2.0
NBC	1.1	1.6	2.4	1.8	1.1	3.2	6.4	2.3		
RBC	1.1	1.6	2.4	1.8	1.1	3.2	6.1	3.1		
Actual/Forecast Average	1.1	1.6	2.4	1.8	1.1	3.2	6.1	3.3	2.2	2.0

Notes: Values for 2016-21 are Actuals (A), 2022 Preliminary Estimates (P), and 2023-2025 Forecasts (F).

In general a more accurate forecast is created through a consensus rather than selecting a particular outlook, so it is recommended that the average of these forecasts be used as the escalation factor. This recommendation is summarized in Table 4 below.

TABLE 4: Recommended Escalation Factor for the “Other” Category of Costs, 2022 – 2025 (Annual Percent Change)				
	2022P	2023F	2024F	2025F
Recommended Rate (%)	6.1	3.3	2.2	2.0

4. Materials Costs

Material costs relevant for the transmission of electricity are specific to that industry. Unfortunately, there are no Industrial Price Indexes published by Statistics Canada that is a direct match to material costs for electricity transmission systems. Statistics Canada, however, has available Electric Utility Construction Price Indexes, for Transmission Line Systems (EUCPI-T) from **Table 18-10-0047-01**. These data have a base 1992=100, and are available for Canada from 1956 to 2014.

The broadest construction price index available from this dataset is “Transmission Line Systems”. This index is an aggregation of 68 sub-categories. An examination of these sub-categories shows that no single sub-category index refers to materials or equipment alone, although several sub-categories include materials and/or equipment. The weights used to aggregate the different sub-component indexes to form the overall price index are not published and an examination of the sub-components with the various datasets used to construct the electric utility data was not successful in finding the data used to construct the detailed data from publicly available sources. Consequently, there is no direct way to calculate the relevant sub-category indexes to form an overall price index for materials. It is therefore recommended that the aggregate price index for Transmission Line Systems be used for the cost escalator as it is the most representative of total material costs.

It should be noted, however, that EUCPI-T includes factors other than materials and equipment, such as labour and capital costs. Labour and capital costs are explicitly identified in sub-category price indexes. Although labour and capital costs have increased less in the period 1992 to 2014, compared to other components, their inclusion tends to reduce the overall index below what it would likely be if labour and capital costs were excluded. For this reason, the use of EUCPI-T as an escalator for materials costs is likely to underestimate the rise in materials costs alone. Therefore EUCPI-T is likely to be a conservative indicator of future material cost increases.

4.1 Estimating Missing Historical Data

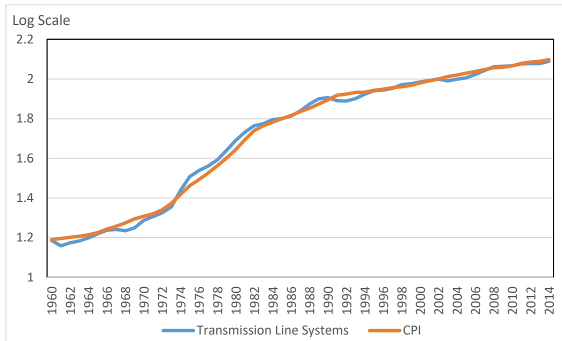
Given that the most recent data point is for 2014, the EUCPI-T data are becoming dated. Therefore, an examination was made of the publicly available data to determine if a reasonable proxy can be constructed that reflects the EUCPI-T in order to update the historical data through 2021. After a thorough examination of many price indicators it was determined that a weighted index of material and investment costs had a correlation of 0.996 on a level basis from 1981 to 2014, and a correlation of 0.879 on a yearly per cent change basis from 1982 to 2014. The constructed index uses the Canadian Industrial Product Price Index, excluding energy and petroleum products from Statistics Canada **Table 18-10-2065-01** with a weight of 0.4 in the final index. The remaining 0.6 in the final index reflects investment expenditure costs. To reflect cost increases faced by the electric power utilities, construction and equipment cost deflators are weighted based on the distribution of capital spending by the Electric power generation, transmission and distribution industry found in **Table 34-10-0279-01**.[1] It was found that construction costs represent between 72% and 73% of total capital investment, which leads to a weighting of 0.725 (or 0.6*0.725=.435 in the final index) for construction costs and weight of 0.275 (or 0.6*0.275=0.165 in the final index) for machinery costs. The construction and equipment cost deflators used were from **Table 36-10-0130-01**.

[1] The historical data in Table 18-10-2065-01 is from 2006 to 2021. These data show a higher share for construction spending that Table 34-10-0017-01, which provides data from 1994 to 2012. Notably, using the higher share for construction spending provides a higher correlation with the EUCPI-T index than the lower construction share.

4.2 Forecasting Material Costs

In terms of the outlook, no known independent forecasting organization produces a forecast of EUCPI-T, or the Industrial Product Price Index, excluding energy and petroleum products.[2] In order to determine the expected outlook, the relationship between EUCPI-T and other concepts were considered. An examination of the relationship between Canadian CPI and EUCPI-T shows that there is a strong statistical relationship between the two. Figure 1 shows the price index for the EUCPI-T rebased to 2002=100 and the CPI All Items Index for Canada from **Table 18-10-0005-01**. The annual Canadian CPI data are available from 1914 to 2021. Both series are shown in log terms. It is noteworthy that the EUCPI-T trends with CPI. There are periods during which the two deviate, but over time the two series tend to converge again.

Figure 1: EUCPI-T and CPI Trend Together



During the 15-year period 2000-2014, the correlation between these two price indexes is 0.968, although the correlation is slightly lower (0.957) during the last five of this period (2010 to 2014), and is 0.987 over the 30 year period from 1985 to 2014. An Ordinary Least Squares (OLS) regression of EUCPI-T on the Canadian CPI indicates that there is a strong and statistically significant relationship between these two series. In order to improve explanatory power and to satisfy the various diagnostic tests that were applied to the estimated relationship, an error correction model was developed that ensures that over the long-term EUCPI-T and CPI will trend together, but that in the short-term there can be divergences between the two.

Some of the sub-components of EUCPI-T are obtained from the Bureau of Labor Statistics and translated into Canadian dollars by Statistics Canada, so there is a direct link between the Canada/US exchange rate and the EUCPI-T index. Unsurprisingly, one of the factors that can cause a deviation between Canadian CPI and EUCPI-T in the short term is the exchange rate. Another factor that appears to influence the relative price of EUCPI-T appears to be the inflationary impact from a major rise in energy prices, such as during the 1970s and early 1980s in response to the OPEC I and OPEC II energy crises.

The estimated historical relationship between Canadian CPI and EUCPI-T was used to forecast values for EUCPI-T for the period of 2022-2025. Forecast values of the Canadian CPI are based on forecasts provided by various financial institutions, the Bank of Canada and the CBoC that were produced from June 17, and August 12, 2022, as shown in Table 5. Table 5 includes the actual CPI inflation rate for 2014-21 based on the annual CPI estimates published by Statistics Canada. Notably, more recent forecasts tend to show higher inflation rates than older forecasts. Given the recent Bank of Canada forecast publish in the July 2022 Monetary Policy Report, of 7.2% inflation in 2022, followed by 4.6% and 2.3% in 2023 and 2024 respectively, which is notably above the forecast average, it is likely that this influential outlook will presage a further upward revision to the outlooks by other forecasters in weeks ahead.

[2] The index is a product price index as opposed to an industrial price index. The Conference Board of Canada forecasts product prices, but does not list the total index excluding energy and petroleum products as one of its forecast variables.

TABLE 5: Actual and Forecast Values of Canadian CPI, 2016-2025 (Annual Percent Change)										
Canada CPI	2016A	2017A	2018A	2019A	2020A	2021A	2022P	2023F	2024F	2025F
BoC	1.4	1.6	2.3	1.9	0.7	3.4	7.2	4.6	2.3	
BMO	1.4	1.6	2.3	1.9	0.7	3.4	7.2	5.0		
BNS	1.4	1.6	2.3	1.9	0.7	3.4	7.1	3.6		
CIBC	1.4	1.6	2.3	1.9	0.7	3.4	6.9	2.4		
CBoC	1.4	1.6	2.3	1.9	0.7	3.2	5.3	2.4	2.0	2.0
NBC	1.4	1.6	2.3	1.9	0.7	3.4	6.6	2.5		
RBC	1.4	1.6	2.3	1.9	0.7	3.4	6.7	3.2		
TD	1.4	1.6	2.3	1.9	0.7	3.4	6.7	3.5	2.0	2.0
Actual/Forecast Average	1.4	1.6	2.3	1.9	0.7	3.4	6.7	3.4	2.1	2.0
Notes: Values for 2016-21 are Actuals (A), 2022 Preliminary Estimates (P), and 2023-2025 Forecasts (F).										

TABLE 6: Actual and Forecast Values of EUCPI-T (Annual Percent Change)										
	2016P	2017P	2018P	2019P	2020P	2021P	2022F	2023F	2024F	2025F
CPI Inflation	1.4	1.6	2.3	1.9	0.7	3.4	6.7	3.4	2.1	2.0
Forecast Growth (%)	1.3	0.9	2.0	1.7	1.4	8.1	7.8	3.2	1.9	1.3
Notes: Values for EUCPI-T 2016-21 Preliminary Estimates (P), 2022-2025 Forecasts (F).										

The recommended escalation factors for other costs, obtained from the last row of Table 6, are presented in Table 7 below.

TABLE 7: Recommended Escalation Factor for Materials Costs for 2022-2025 (Annual Percent Change)				
	2022F	2023F	2024F	2025F
Recommended Rate (%)	7.8	3.2	1.9	1.3

4. Conclusion

This report provides information concerning historical values and forecast values of various escalators from 2022 to 2025 that are recommended for use by *EDTI*.

Consultant – Contractor and Other Inflation Report

Robert Fairholm Economic Consulting

Forecast Values of Escalators for 2022-25

Prepared for:

EPCOR Energy Alberta GP Inc.

Prepared by:

Robert Fairholm Economic Consulting Inc.
A Corporate Partner of the C_4SE

July 27, 2023

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Executive Summary

This report provides historical and forecast values over 2023 to 2025 for the recommended escalators to be used by EPCOR Energy Alberta GP Inc. ("EEA"). The recommendations are summarized in the following table:

Table ES 1: Recommended Escalators
(Annual Percent Change)

Category	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
Contractor Costs	2.5	2.4	2.2							
Other Costs	3.1	2.2	2.1							
Long-term Project Costs	2.6	2.3	2.2	2.4	2.1	2.2	2.2	2.2	2.2	2.3

1. Introduction

This report has been prepared for EEA by Robert Fairholm Economic Consulting Inc. The report provides cost forecasts over the period from 2023 through 2025 for contractor costs and other costs. Moreover, long-term project costs are included for the period from 2023 through 2032.

Sections 2 - 3 describe the proposed escalators and provide annual forecast values for the years 2023 – 2025 based on the data available as of July 26, 2023. In the tables, the historical inflation rates are derived from the annual values provided by Statistics Canada. As described in these sections, forecast values are obtained from information released by independent organizations that provide forecasts, including Financial Institutions, the Conference Board of Canada (CBoC) and Alberta Treasury Board and Finance (ATB&F). Short-term forecasts were released from May to July 2023, whereas the ATB&F outlook was released at the time of the Alberta budget on February 28, 2023 and the CBoC released their long-term outlook on December 18, 2022.

Section 2 contains a forecast of the growth in Alberta's wages and salaries per employee that is appropriate for use by EEA in escalating contractor costs. This forecast can also be used as a placeholder for union escalator rates until collective agreement negotiations are complete and a settlement is reached.

Section 3 contains forecasts of the All-Items Consumer Price Index (CPI) for Alberta. The calculated inflation rate can be used directly as an escalator for costs other than contractor costs.

2. Contractor Costs

Contractors primarily supply labour services, therefore it is recommended that the escalator for contractor costs use the forecasted percentage increase in wages and salaries per employee in Alberta for 2023-2025. A few forecasts of wage measures for Alberta are available. However, only the CBoC produces an independent forecast of the wage rate (wages and salaries per employee) that is available publically for purchase as a separate data series. The CBoC does not produce forecasts of wage rates for individual industries, so the aggregate wage rate for the province is used. At the time of the creation of the following tables, the most recent forecast available was released on May 12, 2023. The aggregate wage inflation is shown from 2016 to 2025 in Table 1.

TABLE 1: Actual and Forecast Values of Alberta Aggregate Wage Rate, 2016-2025 (Annual Percent Change)										
	2016A	2017A	2018A	2019A	2020A	2021A	2022P	2023F	2024F	2025F
CBOC	-8.4	2.3	0.1	0.8	-0.2	1.2	3.9	2.5	2.4	2.2
Notes: Values for 2016-21 are Actuals (A), 2022 Preliminary Estimates (P), and 2023-2025 Forecasts (F).										

The recommended escalation factor for contractor costs for 2023 –2025 is the annual per cent change in the wage rate provided by CBOC (Table 1). This recommendation is summarized in Table 2 below.

TABLE 2: Recommended Escalation Factor for the "Contractor" Category of Costs, 2023-2025 (Annual Percent Change)			
	2023F	2024F	2025F
Recommended Rate (%)	2.5	2.4	2.2

3. Other Costs

Other costs represent a mix of products and services. Therefore the most appropriate escalator is a broad price index, such as the Consumers Price Index. According to the Statistics Canada it is widely used as an indicator of the change in the general level of consumer prices or the rate of inflation. The CPI is used to adjust contracted payments, such as wages, rents, private and public pension programs (Old Age Security and the Canada Pension Plan), personal income tax deductions, and some government social payments.

Statistics Canada releases data on the CPI for Alberta monthly in CANSIM **Table 18-10-0004-01** and annually in **Table 18-10-0005-01**. As June 2023, the CPI is constructed with weights determined by 2022 household expenditures with a base of 2002=100. As of July 27, 2023, monthly CPI is available through June 2023. The annual data are available from 1979 to 2022.

Forecasts for Alberta CPI are available from several organizations. These include the proprietary forecast from the CBOC, as well as public forecasts produced by the Alberta government and various financial institutions. Public forecasts are typically available for two years. Some Banks –CIBC and TD– did not published a recent Alberta CPI forecast, so they are not included. The table includes forecasts released by ATB Financial on June 8, 2023, Bank of Montreal (BMO) on July 7, 2023, Bank of Nova Scotia (BNS) June 16, 2023, National Bank of Canada (NBC) on July 18, 2022, and Royal Bank of Canada (RBC) on June 8, 2022. At the time of the writing of this report, the most recent CBoC forecast was released on May 12, 2023, and the Alberta Treasury Board and Finance forecast was published on February 28, 2023. Actual historic values for the Alberta inflation rate based on the annual CPI data, along with the average inflation estimate for each forecast year are included in the last row of Table 3.

TABLE 3: Actual and Forecast Values of Alberta CPI, 2016-2025

(Annual Percent Change)

Alberta CPI	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023P	2024F	2025F
ATB	1.1	1.6	2.4	1.8	1.1	3.2	6.4	3.6	2.2	
ATB&F	1.1	1.6	2.4	1.8	1.1	3.2	6.4	3.3	2.2	2.2
BMO	1.1	1.6	2.4	1.8	1.1	3.2	6.4	3.0	2.7	
BNS	1.1	1.6	2.4	1.8	1.1	3.2	6.4	3.4	2.4	
CBOC	1.1	1.6	2.4	1.8	1.1	3.2	6.4	2.4	2.3	2.0
NBC	1.1	1.6	2.4	1.8	1.1	3.2	6.4	3.7	2.2	
RBC	1.1	1.6	2.4	1.8	1.1	3.2	6.4	2.3	1.6	
Actual/Forecast Average	1.1	1.6	2.4	1.8	1.1	3.2	6.4	3.1	2.2	2.1

Notes: Values for 2016-22 are Actuals (A), 2023 Preliminary Estimates (P), and 2024-2025 Forecasts (F).

A more accurate forecast is generally created through a consensus rather than selecting a particular outlook, so it is recommended that the average of these forecasts be used as the escalation factor. This recommendation is summarized in Table 4 below.

TABLE 4: Recommended Escalation Factor for the "Other" Category of Costs, 2022 – 2025

(Annual Percent Change)

	2023P	2024F	2025F
Recommended Rate (%)	3.1	2.2	2.1

4. Long-term Project Costs

In order to provide a project cost escalator over a ten year period, an index was created that weights Alberta wage and CPI inflation by 0.75 and 0.25 respectively. The Conference Board of Canada annually produces a 20-year projection. The most recent long-term Alberta outlook was released on December 18, 2022. For the table below, the near-term estimates are updated to reflect more recent information contained in the most recent short-term Conference Board outlook for wage and CPI inflation and the Alberta CPI inflation outlook from other forecasters. The longer-term wage and CPI inflation forecasts are based on the Conference Board's long-term forecast through 2032.

TABLE 5: Forecast Values of Alberta CPI, 2023-2032
(Annual Percent Change)

Alberta CPI	2023P	2024F	2025F	2026F	2027F	2028F	2029P	2030F	2031F	2032F
ATB	3.6	2.2								
AT&F	3.3	2.2	2.2	2.2						
BMO	3.0	2.7								
BNS	3.4	2.4								
CBOC	2.4	2.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
NBC	3.7	2.2								
RBC	2.3	1.6								
Actual/Forecast Average	3.1	2.2	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0

Notes: Values for 2023 are Preliminary Estimates (P), and 2024-2032 Forecasts (F).

