

YEARBOOK OF NATURAL GAS DISTRIBUTORS

2018

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Ontario
Energy
Board

Background on Statistical Yearbook of Natural Gas Distributors

The Ontario Energy Board (**OEB**) is the regulator of Ontario's natural gas and electricity sectors. In the natural gas sector, the OEB reviews and approves rates proposed to be charged to customers by regulated natural gas distributors.* The OEB licenses all marketers who sell natural gas to residential and small commercial customers.

The OEB provides this Yearbook of Natural Gas Distributors to publish the financial and operational information collected from regulated natural gas distributors. It is compiled from data submitted by the distributors through the OEB's Reporting and Record-Keeping Requirements.

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*There are five small gas companies that are exempt from rate regulation under the OEB Act, as well as two municipally owned gas companies (City of Kitchener and City of Kingston) that are not rate regulated by the OEB.

Key Metrics Overview of Ontario Natural Gas Distributors' Sector of Electricity Distributors

Industry Metrics Snapshot

Financial Item / Metric	2014	2015	2016	2017	2018
Operating Revenues (\$) ¹	5,181,639,409	5,355,148,952	4,629,905,581	5,446,016,294	5,388,183,841
Net Income (\$)	442,065,542	421,783,556	433,988,410	481,665,263	565,379,399
Return on Shareholders' Equity (%) ²	10.54%	9.31%	8.69%	8.93%	11.45%
Operating Expenses (\$) ³	3,944,081,790	4,133,742,026	3,336,245,690	4,050,734,331	3,874,781,299
Depreciation Expense (\$)	495,727,421	512,240,846	558,697,466	594,168,499	608,808,669
Net Property, Plant and Equipment (\$)	11,445,517,496	12,836,248,365	13,993,950,193	15,312,793,338	15,037,654,293
Number of Customers ⁴	3,489,238	3,540,089	3,598,700	3,653,986	3,701,403
Gas Volumes (in million cubic meters) ⁵	27,271	25,702	24,564	24,533	26,088

¹ Operating revenues include revenues derived from utility operations.

² ROE is calculated as the sum of gas utilities' net income divided by total shareholders' equity.

³ Operating expenses includes gas cost, operating and maintenance expenses.

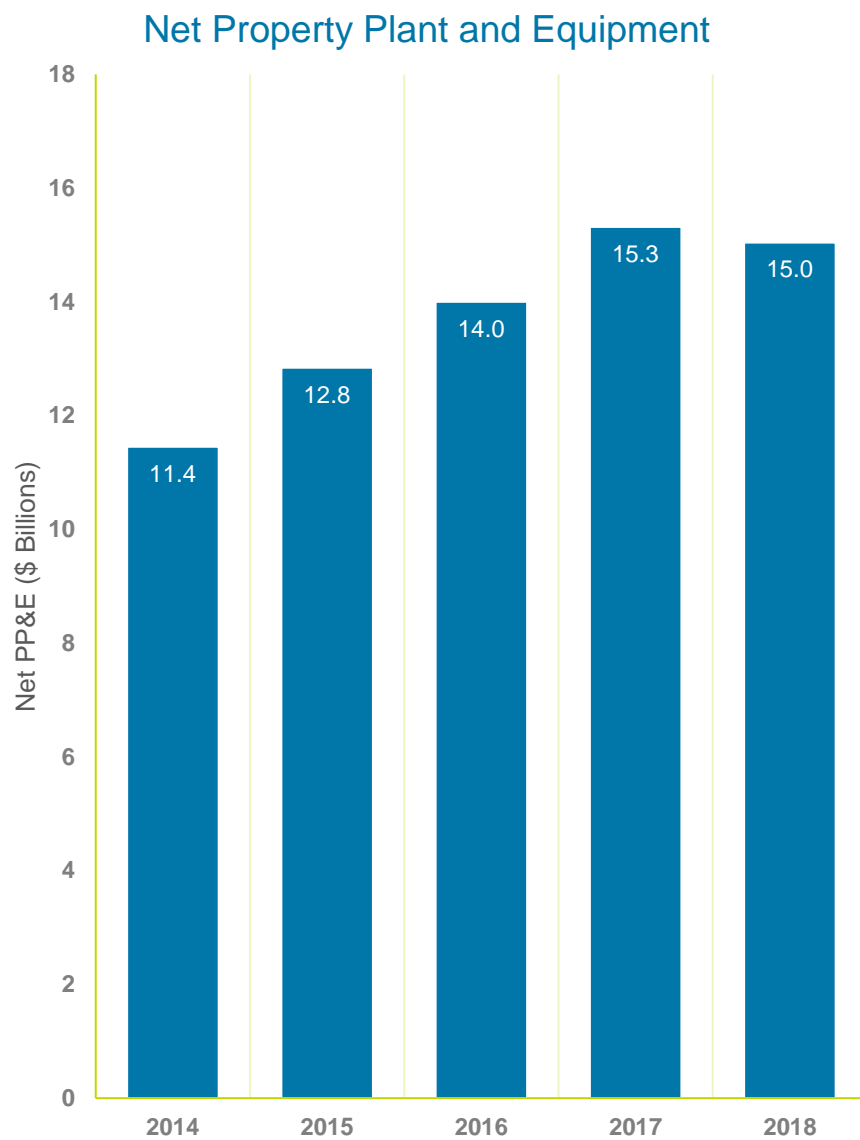
⁴ Total customers include system gas customers and direct purchase customers of gas marketers licensed by the OEB.

⁵ Annual gas volumes include quantities of gas sold to system gas customers and quantities of gas delivered to direct purchase customers.

**Balance Sheet
as of
December 31**

	Enbridge Gas	Union Gas	EPCOR Natural Gas	Industry
	\$	\$	\$	\$
Current Assets				
Cash	31,263,132	-	1,095,156	32,358,288
Accounts Receivable	568,762,119	412,767,857	2,155,602	983,685,578
Gas Inventories	543,913,079	141,769,271	-	685,682,350
Other Current Assets	230,168,187	25,188,258	166,786	255,523,232
Total Current Assets	1,374,106,517	579,725,386	3,417,545	1,957,249,448
Non-Current Assets				
Property, Plant & Equipment	7,748,514,689	7,275,221,914	13,917,690	15,037,654,293
Long-Term Investments	18,495,686	-	(812,081)	17,683,605
Deferred Charges	142,625,404	557,121,735	-	699,747,139
Other Non-Current Assets	633,095,844	11,847,180	707,614	645,650,638
Total Non-Current Assets	8,542,731,623	7,844,190,829	13,813,223	16,400,735,676
Total Assets	9,916,838,140	8,423,916,215	17,230,768	18,357,985,123
Current Liabilities				
Bank Overdraft, Loans and Notes Payable	749,213,305	257,160,857	-	1,006,374,162
Accounts Payable & Accrued Liabilities	630,666,966	511,622,036	2,652,954	1,144,941,956
Other Current Liabilities	35,420,104	35,201,744	2,565	70,624,413
Income Taxes Payable	55,671,431	40,396,941	226,834	96,295,206
Current Portion of Long-Term Debt	7,410	-	-	7,410
Total Current Liabilities	1,470,979,216	844,381,579	2,882,353	2,318,243,147
Non-Current Liabilities				
Long-Term Debt	4,080,000,000	4,065,515,416	8,660,000	8,154,175,416
Deferred Income Taxes	-	622,238,978	-	622,238,978
Other Non-Current Liabilities	1,472,435,768	854,609,047	49,294	2,327,094,109
Total Non-Current Liabilities	5,552,435,768	5,542,363,441	8,709,294	11,103,508,503
Total Liabilities	7,023,414,984	6,386,745,020	11,591,646	13,421,751,650
Shareholders' Equity				
Share Capital & Retained Earnings	2,893,423,156	2,037,171,195	5,639,122	4,936,233,473
Liabilities & Shareholders' Equity	9,916,838,140	8,423,916,215	17,230,768	18,357,985,123