TABLE 6: Forecast Values of Alberta Wage, CPI and Project Cost Inflation, 2022-2032
(Annual Percent Change)

	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
CBOC Wage Rate	2.5	2.4	2.2	2.6	2.2	2.2	2.3	2.3	2.3	2.3
CPI Inflation	3.1	2.2	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0
Project Cost Index	2.6	2.3	2.2	2.4	2.1	2.2	2.2	2.2	2.2	2.3

Notes: Values for 2023-2032 are Forecasts (F).

TABLE 7: Recommended Escalation Factor for Long-term Project Costs, 2022 – 2032
(Annual Percent Change)

	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
Recommended Rate (%)	2.6	2.3	2.2	2.4	2.1	2.2	2.2	2.2	2.2	2.3

5. Conclusion

This report provides information concerning historical values and forecast values of contractor and other cost escalators for 2023 to 2025 that are recommended for use by EEA. In addition, the report provides a long-term project cost escalator for 2023 to 2032.

EPCOR Compensation Guidelines

EPCOR Management & Salaried

Compensation Administration Guidelines

(Applicable to all Permanent and Temporary Management & Salaried Employees)

Updated April 2024

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EPCOR's Total Rewards

Benefits	**Pension**	**Savings Plans**
Incentives	**Base Pay**	**Scheduled Days Off & Personal Leave**
Annual Vacation	**After Hours Personal Development**	**EPCOR School of Business**

EPCOR's total rewards package is focused on several elements, including base pay. Although base pay is important, the combined value of all of the total rewards provided to employees is where EPCOR will leverage a competitive advantage when attracting, retaining and engaging employees.

Each total rewards element has a cost to EPCOR and a value to the employee. EPCOR offers a comprehensive total rewards package that provides competitive base salary, incentive awards, funding for after hours education and development, internal training programs for personal and career development, work life balance, retirement savings as well as health, dental, life insurance and disability programs.

The key to long term attraction and retention of employees is finding employees and candidates who see value in what EPCOR can offer from a total rewards perspective.

EPCOR's Compensation Philosophy

EPCOR's Board of Directors determines a compensation philosophy and a comparator group of companies that EPCOR will measure itself against in order to assess market competitiveness.

EPCOR's compensation philosophy is to be a median payer (or 50th percentile) of the market. The median is the middle value in a series of values.

The median of the market is the most common compensation philosophy used by employers and does not mean that EPCOR is a low payer in the market place or seeking 'average' employees.

At EPCOR, the median of the market is used to develop the middle or 'target' of the salary grade. As a result, employees have the ability to earn above the median when they continue to demonstrate sustained successful and/or exceptional performance over time in a role.

EPCOR's Comparator Groups

The EPCOR Board has established two main comparator groups in Canada that are used to determine EPCOR's competitive positioning. The first comparator group is used to compare compensation for industry specific roles (e.g. engineering, project management, operations, etc.) and consists of the following companies:

Alberta Electric System Operator	Fortis BC Energy
AltaGas Ltd.	Pembina Pipeline
AltaLink Management Ltd.	SaskEnergy
ATCO Ltd.	SaskPower
BC Hydro and Power	TC Energy –Pipeline
Capital Power Corporation	TC Energy – Pipeline Group
Enbridge Inc.	TC Energy – Power & Storage
Enmax Corporation	TransAlta Corporation
FortisAlberta Inc.	TransMountain

The second comparator group is used to compare compensation for shared services (e.g. Finance, IT, P&GA, HR, etc.) and non-industry specific roles. It consists of the industry specific companies identified above and also includes the following companies:

Alberta Energy Regulator	Nutrien
Algonquin Power	Ontario Power Generation
Bruce Power	ShawCor
Cogeco Inc.	Siemens Canada
Corix	Siemens Energy Canada
Dow Chemical	Siemens Energy Canada – Dist Gen (PRW)
Energir	Siemens Energy Canada – PGI Business Unit
Ericsson Canada Inc.	Siemens Energy Transformers Canada Inc.
Independent Electricity System Operator	Sierra Wireless
INEOS Canada Partnership	Stantec Inc.
Methanex	Telus Corporation
Nova Chemicals	Toronto Hydro Electric Systems

Companies in each comparator group are reviewed periodically by the EPCOR Board using a pre-established set of evaluation criteria and any changes require Board approval.

In cases where market data from the peer groups is not applicable or available, EPCOR will review regional wage data to ensure rates are competitive with the local market.

Internal Equity

Internal equity is the relative difference between two or more people and/or positions. It can refer to a number of items including employee salaries, performance rating, classification assignment and/or salary grade of a position.

Equity issues can be very sensitive for employees because they see these items as a reflection of how they are valued.

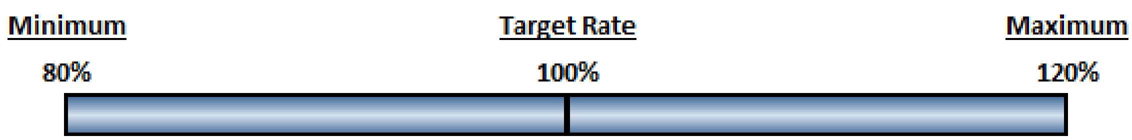
Managers should consider internal equity when making salary decisions for promotions or when hiring externally.

Salary Grade Development

A salary grade structure for all Management & Salaried positions has been developed and is reviewed annually against external market data to ensure alignment to EPCOR's compensation philosophy.

The median market data is used to create the target rate (i.e. middle) of the salary grade.

A salary grade minimum is set using 80% of the target rate and a maximum is established using 120% of the target rate.



Compa-ratio

An employee's salary within a salary grade depends on several factors including length of time in a role, qualifications, performance history, demonstrated capability and proficiency.

EPCOR uses compa-ratios when assessing an employee's placement in a salary grade upon hire or promotion. Compa-ratios are also used for other purposes, including the annual base pay review program.

The compa-ratio for each employee is determined by taking their annual salary and dividing it by the target rate (i.e. middle) of the salary grade assigned to their position.

A compa-ratio equivalent to 1.0 means the employee is earning at the target rate of the salary grade. A compa-ratio greater than 1.0 means the employee is earning more than the target rate and a compa-ratio below 1.0 means an employee is earning less than the target rate.

Example: $92,000 salary / $100,000 target rate = 0.92 compa-ratio

Salary Positioning Within the Salary Grade

The middle of the salary grade represents EPCOR's competitive positioning to the external market; however, initial placement in the salary grade may be impacted by a number of other factors, including: internal equity, compression or inversion with in-scope direct reports, market considerations and an employee's previous position and/or salary history.

Salary grade placement should generally align an employee's skills, experience and abilities relative to the minimum level of qualifications and experience required for the position.

The following provides some general guidelines on employee placement and progression over time:

- When an employee has a significant gap in terms of qualifications and/or experience for a position, the Manager should work with Human Resources to establish a development plan. In this scenario, the employee is placed in a lower salary grade until specific milestones are achieved (e.g. formal education, certification, designation, years of experience, etc.). Once the employee possesses the minimum level of qualifications and/or experience required for the position, they will be promoted into the salary grade assigned to the position.
- An employee newer to a role and/or who is close to meeting the minimum qualifications required for a position should fall in the 0.80 to 0.90 compa-ratio of the salary grade.
- An employee possessing the minimum qualifications required for a position should fall in the 0.90 to 1.0 compa-ratio of the salary grade.
- An employee that is fully qualified, very experienced in a role and has consistently demonstrated fully successful and/or exceptional performance year over year may reach or exceed the 1.0 compa-ratio of the salary grade over time.

Salary Positioning Scenario	Placement in the Salary Grade
Significant Development Required	Developmental Plan at a lower salary grade
Development Required	0.80 - 0.90
Fully Qualified for the Role	0.90 – 1.0
Very Experienced and Consistently Demonstrating Fully Successful and/or Exceptional Performance in a role	At or Above 1.0

There is no defined timeframe in which an employee moves towards the target rate. Once an employee is placed in a salary grade, the employee will progress through the grade during the annual base pay review.

Salary Grade Structure

Stratum	Grade	Professional/Management
1	SG1	Professional
	SG2	Professional
	SG3	Professional
	SG4	Professional
2	SG5	Professional/Management
	SG6	Professional
	SG6M	Management
	SG7	Professional
	SG7M	Management
3	SG8	Professional
	SG9M	Management

For Legal or Ontario structures, please consult your Human Resources consultant.

Professional versus Management Salary Grade

Salary Grades 6 to 9 have an "M" designation indicating a Manager role. A Manager designation indicates that the position has at least one permanent continuous position reporting to it (temporary, casual, contractor do not count).

If a position is identified as a Manager role, and loses its direct report, the position should be placed at the appropriate Salary Grade level unless there is a plan to have permanent continuous positions reporting to it in the near future. Positions identified with a Manager Salary Grade, but with no direct reports on the permanent basis will be reviewed and may be reclassified.

Determining Salary Placement for External Hires

Determining salaries for new hires can be a negotiation and it is important to determine what salary is reasonable and the maximum salary EPCOR would be willing to offer.

When negotiating salary with a candidate, consider the entire total rewards package the candidate will receive from EPCOR relative to his/her current total rewards package and the internal equity of existing employee salaries.

It is not unreasonable to offer a candidate less base salary because EPCOR provides short term incentives as well as an employer matching savings plan, or to provide a candidate with a take it or leave it salary offer.

The maximum salary that can be offered to an external candidate is a 1.05 compa-ratio in the salary grade. Any salary offer above a 1.05 compa-ratio requires approval through the Exceptions Process. Please refer to the 'Exceptions Process' section at the end of this document for additional information.

External hires with a starting salary below a 0.90 compa-ratio, are eligible for a one-time salary adjustment at the completion of 6 months in the new position. The external hire may receive up to a 5% increase, not to exceed the 0.90 compa-ratio of the salary grade. The adjustment is contingent upon successful performance and will be subject to discretion of their Manager and will also be in addition to any annual base pay review adjustment (if applicable). Internal equity should be a key consideration when determining the salary adjustment amount. If the 6 month period ends close to the annual base pay review, please consult with Human Resources to determine the most effective approach for processing the one-time adjustment.

Any other requests to offer something outside of EPCOR's standard terms of offer will also require approval through the Exceptions Process before it can be offered to a candidate.

Please consult with Human Resources to assist in determining an appropriate salary offer to a candidate or to initiate the Exceptions Process.

Internal Promotions, Lateral Transfers and Transfers to Lower Level Positions

Promotion

When a permanent or temporary Management & Salaried employee transfers to a position that is assigned to a higher salary grade than their current position, it is considered a promotion.

When determining the promotional salary increase amount, internal equity should be a key consideration.

An employee can receive up to a 5%, 10% or 15% increase on promotion, provided the salary does not exceed the 1.0 compa-ratio (i.e. target rate) of the salary grade assigned to the higher level position.

5% is for those moving between the same Salary Grade (i.e. SG6 to SG6M)
10% is for those moving between Salary Grades (i.e. SG5 to SG6 or SG6 to SG7M)
15% is for those moving between Stratum levels (i.e. S1 to S2 or S2 to S3).

This does not include those in programs such as the EIT program.

Any request to provide more than outlined above on promotion or to exceed the 1.0 compa-ratio of the new salary grade requires approval through the Exceptions Process.

The only case where an employee could receive more than outlined above on promotion, without additional approval, would be if more was required to bring the employee to a 0.80 compa-ratio.

Individuals will not be eligible for a promotional amount if they have been provided one in the past for the same Salary Grade. Example: An individual is promoted to a SG7 from SG6. After some time in this role, the individual transfers back into a SG6 or SG6M position, then is transferred again to a SG7 or SG7M position. As this employee already received a promotional amount on the first promotion, their salary should still be competitive at the SG7 or SG7M position and no additional promotional amount should be provided. If the current salary is not competitive (i.e. drops below 0.90 CR of the salary grade), an exception request will be required to increase the individuals salary.

Please consult with Human Resources to assist in determining an appropriate salary offer on promotion or to initiate the Exceptions Process.

Newly Promoted Management & Salaried Employees with a Compa-ratio Below 0.90

Effective January 1, 2017, newly promoted Management & Salaried employees with a compa-ratio below 0.90 after promotion, are eligible for a one-time salary adjustment at the completion of 6 months in the new position. The employee may receive up to a 5% increase, not to exceed the 0.90 compa-ratio of the salary grade. The adjustment is contingent upon successful performance and will be in addition to any annual base pay review adjustment. Internal equity should be a key consideration when determining the salary adjustment amount. If the 6 month period ends close to the annual base pay review, please consult with Human Resources to determine the most effective approach for processing the one-time adjustment.

Lateral Transfer

When a permanent or temporary employee transfers from one job to another and both are assigned to the *same salary grade*, it is considered a lateral transfer. Employees are not eligible for a base salary increase on a lateral transfer.

Where an employee is moving into a management level within the same salary grade from the professional level, they are eligible to receive up to a 5% increase as long as the new salary does not exceed the 1.0 compa-ratio of the new salary grade.

Example: An employee moves from SG6 to SG6-M would be eligible for up to a 5% increase.

The following table clarifies whether a position movement within the management/salaried structure is considered a lateral transfer or a promotion with corresponding promotional increase percentages (if applicable):

		S2					S3	
		SG5	**SG6**	**SG6M**	**SG7**	**SG7M**	**SG8**	**SG9M**
S2	**SG5**	⇦⇨	⇧ (10%)	⇧ (10%)	⇧ (10%)	⇧ (10%)	⇧ (15%)	⇧ (15%)
	SG6		⇦⇨	⇧ (5%)	⇧ (10%)	⇧ (10%)	⇧ (15%)	⇧ (15%)
	SG6M			⇦⇨	⇧ (10%)	⇧ (10%)	⇧ (15%)	⇧ (15%)
	SG7				⇦⇨	⇧ (5%)	⇧ (15%)	⇧ (15%)
	SG7M					⇦⇨	⇧ (15%)	⇧ (15%)
S3	**SG8**						⇦⇨	⇧ (5%)
	SG9M							⇦⇨

⇧ Denotes all promotional increases and salary shall not exceed the 1.0 compa-ratio

Transfers to Lower Level Positions

When a permanent or temporary employee transfers to a position with a lower salary grade, treatment of salary and short term incentive targets will depend on the circumstance surrounding the transfer.

An employee initiated request to transfer to a lower level position occurs when an employee would formally request to move into a lower level position, or apply on and accept a lower level position. If an employee's salary is greater than the maximum of the salary grade, it will be reduced to fit within the salary grade. If an employee's salary falls within the salary grade, the Manager may offer to either maintain salary or offer a lower salary in order to maintain internal equity with existing employees. Short term incentive (STI) target percentages will be reduced to align with the target percentage assigned to the lower level position. These changes become effective date of transfer to the lower level position.

When a transfer to a lower level position is initiated by EPCOR, an employee's salary and target STI percentage will be maintained for a transition period. The transition period is defined as the end of the current calendar year plus one additional calendar year. For instance, if the date of transfer is November 1, 2017, the end of the transition period is December 31, 2018. During the transition period, if the salary exceeds the maximum of the salary grade, they will not be eligible for a base pay increase. After the transition period, the employee's salary may be reduced to be within the salary grade range of the lower level position. An employee's target STI percentage will be maintained for a transition period, after which the target STI percentage will be reduced to align with the target percentage assigned to the lower level position.

Please consult with Human Resources when dealing with employees transferring to lower level positions.

Union Transfers to Management & Salaried Positions

There is a significant difference in the total rewards between Management & Salaried employees and union employees. Management & Salaried employees are eligible for scheduled days off, higher STI target percentages and participation in the savings plan match program.

When transferring to a Management or Salaried position, union employees will receive a significant increase in total rewards before taking into account any increase to base salary.

EPCOR employs a large number of CSU employees in highly technical and professional capacities and, as a result, transfers into salaried positions are not always a promotion and may actually be a lateral move.

The following table clarifies whether a technical/professional employee in CSU transferring to a Management or Salaried position is considered a lateral transfer (⇦⇨), a promotion (⇧) or a move to a lower level position (⇩):

CSU52 Class Level	Stratum 2					Stratum 3
	Salary Grade 5	Salary Grade 6	Salary Grade 6M	Salary Grade 7	Salary Grade 7M	
D1	⇧	⇧	⇧	⇧	⇧	⇧
D2	⇦⇨	⇧	⇧	⇧	⇧	
D3	⇩	⇦⇨	⇧	⇧	⇧	
D4	⇩	⇦⇨	⇧	⇧	⇧	
T1	⇧	⇧	⇧	⇧	⇧	
T2	⇦⇨	⇧	⇧	⇧	⇧	
T3	⇩	⇦⇨	⇧	⇧	⇧	
T4	⇩	⇦⇨	⇧	⇧	⇧	

CSU52 Class Level	Stratum 2					Stratum 3
	Salary Grade 5	Salary Grade 6	Salary Grade 6M	Salary Grade 7	Salary Grade 7M	
IT1	⇦⇨	⇧	⇧	⇧	⇧	⇧
IT2	⇩	⇦⇨	⇧	⇧	⇧	
IT3	⇩	⇩	⇧	⇦⇨	⇧	
IT4	⇩	⇩	⇧	⇦⇨	⇧	
P1	⇦⇨	⇧	⇧	⇧	⇧	
P2	⇩	⇦⇨	⇧	⇧	⇧	
P3	⇩	⇩	⇧	⇦⇨	⇧	
P4	⇩	⇩	⇧	⇦⇨	⇧	

Employees transferring from IBEW or CUPE are most often moving into a Management position. Please consult with Human Resources when dealing with any IBEW or CUPE employees transferring to a salaried position, as they will be reviewed on a case-by-case basis to determine if the position is a promotion or a lateral move.