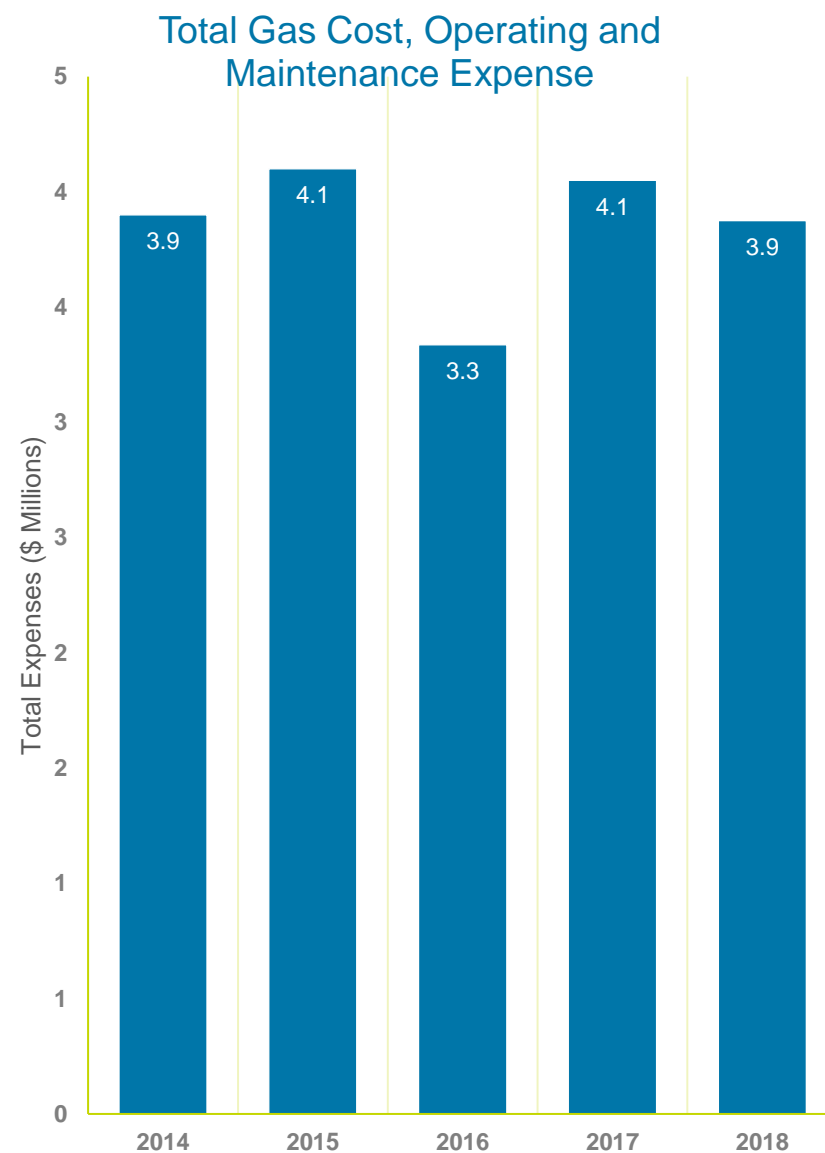
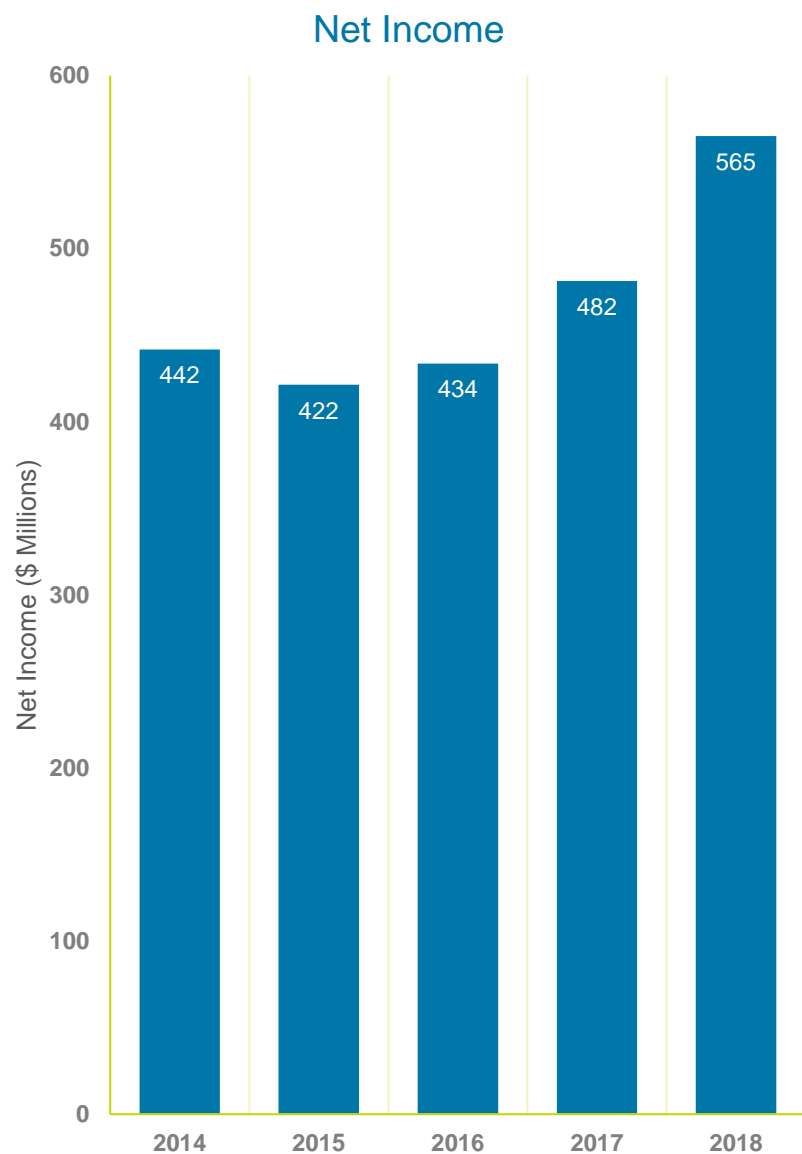
**Income Statement
For the Year Ended
December 31****Revenues**Operating Revenues
Other Income**Expenses**Gas Cost, Operating and Maintenance
Depreciation
Interest**Income Before Income Taxes**

Income Taxes

Net Income (Loss)

	Enbridge Gas	Union Gas	EPCOR Natural Gas	Industry
	\$	\$	\$	\$
Operating Revenues	3,194,138,085	2,182,122,585	11,923,171	5,388,183,841
Other Income	80,529,147	26,950,577	(66,743)	107,412,980
	3,274,667,232	2,209,073,162	11,856,428	5,495,596,822
Gas Cost, Operating and Maintenance	2,403,257,957	1,461,423,187	10,100,155	3,874,781,299
Depreciation	320,104,849	287,543,342	1,160,479	608,808,669
Interest	219,102,612	171,050,003	336,189	390,488,804
	2,942,465,418	1,920,016,532	11,596,823	4,874,078,772
Income Before Income Taxes	332,201,814	289,056,630	259,605	621,518,049
Income Taxes	36,944,831	19,193,819	-	56,138,650
Net Income (Loss)	295,256,983	269,862,811	259,605	565,379,399

Note: Reported results include certain non-utility activities that are not regulated by the Ontario Energy Board.