Salary Treatment Guidelines for Union Transfers to Management & Salaried Positions

The following table outlines different scenarios and salary treatment for union employees transferring from permanent or temporary positions into Management & Salaried positions:

Scenario	Salary Treatment
Lower Level Position	Not eligible for an increase and salary must not exceed the maximum of the salary grade.
Lateral Transfer to Professional Salary Grade	No increase on lateral transfers. Employee can maintain salary upon transfer, even if it is greater than the 1.0 compa-ratio. Salary cannot exceed the maximum of the salary grade.
Lateral Transfer to Management Position – same Salary Grade	Can provide up to a 5% increase, provided the salary does not exceed the 1.0 compa-ratio of the salary grade. Example T3 to SG6M or P3 to SG7M.

Promotion to Salaried Position - higher salary grade than lateral transfer	Can provide up to a 10% increase on promotion, provided the salary does not exceed the 1.0 compa-ratio of the salary grade assigned to the higher level position.
Promotion with Stratum Change	Can provide up to a 15% increase on promotion, provided the salary does not exceed the 1.0 compa-ratio of the salary grade assigned to the higher level position.

Increases in the above scenarios are only applicable when an individual's hourly rate, when converted to an annual salary, is below a 1.0 compa-ratio. In all instances, individuals can maintain salary upon transfer as long as the salary does not exceed the maximum of the salary grade.

When determining salary for an employee transferring from the union, internal equity of existing employees should be a key consideration.

Any request to provide more than what is specified above for union transfers to Management & Salaried positions requires approval through the Exceptions Process.

Please consult with Human Resources to assist in determining an appropriate salary offer to a union employee transferring to a Management & Salaried position or to initiate the Exceptions Process.

Individuals Moving from a Temporary to a Permanent Position

Individuals who are employed on a temporary basis and then move to a permanent position within EPCOR will become eligible for a number of reward elements such as benefits, short term incentive, vacation time, etc. When a change in the employment relationship occurs, it should be considered as a new employment contract between the individual and EPCOR and as such should be treated as a new hire.

In these scenarios, as long as the new employment contract details fall within our external hiring guidelines, no exception requests are required.

If you should have questions on this, please consult your Human Resources Consultant.

Acting Premium Pay

An acting premium may be provided to employees temporarily assuming the responsibilities of a higher level Management & Salaried position. Instead of adjusting base salary, an acting premium is paid as a percentage of salary. To be eligible an employee must be:

(a) Temporarily assigned to a higher level position,
(b) Assume the full duties of the role for the duration of the temporary assignment, and
(c) Assume the role for a period of 60 or more consecutive calendar days.

The Manager can provide the employee with an acting premium of up to 10% of an employee's base salary when acting in a higher salary grade role, or 5% when an employee is acting as a manager in the same salary grade (i.e. employee is in a professional level salary grade and acts as a manager; SG6 to SG6M). When determining the acting increase amount, internal equity should be a key consideration as well as what an employee's salary would be if promoted to the role in a permanent capacity.

Temporary acting premiums are pensionable, but will not change an employee's salary or the target STI percentage used to determine their STI award.

Any request to provide more than a 10% acting premium requires approval through the Exceptions Process.

Job Evaluation

Job evaluation is the objective assessment of a position with the goal of determining where the position fits into an organization's hierarchy. Job evaluation is focused on the accountabilities of positions and not how well someone may perform in a role.

Whether an employee is a strong or a weak performer will not have any bearing on the outcome of a job evaluation and is why job evaluation is not used as a reward or recognition tool. EPCOR has other programs (e.g. base pay review, Corporate STI Awards, etc.) that are specifically designed to reward and recognize employee contributions and performance.

Managers have autonomy to create and design positions. Human Resources is accountable for determining where those positions fit within the job evaluation or classification hierarchy.

Positions performing the same or similar work are assigned to the same job evaluation or classification level and salary grade. Job evaluation levels are very broadly defined, which means that small changes in a position will typically not change the classification or salary grade of a position.

A new position to the organization must be reviewed to determine its job level before it can be posted.

A job review of an existing position will be conducted by Human Resources when there are substantial changes in the accountability of a position or after major organizational structure changes that alter the accountability of a position. This includes positions that may gain or lose direct reports.

To initiate a job review, the Manager must complete and forward an updated position description and organizational chart to Human Resources.

The effective date for changes tied to job evaluation decisions will be the first day of the pay period immediately following the submission date of the updated job description and organization chart to Human Resources for review.

Annual Base Pay Review

All permanent full-time and part-time Management & Salaried employees, with the exception of employees in the Engineers in Training (EIT) are eligible to participate in the annual base pay review. Salary increases for employees in the EIT are administered under separate programs.

The annual base pay review is intended to include a thorough review of salaries. Adjustments are made to reward performance as well as to address equity, low placement in the salary grade and compression/inversion (if applicable) issues.

A base pay budget is approved each year by the EPCOR Board of Directors and salaries are reviewed in March of each year with increases typically processed on the second pay in April. A base pay increase matrix is developed to assist with assigning base pay awards.

The base pay matrix is developed using aggregate employee performance (APfR rating) and compa-ratios across EPCOR. The following table is a representative example of a base pay matrix (actual ranges and individual amounts will vary based on the annual budget, compa-ratios and performance rating distribution):

Performance Level	**Compa-Ratios**			
	<0.89	**0.90 - 0.99**	**1.0 – 1.09**	**>1.10**
Outstanding (5)	3 – 4	2.5 – 3.5	2 – 3	1 – 2
Exceeds Expectations (4)	2.5 – 3.5	2 – 3	1 – 2	0 – 1
Fully Successful (3)	1.5 – 2.5	1 – 2	0 – 1	0
Partially Meeting Expectations (2)	0 – 1	0	0	0
Unacceptable (1)	0	0	0	0
Too Soon to Rate	0 – 2.5	0 – 2	0	0

*Representative example of a Base Pay matrix

Employees are excluded from the annual base pay review if they were hired or received promotional increases between January 1st and the April payroll processing date for base pay review increases.

Other than promotional increases, all other salary reviews or adjustments are expected to be handled during the annual base pay review. Any base pay increases outside of the annual base pay review require approval through the Exceptions Process. Please contact Human Resources for more information or to initiate this process.

Exceptions Process

A request to provide any terms and conditions outside of existing policies or guidelines to an employee or candidate requires approval through the Exceptions Process.

The Exceptions Process is designed to ensure there is proper review of exceptional circumstances that would necessitate a deviation from existing policies, guidelines or practices. Internal equity is a key consideration in this review, as are the business requirements initiating the request to do something different.

The Manager will be responsible for engaging Human Resources in discussion and providing a clear rationale to support the request before offering anything to an employee or a candidate. Human Resources will be responsible for bringing exceptions forward for approval.

The final approval authority for any exception is the SVP, Corporate Services. Each exception is reviewed on a case by case basis and anything approved will not create a practice or a precedent for future exceptions. Please contact Human Resources for more information or to initiate this process.

Should you require additional information on any of the items in this document, please contact Human Resources.

EPCOR Procurement Policy

EPCOR UTILITIES INC.

Procurement Policy (Canada)

September 26, 2023

Table of Contents

1.0 DEFINITIONS

1.1 **Accounts Payable (AP)** means the EPCOR Utilities Inc. group responsible for processing of all invoices and payments to suppliers for services or goods rendered.

1.2 **Blanket Purchase Agreement** Blanket Purchase Agreement is an agreement with suppliers for specific goods or services where pricing and quality have been identified for a pre-determined period of time. These agreements can be accessed by the BU through the self-serve process where they can order the release of these goods or services with the creation of a Blanket Release.

1.3 **Blanket Release** means the Oracle generated purchase order created during the self-serve procurement process and is linked to a Blanket Purchase Agreement.

1.4 **Business Unit or BU** means a business unit or corporate shared service unit of EPCOR.

1.5 **CESAP** means the Contract Execution and Spending Authority Policy of EPCOR.

1.6 **Competitive Procurement** is a formal procurement method in which bids, quotes or proposals are provided by contractors, suppliers and/or vendors for goods and/or services to certain scope, specifications and terms and conditions. The principle goal of a competitive bid is to use a fair and open competition to capture best value while mitigating risk to EPCOR

1.7 **Contract(s)** means all documents, including but not limited to agreements, letters, memorandums and/or purchase orders, executed or to be executed by one or more Employees on behalf of EPCOR evidencing that EPCOR Utilities Inc., or the specific Legal Entity, and one or more third parties have exchanged legally binding rights, duties, obligations or promises for consideration.

1.8 **Draw Down Purchase Order** means a type of Purchase Order in Oracle used for the purchase of goods and/or services that are highly repetitive and where the exact quantity to be purchased is unknown.

1.9 **Emergency** means a situation requiring immediate action by an Employee for the protection of the environment, health and safety of Employees and/or the public or to prevent serious material harm or damage to EPCOR assets or prevent significant interruptions in the provision of services where the appropriate authorizations cannot be obtained before the immediate action must be taken.

1.10 **Employee(s)** means all Canadian employees of EPCOR.

1.11 **EPCOR** means any one or all of EPCOR Utilities Inc. and its direct and indirect Canadian subsidiaries, as applicable.

1.12 **EUI** means EPCOR Utilities Inc.

1.13 **Foreign Exchange Rate** means the exchange rate to convert foreign currencies to Canadian dollars within Oracle. The Foreign Exchange Rate is updated daily in Oracle at midnight.

1.14 **Indigenous Business** means a business that is at least 51% owned and controlled by an Indigenous person or persons.

1.15 **Legal** means EUI's Legal Department and external lawyers when directed by EUI's Legal Department.

1.16 **Legal Entity** means the Canadian incorporated direct and indirect subsidiaries of EPCOR.

1.17 **Oracle** means EPCOR's Enterprise Resource Planning system where the Purchasing module resides.

1.18 **Master Services Agreement** means an agreement that details the responsibilities and obligations of two parties to each other that will govern future transactions. This agreement generally includes detailed rates, goods and/or services and terms wherein there is no set commitment or obligation on behalf of EPCOR to incur or procure a good and/or service from the other party but a contractual relationship is established in preparation for and facilitation of same. Master Services Agreements may be used to create either Blanket Purchase Agreements or Supply Arrangements.

1.19 **Non-Competitive Procurement** means a Single or Sole Source procurement method used to source goods and/or services without the use of an open Competitive Procurement process.

1.20 **Non-Purchase Order Invoice** means the process for authorizing a qualifying invoice for payment outside of the Purchase Order process. The Finance Non-Purchase Order Policy governs this process.

1.21 **Policy** means this Procurement Policy, as amended from time to time.

1.22 **Procurement** means the Procurement organization operating within each EPCOR BU responsible for the acquisition of goods, services, and construction on behalf of the BU. This responsibility includes maintaining and administering the Procurement Policy, developing sourcing strategies, providing expert advice on procurement and contracting best practices, managing and overseeing purchasing activities, negotiation of contracts, and supplier relationship management.

1.23 **Procurement Approval** means the approval of a purchase after the approval of a requisition by the appropriate BU.

1.24 **Procurement Approval Group** means a Procurement employee's approval limit as set out in Schedule "A" hereto.

1.25 **Purchase Order** means written authorization for a supplier to provide a good and/or service at a specified price,.

1.26 **Purchase Requisition** means an Oracle form used to initiate the creation of a Purchase Order for a good and/or service at EPCOR. The Purchase Requisition also serves as the means to obtain approval of the expenditure through an Oracle workflow process.

1.27 **Regulator** means a third party organization or agreement that places obligations on EPCOR impacting EPCOR's procurement sourcing methods. Examples of such organizations or agreements include but are not limited to municipalities, Governments, Alberta's Electric System Operator, agreements with municipalities and applicable trade agreements.

1.28 **Self-Serve** means the process for the creation, approval, and release of Purchase Orders using Blanket Purchase Agreements.

1.29 **Single Source** means a non-competitive procurement process to acquire goods and/or services where more than one supplier is capable of meeting the requirements of the procurement opportunity; however there is a decision made to source directly with one supplier.

1.30 **Sole Source** means a non-competitive procurement process to acquire goods and/or services where only one supplier is capable of meeting the requirements of the procurement opportunity.

1.31 **Standard Form Contracts** means those contracts located on Legal's intranet site.

1.32 **Supply Arrangement** means a method of supply used to procure goods and services. It is not a contract and neither party is legally bound as a result of signing a Supply Arrangement alone. Supply Arrangements include a set of predetermined conditions, typically outlined in a Master Services Agreement, that will apply to bid solicitations and resulting Contracts and allows an authorized user to solicit bids from a pool of pre-qualified suppliers for specific requirements.

1.33 **SVP** means Senior Vice President.

1.34 **Value Added Taxes** means all Goods and Services Tax, Provincial sales taxes, any State or Federal taxes, import/export taxes or duties.

2.0 INTRODUCTION AND PURPOSE

2.1 This Policy applies to all Employees of EPCOR.

2.2 The purpose of the Policy is to set out clear lines of accountability and control over the procurement of goods and/or services for EPCOR.

2.3 All amounts set out in this Policy are maximum limits, expressed in Canadian dollars (or the equivalent in any other currency or currencies at the applicable Foreign Exchange Rate exclusive of all Value Added Taxes.

3.0 GUIDING PRINCIPLES

3.1 EPCOR has adopted the following set of guiding principles that assist in the overall understanding of the procurement of goods and/or services. These guiding principles also ensure that high standards of practice are maintained.

3.1.1 EPCOR will maintain high legal, ethical, and professional standards in the procurement of goods and/or services.

3.1.2 EPCOR will provide clear guidance on the procurement of goods and services to ensure both fairness and transparency, as well as accountability for decisions.

3.1.3 Whenever possible, EPCOR will ensure that no one supplier shall be given an unfair advantage over another in the procurement process. All suppliers shall be given a similar opportunity to participate in EPCOR's procurement process to the extent they can provide the goods and/or services to the required specifications and/or requirements.

3.1.4 EPCOR seeks to develop mutually beneficial business relationships with Indigenous Nations, communities, and businesses where it operates. Furthermore, EPCOR commits to provide Indigenous Businesses with equitable opportunities through its approved Indigenous procurement strategy.

4.0 APPLICATION

4.1 Application

4.1.1 This Policy supersedes all existing Procurement Policies related to the procurement of goods and/or services at EPCOR.

4.1.2 This Policy applies to all Employees of EPCOR and to all procurement activities carried out by EPCOR, except as provided in 4.1.3.

4.1.3 This Policy does not apply to intercompany transactions between EUI and its subsidiaries, or among EPCOR entities and the City of Edmonton. This policy also does not apply to buying groups or consortiums EPCOR belongs to provided any transactions meet the requirements of a Competitive Procurement.

5.0 ORDERING METHODS

5.1 EPCOR uses the following ordering methods to procure goods and/or services: Purchase Orders, Procurement Cards, Self-Serve (Blanket Releases), Supply Arrangements with a Master Services Agreement, and Non-Purchase Order Invoices.

5.1.1 Purchase Orders

A Purchase Order is EPCOR's commitment to a supplier to procure goods and/or services. A Purchase Order may be linked to a Contract or Master Services Agreement which may include terms and conditions as an attachment. Purchase Orders are also used by EPCOR to match orders, for receipt of goods and invoices in order to ensure that EPCOR pays only for the quantity of goods and services ordered and received and at the agreed upon amounts specified in the Purchase Order. The following controls must be adhered to when utilizing a Purchase Order:

i. A Purchase Requisition approved in accordance with CESAP is required to create a Purchase Order. The Purchase Order is the means to commit EPCOR to the purchase of goods and/or services.

ii. A Purchase Order must be approved prior to a good and/or service being initiated by a Supplier, unless it meets the requirements of 6.1 as outlined below, or a Contract for the goods and/or service(s) has already been executed and then linked to a Purchase Order**.**

iii. Purchase Orders are to be issued within an annual period only unless it is for a project specific period where it may cover more than one fiscal year. This includes renewals against multi-year Contracts.

iv. All procurements greater than $75,000 that apply to this Policy must be completed by Procurement using a Competitive Procurement process unless it meets the criteria of 6.1 or an approved Non-Competitive Procurement.

v. If unit prices are known, a Drawdown Purchase Order may only be utilized for Purchase Orders that are for: (A) less than $400,000, or (B) $400,000 or greater where the relevant Business Unit Senior Vice- President has approved use of a Drawdown Purchase Order as evidenced by a signed exception form. Purchase Orders must not be split in order to bring values below the $400,000 requirement.

vi. If unit prices are known, for circumstances referred to in paragraph (iv) above, use of a Blanket Agreement or Purchase Order using unit prices and estimated quantities is strongly encouraged instead of a Drawdown Purchase Order unless the purchase involves one or more of the following:

- annual supply of the same or similar services from the same supplier;
- frequent, but not regularly scheduled, multiple deliveries to the same locations;
- future delivery schedule is unknown;
- precise volumes or quantities are not known until delivery, but there is a standard known price list and/or there is an approved Master Services Agreement; or
- delivery, packing charges, or supplier discounts and/or fees regularly affect final prices.

5.1.2 Procurement Card (P-Card)

Low risk, low dollar value items for EPCOR can be made by Employees without involving Procurement pursuant to EPCOR's Procurement Card Policy.

5.1.3 Self-Serve (Blanket Releases)

Self-Serve is the generation of Blanket Releases against approved Blanket Purchase Agreements. Oracle auto generates the Blanket Release which is a standard Purchase Order and dispatches the order to the supplier.

Approval of the Blanket Release is as per the spend approval limits identified in the CESAP policy.

5.1.4 Supply Arrangements

Supply Arrangements are typically entered into via a Master Services Agreement(s) in place at EPCOR for specific goods and/or services.

Employees are to purchase from Supply Arrangements to the greatest extent practical.

5.1.5 Non-Purchase Order Invoice

Purchases for goods and/or services where a Purchase Order cannot be used can be made by approving an invoice and submitting to Accounts Payable. Purchases made not using a Purchase Order must be in compliance with EPCOR's Non-purchase Order Invoice Policy.

6.0 NON-COMPETITIVE PROCUREMENTS

6.1 In response to an Emergency, or where permitted by trade agreements, a Business Unit may procure goods and/or services, exercising prudence and judgment in the quantity, scope and duration of the goods and/or services procured. In Emergency situations, a Competitive Procurement process is not required.

All incidents where an Employee has acquired goods and/or services due to an Emergency are to be:

- Documented, and must include the order date, total cost, supplier name, product and/or services description and emergency particulars.
- Communicated as soon as practicable after the Emergency to the Employee's

supervisor, the applicable BU Senior Manager responsible for Procurement, and the BU Controller.

6.2 For Non-Competitive Procurements $75,000.00 or greater, the BU must provide a defensible justification (in writing) to a Procurement Manager to review the procurement. The Non-Competitive Procurement shall be approved by the accountable BU Director for all spend amounts up to Approval Group 4 (as identified in Schedule A of CESAP). All Non-Competitive Procurements above Approval Group 4 shall be approved by the appropriate Approval group under Schedule A of CESAP.

6.3 Change orders that increase the aggregate value of the procurement to greater than the $75,000 threshold will also need a Non-Competitive Justification Form.

6.4 If the aggregate value of the PO exceeds the initial Approval Group's approval level a new Non-Competitive Justification Form is required.

7.0 APPROVALS AND LIMITS

7.1 Authority to commit EPCOR to the procurement of goods and/or services is set out herein. Such authority however, may be subject to further limitations from time to time, to meet special business purposes, or other circumstances.

7.2 All Employees procuring goods and/or services in accordance with the limits set out herein are only authorized to execute or approve on behalf of the EPCOR Entity of which they are:

i) an employee of the EPCOR entity; or
ii) on whose behalf the Employee is providing services of an ongoing nature.

7.3 Non-employees, independent contractors or external third parties (herein "Non-employees") engaged by EPCOR shall have no authority to procure goods and/or services on behalf of EPCOR. Approval of procurements by Non-Employees on behalf of EPCOR is only permitted if previously approved in writing by theDirector, Supply Chain.

7.4 The Procurement Approval Limits set out in Schedule "A", apply cumulatively per Purchase Order including amendments and change order requests for each Approval Group and reflect the appropriate level of oversight required to mitigate risk.

8.0 ROLES AND RESPONSIBILITIES

These roles and responsibilities are designed to facilitate the ongoing administration, maintenance and monitoring of this Policy. The positions designated below are responsible and accountable for ensuring that the specified obligations are met.

8.1 SVP, Sustainability, General Counsel & Corporate Secretary

SVP, Sustainability, General Counsel & Corporate Secretary is responsible for:

- ownership of the Policy;
- approving the Policy and all amendments thereto;
- periodically reviewing this Policy in consultation with the Director, Supply Chain;
- approving any exceptions to the Policy, including the Approval Groups (Schedule "A") as recommended by the Director, Supply Chain;
- ensuring that the Policy is accessible to all Employees;
- ruling on conflicts, matters of interpretation and exceptions in a timely manner as they arise;
- communication of significant or material Policy changes to BU SVPs, CEO and the Board;
- establishing and managing processes and controls to effectively administer and enforce the Policy so as to mitigate acts of non-compliance;
- addressing audit issues and concerns related to the Policy in a timely manner;
- providing clarification on processes associated with the Policy as they arise;
- reviewing with the BU SVPs the appropriateness of Policy approval limits, and approving exceptions to the Policy for Approval Groups; and
- reporting significant acts of non-compliance or other significant matters related to this Policy to the Corporate Controller, BU SVP or the CFO.

8.2 Business Unit Senior Vice Presidents

The BU SVPs are responsible for:

- ensuring their respective BU's comply with this Policy;
- communication of Policy changes to Employees;
- seeking the advice of the SVP, Sustainability, General Counsel & Corporate Secretary on issues related to compliance and interpretation of the Policy; and
- reporting acts of non-compliance with this Policy to the SVP, Sustainability, General Counsel & Corporate Secretary, when they arise, in a timely manner.

8.3 Procurement

Each BU's designated Procurement team includes individuals that participate in procurement activities, each having distinct roles and responsibilities. The following outlines these participants and their responsibilities:

8.3.1 Director, Supply Chain is responsible for:

- reviewing this Policy periodically in consultation with the SVP, Sustainability, General Counsel & Corporate Secretary;
- maintaining this Policy in a current state and ensuring that it is accessible to all Employees;
- seeking the advice of the SVP, Sustainability, General Counsel & Corporate Secretary on issues related to compliance and interpretation of the Policy;
- reporting acts of non-compliance with this Policy in a timely manner to the SVP, Sustainability, General Counsel & Corporate Secretary when they arise;
- approving procurements by Non-Employees on behalf of EPCOR
- recommending exceptions to the Approval Groups (Schedule"A") to the SVP, Sustainability, General Counsel & Corporate Secretary; and
- reporting Employee spending limit exceptions during an Emergency to the SVP, Sustainability, General Counsel.

8.3.2 BU Senior Manager responsible for Procurement

The BU Senior Manager responsible for Procurement is responsible for:

- ensuring the Procurement functional area complies with this Policy;
- communication of Policy changes to Employees;
- ensuring the procurement of goods and/or services by applicable BUs are completed in accordance with generally accepted procurement practices and obligations set out by a Regulator;
- assisting in Employee and Business Unit education regarding this Policy's application; and
- with the assistance of the SVP, Sustainability, General Counsel & Corporate Secretary and the Director, Corporate Supply Chain, making best efforts to resolve conflicts arising out of the Policy, addressing acts of non-compliance.

8.3.3 Procurement Managers

Procurement Managers are responsible for:

- administering the Policy on a day to day basis;
- reviewing and approving procurement documentation within prescribed limits;
- ensuring that procurements are completed in accordance with generally accepted procurement practices and obligations set out by a Regulator;
- encouraging Business Unit use of Supply Arrangements;
- assisting in Business Unit education regarding this Policy's application; and
- reporting acts of non-compliance or other issues as appropriate to the applicable BU Senior Manager for Procurement, in a timely manner.

8.3.4 Procurement Employees:

Procurement Employees are responsible for:

- compliance with the Policy;
- understanding the requirements of this Policy and being familiar with the applicability of other EPCOR policies and procedures in the performance of their duties under this Policy;
- completing procurements and Competitive Procurements of goods and/or services in accordance with generally accepted procurement practices and obligations set out by a Regulator;
- creating and approving Purchase Orders within prescribed limits;
- where practical, utilizing Supply Arrangement for the purchase of goods and/or services;
- encouraging BU use of Supply Arrangements;
- assisting in BU education regarding this Policy's application;
- obtaining guidance from their Manager on all material matters related to the Policy; and
- reporting acts of non-compliance with the Policy to their Manager in a timely manner.

8.4 Employees

Each Employee is responsible for:

- compliance with the Policy;
- understanding the requirements of the Policy and being familiar with the applicability of other EPCOR policies and procedures in the performance of their duties under this Policy;
- obtaining guidance from the appropriate BU Senior Manager for Procurement or Manager on all matters related to the Policy; and
- reporting acts of non-compliance with the Policy to their Manager in a timely manner.

8.5 Audit and Risk Management

Audit and Risk Management is responsible for:

- conducting periodic audits and reviews with respect to the execution of procurements under this Policy;
- confirming that actual operating practices are in compliance with this Policy and any applicable procedures;
- assessing the processes, procedures, limits and controls over the administration, monitoring and application of limit controls; and
- reporting, as appropriate, acts of non-compliance or other deficiencies observed during the audit process to the SVP, Sustainability, General Counsel & Corporate Secretary.

9.0 COMPLIANCE

9.1 It is a violation of this Policy to split a purchase into small parcels in order to circumvent the requirements of this Policy or established controls.

9.2 All exceptions, breaches, suggested changes to or conflicts with the authorities set out under this Policy are to be reported to SVP, Sustainability, General Counsel & Corporate Secretary as applicable, for further action.

9.3 NON-COMPLIANCE WITH THE TERMS OF THIS POLICY IS SUBJECT TO DISCIPLINARY ACTION, REMOVAL OF AUTHORITY AND/OR TERMINATION OF EMPLOYMENT.

10.0 DOCUMENT REVISION HISTORY

Version Number	Date	Author	Change Description
1.0	May 27, 2011	Bryan Hannah	Created new policy
2.0	March 30, 2015	Terri Gentile	Revisions to policy to reflect line of business restructuring, CSOX engagement recommendations; and 3 year maintenance review
3.0	January 1, 2019	Asif Kazani	Revisions to reflect Draw Down Purchase Orders

4.0	September 14, 2023	Mike MacBeath	Revisions to reflect Corporate Supply Chain Structure, add Indigenous language and, in general, update the policy under the three year maintenance review

Generic Identifying Information

Policy Name	EPCOR Procurement Policy
Contact Person	Mike MacBeath, Director, Corporate Supply Chain

Milestone dates

Effective Date	September 26, 2023
Next Review Date	September 26, 2026

Responsibility and Distribution

Executive Sponsor	Jennifer Addison, Senior Vice President, Sustainability, General Counsel & Corporate Secretary
Senior Manager Reviewers	• Eric Wood, Senior Manager, Corporate Supply Chain, EUI • Brett Wiles, Senior Manager, Supply Chain, Electricity • Heather Piano, Senior Manager, Supply Chain, EPCOR Water Services
Owner	Mike MacBeath, Director, Corporate Supply Chain
Audience	This policy applies to all Canadian Employees of EPCOR

SCHEDULE "A" – PROCUREMENT APPROVAL LIMITS

SCHEDULE "A"						
Procurement Approval Limits						
Transaction	**Maximum Purchase Order Value Authorities (M=Millions)**					
	Director	**Procurement Senior Manager**	**Procurement Manager**	**Procurement Analyst**	**Procurement Associate**	**Purchasing Assistant**
Purchase Order approval limit authority	Unlimited	up to $5.0M	up to $1M	up to $500K	up to $250K	up to $75K

EPCOR Depreciation Policy

EPCOR Regulatory Accounting Procedures			
Topic	**Depreciation**	Number	RA-007
Category	Property, Plant and Equipment	Revision Number	1
Issued by	EDTI, EEAI, EWSI Finance	Issued and Effective	2018
Approved by	Peter Johanson Controller, EDTI Tammy Haydey, Controller EEAI Kate Brown, Controller, EWSI	Revised	October, 2018

1. Purpose and Scope

This depreciation procedure documents the methods used to calculate depreciation of property, plant and equipment (PPE) for regulatory reporting. The application of these methods is limited to EEAI, EDTI, EWSI and EWSI's rate-regulated subsidiaries.

This procedure refers to depreciation of rate-regulated assets, including intangibles and land rights. All PPE must be depreciated using methods approved by the appropriate regulatory body.

2. Definitions and Background

Asset – "economic resources controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity" .

Property, Plant and Equipment (PPE) – "identifiable tangible assets that meet all of the following criteria:

(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and;

(b) are expected to be used during more than one period.

Alberta Utilities Commission (AUC) – "a quasi-judicial independent agency established by the Government of Alberta, responsible to ensure that the delivery of Alberta's utility service takes place in a manner that is fair, responsible and in the public interest. **."**[1]

[1] Source: Website "http://www.auc.ab.ca/about-the-auc/who-we-are"

Allowance for Funds Used during Construction (AFUDC) – the amount that a rate-regulated enterprise may be allowed to earn, if approved by its regulator, to recover its cost of financing assets under construction. It is equal to the average cost of the construction-work-in-process, times a financing rate, which is usually equal to the enterprise's cost of capital rate. AFUDC is included in the cost of the related assets and recovered in future periods through the depreciation charge. AFUDC is similar to "interest during construction" for non-rate-regulated enterprises, except that the cost of equity is taken into account in the enterprise's cost of capital rate.

Cost –the amount of consideration given up to acquire, construct, develop, or better an item of property, plant and equipment. This incorporates all costs directly attributable to the acquisition, construction, development or betterment of the asset including installing it at the location and in the condition necessary for its intended use. For transmission, distribution and Regulated Rate Tariff PPE, the cost of the asset should include the costs to remove the previous asset, net of any salvage proceeds.

Capital Work-in-Progress (CWIP) – an account that includes all costs of capital projects that are incomplete or not yet in service. AFUDC, if any, is included in CWIP.

Depreciation – the amount to be charged to expense on a rational and systematic manner over the estimated useful life of the asset.

Direct Life Depreciation Method (DLM) – DLM estimates the useful life of an asset and records depreciation on a straight line basis over this time period. Except for land and buildings, or as approved by the AUC, no adjustments to the asset cost or accumulated depreciation values are recorded until the end of the originally estimated useful life, at which time the cost and accumulated depreciation are removed.

IOWA Curve Depreciation Method – A form of the Straight-Line Group Depreciation method in which the method of estimating service lives is based on an actuarial study to develop a survivor curve (IOWA curve) from the pattern of past retirements modified as necessary by future plans and expectations. Periodic updates of the IOWA curves provide an updated average service life and retirement dispersion for each asset category. Adjustments due to IOWA curve updates are reflected in the accumulated depreciation reserves to align past experience with future expectations. Depreciation expense is calculated on a straight line basis. Asset retirements are recorded as fully depreciated assets with the cost and accumulated depreciation removed.

Net Salvage Value - is the net of the gross salvage (the value received in the sale of the asset for scrap or reuse) less the cost of removal (the expense incurred to remove the asset from service).

Straight-Line Depreciation Method – A depreciation method that allocates the depreciable amount of an asset over its useful life to reflect a constant annual charge to income.

Straight-Line Group Depreciation Method – under this method, a collection of capital assets that are similar in nature and utility plant classification ("group") are depreciated using a single depreciation rate, with depreciation recorded on a straight line basis over the estimated useful lives of an asset group. The depreciation rates and estimated useful lives are as prescribed or approved by a rate regulator. Under the group depreciation method, gains and losses are not recognized on the retirement of a capital asset; rather, asset retirements are reflected as fully depreciated assets with the cost and accumulated depreciation removed from the accounts.

Useful life – is:

(a) the period over which an asset, singularly or in combination with other assets, is expected to be available for use by an entity; or

(b) The useful life is defined in terms of the asset's expected utility to the entity and is governed by physical and economic factors. For example, the end of an asset's physical life will generally be reached when the asset is no longer capable of performing its intended function because of physical wear. The end of the economic life of an asset is generally reached when a replacement asset is more economical to use than the current asset in place.

3. Depreciation Rate

The depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed. EPCOR currently uses the straight-line, DLM, IOWA curve group depreciation and straight-line group depreciation methods. If a BU determines that there is a more appropriate method that better reflects the pattern in which the asset's future economic benefits are expected to be consumed, then the BU controller should propose such method to the appropriate regulator for approval and change to this depreciation policy.

The depreciation rate for the asset account is computed by dividing 1 by the average useful life of the asset account.

Regulated depreciation method preference:

(a) For the DLM, the depreciation rate is based on the application of the average useful life group procedure, in which each vintage year of an asset account has the same average useful life.

(b) For the IOWA Curve method, the depreciation rate is based on the age of the asset compared to its total projected life, which is based on an actuarial analysis of past retirements.

(c) For the straight-line group depreciation method, the depreciation rate is based on the estimated useful lives of the particular group of PPE, as approved or prescribed by the rate regulator.

No depreciation is calculated on assets in CWIP.

The cost of an item of property, plant and equipment made up of significant separable component parts, is allocated to the component parts when practicable and when estimates can be made of the lives of the separate components.

Individually insignificant items may be grouped together.

4. Depreciation

All PPE must be depreciated in a rational and systematic manner over its expected useful life in order to be in compliance with this regulatory procedure. Its useful life is normally the shortest of its physical, technological, commercial and legal life. Depreciation is the charge to income that recognizes that life is finite and that the cost less salvage value or residual value of an item of PPE is allocated to the periods of service provided by the asset.

The depreciation method and estimates of the life and useful life of an item of property, plant and equipment should be reviewed on a regular basis. The period of regular review should be determined by the BU Controller. Additional reviews for selected assets should occur if a significant event (as defined below) occurs prior to a regular review.