Financial Ratios**Liquidity Ratios**

Current Ratio

(Current Assets/Current Liabilities)

Leverage Ratios

Debt Ratio

(Total Debt/Total Assets)

Debt to Equity Ratio

(Total Debt/Shareholders' Equity)

Interest Coverage

(EBIT/Interest Charges)

Profitability Ratios

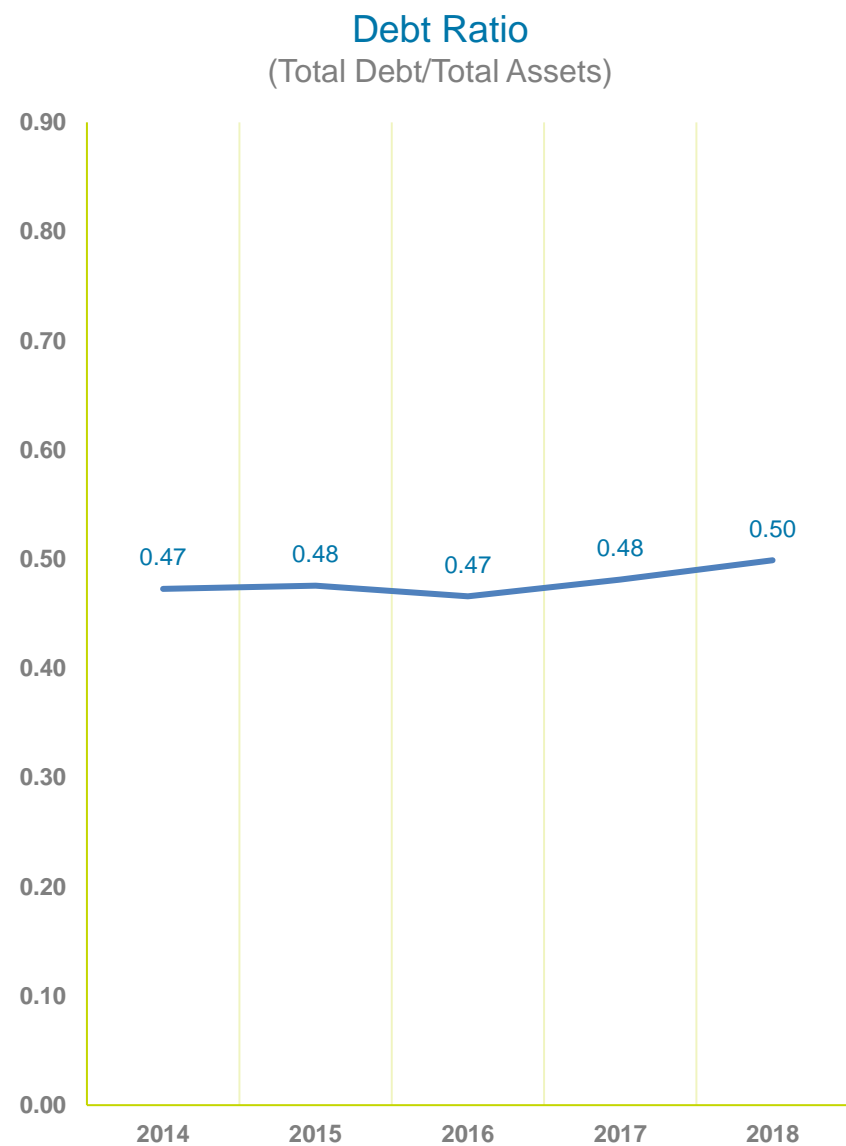
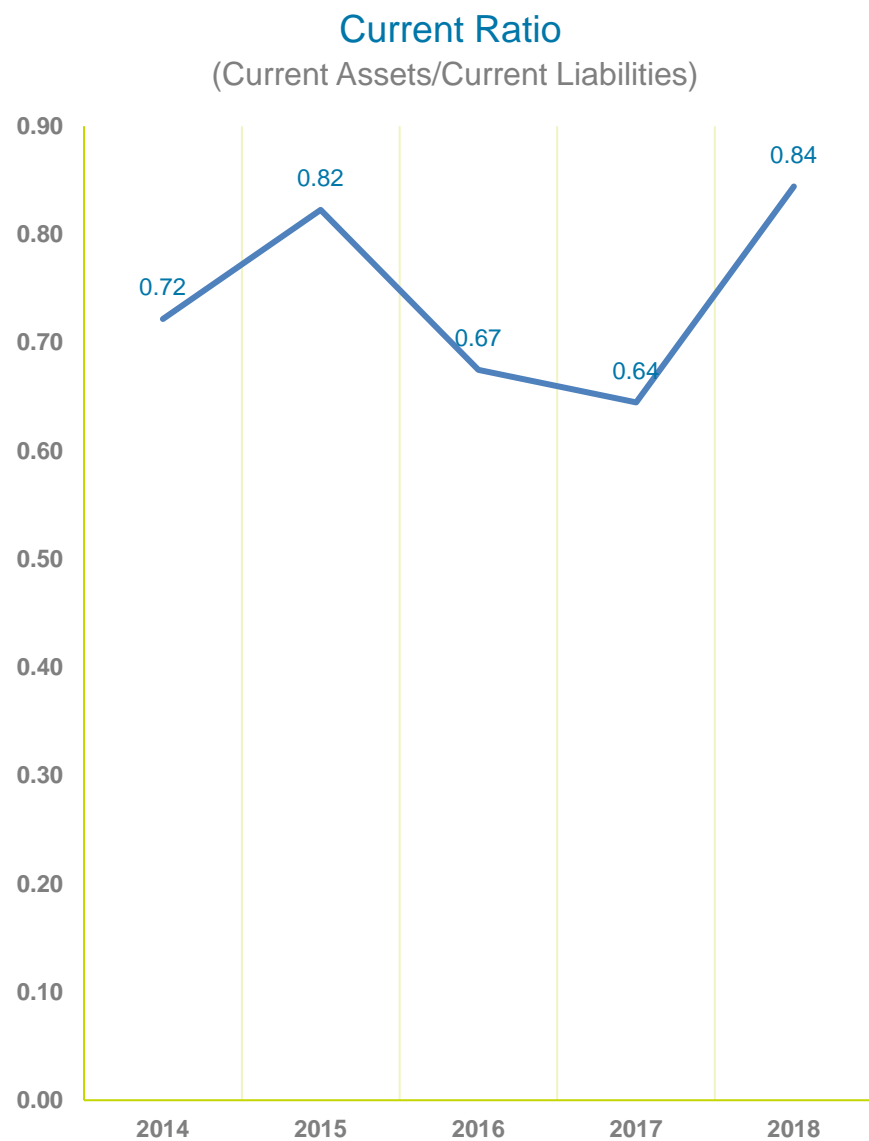
Financial Statement Return on Assets