Significant events that may indicate a need to revise the amortization method or estimates of the life and useful life of an item of PPE include:

(a) a change in the extent or manner in which the asset is used;
(b) removal of the asset from service for an extended period of time;
(c) physical damage;
(d) significant technological developments;
(e) a change in the law, environment, or consumer styles and tastes affecting the period of time over which the asset can be used.

5. Property, Plant and Equipment Disposals

A disposal or retirement occurs when an item of property, plant and equipment is no longer used by an entity. A disposal can be due to a sale to a third party or the expiration of the useful life of an asset. After an asset disposal occurs the entity no longer has use of the asset.

Under the straight-line method when assets are disposed of, the gain or loss is realized in income and the original cost and accumulated depreciation are adjusted to zero. This applies to dispositions at any point in the life of the asset as well as dispositions at the end of the life of the asset.

Under the DLM when land or a building is disposed of, the excess of proceeds over original cost is realized in income and the original cost and accumulated depreciation are adjusted to zero.

Example 1:
A building with an original cost of $100 and accumulated depreciation of $50, is sold for $120. The journal entry to record the sale is:

Dr Cash $120
    Cr Building $100
Dr Accumulated depreciation $50
    Cr Gain on sale $70

Under the DLM when an asset other than land or a building is disposed of, any proceeds are recorded as a reduction of the cost of the replacement asset. If there is no replacement the proceeds are recorded as a reduction to the cost of the asset's class. If the disposal occurs before the end of the asset's useful life, no other accounting entries are made until the cost and accumulated depreciation balances are removed at the end of the asset's original useful life.

Example 2:
Equipment sold prior to the end of its useful life and replaced: Equipment with a cost of $100 and accumulated depreciation of $50 is sold for $120. The cost of the installed replacement asset is $150. The journal entries to record the replacement and sale are:

Dr Equipment $150
    Cr Cash $150
Dr Cash $120
    Cr Equipment $120

Example 3:
Equipment sold at the end of its useful life and replaced: Equipment with a cost of $100 and accumulated depreciation of $100 is sold for $120. The cost of the installed replacement asset is $150. The journal entries to record the replacement and sale are:

Dr Equipment $150
    Cr Cash $150
Dr Cash $120
    Cr Equipment $120
Dr Accumulated depreciation (fully depreciated) $100
    Cr Equipment (original cost) $100

Example 4:
Equipment sold prior to the end of its useful life and not replaced: Equipment with a cost of $100 and accumulated depreciation of $50 is sold for $120. The journal entry to record the sale is:
Dr Cash $120
Cr Equipment $120 (single line credit entry to the asset cost category and is amortized as a reduction of depreciation expense over the remaining life of the asset disposed of)

Example 5:
Equipment sold at the end of its useful life and not replaced: Equipment with a cost of $100 and accumulated depreciation of $100 is sold for $120. The journal entry to record the sale is:

Dr. Cash $120
Cr Equipment $120
Dr Accumulated depreciation $100
Cr Equipment $100

Under the straight-line group depreciation method, including the IOWA curve method, asset disposals are recorded as if the assets had been fully depreciated by removing the full amount of the original cost from both the accumulated depreciation and cost accounts for the retired asset.

6. Residual Value

If a residual value is estimated for an asset subject to the straight-line method at the time the asset is capitalized, the residual amount is recovered over the life of the asset as a reduction of the depreciation charge.

For assets depreciated under the direct life method, depreciation is not adjusted for the estimated residual value at the capitalization date.

7. Related Policies, Procedures and Guidelines

EPCOR Regulatory Capitalization Procedure
AUC Rule 026

8. Depreciation Methods Used

Straight-Line Method and Straight-Line Group Method: EWSI (except that EWSI and its rate-regulated subsidiaries use a regulator approved or prescribed group depreciation rate or the Iowa Curve for determining the useful life)
Direct Life Method: EDTI and EEAI

ENGLP Federal & Provincial Tax Return

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T5013 Financial
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Partnership Financial Return

055 For internal use only

Complete this financial return using the instructions in the T4068, Guide for the Partnership Information Return (T5013 Forms). You can file this return electronically without a web access code using the "File a return" service in My Business Account at **canada.ca/my-cra-business-account** or, for authorized representatives, in Represent a Client at **canada.ca/taxes-representatives**.

Unless otherwise stated, all legislative references are to the Income Tax Act or, where appropriate, the Income Tax Regulations.

Identification

Partnership account number
001 74396 8299 RZ0001

Partnership name
006 EPCOR Natural Gas Limited Partnership
007

Partnership operating or trading name
008
009

Location of the partnership head office
Has this location changed since the last time you filed a partnership information return? . . . . . **010** [ ] Yes [X] No
If you answered **Yes** to line 010, enter the address of the new location on lines 011 to 018.
011
012
015 City
016 Province, territory or state
017 Country
018 Postal or zip code

Mailing address of the partnership
(if different from the head office address)
Has this address changed since the last time you filed a partnership information return? . . . . . **020** [ ] Yes [X] No
If you answered **Yes** to line 020, enter the new mailing address on lines 021 to 028.
021 c/o
023
024
025 City
026 Province, territory or state
027 Country
028 Postal or zip code

Location of the partnership's books and records
(if different from the head office address)
Has this location changed since the last time you filed a partnership information return? . . . . . **030** [ ] Yes [X] No
If you answered **Yes** to line 030, enter the address of the new location on lines 031 to 038.
031
032
035 City
036 Province, territory or state
037 Country
038 Postal or zip code

Is this an amended return? . . . . **040** [ ] Yes [X] No

Fiscal period to which this information return applies
060 Fiscal period start (Year Month Day) From 2023-01-01
061 Fiscal period-end* (Year Month Day) To 2023-12-31
*If you answered **Yes** to question 078 below, enter the date when the partnership ceased to exist.

The end members of this partnership are
(tick the applicable boxes)
062 01 [ ] Individuals (including trusts)
02 [X] Corporations

Is this the first year of filing? . . . . **070** [ ] Yes [X] No

If you answered **Yes** to line 070, enter the date the partnership was created . . . . . **071** Year Month Day

Number of T5013 slips **073** 2

Is this the partnership's final information return up to dissolution? . . . . . **078** [ ] Yes [X] No

If an election was made under section 261 by one or more partners, enter the functional currency code used for this return **079**

Was the partnership a Canadian partnership throughout the fiscal period? . . . . . **082** [X] Yes [ ] No

Type of partnership at the end of the fiscal period
086

Non tax shelter	Tax shelter
[ ] 01 General partnership	[ ] 11 General partnership
[X] 02 Limited partnership	[ ] 12 Limited partnership
[ ] 03 Limited liability partnership	[ ] 13 Co-ownership
[ ] 08 Investment club	[ ] 19 Other (specify below)

If the partnership is a tax shelter (TS), enter the TS identification number **087**

Industry code (NAICS): 221210

Approval code: RC-23-P010

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Required documents to attach to this T5013 FIN, Partnership Financial Return

- Form T5013 SUM, Summary of Partnership Income
- a copy of each T5013, Statement of Partnership Income, slip issued to partners and nominees or agents
- T5013 SCH 1, Net Income (Loss) for Income Tax Purposes **
  ** If you are an inactive partnership, see line 280 in Guide T4068 for more information.
- T5013 SCH 50, Partner's Ownership and Account Activity

The General Index of Financial Information (GIFI) schedules

- T5013 SCH 100, Balance Sheet Information
- T5013 SCH 125, Income Statement Information
- T5013 SCH 140, Summary Statement (when more than one schedule 125 is filed)
- T5013 SCH 141, General Index of Financial Information (GIFI) – Additional Information (not required for investment clubs)

Answer the following questions. For each **affirmative** answer, **attach** the related schedule or form to the partnership return, unless otherwise instructed.

		Yes	No	
At any time during the fiscal period, was the partnership a member of another partnership (directly or indirectly through one or more partnerships)?	150		X	T5013 SCH 9
Has the partnership had any transactions, including sections 97 and 98 transactions or subsection 85(2) transfers with its members or employees, other than transactions in the ordinary course of business? (Do not include non-arm's length transactions with non-residents.)	162		X	T2058, T2059 or T2060
Did the partnership have a total amount over $1 million of reportable transactions with non-arm's length non-residents?	171		X	T106
Does the partnership have to file Form T1134 in respect of any foreign affiliates in the fiscal period?	172		X	T1134
Has the partnership made any charitable donations, gifts of cultural or ecological property or federal, provincial, territorial or municipal political contributions?	202		X	T5013 SCH 2
Does the partnership have a permanent establishment in more than one jurisdiction?	205	X		T5013 SCH 5
Has the partnership realized any capital gains or incurred any capital losses during the fiscal period?	206		X	T5013 SCH 6
Does the partnership have any property that is eligible for capital cost allowance?	208	X		T5013 SCH 8
Does the partnership have any resource-related deductions (not including renounced expenditures)?	212		X	T5013 SCH 12
Is the partnership allocating any investment tax credits (ITCs)? If **Yes**, attach a document to this return providing a detailed calculation of the partnership's ITCs and their allocation to one or more partners.	231		X	Calculation and allocation
Did the partnership incur any scientific research and experimental development (SR&ED) expenditures?	232		X	T661
Did the partnership allocate renounced resource expenses to its members?	252		X	T5013 SCH 52
Did the partnership own or hold specified foreign property for which the total cost amount, at any time in the fiscal period, was more than CAN $100,000?	259		X	T1135
Is the partnership allocating any Canadian journalism labour tax credits?	260		X	T5013 SCH 58
Is the partnership allocating any return of fuel charge proceeds to farmers tax credits?	261		X	T5013 SCH 63
Is the partnership allocating any air quality improvement tax credits?	262		X	T5013 SCH 65

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Additional information

		Yes	No
Did the partnership use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	X	
Was a slip issued to one or more nominees or agents?	271		X
Does the partnership agreement require that the nominee(s) or agent(s) complete and file any of the documents identified on page 2?	272		X
Does the partnership have one or more new nominees or agents?	273		X
Did the partnership allocate any amount of income tax deducted at source?	274		X
Did the partnership make any other election(s) under the Act during the fiscal period?	275	X	
If **Yes**, attach a copy of each election form to this return. Is this partnership the continuation of one or more predecessor partnerships since its last partnership information return was filed?	277		X
If you answered **Yes** to line 277, provide the business number(s) of the predecessor partnership(s)	278		
	279		
Was the partnership inactive throughout the fiscal period this information return applies to?	280		X
If **Yes**, see Guide T4068 to verify your filing requirements.			
Did members of the partnership immigrate to Canada during the fiscal period?	291		X
Did members of the partnership emigrate from Canada during the fiscal period?	292		X
If the major business activity is construction, did you have any subcontractors during the fiscal period?	295		X
Did the partnership report its farming or fishing income using the cash method?	296		X
Is this a publicly traded partnership?	297		X
If you answered **Yes** to line 297, did the partnership issue T5008 information slips to report transactions of interests in the partnership?	298		

Miscellaneous information

		Yes	No
For tax deductions withheld at the source, was an NR4 information return filed for the fiscal period?	301		X
If you answered **Yes** to line 301, enter the non-resident account number	302		
If you answered **Yes** to line 301, were NR4 slips issued?	303		
Is this partnership a specified investment flow-through (SIFT) partnership?	304		X
If you answered **Yes** to line 304, enter the taxable non-portfolio earnings for the fiscal period	305		
If you answered **Yes** to line 304, enter the tax payable under Part IX.1 for the fiscal period	306		
Enter the amount of the late-filing penalty from line 307 of Schedule 52	307		
Amount of payment enclosed with this return	308		

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Additional information for all partnerships (including tax shelters that are partnerships)

Name and identification number of the partner designated under subsection 165(1.15) of the Act

400	402
Name of designated partner	Identification number

Additional information for tax shelters only

Principal promoter

500	501	502
Last name (print)	First name (print)	Identification number

Certification

950 I, Koski	951 Jacyn	954 Treasurer & Director, Tax
Last name (print)	First name (print)	Position or title

certify that the information given on this information return and in any attached document is correct and complete. I also certify that the method of calculating income, deductions and credits for this fiscal period is consistent with that of the previous fiscal period except as noted in a statement attached to this return.

955 2024-05-31		956 (780) 412-4481
Year Month Day	Signature of the authorized partner	Telephone number

Language of correspondence

Indicate your language of correspondence . . . . 990 [X] English [ ] French

Privacy notice

Personal information (including the SIN) is collected to administer or enforce the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for the purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in paying interest or penalties, or in other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 224 on Information about Programs and Information Holdings at **canada.ca/cra-information-about-programs**.

Canada Revenue Agency / Agence du revenu du Canada

PARTNERSHIP'S BALANCE SHEET INFORMATION

T5013 SCHEDULE 100

Partnership name	Partnership account Number	Fiscal period end Year Month Day	
EPCOR Natural Gas Limited Partnership	74396 8299 RZ0001	2023-12-31	Original X / Amended

Is this a NIL schedule? . . . . . . 999 Yes [ ] No [X]

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	6,300,726.00	5,614,538.00
	Total tangible capital assets	2008	+	160,586,244.00	149,580,089.00
	Total accumulated amortization of tangible capital assets	2009	–	15,374,088.00	10,702,614.00
	Total intangible capital assets	2178	+	2,942,873.00	2,886,722.00
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+		
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	154,455,755.00	147,378,735.00
	Liabilities				
	Total current liabilities	3139	+	23,387,443.00	20,070,619.00
	Total long-term liabilities	3450	+	83,536,345.00	81,807,013.00
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	106,923,788.00	101,877,632.00
	Partner's capital				
	Total partners' capital (mandatory field)	3575	+	47,531,967.00	45,501,103.00
	Total liabilities and partners' capital	3585	=	154,455,755.00	147,378,735.00

* Generic item

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T5013 SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Partnership name	Partnership account number	Fiscal period end (Year Month Day)	Original / Amended
EPCOR Natural Gas Limited Partnership	74396 8299 RZ0001	2023-12-31	Original: X; Amended:

Income statement information

Description	GIFI	
Is this a NIL schedule?	999	Yes [ ] No [X]
Operating Business Name	0001	
Description of the operation	0002	
Sequence Number	0003	01

Account	Description	GIFI		Current year	Prior year
	Income statement information				
	Total sales of goods and services	8089	+	28,217,267.00	24,192,890.00
	Cost of sales	8518	–	16,605,088.00	15,483,056.00
	Gross profit/loss	8519	=	11,612,179.00	8,709,834.00
	Cost of sales	8518	+	16,605,088.00	15,483,056.00
	Total operating expenses	9367	+	15,576,105.00	12,232,281.00
	Total expenses (mandatory field)	9368	=	32,181,193.00	27,715,337.00
	Total revenue (mandatory field)	8299	+	28,212,057.00	24,192,890.00
	Total expenses (mandatory field)	9368	–	32,181,193.00	27,715,337.00
	Net non-farming income	9369	=	-3,969,136.00	-3,522,447.00
	Farming income statement information				
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before extraordinary items – all operations	9970	=	-3,969,136.00	-3,522,447.00
	Total other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–		
	Deferred income tax provision	9995	–		
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	-3,969,136.00	-3,522,447.00

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T5013
Schedule 141
Protected B when completed

General Index of Financial Information (GIFI) – Additional Information

Partnership name	Partnership account number	Fiscal period-end Year Month Day	
EPCOR Natural Gas Limited Partnership	74396 8299 RZ0001	2023-12-31	[X] Original [ ] Amended

- A partnership needs to complete all parts of this schedule that apply and include it with their partnership information return along with the other GIFI schedules.
- For more information, see Guide RC4088, General Index of Financial Information (GIFI), and Guide T4068, Guide for the Partnership Information Return (T5013 forms).

Part 1 – Information on the person primarily involved with the financial information

		Yes	No
Can you identify the person* specified in the heading of Part 1?	111	X	
If you answered **no**, go to Part 2.			
Does that person have a professional designation in accounting?	095	X	
Is that person connected** with the partnership?	097		X

* A person primarily involved with the financial information is a person who has more than a 50% involvement in preparing the financial information that the partnership information return is based on. For example, if three persons prepared the financial information by doing respectively 30%, 30%, and 40% of the work, answer **no** at line 111. If they did respectively 10%, 20%, and 70% of the work, answer **yes** at line 111 and complete Part 1 by referring only to the third person.

** A person connected with a partnership can be: (i) a member of the partnership who owns more than 10% of the partnership units; (ii) an employee of the partnership; or (iii) a person not dealing at arm's length with the partnership.

Part 2 – Type of involvement

Choose one or more of the following options that represent your involvement and that of the person referred to in Part 1:

Completed an auditor's report	300	X
Completed a review engagement report	301	
Conducted a compilation engagement	302	
Provided accounting services	303	
Provided bookkeeping services	304	
Other	305	
If other, please specify	306	

Part 3 – Reservations

If you selected option **300** or **301** in Part 2 above, answer the following question:

		Yes	No
Has the person referred to in Part 1 expressed a reservation?	099		X

Part 4 – Other information

		Yes	No
Were notes to the financial statements prepared?	101	X	
Did the partnership have any subsequent events?	104		X
Did the partnership re-evaluate its assets during the fiscal period?	105		X
Did the partnership have any contingent liabilities during the fiscal period?	106		X
Did the partnership have any commitments during the fiscal period?	107	X	
Does the partnership have investments in joint ventures? If **yes**, complete question 109 below	108		X
Is the partnership filing joint venture(s) financial statements?	109		X

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Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income as a result of an impairment loss in the fiscal period, a reversal of an impairment loss recognized in a previous fiscal period, or a change in fair value during the fiscal period? . . . **200** Yes [ ] No [X]

If **yes**, enter the amount recognized:

In net income Increase (decrease)

Property, plant, and equipment	210	
Intangible assets	215	
Investment property	220	
Biological assets	225	
Financial instruments	230	
Other	235	

In other comprehensive income Increase (decrease)

Property, plant, and equipment	211	
Intangible assets	216	
Financial instruments	231	
Other	236	

Financial instruments

Did the partnership derecognize any financial instrument(s) during the fiscal period (other than trade receivables)? . . . **250** Yes [ ] No [X]

Did the partnership apply hedge accounting during the fiscal period? . . . **255** Yes [ ] No [X]

Did the partnership discontinue hedge accounting during the fiscal period? . . . **260** Yes [ ] No [X]

Adjustments to opening partners' capital

Was an amount included in the opening balance of partners' capital, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current fiscal period? . . . **265** Yes [ ] No [X]

If **yes**, you have to maintain a separate reconciliation.

Part 5 – Information on the person who prepared the partnership information return

If the person who prepared the partnership information return has a professional designation in accounting but is not the person identified in Part 1, choose all of the following options that apply:

Prepared the partnership information return and the financial information contained therein	310	[ ]
The client provided the financial statements	311	[ ]
The client provided a trial balance	312	[ ]
The client provided a general ledger	313	[ ]
Other	314	[X]

If other, please specify . . . **315** Partnership return prepared by internal tax staff

See the privacy notice on your return.

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Partnership name	Partnership account number	Fiscal period end Year Month Day
EPCOR Natural Gas Limited Partnership	74396 8299 RZ0001	2023-12-31

Is this a NIL schedule? . . . . 999 Yes ☐ No ☒

Assets – lines 1000 to 2599

1060	4,491,280.00	1120	1,772,351.00	1484	37,095.00
1599	6,300,726.00	1600	197,963.00	1740	160,388,281.00
1741	-15,374,088.00	2008	160,586,244.00	2009	-15,374,088.00
2010	2,942,873.00	2178	2,942,873.00	2599	154,455,755.00

Liabilities – lines 2600 to 3499

2620	8,955,186.00	2770	666,545.00	2860	13,208,416.00
2960	557,296.00	3139	23,387,443.00	3220	22,124,928.00
3300	61,160,000.00	3320	251,417.00	3450	83,536,345.00
3499	106,923,788.00				

Partner's capital – lines 3540 to 3575

3545	-3,969,136.00	3550	-3,969,136.00	3551	28,500.00
3552	-3,969.27	3554	6,000.20	3560	30,530.93
3561	45,472,603.00	3562	-3,965,166.73	3564	5,993,999.80
3571	47,501,436.07	3575	47,531,967.00	3585	154,455,755.00

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Partnership name	Partnership account number	Fiscal period end Year Month Day
EPCOR Natural Gas Limited Partnership	74396 8299 RZ0001	2023-12-31

Is this a NIL schedule? . . . . **999** [ ] Yes [X] No

Description

Sequence number **0003** 01

Revenue – lines 8000 to 8299

8000	28,217,267.00	**8089**	28,217,267.00	**8210**	-5,210.00
8299	28,212,057.00				

Cost of sales – lines 8300 to 8519

8320	13,062,318.00	**8370**	3,542,770.00	**8518**	16,605,088.00
8519	11,612,179.00				

Operating expenses – lines 8520 to 9369

8570	124,624.00	**8670**	4,671,079.00	**8710**	2,986,996.00
8760	1,065,808.00	**9060**	1,993,398.00	**9270**	927,402.00
9284	3,806,798.00	**9367**	15,576,105.00	**9368**	32,181,193.00
9369	-3,969,136.00				

Farming revenue – lines 9370 to 9659

9659	0.00

Farming expenses – lines 9660 to 9899

9898	0.00

Extraordinary items and taxes – lines 9970 to 9999

9970	-3,969,136.00	**9999**	-3,969,136.00

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Net Income (Loss) for Income Tax Purposes

Protected B when completed

T5013
Schedule 1

Partnership name	Partnership account number	Fiscal period end (Year Month Day)	
EPCOR Natural Gas Limited Partnership	74396 8299 RZ0001	2023-12-31	X Original / ☐ Amended

- Fill out this schedule to reconcile the partnership's net income (loss) reported on the financial statements and its net income (loss) for income tax purposes.
- All the information requested in this form and in the documents supporting your information return is "prescribed information".
- Fill out this schedule using the instructions in Guide T4068, Guide for the Partnership Information Return (T5013 forms).
- Fill out a worksheet to identify the source of all the amounts reported on the T5013 information slips.
- Attach the original copy of this completed schedule to Form T5013 FIN, Partnership Financial Return.

Is this a NIL schedule? **999** ☐ Yes X No

(If **yes**, do not use zeroes (000 00), dashes (-), nil, or N/A on the lines.)

	Line	Amount	Line	Total
Amount calculated on line 9999 from Schedule 125 or Schedule 140			500	-3,969,136.00
Add:				
Provision for Part IX.1 specified investment flow through (SIFT) taxes	101			
Amortization/depreciation of tangible assets	104	4,671,079.00		
Amortization of natural resource assets	105			
Amortization of intangible assets	106	124,624.00		
Recapture of capital cost allowance from Schedule 8	107			
Income or loss for tax purposes from partnerships	109			
Loss in equity of affiliates	110			
Loss on disposal of assets per financial statements	111	5,210.00		
Charitable donations and gifts from Schedule 2	112			
Political contributions from Schedule 2	114			
Current fiscal period's holdbacks	115			
Deferred and prepaid expenses	116			
Depreciation in inventory – end of fiscal period	117			
Scientific research and experimental development (SR&ED) expenditures deducted per financial statements	118			
Capitalized interest and property taxes on vacant land	119			
Non-deductible club dues and fees	120			
Non-deductible meals and entertainment expenses	121	8,072.00		
Non-deductible automobile expenses	122			
Non-deductible life insurance premiums	123			
Non-deductible company pension plans	124			
Reserves from financial statements – balance at the end of the fiscal period	126			
Soft costs on construction and renovation of buildings	127			
Salaries and wages paid to partners deducted on financial statements	150			
Cost of products available for sale that were consumed	151			
Personal expenses of the partners paid by the partnership	152			
Dividend rental arrangement compensation payment deductions	154			
Renounced exploration, development and resource property expenses deducted per financial statements from Schedule 52	155			
Certain fines and penalties	156			
Amount from line 508 on page 2 of this schedule	199	323,429.00		
Total (**Add** lines 101 to 199. Enter this amount on line 501)		5,132,414.00	501	+ 5,132,414.00
Deduct: Amount from line 511 on page 3 of this schedule			502	– 8,264,112.88
Net income (loss) for income tax purposes – (line 500 **plus** line 501 **minus** line 502)			503	= -7,100,834.88
Deduct: Net income (loss) for general partners			504	– -7,101.07
Net income (loss) for income tax purposes for limited and non-active partners (line 503 **minus** line 504)			505	= -7,093,733.81

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Canada

Partnership account number	Fiscal period end (Year Month Day)
74396 8299 RZ0001	2023-12-31

Protected B when completed

Add:

Accounts payable and accruals for cash basis – closing	201			
Accounts receivable and prepaid for cash basis – opening	202			
Accrual inventory – opening	203			
Accrued dividends – prior fiscal period	204			
Book loss on joint ventures or partnerships	205			
Capital items expensed	206	19,651.00		
Debt issue expense	208			
Deemed dividend income	209			
Deemed interest on loans to non-residents	210			
Deemed interest received	211			
Development expenses claimed in current fiscal period	212			
Dividend stop-loss adjustment	213			
Dividends credited to the investment account	214			
Exploration expenses claimed in current fiscal period	215			
Financing fees deducted in books	216			
Foreign accrual property income	217			
Foreign affiliate property income	218			
Foreign exchange included in retained earnings	219			
Gain on settlement of debt – income inclusion under subsection 80(13)	220			
Interest paid on income debentures	221			
Limited partnership losses	222			
Loss from international banking centres	223			
Mandatory inventory adjustment – included in current fiscal period	224			
Non-deductible advertising	226			
Non-deductible interest	227	158.00		
Non-deductible legal and accounting fees	228			
Optional value of inventory – included in current fiscal period	229			
Other expenses from financial statements	230			
Recapture of SR&ED expenditures from Form T661	231			
Resource amounts deducted	232			
Sales tax assessments	234			
Write-down of capital property	236			
Amounts received in respect of qualifying environmental trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			
Contractors' completion method adjustment: revenue net of costs on contracts under 2 years – previous fiscal period	238			
Taxable/Non-deductible other comprehensive income items	239			
Total (**Add** lines 201 to 239. Enter this amount on line 506)		19,809.00	506	+ 19,809.00

Other additions:

600	Incentive plan overaccrual current year	290	16,373.00		
601	Allowance for doubtful acct - current yr	291	220,546.00		
602	IFRS 16 lease financing exp	292	16,710.00		
603	Non-deductible ASO current year	293	49,991.00		
604		294			
	Total (**Add** lines 290 to 294. Enter this amount on line 507)		303,620.00	507	+ 303,620.00

Total (**Add** lines 506 and 507) .... 508 = 323,429.00

Enter the amount from line 508 on line 199 on page 1 of this schedule.

Partnership account number	Fiscal period end (Year Month Day)
74396 8299 RZ0001	2023-12-31

Protected B when completed

Deduct:

Accounts payable and accruals for cash basis – opening	300	
Accounts receivable and prepaid for cash basis – closing	301	
Accrual inventory – closing	302	
Accrued dividends – current fiscal period	303	
Bad debt	304	
Book income of joint venture or partnership	305	
Equity in income from affiliates	306	
Exempt income under section 81	307	
Income from international banking centres	308	
Mandatory inventory adjustment – included in prior fiscal period	309	
Contributions to a qualifying environmental trust	310	
Non-Canadian advertising expenses – broadcasting	311	
Non-Canadian advertising expenses – printed materials	312	
Optional value of inventory – included in prior fiscal period	313	
Other income from financial statements	314	
Payments made for allocations in proportion to borrowing and bonus interest payments	315	
Contractors' completion method adjustment: revenue net of costs on contracts under 2 years – current fiscal period	316	
Non-taxable/Deductible other comprehensive income items	347	

Other less common deductions:

700	Allowance for doubtful acct - prior yr	390	100,032.00		
701	IFRS 16 lease liability rent payments	391	55,878.00		
702	Capitalized interest	392	1,767.00		
703	Amortization of contributions	393	659,947.00		
704	Other deductions	394	64,220.00		
	Total (**Add** lines 300 to 394. Enter this amount on line 509)		881,844.00	509	+ 881,844.00

Other deductions:

Gain on disposal of assets per financial statements	401			
Non-taxable dividends under section 83	402			
Capital cost allowance from Schedule 8	403	7,382,268.88		
Terminal loss from Schedule 8	404			
Foreign non-business tax deduction under subsection 20(12)	407			
Prior fiscal period's holdbacks	408			
Deferred and prepaid expenses	409			
Depreciation in inventory – end of prior fiscal period	410			
SR&ED expenditures claimed in the fiscal period from Form T661 (line 460)	411			
Reserves from financial statements – balance at the beginning of the fiscal period	414			
Patronage dividends	416			
Contributions to deferred income plans	417			
Total (**Add** lines 401 to 417. Enter this amount on line 510)		7,382,268.88	510	+ 7,382,268.88

Total (**Add** lines 509 and 510) . . . 511 = 8,264,112.88
Enter this amount on line 502 on page 1 of this schedule.

See the privacy notice on your return.

Attached Schedule with Total

Capital items expensed

Title Capital items expensed

Explanatory note

Description	Operator (Note)	Amount	
BU5B capital items expensed		13,494	00
BU5F capital items expensed	+	6,157	00
	+		
	+		
	Total	19,651	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Attached Schedule with Total

Other less common deductions – Montant

Title Other less common deductions – Montant

Explanatory note

Description	Operator (Note)	Amount	
Incentive plan overacrrual prior year		9,089	00
Tax deductible project costs	+	7,210	00
Non-deductible ASO prior year	+	47,921	00
	+		
	Total	64,220	00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

Canada Revenue Agency / Agence du revenu du Canada

Allocation of Salaries and Wages, and Gross Revenue for Multiple Jurisdictions

Protected B when completed

T5013
Schedule 5

Partnership name	Partnership account number	Fiscal period end (Year Month Day)	
EPCOR Natural Gas Limited Partnership	74396 8299 RZ0001	2023-12-31	[X] Original [ ] Amended

- Fill out this schedule if, during the fiscal period, the partnership had permanent establishments in more than one jurisdiction.
- All the information requested in this form and in the documents supporting your information return is "prescribed information."
- Fill out this schedule using the instructions in Guide T4068, *Guide for the Partnership Information Return (T5013 forms)*.
- If you do not have enough space to list all the information, use an additional Schedule 5.
- Attach the original copy of this completed schedule to Form T5013 FIN, *Partnership Financial Return*.

Part 1 – Allocation of salaries and wages, and gross revenue

Jurisdiction		Yes	No		Salaries and Wages		Gross Revenue
Newfoundland and Labrador	003		X	100		200	
Newfoundland and Labrador – offshore	004		X	101		201	
Prince Edward Island	005		X	102		202	
Nova Scotia	007		X	103		203	
Nova Scotia – offshore	008		X	104		204	
New Brunswick	009		X	105		205	
Quebec	011		X	106		206	
Ontario	013	X		107	3,196,446.00	207	28,217,267.00
Manitoba	015		X	108		208	
Saskatchewan	017		X	109		209	
Alberta	019	X		110	604,133.00	210	
British Columbia	021		X	111		211	
Yukon	023		X	112		212	
Northwest Territories	025		X	113		213	
Nunavut	026		X	114		214	
Outside Canada	027		X	115		215	
			Totals	130	3,800,579.00	280	28,217,267.00

Part 2 – Amounts allocated by one or more partnerships

If the partnership held an interest in one or more partnerships, provide the following information:

	300 Other partnership name	350 Other partnership account number	400 Were any amounts reported in Part 1 above allocated to you from this other partnership? Yes	No
1				
2				
3				
4				
5				
6				

See the privacy notice on your return.

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Agence du revenu du Canada / Canada Revenue Agency

T5013
Schedule 8

Protected B when completed

Capital Cost Allowance (CCA)

Partnership name	Partnership account number	Fiscal period end (Year Month Day)	
EPCOR Natural Gas Limited Partnership	74396 8299 RZ0001	2023-12-31	X Original ☐ Amended

- Fill out this schedule to calculate the amount of capital cost allowance (CCA) the partnership is claiming for the fiscal period, or to account for acquisitions or dispositions of depreciable property, or both.
- Fill out this schedule to designate immediate expensing property.
- Fill out this schedule using the instructions in the T4068, Guide for the Partnership Information Return (T5013 forms).
- If you do not have enough space to list all the information, use an additional T5013 Schedule 8.
- Attach the original copy of this completed schedule to Form T5013 FIN, Partnership Financial Return.

Part 1 – Agreement between associated eligible persons or partnerships (EPOPs)

Are you associated in the fiscal period with one or more EPOPs with which you have entered into an agreement under subsection 1104(3.3) of the Regulations? . . . . **105** Yes X No ☐

If you answered **yes**, complete Part 1. Otherwise, go to Part 2.

Enter a percentage assigned to each associated EPOP (including your partnership) as determined in the agreement.

This percentage will be used to allocate the immediate expensing limit. The total of all the percentages assigned under the agreement should not exceed 100%. If the total is more than 100%, then the associated group has an immediate expensing limit of nil. For more information about the immediate expensing limit, see note 12 in Part 3.

	1 Name of EPOP **110**	2 Identification number See **note 1** **115**	3 Percentage assigned under the agreement **120**
1	EPCOR Natural Gas Limited Partnership	743968299RZ0001	100.000 %
2	1772387 Alberta Limited Partnership	845992171RZ0001	%
3	EPCOR Energy Alberta Limited Partnership	845992171RZ0001	%
4	EPCOR RNG Limited Partnership	816327993RZ0001	%
5	EPCOR Industrial Infrastructure Limited Partnership	759719313RZ0001	%
6	EPCOR Gold Bar RNG Inc.	740923875RC0001	%
7	1772387 Alberta Ltd.	846005379RC0001	%
8	812244 Alberta Ltd.	877115220RC0001	%
9	EPCOR Britannia Water Inc.	859941437RC0001	%
10	EPCOR Collingwood Distribution Corp.	782245088RC0001	%
11	EPCOR Collingwood Services Corp	870112323RC0001	%
12	EPCOR Consumer Services Inc.	820222503RC0001	%
13	EPCOR Distribution & Transmission Inc.	883551426RC0002	%
14	EPCOR Electricity Distribution Ontario Inc.	866168834RC0001	%
15	EPCOR Electricity Solutions Ontario Inc.	866168636RC0001	%

Approval code: RC-23-P010

	1 Name of EPOP 110	2 Identification number See **note 1** 115	3 Percentage assigned under the agreement 120
16	EPCOR Energy Alberta GP Inc.	845431774RC0001	%
17	EPCOR GL Industrial Water Inc.	732512488RC0001	%
18	EPCOR Infrastructure Inc.	761288513RC0001	%
19	EPCOR Ontario Utilities Inc.	744116096RC0001	%
20	EPCOR Commercial Services Inc.	877148627RC0006	%
21	EPCOR Ontario Operations Management Inc.	778239921RC0001	%
22	EPCOR Technologies (Logistics) Inc.	868457938RC0001	%
23	EPCOR Technologies Inc.	133789370RC0001	%
24	EPCOR Utilities Holdings Inc.	855088761RC0001	%
25	EPCOR Utilities Inc.	893238253RC0001	%
26	EPCOR Water (Central) Inc.	837177955RC0002	%
27	EPCOR Water (East) Inc.	853143923RC0001	%
28	EPCOR Water (West) Inc.	869933986RC0001	%
29	EPCOR Water Development (West) Inc.	898005509RC0001	%
30	EPCOR Water Prairies Inc.	804040939RC0001	%
31	EPCOR Water Services Inc.	893228742RC0001	%
32	EPCOR Holdings East Inc.	753418912RC0001	%
33	EPCOR RNG Management Inc.	740539333RC0001	%
34	EPCOR Industrial Water USA Holdings Inc.	715482402RC0001	%
35	2443211 Alberta Ltd.	716698303RC0001	%
36	EPCOR District Energy Inc.	735638215RC0001	%
		Total	100.000 %

Immediate expensing limit allocated to the partnership (see **note 2**) **125** 1,500,000.00

Note 1: The identification number is the social insurance number, business number, or partnership account number of the EPOP.