(Net Income/Total Assets)

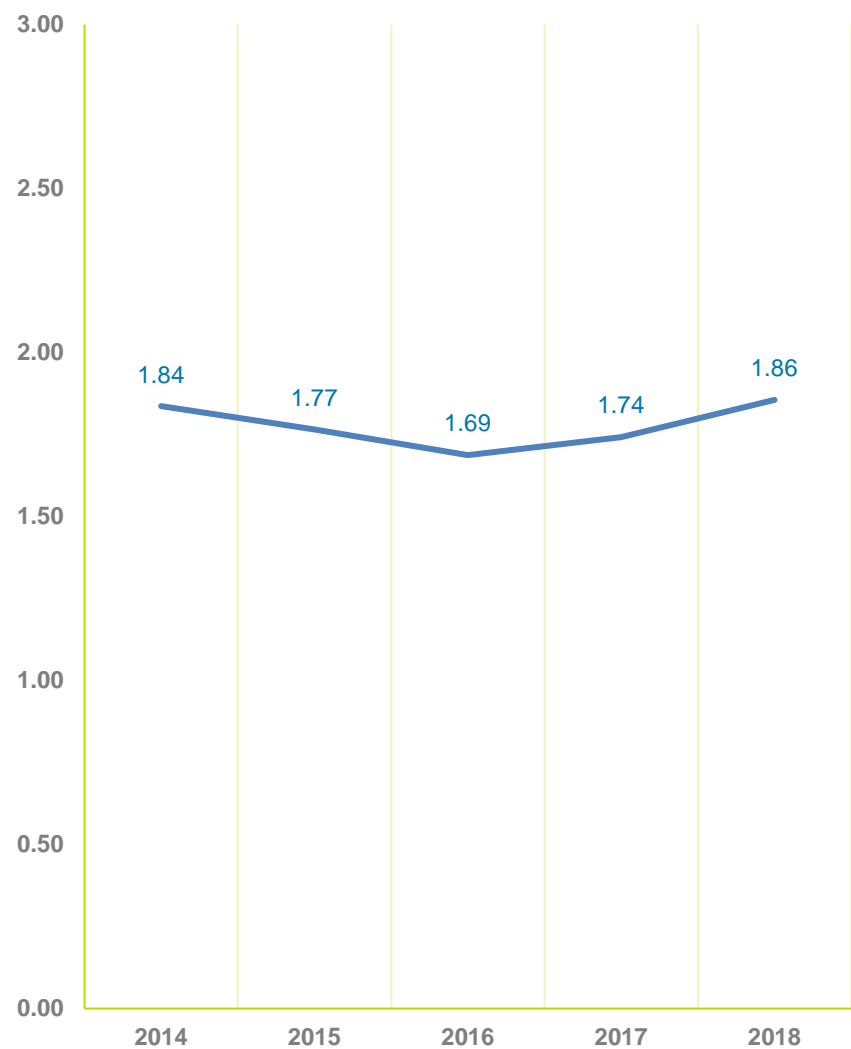
Financial Statement Return on Equity

(Net Income/Shareholders' Equity)

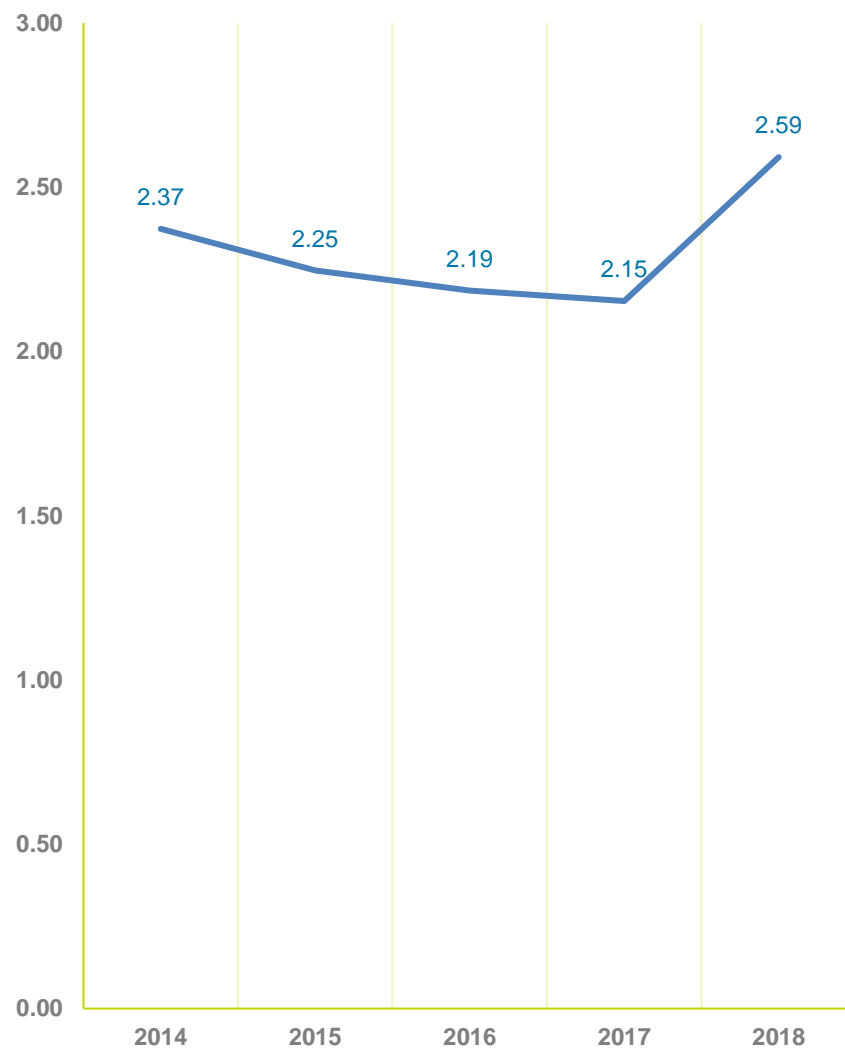
	Enbridge Gas	Union Gas	EPCOR Natural Gas	Industry
Current Ratio	0.93	0.69	1.19	0.84
Debt Ratio	0.49	0.51	0.50	0.50
Debt to Equity Ratio	1.67	2.12	1.54	1.86
Interest Coverage	2.52	2.69	1.77	2.59
Financial Statement Return on Assets	2.98%	3.20%	1.51%	3.08%
Financial Statement Return on Equity	10.20%	13.25%	4.60%	11.45%



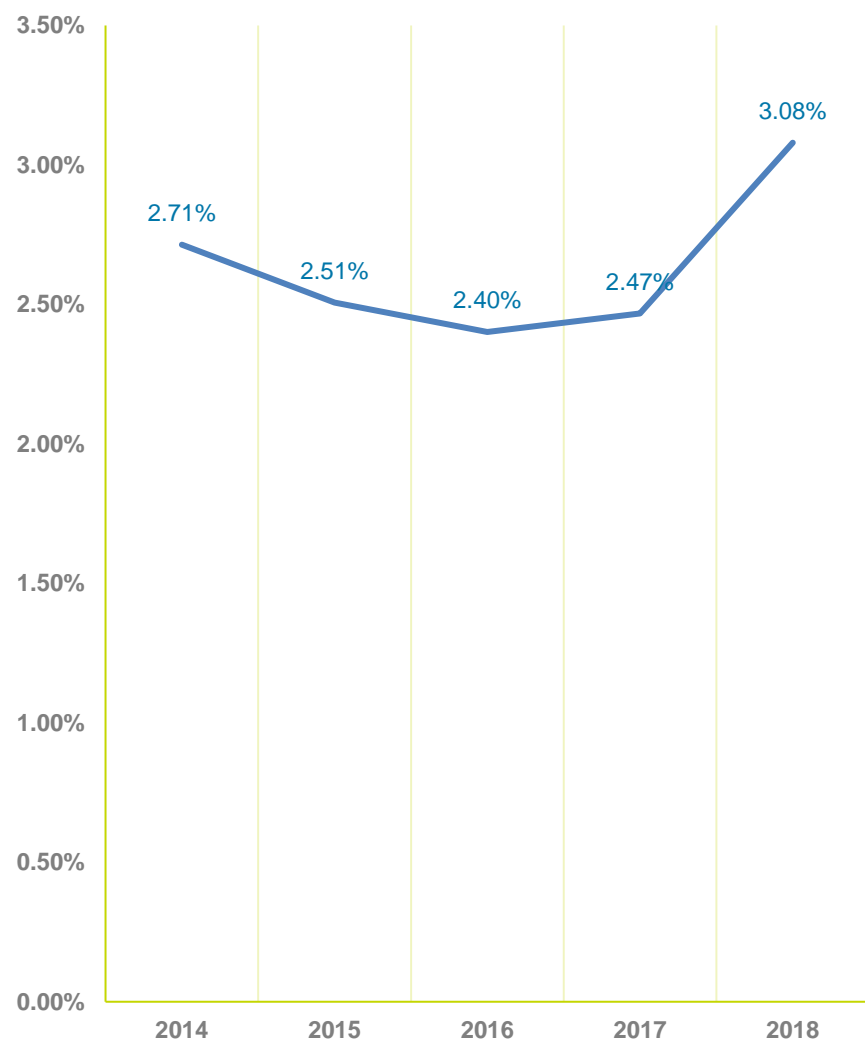
Debt to Equity Ratio
(Total Debt/Equity)