Note 2: Multiply 1.5 million by the percentage assigned to your partnership in column 3.

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Part 2 – Income earned from the source in which the designated immediate expensing property (DIEP) is used

The source refers to the business or property from which the income was earned and in which the DIEP is used. For more information about DIEP, see note 5 in Part 3.

Are you a Canadian partnership of which all of the members were, throughout the fiscal period, Canadian-controlled private corporations (CCPC), individuals (other than trusts) resident in Canada or a combination thereof? . . . . . **150** Yes X No ☐

If you answered **yes**, complete Part 2. Otherwise, go to Part 3.

Is there more than one source of income? . . . . . **155** Yes X No ☐

If you answered **no**, enter the income of that source of income (net income for income tax purposes before any CCA deductions) . . . . . **156** ______

If the answer is **yes**, complete the table below.

	1 Source of income **160**	2 Income before any CCA deductions from each source (if the income is a loss or nil, enter "0") **165**	3 Aggregate amount of DIEP used for each source **170**
1	5B	1,832,371.00	
2	5F		
3	5L		
4			
5			
6			
7			
8			

Protected B when completed

Part 3 – CCA calculation

	1 Class number See **note 3** **200**	2 Undepreciated capital cost (UCC) at the beginning of the fiscal period **201**	3 Cost of acquisitions during the fiscal period (new property must be available for use) See **note 4** **203**	4 Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) See **note 5** **232**	5 Adjustments and transfers (show amounts that will reduce the UCC in brackets) See **note 6** **205**	6 Amount from column 5 that is assistance received or receivable during the fiscal period for a property, subsequent to its disposition See **note 7** **221**	7 Amount from column 5 that is repaid during the fiscal period for a property, subsequent to its disposition See **note 8** **222**	8 Proceeds of dispositions See **note 9** **207**
1	1	316,099.77	82,929.00					
2	8	507,211.18	395,453.00					
3	10	255,545.34	92,199.00					2,000.00
4	50	118,701.09	21,460.00					
5	51	19,566,226.63	2,215,590.00					
6	12	32,357.00	109,756.00					
7	14.1	3,026,760.22						
8	8	1,221,032.00	729,882.00					
9	10	160,305.60			-10,352.00			
10	50	83,236.00	10,756.00					
11	12	3,427.00	91,129.00					
12	51	80,258,411.00	9,327,332.00					
13	14.1	626,955.46						

	9 Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4) **234**	10 UCC (column 2 **plus** column 3 **plus** or **minus** column 5 **minus** column 8) See **note 10**	11 UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4) See **note 11** **236**	12 Immediate expensing See **note 12** **238**	13 Cost of acquisitions on remainder of Class (column 3 **minus** column 12)	14 Cost of acquisitions from column 13 that are accelerated investment incentive properties (AIIP) or properties included in Classes 54 to 56 See **note 13** **225**	15 Remaining UCC (column 10 **minus** column 12)	16 Proceeds of disposition available to reduce the UCC of AIIP and property included in Classes 54 to 56 (column 8 **plus** column 6 **minus** column 13 **plus** column 14 **minus** column 7) (if negative, enter "0") See **note 14**
1		399,028.77			82,929.00	82,929.00	399,028.77	
2		902,664.18			395,453.00	395,453.00	902,664.18	
3		345,744.34			92,199.00	92,199.00	345,744.34	2,000.00
4		140,161.09			21,460.00	21,460.00	140,161.09	
5		21,781,816.63			2,215,590.00	2,215,590.00	21,781,816.63	
6		142,113.00			109,756.00	109,756.00	142,113.00	
7		3,026,760.22					3,026,760.22	
8		1,950,914.00			729,882.00	729,882.00	1,950,914.00	
9		149,953.60					149,953.60	
10		93,992.00			10,756.00	10,756.00	93,992.00	

11		94,556.00			91,129.00	91,129.00	94,556.00	
12		89,585,743.00			9,327,332.00	9,327,332.00	89,585,743.00	
13		626,955.46					626,955.46	
		Totals						

Protected B when completed

Part 3 – CCA calculation (continued)

	17 Net capital cost additions of AIIP and property included in Classes 54 to 56 acquired during the fiscal period (column 14 **minus** column 16) (if negative, enter "0")	18 UCC adjustment for AIIP and property included in Classes 54 to 56 acquired during the fiscal period (column 17 **multiplied** by the relevant factor) See **note 15**	19 UCC adjustment for property acquired during the fiscal period other than AIIP and property included in Classes 54 to 56 (0.5 **multiplied** by the result of column 13 **minus** column 14 **minus** column 6 **plus** column 7 **minus** column 8) (if negative, enter "0") See **note 16** 224	20 CCA rate % See **note 17** 212	21 Recapture of CCA See **note 18** 213	22 Terminal loss See **note 19** 215	23 CCA (for declining balance method, the result of column 15 **plus** column 18 **minus** column 19, **multiplied** by column 20, or a lower amount, **plus** column 12) See **note 20** 217	24 UCC at the end of the fiscal period (column 10 **minus** column 23) 220
1	82,929.00	41,464.50		4.00			14,302.57	384,726.20
2	395,453.00	197,726.50		20.00			140,988.00	761,676.18
3	90,199.00	45,099.50		30.00			90,193.45	255,550.89
4	21,460.00	10,730.00		55.00			71,187.00	68,974.09
5	2,215,590.00	1,107,795.00		6.00			1,240,441.00	20,541,375.63
6	109,756.00			100.00			87,235.00	54,878.00
7				5.00			151,338.01	2,875,422.21
8	729,882.00	364,941.00		20.00			317,195.00	1,633,719.00
9				30.00			44,986.08	104,967.52
10	10,756.00	5,378.00		55.00			48,738.00	45,254.00
11	91,129.00			100.00			48,992.00	45,564.00
12	9,327,332.00	4,663,666.00		6.00			5,095,325.00	84,490,418.00
13				5.00			31,347.77	595,607.69
				Totals	230	240	250 7,382,268.88	

Enter the amount from line 230 on line 107 of T5013 Schedule 1.
Enter the amount from line 240 on line 404 of T5013 Schedule 1.
Enter the amount from line 250 on line 403 of T5013 Schedule 1.

Note 3: If a class number has not been provided in Schedule II of the Income Tax Regulations for a particular class of property, use the subsection provided in Regulation 1101.

Note 4: Include any property acquired in previous fiscal periods that has now become available for use, net of any assistance received or entitled to be received in the fiscal period from a government, municipality or other public authority, or a reduction of capital cost after the application of section 80. This property would have been previously excluded from column 3. List separately any acquisitions of property in the class that are not subject to the 50% rule. See Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance, for exceptions to the 50% rule. Do not include any amount in column 3 in respect of property included in column 5 (see note 6).

Note 5: A DIEP reported in column 4 is a property acquired after December 31, 2021, by a Canadian partnership (all of the members of which were, throughout the period, Canadian-controlled private corporations, individuals (other than trusts) resident in Canada or a combination thereof) that becomes available for use before 2025 (if all the members are individuals throughout the fiscal period), or before 2024 in any other case. The property is designated as such on or before the day that is 12 months after the filing due date of an information return under section 229 of the Regulations by any member of the partnership for the fiscal period to which the designation relates. It includes all capital property subject to the CCA rules, if certain conditions are met, other than property included in Classes 1 to 6, 14.1, 17, 47, 49, and 51. A property can only qualify as DIEP in the fiscal period in which it becomes available for use. See subsection 1104(3.1) of the Regulations for more information.

If there is more than one source of income, the total amount of DIEP reported in Part 2 (total of column 3) should be equal to the total amount of DIEP reported in Part 3 (total of column 4).

Part 3 – CCA calculation (continued)

Note 6: Enter in column 5, "Adjustments and transfers", amounts that increase or reduce the UCC (column 10). Items that increase the UCC include amounts transferred under subsection 97(2). Items that reduce the UCC (show amounts that reduce the UCC in brackets) include assistance received or receivable during the fiscal period for a property, subsequent to its disposition, if such assistance would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f). See the Guide T4068 for other examples of adjustments and transfers to include in column 5.

Also include property acquired in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor at least 364 days before the end of your fiscal period and continuously owned by the transferor until it was acquired by you.

Note 7: Include all amounts of assistance you received (or were entitled to receive) after the disposition of a depreciable property that would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f) if received before the disposition.

Note 8: Include all amounts you have repaid during the fiscal period for any legally required repayment, made after the disposition of a corresponding property, of:

- assistance that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d) and
- an inducement, assistance, or any other amount contemplated in paragraph 12(1)(x) received, that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b)

Also include property acquired in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor less than 364 days before the end of your fiscal period and continuously owned by the transferor until it was acquired by you.

Note 9: For each property disposed of during the fiscal period, deduct from the proceeds of disposition any outlays and expenses to the extent that they were made or incurred for the purpose of making the disposition(s). The amount reported in respect of the property cannot exceed the property's capital cost, unless that property is a timber resource property as defined in subsection 13(21).

If the cost of a zero-emission passenger vehicle (or a passenger vehicle that was, at any time, a DIEP) exceeds the prescribed amount and it is disposed of to a person or partnership with which you deal at arm's length, the proceeds of disposition will be adjusted based on a factor equal to the prescribed amount as a proportion of the actual cost of the vehicle. The actual cost of the vehicle will be adjusted for payment or repayment of government assistance.

Note 10: If the amount in column 5 (as shown in brackets) reduces the UCC, you must subtract it for the purposes of the calculation. Otherwise, add the amount in column 5 for the purpose of the calculation.

Note 11: The amount to enter in column 11 must not exceed the amount in column 10. If it does, enter in column 11 the amount from column 10. If the amount determined in column 10 is zero or a negative amount, enter zero. The only amounts incurred before 2022, to be included in this column are certain inventory purchases from arm's length persons or partnerships where the conditions in paragraphs 1100(0.3)(a) to (c) are met.

Note 12: Immediate expensing applies to a DIEP included in column 11. The total immediate expensing for the fiscal period (total of column 12) is limited to the lesser of:

1. Immediate expensing limit: it is equal to one of the following five amounts, whichever is applicable:
   - $1.5 million, if you are not associated with any other EPOP in the fiscal period
   - amount from line 125, if you are associated in the fiscal period with one or more EPOPs
   - nil, if the total of the percentages assigned in Part 1 is more than 100% or you are associated in the fiscal period with one or more EPOPs and have not filed an agreement in prescribed form as required under subsection 1104(3.3) of the Regulations
   - the amount determined under subsection 1104(3.5) of the Regulations for any second or subsequent fiscal periods ending in a calendar year, if you have two or more fiscal periods ending in the calendar year in which you are associated with another EPOP that has a tax year ending in that calendar year
   - any amount allocated by the minister under subsection 1104(3.4) of the Regulations

   The immediate expensing limit has to be prorated if your fiscal period is less than 51 weeks. You cannot carry forward any unused amount of the immediate expensing limit.
2. UCC of the DIEP: total of column 11
3. Income earned from the source in which the DIEP is used: amount from line 156 or relevant source of income from line 165

Note 13: An AIIP is a property (other than property included in Classes 54 to 56) that you acquired after November 20, 2018, and that became available for use before 2028.

Classes 54 and 55 include zero-emission vehicles that you acquired after March 18, 2019, and that became available for use before 2028.

Class 56 applies to eligible zero-emission automotive equipment and vehicles (other than motor vehicles) that are acquired after March 1, 2020, and that became available for use before 2028.

See Guide T4068 for more information.

Note 14: Include only elements from columns 6 and 7 that are not related to the DIEP.

Part 3 – CCA calculation (continued)

Note 15: The relevant factors for property of a class in Schedule II, that is an AIIP or included in Classes 54 to 56, available for use before 2024 are:

- 2 1/3 for property in Classes 43.1, 54, and 56
- 1 1/2 for property in Class 55
- 1 for property in Classes 43.2 and 53
- 0 for property in Classes 12, 13, 14, and 15, as well as properties that are Canadian vessels included in paragraph 1100(1)(v) of the Regulations (see note 20 for additional information) and
- 0.5 for all other property that is an AIIP

Note 16: The UCC adjustment for property acquired during the fiscal period (also known as the half-year rule or 50% rule) does not apply to certain property (including AIIP and property included in Classes 54 to 56). Include only elements from columns 6 and 7 that are not related to the DIEP.

For special rules and exceptions, see Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance.

Note 17: Enter a rate only if you are using the declining balance method. For any other method (for example, the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 23.

Note 18: If the amount in column 10 is negative, you have a recapture of CCA. If applicable, enter the negative amount from column 10 in column 21 as a positive. The recapture rules do not apply to passenger vehicles in Class 10.1. However, they do apply to a passenger vehicle that was, at any time, a DIEP.

Note 19: If no property is left in the class at the end of the fiscal period and there is still a positive amount in the column 10, you have a terminal loss. If applicable, enter the positive amount from column 10 in column 22. The terminal loss rules do not apply to:

- passenger vehicles in Class 10.1
- property in Class 14.1, unless you have ceased carrying on the business to which it relates
- limited-period franchises, concessions, or licences in Class 14 if, at the time of acquisition, the property was a former property of the transferor or any similar property attributable to the same fixed place of business, and you had jointly elected with the transferor to have the replacement property rules apply, unless certain conditions are met

Note 20: If the fiscal period is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See Guide T4068 for more information.

For property in class 10.1 disposed of during the fiscal period, deduct a maximum of 50% of the regular CCA deduction if you owned the property at the beginning of the fiscal period.

For AIIP listed below, the maximum first fiscal period allowance you can claim is determined as follows:

- Class 13: the lesser of 150% of the amount calculated in Schedule III of the Regulations and the UCC at the end of the fiscal period (before any CCA deduction)
- Class 14: the lesser of 150% of the allocation for the fiscal period of the capital cost of the property apportioned over the remaining life of the property (at the time the cost was incurred) and the UCC at the end of the fiscal period (before any CCA deduction)
- Class 15: the lesser of 150% of an amount computed on the basis of a rate per cord, board foot, or cubic metre cut in the fiscal period and the UCC at the end of the fiscal period (before any CCA deduction)
- Canadian vessels described under paragraph 1100(1)(v) of the Regulations: the lesser of 50% of the capital cost of the property and the UCC at the end of the fiscal period (before any CCA deduction)
- Class 41.2: use a 25% CCA rate. The additional allowance under paragraphs 1100(1)(y.2) (for single mine properties) and 1100(1)(ya.2) (for multiple mine properties) of the Regulations is not eligible for the accelerated investment incentive. The additional allowance in respect of natural gas liquefaction under paragraph 1100(1)(yb) of the Regulations is eligible for the accelerated investment incentive

The AIIP also applies to property (other than a timber resource property) that is a timber limit or a right to cut timber from a limit as well as to industrial mineral mine or a right to remove minerals from an industrial mineral mine. See the Income Tax Regulations for more detail.

Fixed Assets Reconciliation

Reconciliation of change in fixed assets per financial statements to amounts used per tax return.

Partnership information return

Additions for tax purposes – regular classes (T5013 Schedule 8)		13,076,486 00	
Additions for tax purposes – leasehold improvements (T5013 Schedule 8)	+		
Operating leases capitalized for book purposes	+		
Capital gain deferred	+		
Recapture deferred	+		
Deductible expenses capitalized for book purposes (T5013 Schedule 1)	+		
Other (specify):			
Capital items expensed	+	-19,651 00	
Construction work in progress transfers	+	-2,465,570 00	
13(7.4) election amounts netted against CY additions	+	605,624 00	
13(7.4) election amount Cl 10 GST/HST ITC from Ryan review in PPE	+	-10,352 00	
Costs deductible for tax 5B acct 5336, 5L project	+	7,210 00	
Total additions per partnership information return	=	11,193,747 00 ▶	11,193,747 00
Proceeds up to original cost – regular classes (T5013 Schedule 8)		2,000 00	
Proceeds up to original cost – leasehold improvements (T5013 Schedule 8)	+		
Proceeds in excess of original cost – capital gain	+		
Recapture deferred – as above	+		
Capital gain deferred – as above	+		
Pre V-day appreciation	+		
Other (specify):			
Rounding	+	2 00	
Total proceeds per partnership information return	=	2,002 00 ▶ –	2,002 00
Depreciation and amortization per financial statements (T5013 Schedule 1)		–	4,795,703 00
Loss on disposal of fixed assets per financial statements		–	5,210 00
Gain on disposal of fixed assets per financial statements		+	
Net change per partnership information return		=	6,390,832 00

Financial statements

Fixed assets (excluding land) per financial statements

Closing net book value		147,957,066 00
Opening net book value	–	141,566,234 00
Net change per financial statements	=	6,390,832 00

If the amounts from the tax return and the financial statements differ, explain why below.