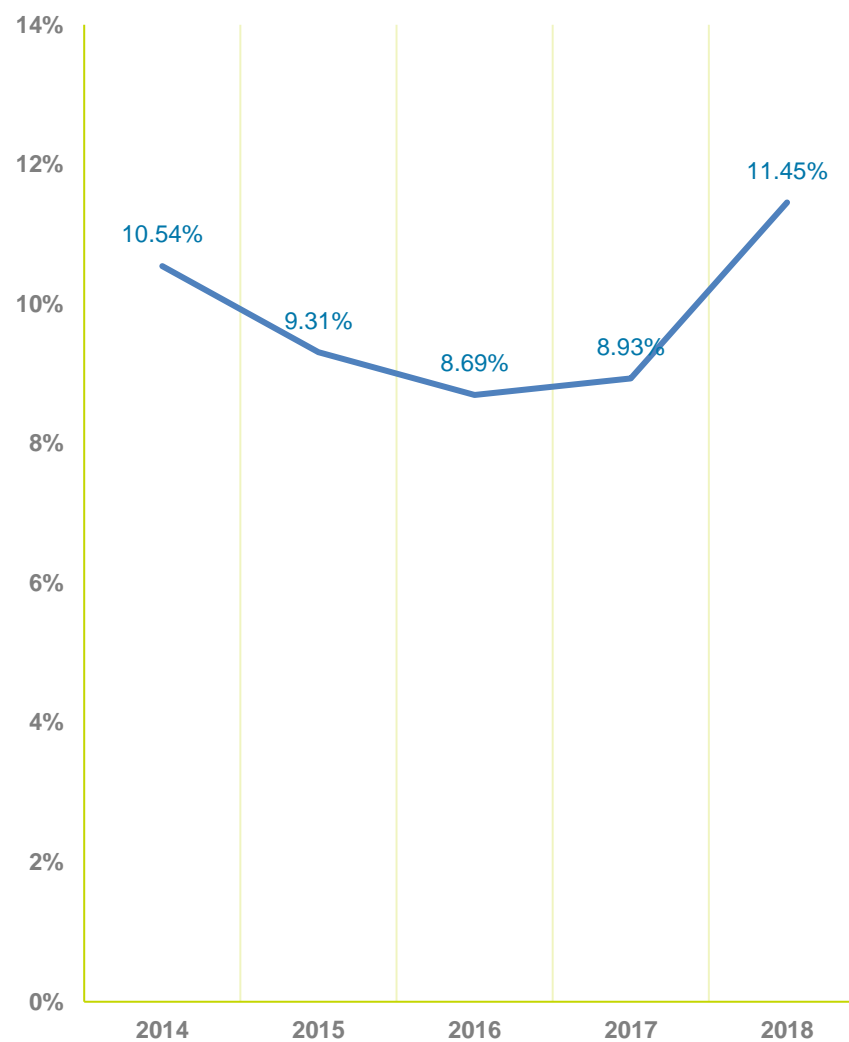
Interest Coverage
(EBIT/Interest Charges)



Financial Statement Return on Assets
(Net Income/Total Assets)



Financial Statement Return on Equity
(Net Income/Shareholders' Equity)



General Customer Information**Total Number of Customers ¹**
For the Year Ended December 31

	Enbridge Gas	Union Gas	EPCOR Natural Gas	Industry
Residential	2,185,936	1,374,179	9,054	3,569,169
Non-Residential	9,065	123,074	95	132,234
	2,195,001	1,497,253	9,149	3,701,403

¹ Total number of customers include system gas customers who purchase gas supply from their utility and direct purchase customers of marketers licensed by the OEB.

Total Volumes ²
In million cubic meters

	Enbridge Gas	Union Gas	EPCOR Natural Gas	Industry
Residential	5,170	3,183	25	8,378
Non-Residential	7,122	10,542	46	17,711
	12,292	13,725	71	26,088

² Annual gas volumes include quantities of gas sold to system gas customers and quantities of gas delivered to direct purchase customers.

General Customer Information**System Gas Customers ¹****For the Year Ended December 31**

	Enbridge Gas	Union Gas	EPCOR Natural Gas	Industry
Low Volume	2,114,331	1,420,993	9,051	3,544,375
Large Volume	7,483	5,644	7	13,134

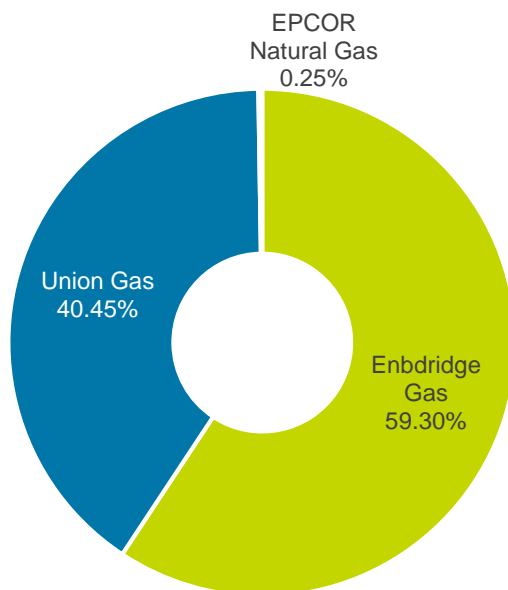
¹ System Gas Customers (subset of Total Customers) refer to customers who purchase gas supply from their utility.

Low Volume Customer - Less than 50,000 cubic meters/year.