Canada Revenue Agency / Agence du revenu du Canada

Partner's Ownership and Account Activity

Protected B when completed

T5013 Schedule 50

Partnership name	Partnership account number	Fiscal period end (Year Month Day)	
EPCOR Natural Gas Limited Partnership	743968299RZ0001	2023-12-31	X Original ☐ Amended

- Fill out this schedule to reconcile each partner's interest in the partnership (including partners who retired during the fiscal period).
- All the information requested in this form and in the documents supporting your information return is "prescribed information".
- Fill out this schedule using the instructions in Guide T4068, *Guide for the Partnership Information Return (T5013 forms)*.
- If you do not have enough space to list all the information, use an additional Schedule 50.
- Attach the original copy of this completed schedule to Form T5013 FIN, *Partnership Financial Return*.

Number of partners	010	2
Number of partners who disposed of all, or part of, their partnership interest	011	
Number of nominees or agents	012	
Total of all amounts from line 220	015	-7,100,834.88

Partner 1

Ownership						Fiscal period's income (loss) allocation	Account activity
100 Partner name	101 Partner identification number	105 Type of partner	106 Partner code	107 Percentage (%) of partner's interest	110 Did the partner dispose of an interest during the fiscal period?	220 Partner's share of the net income (loss)	300 Cost base
EPCOR Ontario Utilities Inc.	744116096RC0001	2	2	0.1000	☐ Yes X No	-7,101.07	13360.00

Account activity (continued)					At-risk amount (ARA) (for limited partners only)		
310 Cost of units acquired during the fiscal period	320 Partner's share of the previous fiscal period's net income (loss)	330 Capital contributions in the fiscal period	340 Withdrawals in the fiscal period	350 Other adjustment	410 Partner's share of the fiscal period's net income	420 Partner's share in certain reductions of resource expenses for the fiscal period	430 Non-arm's length debt owing and/or benefits receivable
	-6,436.91	6,000.20					

Partner 2

Ownership						Fiscal period's income (loss) allocation	Account activity
100 Partner name	101 Partner identification number	105 Type of partner	106 Partner code	107 Percentage (%) of partner's interest	110 Did the partner dispose of an interest during the fiscal period?	220 Partner's share of the net income (loss)	300 Cost base
EPCOR Commercial Services Inc.	877148627RC0006	2	0	99.9000	☐ Yes X No	-7,093,733.81	13346196.00

Account activity (continued)					At-risk amount (ARA) (for limited partners only)		
310 Cost of units acquired during the fiscal period	320 Partner's share of the previous fiscal period's net income (loss)	330 Capital contributions in the fiscal period	340 Withdrawals in the fiscal period	350 Other adjustment	410 Partner's share of the fiscal period's net income	420 Partner's share in certain reductions of resource expenses for the fiscal period	430 Non-arm's length debt owing and/or benefits receivable
	-6,430,262.32	5,993,999.80					

Approval code: RC-23-P010

Protected B when completed

Partner 3	Ownership					Fiscal period's income (loss) allocation	Account activity
100	101	105	106	107	110	220	300
Partner name	Partner identification number	Type of partner	Partner code	Percentage (%) of partner's interest	Did the partner dispose of an interest during the fiscal period?	Partner's share of the net income (loss)	Cost base
					Yes No		

Account activity (continued)					At-risk amount (ARA) (for limited partners only)		
310	320	330	340	350	410	420	430
Cost of units acquired during the fiscal period	Partner's share of the previous fiscal period's net income (loss)	Capital contributions in the fiscal period	Withdrawals in the fiscal period	Other adjustment	Partner's share of the fiscal period's net income	Partner's share in certain reductions of resource expenses for the fiscal period	Non-arm's length debt owing and/or benefits receivable

Partner 4	Ownership					Fiscal period's income (loss) allocation	Account activity
100	101	105	106	107	110	220	300
Partner name	Partner identification number	Type of partner	Partner code	Percentage (%) of partner's interest	Did the partner dispose of an interest during the fiscal period?	Partner's share of the net income (loss)	Cost base
					Yes No		

Account activity (continued)					At-risk amount (ARA) (for limited partners only)		
310	320	330	340	350	410	420	430
Cost of units acquired during the fiscal period	Partner's share of the previous fiscal period's net income (loss)	Capital contributions in the fiscal period	Withdrawals in the fiscal period	Other adjustment	Partner's share of the fiscal period's net income	Partner's share in certain reductions of resource expenses for the fiscal period	Non-arm's length debt owing and/or benefits receivable

Partner 5	Ownership					Fiscal period's income (loss) allocation	Account activity
100	101	105	106	107	110	220	300
Partner name	Partner identification number	Type of partner	Partner code	Percentage (%) of partner's interest	Did the partner dispose of an interest during the fiscal period?	Partner's share of the net income (loss)	Cost base
					Yes No		

Account activity (continued)					At-risk amount (ARA) (for limited partners only)		
310	320	330	340	350	410	420	430
Cost of units acquired during the fiscal period	Partner's share of the previous fiscal period's net income (loss)	Capital contributions in the fiscal period	Withdrawals in the fiscal period	Other adjustment	Partner's share of the fiscal period's net income	Partner's share in certain reductions of resource expenses for the fiscal period	Non-arm's length debt owing and/or benefits receivable

See the privacy notice on your return.

Canada Revenue Agency / Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le (YYYY-MM-DD / AAAA-MM-JJ): 2023-12-31

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

EPCOR Natural Gas Limited Partnership
2000 10423 101 Street NW
Edmonton AB T5H 0E8

Tax shelter identification number (see **statement** on back *) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

002	Partner code / Code de l'associé	2
003	Country code / Code du pays	CAN
004	Recipient type / Genre de bénéficiaire	3
001	Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	743968299RZ0001
010	Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	
020	Total business income (loss) / Total du revenu (de la perte) d'entreprise	-7,101 07
006	Partner's identification number / Numéro d'identification de l'associé	744116096RC0001
005	Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	0.100003
030	Total capital gains (losses) / Total des gains (pertes) en capital	
040	Capital cost allowance / Déduction pour amortissement	7,382 51

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) / First name – Prénom / Initials – Initiales

► EPCOR Ontario Utilities Inc.

27th Floor, Taxation Department
2000 - 10423 101 Street NW
Edmonton AB T5H 0E8

Box / Case	Code	Amount – Montant	Box / Case	Code	Amount – Montant
116	ON	-6,536 68	116	AB	-564 39
118	ON	28,218 20			

Box – Case / Code / Other information – Autres renseignements

Gross revenue for partnership: $28,217,267 (ON)
Salaries and wages for partnership: $3,196,446 (ON), $604,133 (AB)

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

For Recipient – Attach to your income tax return 2
Bénéficiaire – Annexez à votre déclaration d'impôt sur le revenu 2

See recipient instructions
Voir les instructions du bénéficiaire

Canada Revenue Agency — Agence du revenu du Canada

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Fiscal period-end / Exercice se terminant le (YYYY-MM-DD / AAAA-MM-JJ): 2023-12-31

Filer's name and address – Nom et adresse du déclarant

EPCOR Natural Gas Limited Partnership
2000 10423 101 Street NW
Edmonton AB T5H 0E8

Tax shelter identification number (see **statement** on back*) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

002	Partner code / Code de l'associé	2
003	Country code / Code du pays	CAN
004	Recipient type / Genre de bénéficiaire	3
001	Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	743968299RZ0001
010	Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	
020	Total business income (loss) / Total du revenu (de la perte) d'entreprise	-7,101.07
006	Partner's identification number / Numéro d'identification de l'associé	744116096RC0001
005	Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	0.100003
030	Total capital gains (losses) / Total des gains (pertes) en capital	
040	Capital cost allowance / Déduction pour amortissement	7,382.51

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) — First name – Prénom — Initials – Initiales

► EPCOR Ontario Utilities Inc.

27th Floor, Taxation Department
2000 - 10423 101 Street NW
Edmonton AB T5H 0E8

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
116	ON	-6,536.68	116	AB	-564.39
118	ON	28,218.20			

Box – Case	Code	Other information – Autres renseignements

Gross revenue for partnership: $28,217,267 (ON)
Salaries and wages for partnership: $3,196,446 (ON), $604,133 (AB)

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

For Recipient – Keep this slip for your records 3
Bénéficiaire – Conservez pour vos dossiers 3

See recipient instructions
Voir les instructions du bénéficiaire

Canada Revenue Agency / Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le: YYYY-MM-DD 2023-12-31 AAAA-MM-JJ

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

EPCOR Natural Gas Limited Partnership
2000 10423 101 Street NW
Edmonton AB T5H 0E8

Tax shelter identification number (see **statement** on back *) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

002	Partner code / Code de l'associé	0
003	Country code / Code du pays	CAN
004	Recipient type / Genre de bénéficiaire	3
001	Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	743968299RZ0001
010	Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	-7,093,733 81
020	Total business income (loss) / Total du revenu (de la perte) d'entreprise	
006	Partner's identification number / Numéro d'identification de l'associé	877148627RC0006
005	Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	99.899997
030	Total capital gains (losses) / Total des gains (pertes) en capital	
040	Capital cost allowance / Déduction pour amortissement	7,374,886 37

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) First name – Prénom Initials – Initiales

EPCOR Commercial Services Inc.
27th Floor, Taxation Department
2000 - 10423 101 Street NW
Edmonton AB T5H 0E8

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
104	ON	-6,529,930 94	104	AB	-563,802 87
105		43,120,944 82	106		43,120,944 82
118	ON	28,189,048 80			

Box – Case	Code	Other information – Autres renseignements

Gross revenue for partnership: $28,217,267 (ON)
Salaries and wages for partnership: $3,196,446 (ON), $604,133 (AB)

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

For Recipient – Attach to your income tax return 2
Bénéficiaire – Annexez à votre déclaration d'impôt sur le revenu 2

See recipient instructions
Voir les instructions du bénéficiaire

Canada Revenue Agency / Agence du revenu du Canada

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Fiscal period-end / Exercice se terminant le: 2023-12-31 (YYYY-MM-DD / AAAA-MM-JJ)

Filer's name and address – Nom et adresse du déclarant

EPCOR Natural Gas Limited Partnership
2000 10423 101 Street NW
Edmonton AB T5H 0E8

Tax shelter identification number (see **statement** on back*) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

002	Partner code / Code de l'associé	0
003	Country code / Code du pays	CAN
004	Recipient type / Genre de bénéficiaire	3
001	Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	743968299RZ0001
010	Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	-7,093,733 81
020	Total business income (loss) / Total du revenu (de la perte) d'entreprise	
006	Partner's identification number / Numéro d'identification de l'associé	877148627RC0006
005	Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	99.899997
030	Total capital gains (losses) / Total des gains (pertes) en capital	
040	Capital cost allowance / Déduction pour amortissement	7,374,886 37

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) / First name – Prénom / Initials – Initiales

EPCOR Commercial Services Inc.
27th Floor, Taxation Department
2000 - 10423 101 Street NW
Edmonton AB T5H 0E8

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
104	ON	-6,529,930 94	104	AB	-563,802 87
105		43,120,944 82	106		43,120,944 82
118	ON	28,189,048 80			

Box – Case	Code	Other information – Autres renseignements

Gross revenue for partnership: $28,217,267 (ON)
Salaries and wages for partnership: $3,196,446 (ON), $604,133 (AB)

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

For Recipient – Keep this slip for your records 3
Bénéficiaire – Conservez pour vos dossiers 3

See recipient instructions
Voir les instructions du bénéficiaire

Canada Revenue Agency | Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le (YYYY-MM-DD / AAAA-MM-JJ): 2023-12-31

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

EPCOR Natural Gas Limited Partnership
2000 10423 101 Street NW
Edmonton AB T5H 0E8

Tax shelter identification number (see **statement** on back *) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

002	Partner code / Code de l'associé	2
003	Country code / Code du pays	CAN
004	Recipient type / Genre de bénéficiaire	3
001	Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	743968299RZ0001
010	Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	
020	Total business income (loss) / Total du revenu (de la perte) d'entreprise	-7,101.07
006	Partner's identification number / Numéro d'identification de l'associé	744116096RC0001
005	Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	0.100003
030	Total capital gains (losses) / Total des gains (pertes) en capital	
040	Capital cost allowance / Déduction pour amortissement	7,382.51

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) | First name – Prénom | Initiales – Initiales

► EPCOR Ontario Utilities Inc.

27th Floor, Taxation Department
2000 - 10423 101 Street NW
Edmonton AB T5H 0E8

Box / Case	Code	Amount – Montant	Box / Case	Code	Amount – Montant
116	ON	-6,536.68	116	AB	-564.39
118	ON	28,218.20			

Box – Case	Code	Other information – Autres renseignements

Gross revenue for partnership: $28,217,267 (ON)
Salaries and wages for partnership: $3,196,446 (ON), $604,133 (AB)

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

Canada Revenue Agency | Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le (YYYY-MM-DD / AAAA-MM-JJ): 2023-12-31

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

EPCOR Natural Gas Limited Partnership
2000 10423 101 Street NW
Edmonton AB T5H 0E8

Tax shelter identification number (see **statement** on back *) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

002	Partner code / Code de l'associé	0
003	Country code / Code du pays	CAN
004	Recipient type / Genre de bénéficiaire	3
001	Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	743968299RZ0001
010	Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	-7,093,733.81
020	Total business income (loss) / Total du revenu (de la perte) d'entreprise	
006	Partner's identification number / Numéro d'identification de l'associé	877148627RC0006
005	Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	99.899997
030	Total capital gains (losses) / Total des gains (pertes) en capital	
040	Capital cost allowance / Déduction pour amortissement	7,374,886.37

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) | First name – Prénom | Initials – Initiales

► EPCOR Commercial Services Inc.
27th Floor, Taxation Department
2000 - 10423 101 Street NW
Edmonton AB T5H 0E8

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
104	ON	-6,529,930.94	104	AB	-563,802.87
105		43,120,944.82	106		43,120,944.82
118	ON	28,189,048.80			

Box – Case	Code	Other information – Autres renseignements

Gross revenue for partnership: $28,217,267 (ON)
Salaries and wages for partnership: $3,196,446 (ON), $604,133 (AB)

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

Summary of Partnership Income

T5013 Summary

Fill out this summary and the related slips using the instructions in Guide T4068, Guide for the Partnership Information Return (T5013 Forms).

The **partnership information return** is made up of three parts:

- T5013 FIN, Partnership Financial Return
- All the T5013 schedules the partnership has to file, depending on its fiscal situation
- T5013, Statement of Partnership Income, slips and this summary

If you make certain payments to a non-resident of Canada, the amounts must be reported on an NR4 return. For more information, see Guide T4061, NR4 – Non-Resident Tax Withholding, Remitting and Reporting.

For more information on filing the partnership information return, go to **canada.ca/t5013-filing-requirements**.

Do not use this area.

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Part 1 – Identification

Partnership's account number	74396 8299 RZ0001
Fiscal period-start (Year Month Day)	2023-01-01
Fiscal period-end (Year Month Day)	2023-12-31
Name of the partnership	EPCOR Natural Gas Limited Partnership
Postal or ZIP code	T5H 0E8
Are you a nominee or an agent? (If yes, provide the following information)	☐ Yes ☐ No
Nominee or agent's account number	
Name of the nominee or agent	
Postal or ZIP code	
Is the partnership a tax shelter?	☐ Yes ☒ No
If yes, enter the tax shelter identification number (TS)	

Part 2 – Totals from T5013 slips

Total number of T5013 information slips attached	009	2
Total limited partner's business income (loss)	010	-7,093,733.81
Total business income (loss)	020	-7,101.07
Total capital gains (losses)	030	
Capital cost allowance	040	7,382,268.88

Fill out the six boxes below using the information found on the T5013 slips

Canadian and foreign net rental income (loss)	110	
Professional income (loss)	120	
Renounced Canadian exploration expenses	190	
Renounced Canadian development expenses	191	
Expenses qualifying for an ITC *	194	
Total carrying charges	210	

* Line 194 is the total of all the amounts in boxes 194 and 239 of all the T5013 slips.

Part 3 – Contact information

076 Person to contact about this summary	078 Telephone number
Pamela Lafferty	(780) 222-0955

Part 4 – Certification

I certify that the information given in this summary and the related slips is correct and complete.

Year Month Day	Signature of authorized person	Position or office
2024-05-31		Treasurer & Director, Tax

Prepared by	Year Month Day
	2024-05-31

Part 5 – Privacy notice

Personal information is collected to administer or enforce the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for the purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in paying interest or penalties, or in other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 224 on Information about Programs and Information Holdings at **canada.ca/cra-information-about-programs**.