Large Volume Customer - Greater than 50,000 cubic meters/year.

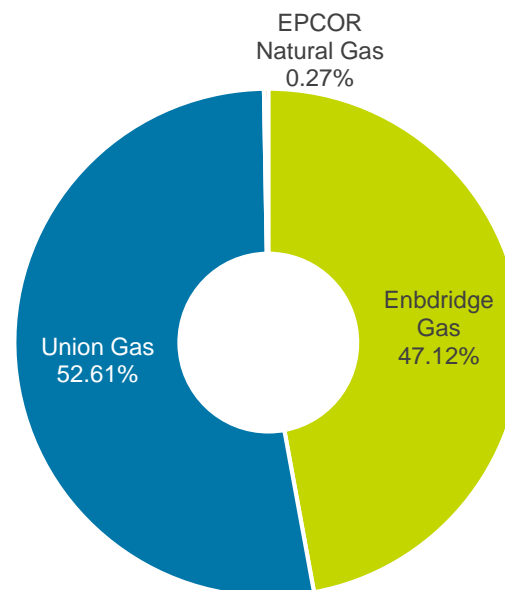
Number of Customers

■ Enbridge Gas ■ Union Gas ■ EPCOR Natural Gas



Gas Volumes in million cubic meters

■ Enbridge Gas ■ Union Gas ■ EPCOR Natural Gas



Service Quality Requirements

Metric	Enbridge Gas	Union Gas	EPCOR Natural Gas
Call Answering Service Level (OEB Minimum Standard: 75%)	82.00%	77.60%	98.40%
Number of Calls Abandon Rate (OEB Standard: not exceed 10%)	1.90%	2.60%	1.60%
Meter Reading Performance (OEB Standard: not exceed 0.5%)	0.50%	0.40%	0.00%
Appointments Met within Designated Time Period (OEB Minimum Standard: 85%)	94.70%	98.80%	99.50%
Time to Reschedule Missed Appointments (OEB Standard: 100%)	98.70%	99.80%	100.00%
Emergency Calls Responded within One Hour (OEB Minimum Standard: 90%)	96.60%	99.30%	94.70%
Number of Days to Provide a Written Response (OEB Minimum Standard: 80%)	100.00%	100.00%	100.00%
Number of Days to Reconnect a Customer (OEB Minimum Standard: 85%)	97.30%	90.70%	100.00%

Cross-Reference to Uniform System of Accounts for Gas Utilities

		Financial Statement Line Items	Related Uniform System of Accounts (RRR 2.1.7)
Balance Sheet		Cash	Accounts 130-131 if debit balance
		Accounts Receivable - Net	Accounts 132+140-147
		Gas Inventories	Accounts 152+153
		Other Current Assets	Accounts 150+151+160-163 + 256 if debit balance
		Property, Plant & Equipment	Accounts 100-116
		Long Term Investments	Accounts 120-123
		Deferred Charges	Accounts 170-179
		Other Non-Current Assets	Accounts 180-183 + 276 if debit balance
		Bank Overdraft, Loans and Notes Payable	Accounts 130-131 if credit balance + 250
		Accounts Payable & Accrued Liabilities	Accounts 251+252+254+259
		Other Current Liabilities	Accounts 253+255+257+260+263
		Income Taxes Payable	Account 256 if credit balance
		Current Portion of Long-term Loan	Accounts 258+262
		Long-term Debt	Accounts 220-249
		Total Debt	Accounts 130-131 if credit balance + 220-249 + 250 + 258 + 262
		Deferred Income Taxes	Account 276 if credit balance
		Other Non-Current Liabilities	Accounts 270+271+278+279+290
		Share Capital Retained Earnings	Accounts 200-216
Income Statement		Operating Revenues	Account 300
		Other Income	Accounts 307+308+310+312-316+319+324+325+333
		Gas Cost, Operating and Maintenance Expenses	Accounts 301+302+305+311+321+326-331
		Depreciation Expense	Accounts 303+304
		Interest Expense	Accounts 320+322+323
		Income Taxes (Current and Deferred)	Account 306
		Extraordinary Items	Accounts 338-339

Glossary of Terms | Service Quality Requirements

Call Answering Service Level is the percentage of calls to the general inquiry phone number, including IVR calls, that are answered within 30 seconds. Must be met 75% of the time.

Calls Abandon Rate is the percentage of callers that hang up before they reach a live operator. Must be less than 10%.

Meter Reading Performance is the percentage of meters with no read for four consecutive months. Must be less than 0.5%.

Appointments Met Within the Designated Time Period is the percentage of appointments, including meter related or other customer related work, that are met within their 4 hour scheduled time/date as arranged with the customer. Must be met 85% of the time.

Time to Reschedule a Missed Appointment is the percentage of missed appointments that the customer is contacted within 2 hours of the end of the original appointment time to reschedule the appointment. Must be met 100% of the time.

Emergency Calls Responded to Within One Hour is the percentage of customers that received an on-site response within 60 minutes of their emergency call reaching a live person. Must be met 90% of the time.

Number of Days to Provide a Written Response is the percentage of customers that receive a written response within 10 days of the distributor receiving the complaint. Must be met 80% of the time.

Number of Days to Reconnect a Customer is the percentage of customers that are reconnected within 2 business days of bringing their accounts into good standing. Must be met 85% of the time.